

RECEIVED

Harbor Ridge Utilities, Inc.

Balance Sheet

Test Year Ended September 30, 2010

Schedule A

JUN 29 2011

LINE NO.	ASSETS			LIABILITIES AND OTHER CREDITS	
1					
2	Plant In Service			Capital Stock and Retained Earnings	
3	Water	\$	989,027	Common Stock and Paid In Capital	\$ 70,844
4	Sewer		399,985	Retained Earnings	45,430
5					
6	Total	\$	1,389,012	Total	\$ 116,274
7					
8	Accumulated Depreciation-Water		(203,044)	Current and Accrued Liabilities	
9	Accumulated Depreciation-Sewer		(185,272)	Accounts Payable-Trade	12,217
10				Taxes Accrued	9,334
11	Total	\$	(388,316)	Customer Deposits	-
12				Customer Deposits - Interest	-
13				A/P - Assoc. Companies	115,668
14	Net Utility Plant	\$	1,000,696	Deferred Revenue	-
15					
16				Total	\$ 137,219
17					
18	Plant Acquisition Adjustment-Water		-	Advances In Aid of Construction	
19	Plant Acquisition Adjustment-Sewer		-	Water	-
20				Sewer	-
21	Total	\$	-	Total	\$ -
22					
23				Contributions In Aid of Construction	
24	Construction Work In Process-Water		-	Water	426,534
25	Construction Work In Process-Sewer		-	Sewer	133,677
26					
27	Total	\$	-	Total	\$ 560,211
28					
29	Current Assets			Accumulated Deferred Income Tax	
30	Cash		-	Unamortized ITC	-
31	Accounts Receivable - Net		(149,890)	Deferred Tax - Federal	30,566
32	Other Current Assets		4,321	Deferred Tax - State	11,093
33					
34	Total	\$	(145,569)	Total	\$ 41,659
35					
36				TOTAL LIABILITIES AND OTHER CREDITS	\$ 855,363
37	Deferred Charges		236		
38					
39	TOTAL ASSETS	\$	855,363		



Line No.	A	B	C	D	E	F
		Per Books	Pro Forma Adjustments	Pro Forma Present	Proposed Increase	Pro Forma Proposed
1	Operating Revenues					
2	Service Revenues - Water	71,964	(735) [a]	71,230	78,642 [n]	149,871
3	Service Revenues - Sewer	27,488	2,094 [a]	29,582	43,004 [n]	72,585
4	Miscellaneous Revenues	8,681	-	8,681	793 [n]	9,474
5	Uncollectible Accounts	(3,770)	-	(3,770)	(4,497) [b]	(8,267)
6						
7	Total Operating Revenues	104,363	1,359	105,723	117,941	223,664
8						
9	Maintenance Expenses					
10	Salaries and Wages	37,868	(7,671) [c]	30,198	-	30,198
11	Purchased Power	7,316	323 [j]	7,639	-	7,639
12	Purchased Sewer & Water	(824)	824 [q]	-	-	-
13	Maintenance and Repair	6,133	271 [j]	6,404	-	6,404
14	Maintenance Testing	1,188	52 [j]	1,240	-	1,240
15	Meter Reading	(0)	(0) [j]	(0)	-	(0)
16	Chemicals	1,320	58 [j]	1,378	-	1,378
17	Transportation	4,933	(2,016) [j][m]	2,917	-	2,917
18	Operating Exp. Charged to Plant	(4,171)	(7,947) [c]	(12,118)	-	(12,118)
19	Outside Services - Other	2,865	126 [j]	2,992	-	2,992
20	Expense Allocation adj to maint exp	-	-	-	-	-
21						
22	Total	56,627	(15,979)	40,648	-	40,648
23						
24	General Expenses					
25	Salaries and Wages	14,737	(1,641) [c]	13,096	-	13,096
26	Office Supplies & Other Office Exp.	7,697	340 [j]	8,037	-	8,037
27	Regulatory Commission Exp.	4,386	35,809 [d]	40,195	-	40,195
28	Pension & Other Benefits	10,682	(290) [c]	10,393	-	10,393
29	Rent	344	15 [j]	359	-	359
30	Insurance	5,116	-	5,116	-	5,116
31	Office Utilities	2,851	126 [j]	2,977	-	2,977
32	Miscellaneous	2,209	95 [j][k]	2,304	-	2,304
33	Expense Allocation adj	-	840 [o]	840	-	840
34						
35	Total	48,022	35,294	83,316	-	83,316
36						
37	Depreciation	29,145	16,230 [e]	45,376	-	45,376
38	Amortization of PAA	-	- [e]	-	-	-
39	Taxes Other Than Income	5,853	(146) [f]	5,707	36 [f]	5,742
40	Income Taxes - Federal	(10,305)	(11,998) [g]	(22,303)	36,280 [g]	13,977
41	Income Taxes - State	(2,387)	(4,499) [g]	(6,886)	11,201 [g]	4,315
42	Amortization of ITC	(59)	- [e]	(59)	-	(59)
43	Amortization of CIAC	(13,370)	(531) [e]	(13,901)	-	(13,901)
44	Expense Allocation adj to other exp	-	-	3	-	3
45						
46	Total	8,877	(943)	7,937	47,516	55,453
47						
48	Total Operating Expenses	113,526	18,372	131,901	47,516	179,417
49						
50	Net Operating Income	(9,163)	(17,012)	(26,178)	70,425	44,247
51						
52	Other Income	(1)	-	(1)	-	(1)
53	Interest During Construction	-	- [h]	-	-	-
54	Interest on Debt	16,132	925 [i]	17,057	-	17,057
55						
56	Net Income	(25,294)	(17,937)	(43,234)	70,425	27,191

Line No.	A	B	C	D	E	F
		Per Books	Pro Forma Adjustments	Pro Forma Present	Proposed Increase	Pro Forma Proposed
1	Operating Revenues					
2	Service Revenues - Water	71,964	(735) [a]	71,230	78,642 [n]	149,871
3	Service Revenues - Sewer	-		-		-
4	Miscellaneous Revenues	6,474		6,474	793	7,267
5	Uncollectible Accounts	(2,811)		(2,811)	(3,104) [b]	(5,915)
6						
7	Total Operating Revenues	75,627	(735)	74,892	76,331	151,223
8						
9	Maintenance Expenses					
10	Salaries and Wages	19,024	(3,853) [c]	15,170	-	15,170
11	Purchased Power	7,316	323 [j]	7,639	-	7,639
12	Purchased Water	-		-	-	-
13	Maintenance and Repair	5,224	230 [j]	5,455	-	5,455
14	Maintenance Testing	1,155	51 [j]	1,206	-	1,206
15	Meter Reading	(0)	(0) [j]	(0)	-	(0)
16	Chemicals	663	29 [j]	692	-	692
17	Transportation	2,478	(1,013) [j][m]	1,465	-	1,465
18	Operating Exp. Cap time Charged to Plant	(2,095)	(3,992) [c]	(6,088)	-	(6,088)
19	Outside Services - Other	1,439	63 [j]	1,503	-	1,503
20	Expense Allocation adj to maint exp	-	-	-	-	-
21						
22	Total	35,203	(8,162)	27,042	-	27,042
23						
24	General Expenses					
25	Salaries and Wages	7,403	(824) [c]	6,579	-	6,579
26	Office Supplies & Other Office Exp.	3,867	171 [j]	4,037	-	4,037
27	Regulatory Commission Exp.	2,203	17,989 [d]	20,192	-	20,192
28	Pension & Other Benefits	5,366	(145) [c]	5,221	-	5,221
29	Rent	173	8 [j]	180	-	180
30	Insurance	2,570	-	2,570	-	2,570
31	Office Utilities	1,432	63 [j]	1,495	-	1,495
32	Miscellaneous	1,110	48 [j][k]	1,157	-	1,157
33	Expense Allocation adj	-	422 [o]	422	-	422
34						
35	Total	24,124	17,730	41,855	-	41,855
36						
37	Depreciation	18,768	19,135 [e]	37,903		37,903
38	Amortization of PAA	-	- [e]	-		-
39	Taxes Other Than Income	2,963	(73) [f]	2,889	79 [f]	2,968
40	Income Taxes - Federal	(7,685)	(3,588) [g]	(11,274)	23,463 [g]	12,189
41	Income Taxes - State	(1,780)	(1,700) [g]	(3,481)	7,244 [g]	3,763
42	Amortization of ITC	(44)	- [e]	(44)	-	(44)
43	Amortization of CIAC	(9,080)	(3,949) [e]	(13,029)	-	(13,029)
44	Expense Allocation adj to other exp	-		-	-	-
45						
46	Total	3,141	9,824	12,966	30,785	43,751
47						
48	Total Operating Expenses	62,469	19,393	81,862	30,785	112,647
49						
50	Net Operating Income	13,158	(20,128)	(6,969)	45,545	38,576
51						
52	Other Income	(1)	-	(1)	-	(1)
53	Interest During Construction	-	- [h]	-	-	-
54	Interest on Debt	13,536	1,335 [i]	14,870	-	14,870
55						
56	Net Income	(377)	(21,462)	(21,839)	45,545	23,706

Line No.	A	B	C	D	E	F
		Per Books	Pro Forma Adjustments	Pro Forma Present	Proposed Increase	Pro Forma Proposed
1	Operating Revenues					
2	Service Revenues - Water					
3	Service Revenues - Sewer	27,488	2,094 [a]	29,582	43,004 [n]	72,585
4	Miscellaneous Revenues	2,207	-	2,207	-	2,207
5	Uncollectible Accounts	(958)		(958)	(1,393) [b]	(2,351)
6						
7	Total Operating Revenues	28,736	2,094	30,830	41,610	72,441
8						
9	Maintenance Expenses					
10	Salaries and Wages	18,845	(3,817) [c]	15,027	-	15,027
11	Purchased Power	-	-	-	-	-
12	Purchased Sewer	(824)	824 [q]	-	-	-
13	Maintenance and Repair	909	40 [j]	949	-	949
14	Maintenance Testing	33	1 [j]	35	-	35
15	Meter Reading	-	- [j]	-	-	-
16	Chemicals	657	29 [j]	686	-	686
17	Transportation	2,455	(1,003) [j][m]	1,452	-	1,452
18	Operating Exp. Charged to Plant	(2,076)	(3,955) [c]	(6,030)	-	(6,030)
19	Outside Services - Other	1,426	63 [j]	1,489	-	1,489
20	Expense Allocation adj to maint exp	-	-	-	-	-
21						
22	Total	21,424	(7,817)	13,607	-	13,607
23						
24	General Expenses					
25	Salaries and Wages	7,334	(817) [c]	6,517	-	6,517
26	Office Supplies & Other Office Exp.	3,830	169 [j]	3,999	-	3,999
27	Regulatory Commission Exp.	2,183	17,820 [d]	20,003	-	20,003
28	Pension & Other Benefits	5,316	(144) [c]	5,172	-	5,172
29	Rent	171	8 [j]	179	-	179
30	Insurance	2,546	-	2,546	-	2,546
31	Office Utilities	1,419	63 [j]	1,481	-	1,481
32	Miscellaneous	1,099	47 [j][k]	1,146	-	1,146
33	Expense Allocation adj	-	418 [o]	418	-	418
34						
35	Total	23,897	17,563	41,461	-	41,461
36						
37	Depreciation	10,377	(2,905) [e]	7,473		7,473
38	Amortization of PAA	-	- [e]	-		-
39	Taxes Other Than Income	2,890	(73) [f]	2,818	(43) [f]	2,775
40	Income Taxes - Federal	(2,620)	(8,410) [g]	(11,030)	12,817 [g]	1,787
41	Income Taxes - State	(607)	(2,799) [g]	(3,405)	3,957 [g]	552
42	Amortization of ITC	(15)	- [e]	(15)		(15)
43	Amortization of CIAC	(4,290)	3,418 [e]	(872)		(872)
44	Expense Allocation adj to other exp	-	3 [o]	3	-	3
45						
46	Total	5,736	(10,765)	(5,029)	16,731	11,702
47						
48	Total Operating Expenses	51,058	(1,019)	50,039	16,731	66,770
49						
50	Net Operating Income	(22,321)	3,112	(19,209)	24,880	5,671
51						
52	Other Income	(0)	-	(0)	-	(0)
53	Interest During Construction	-	- [h]	-	-	-
54	Interest on Debt	2,596	(410) [i]	2,187	-	2,187
55						
56	Net Income	(24,917)	3,522	(21,395)	24,880	3,485

- [a] Revenues are annualized at proposed rates using test year customers.
- [b] w/p [a] - Uncollectible Accounts are adjusted based on the percentage of uncollectible accounts to revenues in the test year applied to pro forma proposed revenues.
- [c] w/p [b] - Salaries, Wages and Benefits are adjusted to annualize based on the most current information available.
- [d] w/p [d] - Regulatory Commission Expense has been adjusted to reflect the cost of the current rate case over 3 years.
- [e] w/p [f] - Depreciation and Amortization Expense are annualized. Depreciation expense represents gross depreciable plant at the end of the year plus pro forma projects multiplied by the respective depreciation rates.
- [f] w/p [e] - Taxes Other than Income is adjusted for annualized payroll taxes, Utility Commission Taxes, and Gross Receipts Taxes.
- [g] w/p [g] - Income Taxes are computed on taxable income at following rates (34% federal and 9.5% state)
- [h] AFUDC is eliminated for rate making purposes.
- [i] w/p [h] - Interest on Debt has been computed using a 50.11% / 49.89% debt-to-equity ratio and a 6.6% cost of debt.
- [j] w/p [n] - A consumer price index increase of 4.41% has been included in this filing.
- [k] w/p [m] - Penalties, if incurred, are removed.
- [l] Intentionally left blank
- [m] w/p [p2a] - To adjust transportation expense based on operators' allocation.
- [n] Proposed revenue increase derived from Sch.D&E.
- [o] w/p [p] - adjust allocations 9.30.10 allocation factors.
- [q] To remove per books net purchased sewer amount.

Harbor Ridge Utilities, Inc.
 Combined Operations
 Rate Base and Rate of Return
 Test Year Ended September 30, 2010

Line No.	A	B	C	D	E	F
	Per Books	Pro Forma Adjustments		As Adjusted	Proposed Increase	Effect of Proposed Increase
1	Net Operating Income	(9,163)	(17,012)	(26,178)	70,425	44,247
2						
3	Gross Plant In Service	1,389,012	(244,536) [d]	1,144,476	-	1,144,476
4	Accumulated Depreciation	(388,316)	(78,069) [c]	(466,385)	-	(466,385)
5	Net Plant In Service	1,000,696	(322,605)	678,091	-	678,091
6	Cash Working Capital	13,812	2,397 [a]	16,209	-	16,209
7	Contributions In Aid of Construction	(560,211)	289,988 [f]	(270,223)	-	(270,223)
8	Advances in Aid of Construction	-	-	-	-	-
9	Accumulated Deferred Income Taxes	(41,659)	-	(41,659)	-	(41,659)
10	Customer Deposits	-	-	-	-	-
11	Gain on Sale and Flowback Taxes	-	-	-	-	-
12	Net Plant Acquisition Adjustment	-	-	-	-	-
13	Excess Book Value	-	-	-	-	-
14	Adjustment to Rate Base Allocations	-	1,294 [h]	1,294	-	1,294
15	Adjustments from prior rate cases	-	-	-	-	-
16	Cost Free Capital	-	-	-	-	-
17	Deferred Charges	236	(236) [e]	-	-	-
18	Net Pro Forma Plant	-	132,000 [b]	132,000	-	132,000
19						
20	Total Rate Base	412,874	102,837	515,711	-	515,711
21						
22						
23	Return on Rate Base	-2.22%		-5.08%		8.6%

Harbor Ridge Utilities, Inc.
Water Operations
Rate Base and Rate of Return
Test year ended September, 30 2010

Line No.	A	B	C	D	E	F
	Per Books	Pro Forma Adjustments		As Adjusted	Proposed Increase	Effect of Proposed Increase
1	Net Operating Income	13,158	(20,128)	(6,969)	45,545	38,576
2						
3	Gross Plant In Service	989,027	(27,481) [d]	961,546	-	961,546
4	Accumulated Depreciation	(203,044)	(52,486) [c]	(255,530)	-	(255,530)
5	Net Plant In Service	785,983	(79,967)	706,016	-	706,016
6	Cash Working Capital	7,786	1,187 [a]	8,973	-	8,973
7	Contributions In Aid of Construction	(426,534)	49,422 [f]	(377,112)	-	(377,112)
8	Advances in Aid of Construction	-	-	-	-	-
9	Accumulated Deferred Income Taxes	(20,928)	-	(20,928)	-	(20,928)
10	Customer Deposits	-	-	-	-	-
11	Gain on Sale and Flowback Taxes					
12	Net Plant Acquisition Adjustment					
13	Excess Book Value					
14	Adjustment to Rate Base Allocations		650 [h]	650	-	650
15	Adjustments from prior rate cases	-	-	-	-	-
16	Cost Free Capital					
17	Deferred charges	119	(119) [e]	-	-	-
18	Net Pro Forma Plant	-	132,000 [b]	132,000	-	132,000
19						
20	Total Rate Base	346,425	103,173	449,598	-	449,598
21						
22						
23	Return on Rate Base	3.80%		-1.55%		8.6%

Harbor Ridge Utilities, Inc.
Sewer Operations
Rate Base and Rate of Return
Test year ended September, 30 2010.

Line No.	A	B	C	D	E	F
	Per Books	Pro Forma Adjustments		As Adjusted	Proposed Increase	Effect of Proposed Increase
1	Net Operating Income	(22,321)	3,112	(19,209)	24,880	5,671
2						
3	Gross Plant In Service	399,985	(217,055) [d]	182,930	-	182,930
4	Accumulated Depreciation	(185,272)	(25,583) [c]	(210,855)	-	(210,855)
5	Net Plant In Service	214,713	(242,638)	(27,925)	-	(27,925)
6	Cash Working Capital	6,026	1,210 [a]	7,236	-	7,236
7	Contributions In Aid of Construction	(133,677)	240,566 [f]	106,889	-	106,889
8	Advances in Aid of Construction	-	-	-	-	-
9	Accumulated Deferred Income Taxes	(20,731)	-	(20,731)	-	(20,731)
10	Customer Deposits	-	-	-	-	-
11	Gain on Sale and Flowback Taxes					
12	Net Plant Acquisition Adjustment					
13	Excess Book Value					
14	Adjustment to Rate Base Allocations		644 [h]	644	-	644
15	Adjustments from prior rate cases	-	-	-	-	-
16	Cost Free Capital					
17	Deferred charges	117	(117) [e]	-	-	-
18	Net Pro Forma Plant	-	-	-	-	-
19						
20	Total Rate Base	66,449	(336)	66,113	-	66,113
21						
22						
23	Return on Rate Base	-33.59%		-29.05%		8.6%

- [a] w/p [i] - Working Capital is calculated based on pro forma expenses.
- [b] w/p [j] - Pro Forma Plant is adjusted for planned additional capital investments and retirements.
- [c] w/p [appendix] - Accumulated depreciation is adjusted for planned additional capital investments and retirements.
- [d] w/p [appendix] - Plant adjustments.
- [e] To remove per book deferred charges from rate base.
- [f] w/p [s] - Adjust CIAC.
- [g] Intentionally left blank
- [h] w/p [p] - adjust allocations 9/30/2010 allocation factors.

Harbor Ridge Utilities, Inc.
 Test Year / Present Revenues
 Test Year Ended September 30, 2010

Schedule D

A		B	C	D	E	F	G		H
WATER							(Stated Bi-monthly)		
Line		Meter Size	Gallorage	Usage Charge		Units	BFC		Revenues
1	<u>All Subs:</u>								
2		5/8" Res.	11,827,250	\$ 3.73		1,676	\$ 12.00		\$ 64,228
3		3/4" Meter	-	\$ 3.73		-	\$ 14.00		\$ -
4		1" Res	680,880	\$ 3.73		126	\$ 17.30		\$ 4,719
5		1.5" Res Irri	-	\$ 3.73		-	\$ 24.80		\$ -
6		2" Res Irri	-	\$ 3.73		-	\$ 34.30		\$ -
7		3" Meter	-	\$ 3.73		-	\$ 54.50		\$ -
8		4" Meter	-	\$ 3.73		-	\$ 83.60		\$ -
9		5/8" Com	15,590	\$ 3.73		6	\$ 12.00		\$ 130
10		2" Com	411,500	\$ 3.73		18	\$ 34.30		\$ 2,152
11									
12		Total Water	<u>12,935,220</u>			<u>1,826</u>			<u>\$ 71,230</u>
13									
14									
15									
16									
17									
18	<u>SEWER</u>						(Stated Bi-monthly)		
19									
20			Gallorage	Usage Charge		Units	BFC		Revenues
21									
22	<u>All Subs:</u>								
23		Sewer Collection Res	12,406,430	\$ -		1,784	\$ 15.64		\$ 27,902
24		Sewer Collection Com	427,090	\$ -		24	\$ 70.00		\$ 1,680
25									
26									
27									
28									
29									
30									
31									
32		Total Sewer	<u>12,833,520</u>			<u>1,808</u>			<u>\$ 29,582</u>
33									
34									
35		Total Water & Sewer	<u>25,768,740</u>			<u>3,634</u>			<u>\$ 100,811</u>

Harbor Ridge Utilities, Inc.
Proposed Revenues
Test Year Ended September 30, 2010

Schedule E

A	B	C	D	E	F	G	H
WATER						(Stated Monthly)	
Line	Meter Size	Gallorage	Usage Charge	Units	BFC	Revenues	
1	<u>All Subs:</u>						
2	5/8" Res.	11,827,250	\$ 7.85	3,352	\$ 12.62	\$ 135,139	
3	3/4" Meter	-	\$ 7.85	-	\$ 14.73	\$ -	
4	1" Res	680,880	\$ 7.85	252	\$ 18.20	\$ 9,930	
5	1.5" Res Irri	-	\$ 7.85	-	\$ 26.09	\$ -	
6	2" Res Irri	-	\$ 7.85	-	\$ 36.08	\$ -	
7	3" Meter	-	\$ 7.85	-	\$ 57.34	\$ -	
8	4" Meter	-	\$ 7.85	-	\$ 87.95	\$ -	
9	5/8" Com	15,590	\$ 7.85	12	\$ 12.62	\$ 274	
10	2" Com	411,500	\$ 7.85	36	\$ 36.08	\$ 4,529	
11							
12	Total Water	<u>12,935,220</u>		<u>3,652</u>		<u>\$ 149,871</u>	
13							
14							
15	SEWER					(Stated Monthly)	
16							
17		Gallorage	Usage Charge	Units	BFC	Revenues	
18							
19	<u>All Subs:</u>						
20	Sewer Collection Res	12,382,720	\$ -	3,439	\$ 17.73	\$ 60,963	
21	Low use 5/8 Sewer Collection Res	23,710	\$ -	129	\$ 13.69	\$ 1,766	
22	Sewer Collection Com	427,090	\$ -	48	\$ 205.35	\$ 9,857	
23							
24							
25							
26	Total Sewer	<u>12,833,520</u>		<u>3,616</u>		<u>\$ 72,585</u>	
27							
28							
29	Total Water & Sewer	<u>25,768,740</u>		<u>7,268</u>		<u>\$ 222,457</u>	
30							
31	Miscellaneous Charges		Current Charge	Units	Proposed Charge	Additional Revenues	
32	NSF Charge		\$ 7.00	1	\$ 25.00	\$ 18	
33	New Customer Charge		\$ 15.00	60	\$ 25.00	\$ 600	
34	Reconnect Charge		\$ 20.00	10	\$ 37.50	\$ 175	
						<u>\$ 793</u>	