

Dockets Nos. 09-0548 & 09-0549
Consolidated
ACUC-LWUC Exhibit No. 6.0

Sur Rebuttal Testimony

of

Steven M. Lubertozi

Apple Canyon Utility Company
And
Lake Wildwood Utilities Corporation

Dockets Nos. 09-0548 & 09-0549
Consolidated

May 10, 2010

1 **Q. Please state your name, title and business address.**

2 A. My name is Steven M. Lubertozi. I am the Executive Director of Regulatory Accounting
3 and Affairs for Utilities, Inc. and its subsidiaries. My business address is 2335 Sanders
4 Road, Northbrook, Illinois 60062.

5 **Q. Mr. Lubertozi have you previously filed testimony in this proceeding?**

6 A. Yes, I have.

7 **Q. Mr. Lubertozi have you reviewed the Rebuttal Testimony of Staff's witnesses and the
8 Rebuttal Testimony of the Intervenors?**

9 A. Yes, I have.

10 **Q. Would you please explain each adjustment proposed by Staff and the Company's
11 response?**

12 A. Yes.

13 INTEREST SYNCHRONIZATION

14 **Q. Do you agree with Staff's proposed adjustment to interest and cost of debt?**

15 A. Yes, I do.

16 GROSS REVENUE CONVERSION FACTOR

17 **Q. Do you agree with Staff's Gross Revenue Conversion Factor?**

18 A. Yes, I do.

19 UTILITY PLANT – ABANDON WELL

1 **Q. Do you agree with Staff's adjustment to remove the abandon wells?**

2 A. Yes, I do.

3 UTILITY PLANT – PROFORMA PLANT

4 **Q. Do you agree with Staff's adjustment to remove the Company's Pro Forma Plant**
5 **adjustments for plant additions after June 30, 2009, which were estimated in the**
6 **original filing?**

7 A. Yes, I do. Staff has removed the utility plant in service and depreciation expense as it
8 pertains to the Company's proposed utility plant in service pro forma additions.

9 UTILITY PLANT – PROFORMA PLANT (ACCUMULATED DEPRECIATION)

10 **Q. Do you agree with Staff's adjustment to increase the associated Accumulated**
11 **Depreciation to the Company's Pro Forma Plant adjustments for plant additions after**
12 **June 30, 2009, which were estimated in the filing?**

13 A. Yes, I do.

14 DEFERRED CHARGES

15 **Q. Will the Company oppose Staff's adjustment to remove the Deferred Charges from**
16 **the Company's rate base?**

17 A. No, the Company will not oppose Staff's adjustment to remove deferred charges from rate
18 base.

19 UNACCOUNTED FOR WATER

20 **Q. Do you agree with Staff's adjustment to remove certain O&M expense items as it**
21 **pertains to the unaccounted for water above the threshold in the Company's tariffs?**

1 A. Yes, I do.

2 WORKING CAPITAL

3 **Q. Do you agree with Staff's adjustment to remove property taxes from the Company's**
4 **cash working capital calculation?**

5 A. Yes, I do.

6 PRO FORMA EXPENSE ADJUSTMENTS

7 **Q. Do you agree with Staff's adjustment to remove expense increases based on an**
8 **inflation factor from the Company's income statement?**

9 A. Yes, I do, and it has been reflected in my rebuttal exhibits.

10 ADD-ON TAXES

11 **Q. Do you agree with Staff's adjustment to remove Add-On Taxes from the Company's**
12 **income statement?**

13 A. Yes. However, I recommend that Companies start segregating the Add-On Taxes on the
14 customer's bill when new tariff sheets are issued for this proceeding. To make the change
15 during this proceeding may cause confusion to the customers.

16 RATE CASE EXPENSE

17 **Q. Do you agree with Staff's adjustment to remove certain rate case expense items?**

18 A. For the purposes of these cases the Company will accept Staff's adjustment to rate case
19 expense including the five year amortization period.

20

21 TEST YEAR EXPENSES

1 **Q. Do you agree with Staff's adjustment to certain test year expenses based on a**
2 **historical average?**

3 A. No, I do not.

4 **Q. Can you please explain?**

5 A. Yes. This backward looking approach, certainly with the exclusion of 2009, will not allow
6 the Company to recover its costs of providing services to customers.

7 **Q. Can you please explain the exclusion of 2009?**

8 A. Yes. Staff's five year average includes years 2004, 2005, 2006, 2007 & 2008, but excludes
9 the most recent, and probably the most relevant year of data available. The Company
10 expects to put new rates in effect later this year, 2010, and the first full year of the new
11 rates will be concluded in 2011. Using 2004 expense levels, albeit one fifth, to predict 2011
12 expense levels only guarantees that the Company will not recover the costs necessary to
13 provide services to its customers.

14 **Q. Did Staff increase 2004, or any other year, for inflation or indexing?**

15 A. No. According to the Bureau of Labor Statistics the Consumer Price Index for All Urban
16 Consumers, specifically water and sewer maintenance has been increasing at a rate of more
17 than 6% per year since January of 2004 through March of 2010.

18 **Q. Did Staff use any 2009 expenses when calculating rates?**

19 A. Yes they did.

20 **Q. Can you please explain?**

1 A. Staff included the first six months of 2009 of capital expenditures and the related
2 depreciation expense.

3 **Q. Are there any other?**

4 A. Yes, Staff included known and measurable changes to salaries and related taxes and
5 benefit.

6 **Q. What is the impact of including 2009 expenses in Staff's five year average and
7 correcting 2007 expenses as you discussed in your rebuttal testimony?**

8 A. Making those two adjustments and accepting Staff's weighted cost of capital would
9 increase the revenue change would increase from \$168,728 to \$225,298 for Apple Canyon
10 and \$110,294 to \$131,988 for Lake Wildwood. These calculations are contained in
11 ACUC-LWUC Exhibit 6, Schedule 6.1 AC and 6.1 LW.

12 **Q. Do you prepare similar schedules using a three year average including both 2009 data
13 and corrected 2007 expenses?**

14 A. Yes, I did. After accepting all of Staff's adjustments, expect the averaging and the
15 additional revenue received increases from \$168,728 to \$292,876 for Apple Canyon and
16 from \$110,294 to \$164,957 for Lake Wildwood. These calculations are contained in
17 ACUC-LWUC Exhibit 6, Schedule 6.2 AC and 6.2 LW.

18 **Q. If the Commission decides to adopt an averaging methodology for these cases, which
19 method would you recommend?**

1 A. If the Commission determines that averaging of expenses is appropriate in this case then I
2 would recommend using the three most recent and relevant years, which are 2007, 2008 &
3 2009.

4 EMPLOYEE ALLOCATION FACTOR – APPLE CANYON

5 **Q. Do you agree with Staff’s adjustment as it pertains to Nathan Brant and his**
6 **allocation?**

7 A. Yes, I do.

8 RATE DESIGN

9 **Q. Do you agree with Staff’s methodology to calculate proposed rates?**

10 A. Yes, I do, but I do not agree with the rates proposed by Staff witnesses Rukosuev or Boggs.

11 OTHER

12 **Q. Can you explain if the Company’s new IT accounting infrastructure is used and**
13 **prudently incurred?**

14 A. These systems are currently being used by the Company, the customer and the
15 Commission’s Staff, which Mr. Rubin concurs. The system are also useful to the Company
16 and the customer, as the new system allows for more accurate tracking of customer
17 complaints and provide faster response to the operator and therefore the customer. When
18 the Company made the decision to replace it aged accounting and billing system it was
19 done so with the assistance of outside experts who specialize in replacement of billing and
20 accounting systems. Furthermore, prudence must be tested based on what management
21 knew at the time not after the fact.

1 **Q. Does Dr. Phillips discuss prudent investments in *The Regulation of Public Utilities*?**

2 A. Yes, he does. *The Regulation of Public Utilities* (1993 Ed.) at 340. On that same page, Dr.
3 Phillips elaborates on this observation by noting:

4 ‘Prudence thus involves foresight, not hindsight. Decisions must be made judged as to
5 their reasonableness at the time they were made and not after the fact. To quote two
6 commissions:

7 A prudence review must determine whether the company’s actions, based on all
8 that it knew or should have known at the time were reasonable and prudent in
9 light of the circumstances which then existed. It is clear that such a determination
10 may not properly be made on the basis of hindsight judgments, nor is it
11 appropriate for the [commission] merely to substitute its best judgment for the
12 judgments made by the company’s managers.

13 The company’s conduct should be judged by asking whether the conduct was
14 reasonable at the time, under all the circumstances, considering that the company
15 had to solve its problem prospectively rather than in reliance on hindsight. In
16 effect, our responsibility is to determine how reasonable people would have
17 performed the task that confronted the company.’

18

19 BILLING DATA

20 **Q. Can you please explain the discrepancy noted by Mr. Rubin on page 14 of his**
21 **testimony?**

1 A. Yes, during the implementation stage of the of CC&B there were some computer issues
2 which caused a few customers to receive bills that needed to be correct in the subsequent
3 period

4 **Q. Were these amounts corrected in subsequent bills?**

5 A. Yes they were.

6 **Q. Have there been any other problems with the billing system?**

7 A. There are always system problems when you roll out a new IT infrastructure. However,
8 most of the billing issues that transpired after the initial implementation were caused by
9 employee interaction with the system not the system itself

10 **Q. What ROE are you using to calculate your revenue requirement?**

11 A. I have used Staff's recommended ROE.

12 **Q. Have you included a new income statement, rate base rate of return, rate schedule
13 and supporting work papers?**

14 A. Yes, I have. I used Staff's work papers and exhibits, which were provided during the
15 course of discovery.

16 **Q. Does this conclude your rebuttal testimony?**

17 A. Yes it does.

Apple Canyon Utility Company
Statement of Operating Income with Adjustments
 For the Test Year Ending December 31, 2008

Line No.	Description	Company	Adjustments	Company	Gross Revenue Conversion Factor	Proposed Rates With Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Pro Forma Proposed (Cols. g+h)	
		Pro Forma Present (Co. Sch. B)	ACUC-LWUC Exhibit 6.0 Schedule 6.1 AC Page 3 of 10 (Column k)	Pro Forma Present (Cols. b+c)					Proposed Increase (Co. Sch. B)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Water Service Revenues	265,148	\$ -	\$ 265,148	\$ 367,663	\$ (675)	\$ 632,136	\$ (141,690)	\$ 490,446
2	Miscellaneous Revenues	11,158	-	11,158	-	-	11,158	-	11,158
3	Total Operating Revenues	276,306	-	276,306	367,663	(675)	643,294	(141,690)	501,604
4	Uncollectible Accounts	10,706	-	10,706	14,845	(27)	25,524	(5,721)	19,803
5	Maintenance Expenses	183,888	(74,651)	109,237	-	-	109,237	-	109,237
6	General Expenses	190,935	(31,423)	159,512	-	-	159,512	-	159,512
7	Depreciation	128,101	(635)	127,466	-	-	127,466	-	127,466
8	Amortization of CIAC	(19,375)	-	(19,375)	-	-	(19,375)	-	(19,375)
9	Taxes Other Than Income	23,343	(1,089)	22,254	368	(368)	22,254	-	22,254
10	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	517,598	(107,797)	409,801	15,213	(395)	424,619	(5,721)	418,898
17	State Income Tax	(19,918)	8,144	(11,774)	25,761	(53)	13,934	(9,926)	4,008
18	Federal Income Tax	(85,997)	35,164	(50,833)	111,224	(227)	60,164	(42,855)	17,309
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	411,683	(64,489)	347,194	152,198	(675)	498,717	(58,502)	440,215
21	NET OPERATING INCOME	\$ (135,377)	\$ 64,489	\$ (70,888)	\$ 215,465	\$ -	\$ 144,577	\$ (83,188)	\$ 61,389
22	Rate Base (ACUC-LWUC Exhibit 6.0, Schedule 6.1 AC, Page 8, Column (d))								\$ 788,041
23	Staff Overall Rate of Return (ICC Staff Exhibit 3.0, Schedule 1)								7.79%
24	Revenue Change (Col. (i) Line 3 minus Col. (d), Line 3)								\$ 225,298
25	Percentage Revenue Change (Col. (i), Line 24 divided by Col. (d), Line 3)								81.54%

Apple Canyon Utility Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2008

Line No.	Description	Interest Synchronization ACUC-LWUC Exhibit 6.0 Schedule 6.1 AC Page 6 of 10 (Column b)	Retire Abandoned (Sch. 7.7 AC)	Pro Forma Plant (Sch. 7.8 AC)	Unaccounted-for Water (Sch. 7.11 AC)	Maintenance & General Expenses (Sch. 8.1 AC)	Add-On Tax (Sch. 8.2 AC)	Rate Case Expense (Sch. 8.3 AC)	Subtotal Operating Statement Adjustments (k)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(i)	(k)
1	Water Service Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenues	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Maintenance Expenses	-	-	-	(7,359)	(2,818)	-	-	(10,177)
6	General Expenses	-	-	-	-	(2,695)	-	(19,686)	(22,381)
7	Depreciation	-	(427)	(208)	-	-	-	-	(635)
8	Amortization of CIAC	-	-	-	-	-	-	-	-
9	Taxes Other Than Income	-	-	-	-	-	(1,089)	-	(1,089)
10	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-
15	Total Operating Expense	-	(427)	(208)	(7,359)	(5,513)	(1,089)	(19,686)	(34,281)
16	Before Income Taxes	-	(427)	(208)	(7,359)	(5,513)	(1,089)	(19,686)	(34,281)
17	State Income Tax	276	31	15	537	402	79	1,437	2,777
18	Federal Income Tax	1,189	135	65	2,319	1,738	343	6,205	11,994
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	1,465	(261)	(128)	(4,503)	(3,373)	(667)	(12,044)	(19,510)
21	NET OPERATING INCOME	\$ (1,465)	\$ 261	\$ 128	\$ 4,503	\$ 3,373	\$ 667	\$ 12,044	\$ 19,510

Apple Canyon Utility Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2008

Line No.	Description	Subtotal (page 1)	Test Year Expenses ACUC-LWUC Exhibit 6.0 Schedule 6.1 AC Page 4 of 10 (Column b)	Corporate Employee Expenses (Sch. 8.5 AC)	Operations & Customer Service Employee Expenses (Sch. 8.6 AC)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(j)	(k)
1	Water Service Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenues	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Maintenance Expenses	(10,177)	(30,352)	-	(34,122)	-	-	-	(74,651)
6	General Expenses	(22,381)	(31,591)	35,217	(12,668)	-	-	-	(31,423)
7	Depreciation	(635)	-	-	-	-	-	-	(635)
8	Amortization of CIAC	-	-	-	-	-	-	-	-
9	Taxes Other Than Income	(1,089)	-	-	-	-	-	-	(1,089)
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	(34,281)	(61,943)	35,217	(46,790)	-	-	-	(107,797)
17	State Income Tax	2,777	4,522	(2,571)	3,416	-	-	-	8,144
18	Federal Income Tax	11,994	19,523	(11,100)	14,747	-	-	-	35,164
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(19,510)	(37,898)	21,546	(28,627)	-	-	-	(64,489)
21	NET OPERATING INCOME	\$ 19,510	\$ 37,898	\$ (21,546)	\$ 28,627	\$ -	\$ -	\$ -	\$ 64,489

Apple Canyon Utility Company
Adjustment to Test Year Expenses
For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)	Source (c)
1	Total O&M and General Expenses	\$ 268,783	ACUC-LWUC Exhibit 6.0, Schedule 6.1 AC, Page 5, Col. B, Line
2	Total O&M and General Expenses per Original filing	<u>374,823</u>	ICC Staff Exhibit 8.0, Schedule 8.4 AC, P. 2, Line 13
3	Total Proposed Adjustment	(106,040)	
4			
5	Remove Overlapping Effect with Other Staff Adjustments to Test Year Expenses		
6	Pro forma Adjustments to Maintenance Expenses	2,818	ICC Staff Exhibit 8.0, Schedule 8.1 AC, Line 8
7	Pro forma Adjustments to General Expenses	2,695	ICC Staff Exhibit 8.0, Schedule 8.1 AC, Line 15
8	Rate Case Expense	19,686	ICC Staff Exhibit 8.0, Schedule 8.3 AC, Line 11
9	Adjustment to Corporate Employee Expenses	(33,482)	ICC Staff Exhibit 8.0, Schedule 8.5 AC, Lines 2 & 3
10	Adjustment to Operations Employee Expenses	33,014	ICC Staff Exhibit 8.0, Schedule 8.6 AC, P. 1, Lines 2, 3 & 5
11	Adjustment to Customer Service Employee Expenses	12,007	ICC Staff Exhibit 8.0, Schedule 8.6 AC, P. 1, Lines 9 & 10
12	Adjustment for Unaccounted-for Water	<u>7,359</u>	ICC Staff Exhibit 7.0, Schedule 7.11 AC, Line 10
13			
14	Net Proposed Adjustment	<u>\$ (61,943)</u>	

Apple Canyon Utility Company
 Adjustment to Test Year Expenses
 For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)	Source (c)
1	Total O&M and General Expenses per FORM 22 ILCC		
2	2005	\$ 166,281	
3	2006	179,260	
4	2007	246,216	
5	2008	399,063	
6	2009	<u>353,094</u>	
7		<u>\$ 1,343,914</u>	Sum of lines 2 through 6
8			
9	5 year average	<u>\$ 268,783</u>	Line 7/5
10			
11	O & M Expense (49% of total)	\$ 183,888	Company Schedule B
12	General Expense (51% of total)	<u>190,935</u>	Company Schedule B
13	Total O&M and General Expenses per Company	<u>\$ 374,823</u>	

Apple Canyon Utility Company
Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)
1	Gross Plant in Service	\$ 788,041 (1)
2	Weighted Cost of Debt	3.47% (2)
3	Synchronized Interest	27,345
4	Company Interest Expense (original filing)	<u>31,119 (3)</u>
5	Increase (Decrease) in Interest Expense	<u>(3,774)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	<u>\$ 276</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 34.000%	<u>\$ 1,189</u>

(1) Source: ACUC-LWUC Exhibit 6.0, Schedule 6.1 AC, Page 8, Col. d, Line 23

(2) Source: ICC Staff Exhibit 3.0, Schedule 1.

(3) Source: Company Schedule B, page 1, column "Pro Forma Proposed"

Apple Canyon
Proposed Revenues

Docket Nos. 09-0548 and 09-0549
Consolidated
ACUC-LWUC Exhibit 6.0
Schedule 6.1 AC
7 of 10

WATER

Bill code		Gallonage	Usage Charge	Units	BFC (Stated Monthly)	Revenues
<u>All Subs:</u>						
1101	5/8" Res.	18,454,114	\$ 10.96	10,441	\$ 12.96	\$ 337,709
	3/4" Res.	82,900	\$ 10.96	9	\$ 14.26	\$ 1,037
	1" Res.	72,600	\$ 10.96	9	\$ 15.55	\$ 936
1104	Availability		\$ -	20,823	\$ 6.56	\$ 136,534
1102	5/8" Commercial	103,800	\$ 10.96	45	\$ 12.96	\$ 1,724
1110	1" Commercial	286,100	\$ 10.96	27	\$ 15.55	\$ 3,557
1112	1.5" Commercial	626,700	\$ 10.96	48	\$ 16.85	\$ 7,682
1114	3" Commercial	104,800	\$ 10.96	6	\$ 19.46	\$ 1,266
		<u>19,731,014</u>		<u>31,409</u>		<u>\$ 490,446</u>

Apple Canyon Utility Company
Rate Base
For the Test Year Ending December 31, 2008

Line No.	Description (a)	Company Pro Forma Rate Base (Co. Sch. C) (b)	ACUC-LWUC Exhibit 6.0 Schedule 6.1 AC Page 9 of 10 (Column k) (c)	Pro Forma Rate Base (Col. b+c) (d)
1	Gross Plant in Service	\$ 2,864,617	\$ (31,203)	\$ 2,833,414
2	Less: Accumulated Depreciation	(943,150)	(44,394)	(987,544)
3		-	-	-
4	Net Plant	1,921,467	(75,597)	1,845,870
5	Additions to Rate Base			
6	Working Capital	49,771	(13,726)	36,045
7	Adjustment to Rate Base Allocations	(228)	-	(228)
8	Deferred Charges	13,709	(13,709)	0
9	Net Pro Forma Plant	50,504	-	50,504
10	Adjustments from Prior Rate Cases	-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	Contributions in Aid of Construction	(965,357)	-	(965,357)
18	Accumulated Deferred Income Taxes	(124,076)	(526)	(124,602)
19	Customer Deposits	-	-	-
20	Adjustments from Prior Rate Cases	(54,191)	-	(54,191)
21		-	-	-
22		-	-	-
23	Rate Base	<u>\$ 891,599</u>	<u>\$ (103,558)</u>	<u>\$ 788,041</u>

Apple Canyon Utility Company
Adjustments to Rate Base
For the Test Year Ending December 31, 2008

Line No.	Description	Working Capital ACUC-LWUC Exhibit 6.0 Schedule 6.1 AC Page 10 of 10 (Col. B, Line 9)	Retire (Sch. 7.7 AC)	Pro Forma Plant (Sch. 7.8 AC)	Accumulated Depreciation (Sch. 7.9 AC)	Deferred Charges (Sch. 7.10 AC)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(k)
1	Gross Plant in Service	\$ -	\$ (19,680)	\$ (11,523)	\$ -	\$ -	\$ -	\$ -	\$ (31,203)
2	Less: Accumulated Depreciation	-	19,680	(826)	(63,248)	-	-	-	(44,394)
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	(12,349)	(63,248)	-	-	-	(75,597)
5	Additions to Rate Base								-
6	Working Capital	(13,726)	-	-	-	-	-	-	(13,726)
7	Adjustment to Rate Base Allocations	-	-	-	-	-	-	-	-
8	Deferred Charges	-	-	-	-	(13,709)	-	-	(13,709)
9	Net Pro Forma Plant	-	-	-	-	-	-	-	-
10	Adjustments from Prior Rate Cases	-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base	-	-	-	-	-	-	-	-
17	Contributions in Aid of Construction	-	-	-	-	-	-	-	-
18	Accumulated Deferred Income Taxes	-	-	(526)	-	-	-	-	(526)
19	Customer Deposits	-	-	-	-	-	-	-	-
20	Deferred Federal Income Taxes	-	-	-	-	-	-	-	-
21	Deferred State Income Taxes	-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (13,726)	\$ -	\$ (12,876)	\$ (63,248)	\$ (13,709)	\$ -	\$ -	\$ (103,558)

Apple Canyon Utility Company
Adjustment to Working Capital
 For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)	Source (c)
1	Maintenance Expenses	\$ 109,237	ACUC-LWUC Exhibit 6.0, Schedule 6.1 AC, column (d), line 5
2	General Expense	159,512	ACUC-LWUC Exhibit 6.0, Schedule 6.1 AC, column (d), line 6
3	Taxes Other Than Income	22,254	ACUC-LWUC Exhibit 6.0, Schedule 6.1 AC, column (d), line 9
4	Less Real Estate Taxes	<u>(2,641)</u>	Response to Staff data request JMO 1.01, tab "Linked TB"
5	Operating Expenses Subject to Working Capital Allowance	288,363	Sum of lines 1, 2, 3, and 4
6	Divisor (1/8)	<u>0.125</u>	
7	Working Capital Allowance	36,045	Line 5 times line 6
8	Working Capital Allowance Per Original filing	<u>49,771</u>	Company Schedule C, column "As Adjusted"
9	Adjustment	<u>\$ (13,726)</u>	Line 7 less line 8

Lake Wildwood Utilities Corporation
Adjustments to Operating Income
For the Test Year Ending December 31, 2008

Line No.	Description	Interest Synchronization ACUC-LWUC Exhibit 6.0 Schedule 6.1 LW Page 6 of 10 (Column b)	Retire Abandoned Well (Sch. 7.7 LW)	Pro Forma Plant (Sch. 7.8 LW)	Unaccounted-for Water (Sch. 7.11 LW)	Maintenance & General Expenses (Sch. 8.1 LW)	Add-On Tax (Sch. 8.2 LW)	Rate Case Expense (Sch. 8.3 LW)	Subtotal Operating Statement Adjustments (k)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(j)	(k)
1	Water Service Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenues	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Maintenance Expenses	-	-	-	(1,344)	(1,672)	-	-	(3,016)
6	General Expenses	-	-	-	-	(1,667)	-	(19,975)	(21,642)
7	Depreciation	-	(1,952)	(1,459)	-	-	-	-	(3,411)
8	Amortization of CIAC	-	-	-	-	-	-	-	-
9	Taxes Other Than Income	-	-	-	-	-	(732)	-	(732)
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense	-	(1,952)	(1,459)	(1,344)	(3,339)	(732)	(19,975)	(28,801)
16	Before Income Taxes	-	(1,952)	(1,459)	(1,344)	(3,339)	(732)	(19,975)	(28,801)
17	State Income Tax	233	142	107	98	244	53	1,458	2,335
18	Federal Income Tax	(1,005)	615	460	424	1,052	231	6,296	8,073
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(772)	(1,195)	(892)	(822)	(2,043)	(448)	(12,221)	(18,393)
21	NET OPERATING INCOME	\$ 772	\$ 1,195	\$ 892	\$ 822	\$ 2,043	\$ 448	\$ 12,221	\$ 18,393

Lake Wildwood Utilities Corporation
Adjustments to Operating Income
For the Test Year Ending December 31, 2008

Line No.	Description	Subtotal (page 1)	Test Year Expenses ACUC-LWUC Exhibit 6.0 Schedule 6.1 LW Page 4 of 10 (Column b)	Corporate Employee Expenses (Sch. 8.5 LW)	Operations & Customer Service Employee Expenses (Sch. 8.6 LW)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(j)	(k)
1	Water Service Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenues	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Maintenance Expenses	(3,016)	(31,865)	-	(18,939)	-	-	-	(53,820)
6	General Expenses	(21,642)	(33,165)	11,977	(6,726)	-	-	-	(49,556)
7	Depreciation	(3,411)	-	-	-	-	-	-	(3,411)
8	Amortization of CIAC	-	-	-	-	-	-	-	-
9	Taxes Other Than Income	(732)	-	-	-	-	-	-	(732)
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	(28,801)	(65,030)	11,977	(25,665)	-	-	-	(107,519)
17	State Income Tax	2,335	4,747	(874)	1,874	-	-	-	8,082
18	Federal Income Tax	8,073	20,496	(3,775)	8,089	-	-	-	32,883
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(18,393)	(39,787)	7,328	(15,702)	-	-	-	(66,554)
21	NET OPERATING INCOME	\$ 18,393	\$ 39,787	\$ (7,328)	\$ 15,702	\$ -	\$ -	\$ -	\$ 66,554

Lake Wildwood Utilities Corporation
Adjustment to Test Year Expenses
For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)	Source (c)
1	Total O&M and General Expenses	\$ 163,656	ACUC-LWUC Exhibit 6.0, Schedule 6.1 LW, Page 5, Col. ICC Staff Exhibit 8.0, Schedule 8.4 LW, P. 2, Line 13
2	Total O&M and General Expenses per Original filing	266,812	
3	Total Staff Proposed Adjustment	(103,156)	
4			
5	Remove Overlapping Effect with Other Staff Adjustments to Test Year Expenses		
6	Pro forma Adjustments to Maintenance Expenses	1,672	ICC Staff Exhibit 8.0, Schedule 8.1 LW, Line 8
7	Pro forma Adjustments to General Expenses	1,667	ICC Staff Exhibit 8.0, Schedule 8.1 LW, Line 15
8	Rate Case Expense	19,975	ICC Staff Exhibit 8.0, Schedule 8.3 LW, Line 11
9	Adjustment to Corporate Employee Expenses	(11,578)	ICC Staff Exhibit 8.0, Schedule 8.5 LW, Lines 2 & 3
10	Adjustment to Operations Employee Expenses	18,671	ICC Staff Exhibit 8.0, Schedule 8.6 LW, Lines 2, 3 & 5
11	Adjustment to Customer Service Employee Expenses	6,375	ICC Staff Exhibit 8.0, Schedule 8.6 LW, Lines 9 & 10
12	Adjustment for Unaccounted-for Water	1,344	ICC Staff Exhibit 7.0, Schedule 7.11 LW, Line 10
13			
14	Net Proposed Adjustment	<u>\$ (65,030)</u>	

Lake Wildwood Utilities Corporation
 Adjustment to Test Year Expenses
 For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)	Source (c)
1	Total O&M and General Expenses per FORM 22 ILCC		
2	2005	110,824	
3	2006	122,325	
4	2007	154,089	
5	2008	218,870	
6	2009	212,174	
7		<u>\$ 818,282</u>	Sum of lines 2 through 6
8			
9	5 year average	<u>\$ 163,656</u>	Line 7/5
10			
11	O & M Expense (49% of total)	\$ 129,591	Company Schedule B
12	General Expense (51% of total)	137,221	Company Schedule B
13	Total O&M and General Expenses per Company	<u>\$ 266,812</u>	

Lake Wildwood Utilities Corporation
 Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)	
1	Gross Plant in Service	\$ 781,090	(1)
2	Weighted Cost of Debt	3.47%	(2)
3	Synchronized Interest	27,104	
4	Company Interest Expense (original filing)	<u>30,292</u>	(3)
5	Increase (Decrease) in Interest Expense	<u>(3,188)</u>	Sum of lines 2 through 6
6	Increase (Decrease) in State Income Tax Expense		Line 7/3
7	at 7.300%	<u>\$ 233</u>	
8	Increase (Decrease) in Federal Income Tax Expense		
9	at 34.000%	<u>\$ (1,005)</u>	

(1) Source: ACUC-LWUC Exhibit 6.0, Schedule 6.1 LW, Page 8, Col. d, Line 23

(2) Source: ICC Staff Exhibit 3.0, Schedule 1.

(3) Source: Company Schedule B, page 1, column "Pro Forma Proposed"

Proposed Revenues & Rates

Docket Nos. 09-0548 and 09-0549
 Consolidated
 ACUC-LWUC Exhibit 6.0
 Schedule 6.1 LW
 Page 7 of 10

WATER

Bill code		Gallonage	Usage Charge	Units	BFC	Revenues
<u>All Subs:</u>						
5901	5/8" Res.	12,455,230	\$ 8.03	5,548	\$ 22.94	\$ 227,292
	3/4" Res.	-	\$ -	-	\$ -	\$ -
	1" Res.	42,066	\$ 8.03	7	\$ 22.94	\$ 498
5804	Availability	-	\$ -	11,327	\$ 7.47	\$ 84,613
5902	5/8" Commercial	117,317	\$ 8.03	73	\$ 22.94	\$ 2,621
5910	1" Commercial	902,643	\$ 8.03	36	\$ 43.68	\$ 8,809
5912	1.5" Commercial	29,000	\$ 8.03	12	\$ 80.42	\$ 1,206
1114	3" Commercial	-	\$ -	-	\$ -	\$ -
		<u>13,546,256</u>		<u>17,003</u>		<u>\$ 325,039</u>

Lake Wildwood Utilities Corporation
Rate Base
For the Test Year Ending December 31, 2008

Line No.	Description (a)	Company Pro Forma Rate Base (Co. Sch. C) (b)	ACUC-LWUC Exhibit 6.0 Schedule 6.1 LW Page 9 of 10 (Column k) (c)	Pro Forma Rate Base (Col. b+c) (d)
1	Gross Plant in Service	\$ 1,393,680	\$ (128,492)	\$ 1,265,188
2	Less: Accumulated Depreciation	(464,334)	55,563	(408,771)
3		-	-	-
4	Net Plant	929,346	(72,929)	856,417
5	Additions to Rate Base			
6	Working Capital	35,388	(13,103)	22,285
7	Adjustment to Rate Base Allocations	59	-	59
8	Deferred Charges	285	(285)	(0)
9	Net Pro Forma Plant	39,069	-	39,069
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	Contributions in Aid of Construction	(107,181)	-	(107,181)
18	Accumulated Deferred Income Taxes	(29,057)	(499)	(29,556)
19	Customer Deposits	(2)	-	(2)
20		-	-	-
21		-	-	-
22		-	-	-
23	Rate Base	<u>\$ 867,907</u>	<u>\$ (86,817)</u>	<u>\$ 781,090</u>

Lake Wildwood Utilities Corporation
Adjustments to Rate Base
For the Test Year Ending December 31, 2008

Line No.	Description	Working Capital ACUC-LWUC Exhibit 6.0 Schedule 6.1 LW Page 10 of 10 (Col. B, Line 9)	Retire Abandoned Well (Sch. 7.7 LW)	Pro Forma Plant (Sch. 7.8 LW)	Accumulated Depreciation (Sch. 7.9 LW)	Deferred Charges (Sch. 7.10 LW)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(k)
1	Gross Plant in Service	\$ -	\$ (89,935)	\$ (38,557)	\$ -	\$ -	\$ -	\$ -	\$ (128,492)
2	Less: Accumulated Depreciation	-	89,935	(605)	(33,767)	-	-	-	55,563
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	(39,162)	(33,767)	-	-	-	(72,929)
5	Additions to Rate Base								-
6	Working Capital	(13,103)	-	-	-	-	-	-	(13,103)
7	Adjustment to Rate Base Allocations	-	-	-	-	-	-	-	-
8	Deferred Charges	-	-	-	-	(285)	-	-	(285)
9	Net Pro Forma Plant	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								-
17	Contributions in Aid of Construction	-	-	-	-	-	-	-	-
18	Accumulated Deferred Income Taxes	-	-	(499)	-	-	-	-	(499)
19	Customer Deposits	-	-	-	-	-	-	-	-
20	Deferred Federal Income Taxes	-	-	-	-	-	-	-	-
21	Deferred State Income Taxes	-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (13,103)	\$ -	\$ (39,661)	\$ (33,767)	\$ (285)	\$ -	\$ -	\$ (86,817)

Lake Wildwood Utilities Corporation
Adjustment to Working Capital
For the Test Year Ending December 31, 2008

Line No.	Description <small>(a)</small>	Amount <small>(b)</small>	Source <small>(c)</small>
1	Maintenance Expenses	\$ 75,771	ACUC-LWUC Exhibit 6.0, Schedule 6.1 LW, column (d), line 5
2	General Expense	87,665	ACUC-LWUC Exhibit 6.0, Schedule 6.1 LW, column (d), line 6
3	Taxes Other Than Income	15,561	ACUC-LWUC Exhibit 6.0, Schedule 6.1 LW, column (d), line 9
4	Less Real Estate Taxes	<u>(718)</u>	Response to Staff data request JMO 1.01, tab "Linked TB"
5	Operating Expenses Subject to Working Capital Allowance	178,279	Sum of lines 1, 2, 3, and 4
6	Divisor (1/8)	<u>0.125</u>	
7	Working Capital Allowance	22,285	Line 5 times line 6
8	Working Capital Allowance Per Original filing	<u>35,388</u>	Company Schedule C, column "As Adjusted"
9	Adjustment	<u><u>\$ (13,103)</u></u>	Line 7 less line 8

Apple Canyon Utility Company
Statement of Operating Income with Adjustments
For the Test Year Ending December 31, 2008

Line No.	Description	Company	Adjustments	Company	Gross	Proposed	Adjustment	Pro Forma	
		Pro Forma Present (Co. Sch. B)	ACUC-LWUC Exhibit 6.0 Schedule 6.1 AC Page 3 of 10 (Column k)	Pro Forma Present (Cols. b+c)	Proposed Increase (Co. Sch. B)	Revenue Conversion Factor	Rates With Adjustments (Cols. d+e+f)	To Proposed Increase	Proposed (Cols. g+h)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Water Service Revenues	265,148	\$ -	\$ 265,148	\$ 367,663	\$ (675)	\$ 632,136	\$ (74,112)	\$ 558,024
2	Miscellaneous Revenues	11,158	-	11,158	-	-	11,158	-	11,158
3	Total Operating Revenues	276,306	-	276,306	367,663	(675)	643,294	(74,112)	569,182
4	Uncollectible Accounts	10,706	-	10,706	14,845	(27)	25,524	(2,992)	22,532
5	Maintenance Expenses	183,888	(43,287)	140,601	-	-	140,601	-	140,601
6	General Expenses	190,935	1,222	192,157	-	-	192,157	-	192,157
7	Depreciation	128,101	(635)	127,466	-	-	127,466	-	127,466
8	Amortization of CIAC	(19,375)	-	(19,375)	-	-	(19,375)	-	(19,375)
9	Taxes Other Than Income	23,343	(1,089)	22,254	368	(368)	22,254	-	22,254
10	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	517,598	(43,789)	473,809	15,213	(395)	488,627	(2,992)	485,635
17	State Income Tax	(19,918)	3,450	(16,468)	25,761	(53)	9,240	(5,192)	4,048
18	Federal Income Tax	(85,997)	14,903	(71,094)	111,224	(227)	39,903	(22,416)	17,487
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	411,683	(25,436)	386,247	152,198	(675)	537,770	(30,600)	507,170
21	NET OPERATING INCOME	\$ (135,377)	\$ 25,436	\$ (109,941)	\$ 215,465	\$ -	\$ 105,524	\$ (43,512)	\$ 62,012
22	Rate Base (ACUC-LWUC Exhibit 6.0, Schedule 6.1 AC, Page 8, Column (d))								\$ 796,042
23	Staff Overall Rate of Return (ICC Staff Exhibit 3.0, Schedule 1)								7.79%
24	Revenue Change (Col. (i) Line 3 minus Col. (d), Line 3)								\$ 292,876
25	Percentage Revenue Change (Col. (i), Line 24 divided by Col. (d), Line 3)								106.00%

Apple Canyon Utility Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2008

Line No.	Description	Interest Synchronization ACUC-LWUC Exhibit 6.0 Schedule 6.1 AC Page 6 of 10 (Column b)	Retire Abandoned (Sch. 7.7 AC)	Pro Forma Plant (Sch. 7.8 AC)	Unaccounted-for Water (Sch. 7.11 AC)	Maintenance & General Expenses (Sch. 8.1 AC)	Add-On Tax (Sch. 8.2 AC)	Rate Case Expense (Sch. 8.3 AC)	Subtotal Operating Statement Adjustments (k)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(i)	(k)
1	Water Service Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenues	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Maintenance Expenses	-	-	-	(7,359)	(2,818)	-	-	(10,177)
6	General Expenses	-	-	-	-	(2,695)	-	(19,686)	(22,381)
7	Depreciation	-	(427)	(208)	-	-	-	-	(635)
8	Amortization of CIAC	-	-	-	-	-	-	-	-
9	Taxes Other Than Income	-	-	-	-	-	(1,089)	-	(1,089)
10	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-
15	Total Operating Expense	-	(427)	(208)	(7,359)	(5,513)	(1,089)	(19,686)	(34,281)
16	Before Income Taxes	-	(427)	(208)	(7,359)	(5,513)	(1,089)	(19,686)	(34,281)
17	State Income Tax	255	31	15	537	402	79	1,437	2,756
18	Federal Income Tax	1,102	135	65	2,319	1,738	343	6,205	11,907
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	1,357	(261)	(128)	(4,503)	(3,373)	(667)	(12,044)	(19,618)
21	NET OPERATING INCOME	\$ (1,357)	\$ 261	\$ 128	\$ 4,503	\$ 3,373	\$ 667	\$ 12,044	\$ 19,618

Apple Canyon Utility Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2008

Line No.	Description	Subtotal (page 1)	Test Year Expenses ACUC-LWUC Exhibit 6.0 Schedule 6.1 AC Page 4 of 10 (Column b)	Corporate Employee Expenses (Sch. 8.5 AC)	Operations & Customer Service Employee Expenses (Sch. 8.6 AC)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(j)	(k)
1	Water Service Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenues	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Maintenance Expenses	(10,177)	1,012	-	(34,122)	-	-	-	(43,287)
6	General Expenses	(22,381)	1,053	35,217	(12,668)	-	-	-	1,222
7	Depreciation	(635)	-	-	-	-	-	-	(635)
8	Amortization of CIAC	-	-	-	-	-	-	-	-
9	Taxes Other Than Income	(1,089)	-	-	-	-	-	-	(1,089)
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	(34,281)	2,065	35,217	(46,790)	-	-	-	(43,789)
17	State Income Tax	2,756	(151)	(2,571)	3,416	-	-	-	3,450
18	Federal Income Tax	11,907	(651)	(11,100)	14,747	-	-	-	14,903
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(19,618)	1,263	21,546	(28,627)	-	-	-	(25,436)
21	NET OPERATING INCOME	\$ 19,618	\$ (1,263)	\$ (21,546)	\$ 28,627	\$ -	\$ -	\$ -	\$ 25,436

Apple Canyon Utility Company
Adjustment to Test Year Expenses
For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)	Source (c)
1	Total O&M and General Expenses	\$ 332,791	ACUC-LWUC Exhibit 6.0, Schedule 6.1 AC, Page 5, Col. B, Line
2	Total O&M and General Expenses (original filing)	<u>374,823</u>	ICC Staff Exhibit 8.0, Schedule 8.4 AC, P. 2, Line 13
3	Total Staff Proposed Adjustment	(42,032)	
4			
5	Remove Overlapping Effect with Other Staff Adjustments to Test Year Expenses		
6	Pro forma Adjustments to Maintenance Expenses	2,818	ICC Staff Exhibit 8.0, Schedule 8.1 AC, Line 8
7	Pro forma Adjustments to General Expenses	2,695	ICC Staff Exhibit 8.0, Schedule 8.1 AC, Line 15
8	Rate Case Expense	19,686	ICC Staff Exhibit 8.0, Schedule 8.3 AC, Line 11
9	Adjustment to Corporate Employee Expenses	(33,482)	ICC Staff Exhibit 8.0, Schedule 8.5 AC, Lines 2 & 3
10	Adjustment to Operations Employee Expenses	33,014	ICC Staff Exhibit 8.0, Schedule 8.6 AC, P. 1, Lines 2, 3 & 5
11	Adjustment to Customer Service Employee Expenses	12,007	ICC Staff Exhibit 8.0, Schedule 8.6 AC, P. 1, Lines 9 & 10
12	Adjustment for Unaccounted-for Water	<u>7,359</u>	ICC Staff Exhibit 7.0, Schedule 7.11 AC, Line 10
13			
14	Net Proposed Adjustment	<u>\$ 2,065</u>	

Apple Canyon Utility Company
 Adjustment to Test Year Expenses
 For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)	Source (c)
1	Total O&M and General Expenses per FORM 22 ILCC		
2	2005	N/A	
3	2006	N/A	
4	2007	246,216	
5	2008	399,063	
6	2009	353,094	
7		<u>\$ 998,373</u>	Sum of lines 2 through 6
8			
9	3 year average	<u>\$ 332,791</u>	Line 7/3
10			
11	O & M Expense (49% of total)	\$ 183,888	Company Schedule B
12	General Expense (51% of total)	190,935	Company Schedule B
13	Total O&M and General Expenses per Company	<u>\$ 374,823</u>	

Apple Canyon Utility Company
Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)
1	Gross Plant in Service	\$ 796,042 (1)
2	Weighted Cost of Debt	3.47% (2)
3	Synchronized Interest	27,623
4	Company Interest Expense Original filing	<u>31,119 (3)</u>
5	Increase (Decrease) in Interest Expense	<u>(3,496)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	<u>\$ 255</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 34.000%	<u>\$ 1,102</u>

(1) Source: ACUC-LWUC Exhibit 6.0, Schedule 6.1 AC, Page 8, Col. d, Line 23

(2) Source: ICC Staff Exhibit 3.0, Schedule 1.

(3) Source: Company Schedule B, page 1, column "Pro Forma Proposed"

Apple Canyon
Proposed Revenues

Docket Nos. 09-0548 and 09-0549
Consolidated
ACUC-LWUC Exhibit 6.0
Schedule 6.2 AC
7 of 10

WATER

Bill code		Gallonage	Usage Charge	Units	BFC (Stated Monthly)	Revenues
<u>All Subs:</u>						
1101	5/8" Res.	18,454,114	\$ 13.06	10,441	\$ 15.44	\$ 402,193
	3/4" Res.	82,900	\$ 13.06	9	\$ 16.98	\$ 1,235
	1" Res.	72,600	\$ 13.06	9	\$ 18.52	\$ 1,115
1104	Availability		\$ -	20,823	\$ 6.56	\$ 136,534
1102	5/8" Commercial	103,800	\$ 13.06	45	\$ 15.44	\$ 2,054
1110	1" Commercial	286,100	\$ 13.06	27	\$ 18.52	\$ 4,236
1112	1.5" Commercial	626,700	\$ 13.06	48	\$ 20.06	\$ 9,149
1114	3" Commercial	104,800	\$ 13.06	6	\$ 23.17	\$ 1,508
		<u>19,731,014</u>		<u>31,409</u>		<u>\$ 558,024</u>

Apple Canyon Utility Company
Rate Base
For the Test Year Ending December 31, 2008

Line No.	Description (a)	Company Pro Forma Rate Base (Co. Sch. C) (b)	ACUC-LWUC Exhibit 6.0 Schedule 6.1 AC Page 9 of 10 (Column k) (c)	Staff Pro Forma Rate Base (Col. b+c) (d)
1	Gross Plant in Service	\$ 2,864,617	\$ (31,203)	\$ 2,833,414
2	Less: Accumulated Depreciation	(943,150)	(44,394)	(987,544)
3		-	-	-
4	Net Plant	1,921,467	(75,597)	1,845,870
5	Additions to Rate Base			
6	Working Capital	49,771	(5,725)	44,046
7	Adjustment to Rate Base Allocations	(228)	-	(228)
8	Deferred Charges	13,709	(13,709)	0
9	Net Pro Forma Plant	50,504	-	50,504
10	Adjustments from Prior Rate Cases	-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	Contributions in Aid of Construction	(965,357)	-	(965,357)
18	Accumulated Deferred Income Taxes	(124,076)	(526)	(124,602)
19	Customer Deposits	-	-	-
20	Adjustments from Prior Rate Cases	(54,191)	-	(54,191)
21		-	-	-
22		-	-	-
23	Rate Base	<u>\$ 891,599</u>	<u>\$ (95,557)</u>	<u>\$ 796,042</u>

Apple Canyon Utility Company
Adjustments to Rate Base
For the Test Year Ending December 31, 2008

Line No.	Description	Working Capital	Retire	Pro Forma Plant	Accumulated Depreciation	Deferred Charges	(Source)	(Source)	Total Rate Base Adjustments
		ACUC-LWUC Exhibit 6.0 Schedule 6.1 AC Page 10 of 10 (Col. B, Line 9)							
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(k)
1	Gross Plant in Service	\$ -	\$ (19,680)	\$ (11,523)	\$ -	\$ -	\$ -	\$ -	\$ (31,203)
2	Less: Accumulated Depreciation	-	19,680	(826)	(63,248)	-	-	-	(44,394)
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	(12,349)	(63,248)	-	-	-	(75,597)
5	Additions to Rate Base								-
6	Working Capital	(5,725)	-	-	-	-	-	-	(5,725)
7	Adjustment to Rate Base Allocations	-	-	-	-	-	-	-	-
8	Deferred Charges	-	-	-	-	(13,709)	-	-	(13,709)
9	Net Pro Forma Plant	-	-	-	-	-	-	-	-
10	Adjustments from Prior Rate Cases	-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base	-	-	-	-	-	-	-	-
17	Contributions in Aid of Construction	-	-	-	-	-	-	-	-
18	Accumulated Deferred Income Taxes	-	-	(526)	-	-	-	-	(526)
19	Customer Deposits	-	-	-	-	-	-	-	-
20	Deferred Federal Income Taxes	-	-	-	-	-	-	-	-
21	Deferred State Income Taxes	-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (5,725)	\$ -	\$ (12,876)	\$ (63,248)	\$ (13,709)	\$ -	\$ -	\$ (95,557)

Apple Canyon Utility Company
Adjustment to Working Capital
 For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)	Source (c)
1	Maintenance Expenses	\$ 140,601	ACUC-LWUC Exhibit 6.0, Schedule 6.1 AC, column (d), line 5
2	General Expense	192,157	ACUC-LWUC Exhibit 6.0, Schedule 6.1 AC, column (d), line 6
3	Taxes Other Than Income	22,254	ACUC-LWUC Exhibit 6.0, Schedule 6.1 AC, column (d), line 9
4	Less Real Estate Taxes	<u>(2,641)</u>	Response to Staff data request JMO 1.01, tab "Linked TB"
5	Operating Expenses Subject to Working Capital Allowance	352,371	Sum of lines 1, 2, 3, and 4
6	Divisor (1/8)	<u>0.125</u>	
7	Working Capital Allowance	44,046	Line 5 times line 6
8	Working Capital Allowance Per Filing	<u>49,771</u>	Company Schedule C, column "As Adjusted"
9	Adjustment	<u>\$ (5,725)</u>	Line 7 less line 8

Lake Wildwood Utilities Corporation
Adjustments to Operating Income
For the Test Year Ending December 31, 2008

Line No.	Description	Interest Synchronization ACUC-LWUC Exhibit 6.0 Schedule 6.1 LW Page 6 of 10 (Column b)	Retire Abandoned Well (Sch. 7.7 LW)	Pro Forma Plant (Sch. 7.8 LW)	Unaccounted-for Water (Sch. 7.11 LW)	Maintenance & General Expenses (Sch. 8.1 LW)	Add-On Tax (Sch. 8.2 LW)	Rate Case Expense (Sch. 8.3 LW)	Subtotal Operating Statement Adjustments (k)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(j)	(k)
1	Water Service Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenues	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Maintenance Expenses	-	-	-	(1,344)	(1,672)	-	-	(3,016)
6	General Expenses	-	-	-	-	(1,667)	-	(19,975)	(21,642)
7	Depreciation	-	(1,952)	(1,459)	-	-	-	-	(3,411)
8	Amortization of CIAC	-	-	-	-	-	-	-	-
9	Taxes Other Than Income	-	-	-	-	-	(732)	-	(732)
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense	-	(1,952)	(1,459)	(1,344)	(3,339)	(732)	(19,975)	(28,801)
16	Before Income Taxes	-	(1,952)	(1,459)	(1,344)	(3,339)	(732)	(19,975)	(28,801)
17	State Income Tax	223	142	107	98	244	53	1,458	2,325
18	Federal Income Tax	(962)	615	460	424	1,052	231	6,296	8,116
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(739)	(1,195)	(892)	(822)	(2,043)	(448)	(12,221)	(18,360)
21	NET OPERATING INCOME	\$ 739	\$ 1,195	\$ 892	\$ 822	\$ 2,043	\$ 448	\$ 12,221	\$ 18,360

Lake Wildwood Utilities Corporation
 Adjustments to Operating Income
 For the Test Year Ending December 31, 2008

Line No.	Description	Subtotal (page 1)	Test Year	Corporate Employee Expenses (Sch. 8.5 LW)	Operations &	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
			Expenses ACUC-LWUC Exhibit 6.0 Schedule 6.1 LW Page 4 of 10 (Column b)		Customer Service Employee Expenses (Sch. 8.6 LW)				
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(i)	(k)
1	Water Service Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenues	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Maintenance Expenses	(3,016)	(16,484)	-	(18,939)	-	-	-	(38,440)
6	General Expenses	(21,642)	(17,157)	11,977	(6,726)	-	-	-	(33,549)
7	Depreciation	(3,411)	-	-	-	-	-	-	(3,411)
8	Amortization of CIAC	-	-	-	-	-	-	-	-
9	Taxes Other Than Income	(732)	-	-	-	-	-	-	(732)
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	(28,801)	(33,642)	11,977	(25,665)	-	-	-	(76,131)
17	State Income Tax	2,325	2,456	(874)	1,874	-	-	-	5,781
18	Federal Income Tax	8,116	10,603	(3,775)	8,089	-	-	-	23,033
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(18,360)	(20,583)	7,328	(15,702)	-	-	-	(47,317)
21	NET OPERATING INCOME	\$ 18,360	\$ 20,583	\$ (7,328)	\$ 15,702	\$ -	\$ -	\$ -	\$ 47,317

Lake Wildwood Utilities Corporation
Adjustment to Test Year Expenses
For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)	Source (c)
1	Total O&M and General Expenses	\$ 195,044	ACUC-LWUC Exhibit 6.0, Schedule 6.1 LW, Page 5, Col.
2	Total O&M and General Expenses per Company (Original filing)	266,812	ICC Staff Exhibit 8.0, Schedule 8.4 LW, P. 2, Line 13
3	Total Proposed Adjustment	<u>(71,768)</u>	
4			
5	Remove Overlapping Effect with Other Staff Adjustments to Test Year Expenses		
6	Pro forma Adjustments to Maintenance Expenses	1,672	ICC Staff Exhibit 8.0, Schedule 8.1 LW, Line 8
7	Pro forma Adjustments to General Expenses	1,667	ICC Staff Exhibit 8.0, Schedule 8.1 LW, Line 15
8	Rate Case Expense	19,975	ICC Staff Exhibit 8.0, Schedule 8.3 LW, Line 11
9	Adjustment to Corporate Employee Expenses	(11,578)	ICC Staff Exhibit 8.0, Schedule 8.5 LW, Lines 2 & 3
10	Adjustment to Operations Employee Expenses	18,671	ICC Staff Exhibit 8.0, Schedule 8.6 LW, Lines 2, 3 & 5
11	Adjustment to Customer Service Employee Expenses	6,375	ICC Staff Exhibit 8.0, Schedule 8.6 LW, Lines 9 & 10
12	Adjustment for Unaccounted-for Water	<u>1,344</u>	ICC Staff Exhibit 7.0, Schedule 7.11 LW, Line 10
13			
14	Net Proposed Adjustment	<u>\$ (33,642)</u>	

Lake Wildwood Utilities Corporation
Adjustment to Test Year Expenses
For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)	Source (c)
1	Total O&M and General Expenses per FORM 22 ILCC		
2	2005	N/A	
3	2006	N/A	
4	2007	154,089	
5	2008	218,870	
6	2009	212,174	
7		<u>\$ 585,133</u>	Sum of lines 2 through 6
8			
9	3 year average	<u>\$ 195,044</u>	Line 7/3
10			
11	O & M Expense (49% of total)	\$ 129,591	Company Schedule B
12	General Expense (51% of total)	137,221	Company Schedule B
13	Total O&M and General Expenses per Company	<u>\$ 266,812</u>	

Lake Wildwood Utilities Corporation
 Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2008

Line No.	Description (a)	Amount (b)	
1	Gross Plant in Service	\$ 785,014	(1)
2	Weighted Cost of Debt	3.47%	(2)
3	Synchronized Interest	27,240	
4	Company Interest Expense (Original filing)	<u>30,292</u>	(3)
5	Increase (Decrease) in Interest Expense	<u>(3,052)</u>	Sum of lines 2 through 6
6	Increase (Decrease) in State Income Tax Expense		Line 7/3
7	at 7.300%	<u>\$ 223</u>	
8	Increase (Decrease) in Federal Income Tax Expense		
9	at 34.000%	<u>\$ (962)</u>	

(1) Source: ACUC-LWUC Exhibit 6.0, Schedule 6.1 LW, Page 8, Col. d, Line 23

(2) Source: ICC Staff Exhibit 3.0, Schedule 1.

(3) Source: Company Schedule B, page 1, column "Pro Forma Proposed"

Proposed Revenues & Rates

Docket Nos. 09-0548 and 09-0549
 Consolidated
 ACUC-LWUC Exhibit 6.0
 Schedule 6.2 LW
 Page 7 of 10

WATER

Bill code		Gallonage	Usage Charge	Units	BFC	Revenues
<u>All Subs:</u>						
5901	5/8" Res.	12,455,230	\$ 9.13	5,548	\$ 26.09	\$ 258,460
	3/4" Res.	-	\$ -	-	\$ -	\$ -
	1" Res.	42,066	\$ 9.13	7	\$ 26.09	\$ 567
5804	Availability	-	\$ -	11,327	\$ 7.47	\$ 84,613
5902	5/8" Commercial	117,317	\$ 9.13	73	\$ 26.09	\$ 2,981
5910	1" Commercial	902,643	\$ 9.13	36	\$ 49.67	\$ 10,017
5912	1.5" Commercial	29,000	\$ 9.13	12	\$ 91.45	\$ 1,371
1114	3" Commercial	-	\$ -	-	\$ -	\$ -
		<u>13,546,256</u>		<u>17,003</u>		<u>\$ 358,008</u>

Lake Wildwood Utilities Corporation
Rate Base
For the Test Year Ending December 31, 2008

Line No.	Description (a)	Company Pro Forma Rate Base (Co. Sch. C) (b)	ACUC-LWUC Exhibit 6.0 Schedule 6.1 LW Page 9 of 10 (Column k) (c)	Pro Forma Rate Base (Col. b+c) (d)
1	Gross Plant in Service	\$ 1,393,680	\$ (128,492)	\$ 1,265,188
2	Less: Accumulated Depreciation	(464,334)	55,563	(408,771)
3		-	-	-
4	Net Plant	929,346	(72,929)	856,417
5	Additions to Rate Base			
6	Working Capital	35,388	(9,180)	26,208
7	Adjustment to Rate Base Allocations	59	-	59
8	Deferred Charges	285	(285)	(0)
9	Net Pro Forma Plant	39,069	-	39,069
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	Contributions in Aid of Construction	(107,181)	-	(107,181)
18	Accumulated Deferred Income Taxes	(29,057)	(499)	(29,556)
19	Customer Deposits	(2)	-	(2)
20		-	-	-
21		-	-	-
22		-	-	-
23	Rate Base	<u>\$ 867,907</u>	<u>\$ (82,893)</u>	<u>\$ 785,014</u>

Lake Wildwood Utilities Corporation
Adjustments to Rate Base
For the Test Year Ending December 31, 2008

Line No.	Description	Working Capital ACUC-LWUC Exhibit 6.0 Schedule 6.1 LW Page 10 of 10 (Col. B, Line 9)	Retire Abandoned Well (Sch. 7.7 LW)	Pro Forma Plant (Sch. 7.8 LW)	Accumulated Depreciation (Sch. 7.9 LW)	Deferred Charges (Sch. 7.10 LW)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(k)
1	Gross Plant in Service	\$ -	\$ (89,935)	\$ (38,557)	\$ -	\$ -	\$ -	\$ -	\$ (128,492)
2	Less: Accumulated Depreciation	-	89,935	(605)	(33,767)	-	-	-	55,563
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	(39,162)	(33,767)	-	-	-	(72,929)
5	Additions to Rate Base								-
6	Working Capital	(9,180)	-	-	-	-	-	-	(9,180)
7	Adjustment to Rate Base Allocations	-	-	-	-	-	-	-	-
8	Deferred Charges	-	-	-	-	(285)	-	-	(285)
9	Net Pro Forma Plant	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								-
17	Contributions in Aid of Construction	-	-	-	-	-	-	-	-
18	Accumulated Deferred Income Taxes	-	-	(499)	-	-	-	-	(499)
19	Customer Deposits	-	-	-	-	-	-	-	-
20	Deferred Federal Income Taxes	-	-	-	-	-	-	-	-
21	Deferred State Income Taxes	-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (9,180)	\$ -	\$ (39,661)	\$ (33,767)	\$ (285)	\$ -	\$ -	\$ (82,893)

Lake Wildwood Utilities Corporation
Adjustment to Working Capital
For the Test Year Ending December 31, 2008

Line No.	Description <small>(a)</small>	Amount <small>(b)</small>	Source <small>(c)</small>
1	Maintenance Expenses	\$ 91,151	ACUC-LWUC Exhibit 6.0, Schedule 6.1 LW, column (d), line 5
2	General Expense	103,672	ACUC-LWUC Exhibit 6.0, Schedule 6.1 LW, column (d), line 6
3	Taxes Other Than Income	15,561	ACUC-LWUC Exhibit 6.0, Schedule 6.1 LW, column (d), line 9
4	Less Real Estate Taxes	<u>(718)</u>	Response to Staff data request JMO 1.01, tab "Linked TB"
5	Operating Expenses Subject to Working Capital Allowance	209,667	Sum of lines 1, 2, 3, and 4
6	Divisor (1/8)	<u>0.125</u>	
7	Working Capital Allowance	26,208	Line 5 times line 6
8	Working Capital Allowance Per Original filing	<u>35,388</u>	Company Schedule C, column "As Adjusted"
9	Adjustment	<u><u>\$ (9,180)</u></u>	Line 7 less line 8