

FILED  
August 30, 2023  
Data Center  
Missouri Public  
Service Commission

# Exhibit No. 17

Confluence Rivers – Exhibit 17  
Thies Direct  
File No. WR-2023-0006

Exhibit No. \_\_\_\_\_  
Issues: Revenue Requirement  
Witness: Brent Thies  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Confluence Rivers Utility  
Operating Company, Inc  
File Nos.: WR-2023-0006 / SR-2023-0007  
Date: December 21, 2022

**Missouri Public Service Commission**

**Direct Testimony**

**of**

**Brent Thies**

**On Behalf of**

**Confluence Rivers Utility Operating Company, Inc**

**December 21, 2022**

**PUBLIC**

**DIRECT TESTIMONY OF  
BRENT THIES**

**WITNESS INTRODUCTION**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Brent G. Thies, and my business address is 1630 Des Peres Rd., Suite 140,  
3 St. Louis, MO 63131.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by CSWR, LLC. My current position is Vice President & Corporate  
6 Controller.

7 **Q. ON WHOSE BEHALF ARE YOU FILING THIS DIRECT TESTIMONY?**

8 A. I am filing on behalf of Confluence Rivers Utility Operating Company, Inc.  
9 (“Confluence Rivers” or “Company”), which is a subsidiary of CSWR, LLC.

10 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THIS**  
11 **COMMISSION?**

12 A. While I have not previously filed testimony before the Missouri Public Service  
13 Commission (“Commission”), I have previously filed testimony before the state utility  
14 commissions in Louisiana, Kentucky and Mississippi.

15 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**  
16 **BACKGROUND.**

17 A. I hold a Bachelor of Arts in Communications/Public Relations from Missouri Baptist  
18 University in St. Louis, Missouri, and a Bachelor of Science in Accounting from  
19 Liberty University in Virginia. I also hold a Master of Divinity degree from  
20 Midwestern Baptist Theological Seminary in Kansas City, Missouri and a Master of

1 Business Administration degree from the University of Missouri-St. Louis. I am  
2 licensed as a Certified Public Accountant in the state of Missouri.

3 I have been employed in the Accounting and Finance department of CSWR,  
4 LLC, (“CSWR”) since July 2017. I started at CSWR as the Senior Accountant,  
5 responsible for monthly accounting work for CSWR and its regulated utility  
6 subsidiaries. This included analysis and reporting related to regulatory requirements.  
7 I was promoted to the position of Controller in October 2018 and Vice President &  
8 Corporate Controller in February 2022. While at CSWR, I have contributed to the  
9 financial analysis, planning and filing requirements for multiple rate case filings in  
10 other jurisdictions and various data requests and analysis items in acquisition cases in  
11 the jurisdictions where CSWR subsidiaries operate.

12 Prior to CSWR, I was employed as the Controller of a multi-entity non-profit  
13 in St. Louis, Missouri. During my time at CSWR, I have completed the Fundamentals,  
14 Intermediate and Advanced Regulatory Studies Programs through the Institute of  
15 Public Utilities at Michigan State University.

16 **Q. WHAT ARE YOUR DUTIES AS VICE PRESIDENT & CORPORATE**  
17 **CONTROLLER?**

18 A. As Vice President & Corporate Controller, I am responsible for the accounting books  
19 and records of CSWR and its regulated utility subsidiaries. This includes setting  
20 financial controls and accounting policy along with the responsibility for the accurate  
21 recording of revenues, expenses and capital expenditures. With my team, I am also  
22 responsible for billing operations, preparing and filing regulatory annual reports and  
23 responding to certain data requests for the regulated utility subsidiaries of CSWR. My

1 responsibilities also include preparation of monthly and quarterly management reports  
2 and interfacing with external auditors and tax professionals.

3 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**  
4 **PROCEEDING?**

5 A. My testimony will support the quantification of the revenue requirement in this case  
6 and other selected financial issues. Specific topics covered in my testimony include:

- 7 - Development of the Test Year and Known and Measurable adjustments
- 8 - Quantification of Revenue Requirement and Revenue Deficiency
- 9 - Operating Expenses
- 10 - Rate Base
- 11 - Accounting for Acquisition of Systems
- 12 - Depreciation and Amortization
- 13 - Income Taxes
- 14 - Property Tax tracker

15 **Q. ARE YOU SPONSORING ANY SCHEDULES WITH YOUR TESTIMONY?**

16 A. Yes. I am sponsoring the following schedules.

- 17 - Schedule BT-1: Revenue Requirement Summary
- 18 - Schedule BT-2: Income Statement Summary-Consolidated
- 19 - Schedule BT-2.1: Income Statement Summary-Water
- 20 - Schedule BT-2.2: Income Statement Summary-Sewer
- 21 - Schedule BT-3: Detailed Income Statement-Consolidated
- 22 - Schedule BT-3.1: Detailed Income Statement-Water
- 23 - Schedule BT-3.2: Detailed Income Statement-Sewer
- 24 - Schedule BT-4: Rate Base Summary-Consolidated

- 1 - Schedule BT-4.1: Rate Base Summary-Water
- 2 - Schedule BT-4.2: Rate Bas Summary-Sewer
- 3 - Schedule BT-5: Utility Plant in Service Summary-Consolidated
- 4 - Schedule BT-5.1: Utility Plant in Service Summary-Water
- 5 - Schedule BT-5.2: Utility Plant in Service Summary-Sewer
- 6 - Schedule BT-6: Accumulated Depreciation-Consolidated
- 7 - Schedule BT-6.1: Accumulated Depreciation -Water
- 8 - Schedule BT-6.2: Accumulated Depreciation -Sewer
- 9 - Schedule BT-7: Income Tax Summary
- 10 - Schedule BT-8: Contributions in Aid of Constructions-Consolidated
- 11 - Schedule BT-8.1: Contributions in Aid of Constructions-Water
- 12 - Schedule BT-8.2: Contributions in Aid of Constructions-Sewer
- 13 - Schedule BT-9: Working Capital-Consolidated
- 14 - Schedule BT-9.1: Working Capital-Water
- 15 - Schedule BT-9.2: Working Capital-Sewer
- 16 - Schedule BT-10: Known and Measurable Adjustments Summary
- 17 - Schedule BT-11.1: Income Conversion Factor
- 18 - Schedule BT-11.2: Revenue Conversion Factor
- 19 - Schedule BT-12: Historic Rate Base Analysis (Confidential)

20 **Q. WAS THE INFORMATION CONTAINED IN THE SCHEDULES OBTAINED**  
21 **OR DERIVED FROM THE BOOKS AND RECORDS OF CONFLUENCE**  
22 **RIVERS?**

23 A. Yes.

24

**DEVELOPMENT OF THE TEST YEAR**

1  
2 **Q. WHAT IS THE TEST YEAR THAT THE COMPANY HAS USED IN THIS**  
3 **CASE?**

4 A. The test year used in this case is the twelve-month period ending June 30, 2022.  
5 Confluence Rivers further proposes an updated / known and measurable period through  
6 December 31, 2022.

7 **Q. HOW DOES THE TEST YEAR, AS UPDATED, RELATE TO THE**  
8 **ACQUISITIONS THAT HAVE BEEN MADE BY CONFLUENCE RIVERS?**

9 A. As of the June 30, 2022, test year date, Confluence Rivers has acquired a total 24 water  
10 systems and 39 wastewater systems.<sup>1</sup> These service areas provide service to a total of  
11 4,443 water connections and 4,602 sewer connections. In addition, Confluence Rivers  
12 has closed or anticipates closing on additional systems before the December 31, 2022,  
13 update / known and measurable period. Specifically, the Company has included, as a  
14 known and measurable adjustment, the financial impacts of its post-test year  
15 acquisition of Glenmeadows and Deer Run. That said, Confluence Rivers also  
16 anticipates closing on its acquisition of the Margaritaville system. While this  
17 acquisition may close prior to the December 31, 2022, known and measurable date, the  
18 Company does not seek to include the financial impacts of this very recent acquisition.  
19 I would direct the Commission's attention to the testimony of Mr. Thomas for a  
20 discussion of the rationale underlying the exclusion of Margaritaville from this rate  
21 case.

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<sup>1</sup> It is important to recognize that the number of service areas that I identify will differ slightly from the number of facilities quantified in the engineering testimony of Mr. Freeman. My testimony focuses on the number of service areas as identified in the Confluence Rivers tariffs. On the other hand, Mr. Freeman focuses on the number of facilities as identified by distinct NPDES or PWS permits. Recognizing that some service areas (i.e., Terre de Lac) may have multiple permitted facilities, the number of facilities identified by Mr. Freeman will be higher than the number of service areas that I have identified.

1 **Q. IS THE COMPANY PROPOSING A TRUE-UP IN THIS CASE?**

2 A. No. The Company is simply proposing a test year as updated through December 31,  
3 2022.

4 **Q. PLEASE EXPLAIN HOW THE TEST YEAR VALUES IN THIS CASE WERE**  
5 **DERIVED.**

6 A. Confluence Rivers developed the test year by analyzing and including rate base,  
7 revenues and expense data over the 12-month period of July 2021 – June 2022. Due to  
8 the integration of newly acquired water and sewer systems throughout the test year and  
9 the amount of ongoing capital investments planned or in process to provide safe and  
10 reliable service, amounts were normalized, annualized or otherwise adjusted to arrive  
11 at test year revenues and expenses. The Company has also incorporated known and  
12 measurable adjustments to test year revenues and expenses.

13 **REVENUE REQUIREMENT AND REVENUE DEFICIENCY**

14 **Q. PLEASE GENERALLY DESCRIBE THE DERIVATION OF THE REVENUE**  
15 **REQUIREMENT.**

16 A. Confluence Rivers' revenue requirement, as calculated herein, is equivalent to the costs  
17 necessary to provide service to Confluence Rivers' existing sewer and water customers  
18 and provide the Company an opportunity to earn a reasonable return on the value of its  
19 investment devoted to public utility service. Given the operational state of the systems  
20 that the Company acquires (as discussed by Mr. Freeman), the provision of safe and  
21 reliable service to Confluence Rivers' customers has already required, and continues  
22 to require, increased operational expense and new capital improvements to the water  
23 and sewer systems.

1 **Q. WHAT IS CONFLUENCE RIVERS' REVENUE REQUIREMENT IN THIS**  
2 **PROCEEDING?**

3 A. The revenue requirement in this proceeding is \$3,479,616 for water and \$4,685,572 for  
4 sewer which represent an increase over pro forma revenue at current rates of  
5 \$2,192,868 for water and \$2,823,456 for sewer. This increased revenue requirement is  
6 driven primarily by two factors. First, Confluence Rivers has made significant amounts  
7 of investment and incurred large amounts of operating costs in order to bring these  
8 systems into regulatory compliance. The capital improvement projects that have been  
9 completed are discussed in great detail in the testimony of Mr. Freeman. In addition to  
10 operating expense and capital improvements, Confluence Rivers is entitled to the  
11 opportunity to earn a fair return on the value of the capital investments that support the  
12 improvements. The rate of return used in my calculations is supported in the testimony  
13 of Company expert witness, Dylan D'Ascendis. Second, many of the systems which  
14 were acquired had not had a rate case in years, if not decades. The rates for those  
15 systems were not reflecting the costs being incurred to operate those systems.  
16 Ultimately, Confluence Rivers seeks recovery of its revenue requirement through the  
17 rate base ratemaking process. The revenue requirement accomplishing the cost  
18 recovery is found on **Schedule BT-1** for both water and sewer.

19 **Q. HOW IS THE REVENUE DEFICIENCY DERIVED?**

20 A. The revenue deficiency is shown in **Schedule BT-1**. It is the difference between the  
21 total revenue requirement and present rate revenue. The revenue deficiency in this case  
22 is \$1,286,748 for water and \$1,862,116 for sewer. As mentioned, the deficiency results  
23 from the financial impact of the substantial capital investments and necessary operating

1 improvements that Confluence Rivers has implemented since acquiring the subject  
2 properties.

3 **PRESENT RATE REVENUE AND PROPOSED RATE REVENUE**

4 **Q. PLEASE DESCRIBE HOW PRESENT RATE REVENUES WERE**  
5 **CALCULATED.**

6 A. As mentioned, the Company is proposing a test year of the twelve months ended June  
7 30, 2022, updated for known and measurable changes through December 31, 2022. For  
8 systems that have been owned for more than twelve months, revenues were the actual  
9 revenues realized for the test year. Recognizing that revenues for these systems were  
10 not expected to materially change during the update period, we did not update the  
11 revenue from these systems through December 31, 2022.

12 For systems that were acquired during the test year, the Company has not  
13 collected a full twelve months of actual revenues. For these systems, an annualization  
14 was conducted based upon test year revenue levels. So, if a system was acquired on  
15 January 1, 2022, the Company would have collected 6 months of revenue data and  
16 would annualize based on that total.

17 Finally, for those systems that were acquired after the test year (June 30, 2022),  
18 but prior to the end of the update period (December 31, 2022), the Company used either  
19 the revenues from the most recent annual report for the system or used an annualization  
20 similar to that described above.

21 The annualization of present rate revenues for these acquired systems, through  
22 the end of the test year, results in an increase of \$81,922 in revenue for water and  
23 \$96,857 for sewer between the test year and the pro forma test year at present rates.

1 This results in a pro forma test year rate revenue of \$2,192,868 for water and  
2 \$2,823,456 for sewer.

3 **Q. HOW WAS THE PROPOSED RATE REVENUE DEVELOPED?**

4 A. The proposed rate revenue represents the increase in current rate revenue necessary to  
5 meet the revenue requirement in this case (pro forma test year revenues plus the revenue  
6 deficiency). Therefore, it is the amount necessary to cover Confluence Rivers' cost to  
7 provide safe and reliable water and sewer service, per regulatory and environmental  
8 requirements, to its customers in the pro forma test year and provide the company's  
9 investors a fair rate of return. It is summarized in the Revenue Requirement Summary  
10 included as **Schedule BT-1**.

11

12 **OPERATING EXPENSES**

13 **Q. PLEASE DESCRIBE THE OPERATING EXPENSES INCLUDED IN YOUR**  
14 **FILING.**

15 A. The operating expenses included in Confluence Rivers' cost of service are categorized  
16 into three like groups. The cost groups that are directly incurred by Confluence Rivers  
17 include contract operations, fuel & power, chemicals, maintenance, depreciation and  
18 amortization, property taxes and administrative expenses. Certain costs incurred by  
19 Confluence Rivers are part of contracts or invoices in which services to all CSWR  
20 subsidiaries are combined for administrative efficiency and directly charged to the  
21 operating utility subsidiaries. These jointly billed costs include property and liability  
22 insurance, certain software and management consulting services and billing system  
23 costs. A third and final cost group includes indirect charges in the form of overhead  
24 charges allocated to Confluence Rivers by its parent, CSWR. The methodologies used

1 to assign direct charges, jointly billed charges and indirect charges to Confluence  
2 Rivers are the same as those used to assign charges to other CSWR affiliates and are  
3 part of CSWR's written accounting policy.

4 **Q. PLEASE DESCRIBE CONTRACT OPERATIONS EXPENSE.**

5 A. Confluence Rivers does not employ water or sewer field operations staff but instead  
6 contracts with professional third-party water and sewer operations and maintenance  
7 companies. These contractors are managed by an employee of CSWR who is assigned  
8 to Missouri. This model provides the ability to expense operations and management  
9 costs in a direct manner that does not require further allocation methodologies. Since  
10 these costs are incurred exclusively for Confluence Rivers, they are directly assigned  
11 to Confluence Rivers. Similarly, operations and management costs for other utility  
12 subsidiaries are assigned exclusively to that subsidiary. Confluence Rivers' process  
13 for operating and maintaining its properties using outside contractors is discussed in  
14 greater detail in the direct testimony of Company witness Todd Thomas.

15 **Q. IN HIS TESTIMONY, MR. THOMAS INDICATES THAT A REQUEST FOR**  
16 **PROPOSALS ("RFP") HAS BEEN RECENTLY COMPLETED FOR O&M**  
17 **PARTNERS IN MISSOURI. HAVE YOU INCORPORATED THE RESULTS**  
18 **OF THAT RECENTLY COMPLETED RFP?**

19 A. Yes. The RFP process was completed in December 2022 and new contracts have been  
20 executed. The reduced operations costs that flowed out of the RFP process have been  
21 passed through to the customers' benefit as a known and measurable expense in this  
22 case. Thus, the magnitude of the rate increase in this case is lower than it would have  
23 been just a month ago.

24 **Q. HOW DOES CSWR ALLOCATE JOINTLY BILLED COSTS?**

1 A. CSWR, as the managing entity for its various operating utility subsidiaries, is  
2 sometimes able to negotiate agreements on behalf of its subsidiaries that reflect  
3 economies of scale and administrative efficiencies each individual affiliate could not  
4 achieve on its own. The Company refers to these charges as jointly billed charges.  
5 Examples include insurance costs and certain software costs. When this situation  
6 occurs, CSWR identifies the cost drivers related to the incurred service and directly  
7 charges that cost to its utility operating subsidiaries consistent with those cost drivers.

8 **Q. PLEASE DESCRIBE THE INCLUDED INSURANCE EXPENSE.**

9 A. Property, general liability and environmental liability insurance coverage is provided  
10 to Confluence Rivers and other utility subsidiaries as part of a single policy held by  
11 CSWR. The policy is billed to CSWR but covers all the regulated utility subsidiaries  
12 owned by CSWR. Procuring a combined policy creates cost efficiencies and results in  
13 better coverage than might otherwise be obtained should each utility operating  
14 company seek an individual policy. The costs for the policy coverage are allocated to  
15 Confluence Rivers and each regulated utility subsidiary based on the replacement  
16 values of covered assets.

17 **Q. PLEASE DESCRIBE OVERHEAD ALLOCATION EXPENSE.**

18 A. Costs that cannot be directly charged to the operating subsidiaries are considered  
19 indirect charges. For instance, certain general and administrative expenses are  
20 allocated to Confluence Rivers and other operating subsidiaries from their parent  
21 CSWR. These expenses support the operations of all operating subsidiaries, including  
22 Confluence Rivers, and include the cost of services such as executive management,  
23 legal, accounting, human resources, customer experience and other business services.  
24 These shared administrative expenses allow Confluence Rivers and its component

1 systems to benefit from the cost efficiencies and shared expertise of a larger  
2 organization that otherwise would not be available to a company like Confluence  
3 Rivers.

4 CSWR uses a three-factor formula to allocate general and administrative costs  
5 to its subsidiaries. The component factors of the allocation formula are operating  
6 expense, customer count, and utility plant in service (“UPIS”). These factors  
7 correspond to the significant drivers of general and administrative expense that CSWR  
8 incurs for its affiliates. For example, a higher level of operating expense in a particular  
9 subsidiary would naturally require more time and higher expense at the corporate level  
10 to perform the necessary accounting procedures to track costs and ensure timely  
11 payment of vendors. Similarly, a larger number of customers at a particular subsidiary  
12 would result in more management time, and the associated compensation expense,  
13 devoted to that subsidiary from groups like the Customer Experience staff. Calculation  
14 of the three-part Overhead Allocation is reviewed at the end of each fiscal quarter by  
15 CSWR management. For the expense included in this filing, the total allocated  
16 overhead expense during the test year was determined using the actual cost incurred by  
17 CSWR for the period and adjusted for known and measurable items.

18 **Q. HAS CONFLUENCE RIVERS INCLUDED ANY COSTS ASSOCIATED WITH**  
19 **CHARITABLE OR CIVIC CONTRIBUTIONS, LEGISLATIVE-ADVOCACY**  
20 **EXPENSES OR POLITICAL/PROMOTIONAL ADVERTISING?**

21 A. No. Confluence Rivers has not included any costs related to donations, lobbying  
22 activities or political/promotional advertising.

23

24

1 **RATE BASE**

2 **Q. WHAT ARE THE COMPONENTS OF RATE BASE INCLUDED IN THIS**  
3 **FILING?**

4 A. Major components of rate base include:

- 5 - Utility Plant in Service
- 6 - Accumulated Depreciation
- 7 - Working Capital Allowance
- 8 - Contributions in Aid of Construction (“CIAC”)
- 9 - Rate Case Expense

10 Each of the major components is described in the testimony below.

11 **Q. PLEASE DESCRIBE UTILITY PLANT IN SERVICE (“UPIS”).**

12 A. UPIS includes the original cost of acquired systems along with acquisition-related  
13 expenses and post-acquisition improvements necessary to provide safe and reliable  
14 sewer and water services. The UPIS calculation begins with the acquisition date asset  
15 values, the accounting process for which is described in the following section, and  
16 acquisition-related expenses. UPIS in this filing includes asset values for all systems  
17 that have been acquired as of December 31, 2022. In addition to these acquisition  
18 values, the cost of post-acquisition improvements that were completed and in use and  
19 useful as of December 31, 2022, have been included. The total balances of UPIS for  
20 water and sewer as of June 30, 2022, are \$11,578,568 and \$17,065,293, respectively.  
21 These values have been adjusted to include the acquisitions of Glenmeadows and Deer  
22 Run. The calculations are shown in **Schedule BT-5.1** for water and **Schedule BT-5.2**  
23 for sewer.

1 **Q. PLEASE DESCRIBE THE CALCULATION OF ACCUMULATED**  
2 **DEPRECIATION.**

3 A. Accumulated depreciation consists of the historic total of UPIS depreciation to date.  
4 Where available, the balances in accumulated depreciation that were associated with  
5 assets acquired by Confluence Rivers from the prior owners have been carried forward  
6 on the books of Confluence Rivers. Assets that Confluence Rivers has subsequently  
7 placed into service have been depreciated according to the rates shown on the schedules  
8 found in the testimony of Company witness Ned Allis. The values for accumulated  
9 depreciation that are included in rate base are based on life to date depreciation of UPIS  
10 placed into service as of December 31, 2022, and total \$2,605,567 for water and  
11 \$4,920,163 for sewer. The calculations are shown in **Schedule BT-6.1** for water and  
12 **Schedule BT-6.2** for sewer.

13 **Q. HOW DID YOU CALCULATE THE CASH WORKING CAPITAL**  
14 **ALLOWANCE IN THIS CASE?**

15 A. Cash working capital is the capital that is required to bridge the gap from when cash is  
16 paid for expenses necessary to provide safe and reliable service and when cash is  
17 received from customers for that service. As such, cash working capital is included in  
18 rate base and permitted to earn a return. This amount of required capital must be  
19 supplied by investors as part of their investment. While known methods, such as a  
20 lead/lag study, are used to calculate the working capital allowance, Confluence Rivers  
21 has opted to use the 45-day convention, also known as the 1/8 convention. Many  
22 jurisdictions use a 45-day convention to produce a reasonable working capital  
23 adjustment without the need to conduct an expensive lead/lag study. According to  
24 Hahne and Aliff, “[t]he wide acceptance of the 1/8 formula resulted from the fact that

1 it was determined to be a reasonable estimate of what a lead-lag study would produce  
2 without the related expense of a lead-lag study...”<sup>2</sup> This convention multiplies the  
3 operating expenses (excluding depreciation, overhead allocation and taxes) by 45/365  
4 to produce a working capital amount to be included in rate base. The Company has  
5 used the 45-day convention to calculate the \$112,772 and \$186,385 cash working  
6 capital amounts for water and sewer, respectively. These amounts are included in the  
7 rate base calculation. The Working Capital calculation is shown in **Schedule BT-9.1**  
8 for water and **Schedule 9.2** for sewer.

9 **Q. PLEASE DESCRIBE CIAC IN RATE BASE.**

10 A. CIAC reflects property or money received from third parties related to the  
11 establishment of service. For ratemaking purposes, it is not considered to be investor  
12 supplied capital. Therefore, Confluence Rivers is not permitted to include this amount  
13 in rate base and earn a return on it. Confluence Rivers expects that it will receive CIAC  
14 from amounts paid for sewer and water tap-in fees related to development inside its  
15 existing service areas. Confluence Rivers’ CIAC balances will be amortized as an  
16 offset to depreciation expense and the net amount of CIAC calculated as a reduction to  
17 rate base. The primary source of CIAC on the books of Confluence Rivers has resulted  
18 from customer tap fees. The net balance of CIAC that is included in the rate base  
19 calculation is \$286,702 for water and \$982,992 for sewer and is the balance on the  
20 Company’s books as of June 30, 2022. The calculations are shown in **Schedule BT-**  
21 **8.1** for water and **Schedule BT-8.2** for sewer.

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<sup>2</sup> Hahne, Robert L. & Aliff, Gregory E. (2021). “Accounting for Public Utilities, Vol. 1”. LexisNexis. Pp. 5.04[1].

1 **Q. PLEASE DESCRIBE ANY RATE CASE EXPENSE THAT THE COMPANY**  
2 **HAS INCLUDED IN THIS FILING.**

3 A. Outside of internal labor, the cost of which is allocated to the various subsidiaries as  
4 described above, the Company has incurred additional cost associated with contractor  
5 services, including the preparation of a depreciation study, a class cost of service study  
6 and a cost of capital witness, as well as outside counsel. It is my understanding that  
7 the Commission has allowed recovery of 100% of the cost associated with a  
8 depreciation study as rate case expense. On the other hand, the Commission has only  
9 allowed recovery of 50% of the other rate case expenses. The Company estimates that  
10 the total cost for the preparation and presentation of the depreciation study is \$38,750.  
11 Similarly, to date, the Company has received invoices for the remaining rate case  
12 expense of \$4,302. Company expects to true-up the rate case expense as invoices are  
13 received throughout this case. Applying the relevant sharing discussed above, the total  
14 rate case expense for which the Company seeks recovery is \$43,051. I proposed that  
15 this amount be amortized into rates over 3 years.

16

17

**CONSOLIDATION OF MISSOURI ENTITIES**

18 **Q. PLEASE EXPLAIN THE CONSOLIDATION OF ALL OF CSWR, LLC'S**  
19 **MISSOURI OPERATING ENTITIES.**

20 A. Prior to December 31, 2021, the service areas included in this rate case were divided  
21 among six separate operating entities. These entities were all utility operating  
22 subsidiaries of Confluence River's parent, CSWR, LLC. The six entities were Hillcrest  
23 Utility Operating Company, Inc., Raccoon Creek Utility Operating Company, Inc.,  
24 Indian Hills Utility Operating Company, Inc., Elm Hills Utility Operating Company,

1 Inc., Confluence Rivers Utility Operating Company, Inc. and Osage Water Utility  
2 Operating Company, Inc. The operating companies sought and received Commission  
3 approval to merge all of these utility operating entities with Confluence Rivers Utility  
4 Operating Company, Inc. Being the surviving entity

5 **Q. DESCRIBE THE FINANCIAL COMPONENTS OF THIS CONSOLIDATION.**

6 A. Upon consolidation of the entities, all assets and liabilities were transferred to  
7 Confluence Rivers. This includes cash, receivables, payables, utility plant assets and  
8 contributions in aid of construction (CIAC). As of the date of consolidation, all  
9 revenues and expenses have been incurred in the name of Confluence Rivers.

10 **Q. HAVE THERE BEEN ANY FINANCIAL BENEFITS FROM THE**  
11 **CONSOLIDATION?**

12 A. Yes. The consolidation of six companies into one allows for the immediate elimination  
13 of some administrative costs. An example of such costs is tax preparation fees. Instead  
14 of six federal and state returns, only one is now required. Fewer returns reduce  
15 preparation costs and results in a savings of approximately \$8,750 based on 2021 costs.  
16 Another example is fees associated with bank accounts. Each of the legacy entities  
17 required its own bank accounts to collect payments from customers and remit payments  
18 to vendors. These accounts carry base fees and upon consolidation, the number of bank  
19 accounts can be reduced from twelve to two resulting in significant cost savings over  
20 prior years.

21

22 **ACCOUNTING FOR ACQUISITIONS**

23 **Q. WHAT IS THE ACCOUNTING TREATMENT THAT HAS BEEN USED IN**  
24 **RECORDING HISTORIC ASSET VALUES AT ACQUISITION?**

1 A. The methodology for determining the initial asset value for the Confluence River  
2 systems, as used in this case, fall within 3 different categories. The Company's  
3 determination of accurate net book values began with an examination of the historic  
4 values of acquired assets using books and records provided by prior owners, including  
5 the annual reports provided to the Commission, when applicable. Where these values  
6 were available in sufficient detail, they were the primary source of the information used  
7 to initially record the acquired assets. This is in keeping with the Utility Plant  
8 Instructions contained in the Uniform System of Accounts published by the National  
9 Association of Regulatory Utility Commissioners ("NARUC"). As it relates to an  
10 acquired system, the instructions state, "all amounts included in the accounts for utility  
11 plant acquired as an operating unit or system, shall be stated at the cost incurred by the  
12 person who first devoted the property to utility service."<sup>3</sup> Where detailed annual  
13 reports were available, Confluence Rivers adjusted the balances for any known and  
14 measurable changes, that have occurred since the annual report was filed, and used the  
15 adjusted values to create acquisition date accounting entries on its books.<sup>4</sup>

16 In some of the acquisitions, no asset records were available from the prior  
17 owner. In other cases, the asset records obtained during the acquisition process lacked  
18 detail regarding the plant values at an account level. The asset records also did not  
19 include values for all the assets that were determined to be in use and useful by the  
20 utility system, primarily land and land values. In these cases, the Company sought to  
21 establish its reasonable estimate of net book value using depreciated original cost

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<sup>3</sup> Uniform System of Accounts for Class A Water Utilities. 1996. National Association of Regulated Utility Commissioners, Washington, D.C. p. 20.

<sup>4</sup> Please note that the known and measurable changes in this instance consisted primarily of adjusting the accumulated depreciation reserve by calculating depreciation expense between the date of the annual report used to obtain asset account balances and the date of acquisition.

1 studies and appraisals. **Schedule BT-12** (confidential) provided with this testimony  
2 summarizes the acquisition date rate base for each acquired system and denotes the  
3 source of data relied upon to calculate that rate base.

#### 4 **DEPRECIATION AND AMORTIZATION**

5 **Q. HOW WAS DEPRECIATION EXPENSE CALCULATED IN THIS CASE?**

6 A. Depreciation expense was calculated for the test year by multiplying forecasted UPIS  
7 balances of each plant account, as of June 30, 2022, by the applicable life depreciation  
8 rates proposed by Confluence Rivers. As mentioned previously, depreciation expense  
9 is offset by the amortization of CIAC, which is also calculated by multiplying CIAC  
10 balances by their corresponding amortization rate. For reasons discussed below,  
11 Confluence Rivers proposes to use unified depreciation rates for future depreciation.  
12 The schedule of rates is included in the testimony of Company witness Ned Alis.

13 **Q. HOW DID CONFLUENCE RIVERS ARRIVE AT ITS PROPOSED**  
14 **DEPRECIATION RATES?**

15 A. The Company retained Gannett Fleming to conduct a depreciation study. This  
16 depreciation study is presented and supported in the testimony of Ned W. Allis. The  
17 Company used those recommended depreciation rates for purposes of calculating  
18 depreciation expense in this case.

#### 19 20 **INCOME TAXES**

21 **Q. WHAT IS THE FEDERAL TAX CLASSIFICATION OF CONFLUENCE**  
22 **RIVERS?**

23 A. Confluence Rivers is organized as a C-Corporation. The entity is required to file Form  
24 1120 annually with the Internal Revenue Service.

1 **Q. HOW HAS CONFLUENCE RIVERS CALCULATED INCOME TAX IN ITS**  
2 **REVENUE REQUIREMENT?**

3 A. The income tax rates used by Confluence Rivers are 21% for federal income and 4%  
4 for Missouri state income. Income tax has been calculated by first calculating the  
5 estimated equity return on rate base included in our revenue requirement and  
6 multiplying that return by an Income Conversion Factor of 1.33.

7 **Q. WHAT IS THE GROSS INCOME CONVERSION FACTOR?**

8 A. Each dollar of equity return granted to Confluence Rivers also carries a tax  
9 responsibility for both federal and state income tax. The Gross Income Conversion  
10 Factor incorporates the federal and state tax rates, along with an allowance for bad debt  
11 of 1%, into an income multiplier. The Income Conversion Factor used in this filing is  
12 1.33 and its calculation can be found in **Schedule BT-11.1**.

13

14 **ACCOUNTING CONTROLS AND BUDGET PROCEDURES**

15 **Q. PLEASE SUMMARIZE THE CORPORATE ACCOUNTING POLICIES FOR**  
16 **CONFLUENCE RIVERS AND CSWR.**

17 A. CSWR and Confluence Rivers keep and maintain accounting records on an accrual  
18 basis in accordance with GAAP in the United States. The Company uses the account  
19 structure and procedures provided in the Uniform System of Accounts for Water and  
20 Wastewater Utilities as published by NARUC. CSWR has obtained unqualified audit  
21 opinions, based on GAAP, annually since 2015. These audits have included a review  
22 of control procedures and the corporate control environment.

23 **Q. HOW ARE OPERATING BUDGETS FOR CONFLUENCE RIVERS**  
24 **DEVELOPED?**

1 A. The Company undertakes an annual budgeting process and proposes a budget to  
2 management in November of each year. Operating budgets are developed based on  
3 available data from prior periods which are adjusted for any changes to operations. For  
4 systems that have been owned and operated by Confluence Rivers, or any affiliate, the  
5 most recent monthly results are analyzed by internal accounting and finance staff.  
6 Once known changes have been incorporated, the operating budgets are sent to  
7 operations staff for review and adjustment. For systems that are expected to be  
8 acquired, budgets are set by examining the records available from prior owners, by  
9 comparing historic data from similar plants that are already owned and by incorporating  
10 any estimates obtained for contracted services. Once the operations team reviews,  
11 adjusts and confirms all amounts, the budgets are sent to management for review and  
12 approval.

13 **Q. IS THE COMPANY PROPOSING A CHANGE TO ITS ACCOUNTING FOR**  
14 **PROPERTY TAX BASED ON RECENTLY PASSED LEGISLATION?**

15 A. Yes. The Missouri General Assembly passed Senate Bill 745 in May 2022 allowing  
16 for the deferral of differences in property tax expenses into a regulatory asset or  
17 liability. As a result, the Company will create a regulatory asset or liability account  
18 and book any differences between the property tax approved in the cost of service as  
19 part of this rate case and any future property tax expense incurred above or below that  
20 level until the next rate case. The Company would include the regulatory asset or  
21 liability in rate base during its next rate case and begin amortization after that case.

22 **Q. HOW WILL THE COMPANY IMPLEMENT THE PROPOSED CHANGE TO**  
23 **ITS ACCOUNTING FOR PROPERTY TAX?**

1 A. The Company expects to true-up amounts and other information initially submitted for  
2 this case during the course of the proceedings. This would include all property tax  
3 payments made through the date of the true-up. The total expense will be requested for  
4 recovery and would be the amount tracked against for the purposes of booking the  
5 regulatory asset or liability.

6

7

**CONCLUSION**

8 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A. Yes.



**Confluence Rivers Utility Operating Company, Inc.**  
**WR-2023-0006/SR-2023-0007**  
**Revenue Requirement Summary**  
**For the Period Ending June 30, 2022**

Line Number (A)	Description (B)	Water (C)	Sewer (D)
1			
2	<b>Total Original Cost Rate Base</b>	<b>\$8,820,082</b>	<b>\$11,370,562</b>
3			
4	<b>Operating Income at Present Rates</b>	<b>(\$212,128)</b>	<b>(\$474,718)</b>
5			
6	<b>Earned Rate of Return</b>	<b>-2.4%</b>	<b>-4.2%</b>
7			
8	<b>Requested Rate of Return</b>	<b>9.7%</b>	<b>9.7%</b>
9			
10	<b>Required Return on Rate Base</b>	<b>\$854,455</b>	<b>\$1,101,535</b>
11			
12	<b>Weighted Return on Equity</b>	<b>7.4%</b>	<b>7.4%</b>
13			
14	<b>Operating Income Deficiency</b>	<b>\$1,066,583</b>	<b>\$1,576,253</b>
15			
16	<b>Net Income Required for Return on Equity</b>	<b>\$650,724</b>	<b>\$838,892</b>
17			
18	<b>Gross Revenue Conversion Factor</b>	<b>1.01</b>	<b>1.01</b>
19	<b>Gross Income Conversion Factor</b>	<b>1.33</b>	<b>1.33</b>
20			
21	<b>Revenue Deficiency</b>	<b>\$1,286,748</b>	<b>\$1,862,116</b>
22			
23	<b>Pro Forma Revenue at Present Rates</b>	<b>\$2,192,868</b>	<b>\$2,823,456</b>
24			
25	<b>Total Revenue Requirement</b>	<b>\$3,479,616</b>	<b>\$4,685,572</b>
26			
27			
28			

Confluence Rivers Utility Operating Company, Inc.  
 WR-2023-0006/SR-2023-0007  
 Income Statement - Consolidated  
 For the Year Ending June 30, 2022

Line Number	Description	Test Year Ended June 30, 2022	Known and Measurable Adjustments	Pro Forma at Present Rates	Pro Forma Adjustments Under Proposed Rates	Proposed Rates For the 12 Months Through June 30, 2022
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1						
2	<b>Revenues</b>	\$4,837,545	\$178,779	\$5,016,323	\$3,148,865	\$8,165,188
3						
4	<b>Expenses</b>					
5	G&A Expenses	(\$2,485,114)	\$204,310	(\$2,280,805)	(\$31,807)	(\$2,312,611)
6	Operating and Maintenance Expenses	(\$2,362,023)	(\$64,470)	(\$2,426,493)	\$0	(\$2,426,493)
7	Depreciation Expense	(\$838,850)	(\$240,706)	(\$1,079,556)	\$0	(\$1,079,556)
8	Amortization Expense	\$98,034	(\$14,350)	\$83,684	\$0	\$83,684
9	<b>Total Operating Expense</b>	<b>(\$5,587,953)</b>	<b>(\$115,216)</b>	<b>(\$5,703,169)</b>	<b>(\$31,807)</b>	<b>(\$5,734,976)</b>
10						
11	<b>Gross Operating Income</b>	<b>(\$750,408)</b>	\$63,563	<b>(\$686,845)</b>	\$3,117,058	\$2,430,213
12						
13	<b>Interest</b>	<b>(\$970,145)</b>	\$503,772	<b>(\$466,374)</b>	\$0	<b>(\$466,374)</b>
14						
15	<b>Funds Available for Income Tax and Equity</b>	<b>(\$1,720,553)</b>	\$567,334	<b>(\$1,153,219)</b>	\$3,117,058	\$1,963,839
16						
17	<b>Income Taxes</b>	\$0	\$0	\$0	<b>(\$474,223)</b>	<b>(\$474,223)</b>
18						
19						
20	<b>Net Income</b>	<b>(\$1,720,553)</b>	\$567,334	<b>(\$1,153,219)</b>	\$2,642,835	\$1,489,616
21						
22						

Confluence Rivers Utility Operating Company, Inc.  
 WR-2023-0006/SR-2023-0007  
 Income Statement - Water  
 For the Period Ending June 30, 2022

Line Number	Description	Test Year Ended June 30, 2022	Known and Measurable Adjustments	Pro Forma at Present Rates	Pro Forma Adjustments Under Proposed Rates	Proposed Rates For the 12 Months Through June 30, 2022
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1						
2	<b>Revenues</b>	<b>\$2,110,946</b>	<b>\$81,922</b>	<b>\$2,192,868</b>	<b>\$1,286,748</b>	<b>\$3,479,616</b>
3						
4	<b>Expenses</b>					
5	G&A Expenses	(\$1,205,960)	\$94,077	(\$1,111,883)	(\$12,997)	(\$1,124,880)
6	Operating and Maintenance Expenses	(\$890,646)	(\$24,061)	(\$914,707)	\$0	(\$914,707)
7	Depreciation Expense	(\$289,776)	(\$97,263)	(\$387,039)	\$0	(\$387,039)
8	Amortization Expense	\$14,997	(\$6,364)	\$8,633	\$0	\$8,633
9	<b>Total Operating Expense</b>	<b>(\$2,371,386)</b>	<b>(\$33,610)</b>	<b>(\$2,404,996)</b>	<b>(\$12,997)</b>	<b>(\$2,417,993)</b>
10						
11	<b>Gross Operating Income</b>	<b>(\$260,440)</b>	<b>\$48,312</b>	<b>(\$212,128)</b>	<b>\$1,273,751</b>	<b>\$1,061,623</b>
12						
13	<b>Interest</b>	<b>(\$484,571)</b>	<b>\$280,840</b>	<b>(\$203,731)</b>	<b>\$0</b>	<b>(\$203,731)</b>
14						
15	<b>Funds Available for Income Tax and Equity</b>	<b>(\$745,010)</b>	<b>\$329,152</b>	<b>(\$415,858)</b>	<b>\$1,273,751</b>	<b>\$857,892</b>
16						
17	<b>Income Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$207,169)</b>	<b>(\$207,169)</b>
18						
19						
20	<b>Net Income</b>	<b>(\$745,010)</b>	<b>\$329,152</b>	<b>(\$415,858)</b>	<b>\$1,066,582</b>	<b>\$650,724</b>
21						
22						

Confluence Rivers Utility Operating Company, Inc.  
 WR-2023-0006/SR-2023-0007  
 Income Statement - Sewer  
 For the Period Ending June 30, 2022

Line Number	Description	Test Year Ended June 30, 2022	Known and Measurable Adjustments	Pro Forma at Present Rates	Pro Forma Adjustments Under Proposed Rates	Proposed Rates For the 12 Months Through June 30, 2022
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1						
2	<b>Operating Revenues</b>	\$2,726,599	\$96,857	\$2,823,456	\$1,862,116	\$4,685,572
3						
4	<b>Operating Expenses</b>					
5	G&A Expenses	(\$1,279,154)	\$110,232	(\$1,168,922)	(\$18,809)	(\$1,187,731)
6	Operating and Maintenance	(\$1,471,377)	(\$40,409)	(\$1,511,786)	\$0	(\$1,511,786)
7	Depreciation Expense	(\$549,074)	(\$143,443)	(\$692,517)	\$0	(\$692,517)
8	Amortization Expense	\$83,038	(\$7,986)	\$75,052	\$0	\$75,052
9	<b>Total Operating Expense</b>	<b>(\$3,216,567)</b>	<b>(\$81,606)</b>	<b>(\$3,298,173)</b>	<b>(\$18,809)</b>	<b>(\$3,316,983)</b>
10						
11	<b>Gross Operating Income</b>	<b>(\$489,969)</b>	<b>\$15,251</b>	<b>(\$474,718)</b>	<b>\$1,843,307</b>	<b>\$1,368,590</b>
12						
13	<b>Interest</b>	<b>(\$485,575)</b>	<b>\$222,932</b>	<b>(\$262,643)</b>	<b>\$0</b>	<b>(\$262,643)</b>
14						
15	<b>Funds Available for Income Tax and Equity</b>	<b>(\$975,543)</b>	<b>\$238,183</b>	<b>(\$737,360)</b>	<b>\$1,843,307</b>	<b>\$1,105,947</b>
16						
17	<b>Income Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$267,054)</b>	<b>(\$267,054)</b>
18						
19						
20	<b>Net Income</b>	<b>(\$975,543)</b>	<b>\$238,183</b>	<b>(\$737,360)</b>	<b>\$1,576,253</b>	<b>\$838,892</b>
21						
22						







**Confluence Rivers Utility Operating Company, Inc.**  
**WR-2023-0006/SR-2023-0007**  
**Rate Base Summary - Consolidated**  
**For the Period Ending June 30, 2022**

Line Number	Description	Base Year Ended June 30, 2022	Pro Forma Adjustments	Pro Forma For the 12 Months Ended June 30, 2022
(A)	(B)	(C)	(D)	(E)
1				
2	Utility Plant in Service	\$27,342,424	\$1,301,437	\$28,643,861
3				
4	Accumulated Provision for Depreciation	(\$7,525,730)	\$0	(\$7,525,730)
5				
6	Accumulated Amortization	\$0	\$0	\$0
7				
8	Utility Plant Acquisition Adjustments	\$0	\$0	\$0
9				
10	Net Utility Plant	\$19,816,694	\$1,301,437	\$21,118,131
11				
12	<b>Less:</b>			
13	Contributions in Aid of Construction, net	(\$1,269,694)	\$0	(\$1,269,694)
14				
15	Subtotal:	(\$1,269,694)	\$0	(\$1,269,694)
16				
17	<b>Add:</b>			
18	Cash Working Capital	\$0	\$299,157	\$299,157
19	Rate Case Expense	\$43,051	\$0	\$43,051
20				
21	Subtotal:	\$43,051	\$299,157	\$342,208
22				
23	<b>Total Original Cost Rate Base</b>	<b>\$18,590,051</b>	<b>\$1,600,594</b>	<b>\$20,190,644</b>
24				
25				
26				

**Confluence Rivers Utility Operating Company, Inc.**  
**WR-2023-0006/SR-2023-0007**  
**Rate Base Summary - Water**  
**For the Period Ending June 30, 2022**

Line Number	Description	Base Year Ended June 30, 2022	Pro Forma Adjustments	Pro Forma For the 12 Months Ended June 30, 2022
(A)	(B)	(C)	(D)	(E)
1				
2	Utility Plant in Service	\$10,928,568	\$650,000	\$11,578,568
3				
4	Accumulated Provision for Depreciation	(\$2,605,567)	\$0	(\$2,605,567)
5				
6	Accumulated Amortization	\$0	\$0	\$0
7				
8	Utility Plant Acquisition Adjustments	\$0	\$0	\$0
9				
10	Net Utility Plant	\$8,323,001	\$650,000	\$8,973,001
11				
12	<b>Less:</b>			
13	Contributions in Aid of Construction, net	(\$286,702)	\$0	(\$286,702)
14				
15	Subtotal:	(\$286,702)	\$0	(\$286,702)
16				
17	<b>Add:</b>			
18	Cash Working Capital	\$0	\$112,772	\$112,772
19	Rate Case Expense	\$21,011	\$0	\$21,011
20				
21	Subtotal:	\$21,011	\$112,772	\$133,783
22				
23	<b>Total Original Cost Rate Base</b>	<b>\$8,057,310</b>	<b>\$762,772</b>	<b>\$8,820,082</b>
24				
25				
26				

**Confluence Rivers Utility Operating Company, Inc.**  
**WR-2023-0006/SR-2023-0007**  
**Rate Base Summary - Sewer**  
**For the Period Ending June 30, 2022**

Line Number	Description	Base Year Ended June 30, 2022	Pro Forma Adjustments	Pro Forma For the 12 Months Ended June 30, 2022
(A)	(B)	(C)	(D)	(E)
1				
2	Utility Plant in Service	\$16,413,856	\$651,437	\$17,065,293
3				
4	Accumulated Provision for Depreciation	(\$4,920,163)	\$0	(\$4,920,163)
5				
6	Accumulated Amortization	\$0	\$0	\$0
7				
8	Utility Plant Acquisition Adjustments	\$0	\$0	\$0
9				
10	Net Utility Plant	\$11,493,693	\$651,437	\$12,145,130
11				
12	<b>Less:</b>			
13	Contributions in Aid of Construction, net	(\$982,992)	\$0	(\$982,992)
14				
15	Subtotal:	(\$982,992)	\$0	(\$982,992)
16				
17	<b>Add:</b>			
18	Cash Working Capital	\$0	\$186,385	\$186,385
19	Rate Case Expense	\$22,040	\$0	\$22,040
20				
21	Subtotal:	\$22,040	\$186,385	\$208,425
22				
23	<b>Total Original Cost Rate Base</b>	<b>\$10,532,741</b>	<b>\$837,821</b>	<b>\$11,370,562</b>
24				
25				
26				

**Confluence Rivers Utility Operating Company, Inc.**  
**WR-2023-0006/SR-2023-0007**  
**Utility Plant In Service Summary - Consolidated**  
**For the Period Ending June 30, 2022**

Line Number	NARUC Account	Account Description	Schedule	Base Year Ended June 30, 2022	Pro Forma Adjustments	Pro Forma For the 12 Months Ended June 30, 2022
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1						
2	114.000	Utility Plant Acq Adj		\$0	\$0	\$0
3	301.000	Organization		\$220,722	\$0	\$220,722
4	303.000	Miscellaneous Intangible Plant		\$90,068	\$0	\$90,068
5	310.000	Land and Land Rights		\$740,248	\$0	\$740,248
6	311.000	S&I Source of Supply		\$927,872	\$0	\$927,872
7	312.000	Collecting & Impounding Reservoir		\$23,917	\$0	\$23,917
8	314.000	Wells and Springs		\$1,354,759	\$62,769	\$1,417,528
9	316.000	Supply Mains		\$67,235	\$0	\$67,235
10	317.000	Other Water Source Plant		\$238,950	\$0	\$238,950
11	321.000	S&I Pumping Plant		\$3,850	\$0	\$3,850
12	323.000	Other Power Production		\$217,541	\$0	\$217,541
13	325.000	Electric Pumping Equipment		\$857,596	\$23,477	\$881,073
14	325.100	Electric Pumps - Submersible		\$83,941	\$0	\$83,941
15	328.000	Water - Other Pumping Equip (Plant)		\$39,816	\$0	\$39,816
16	331.000	S&I Treatment Plant		\$42,692	\$0	\$42,692
17	332.000	Water Treatment Equipment		\$735,041	\$0	\$735,041
18	341.000	S&I Transmission & Distribution		\$69,710	\$66,481	\$136,191
19	342.000	Distb'n Reservoirs & Standpipes		\$1,115,930	\$64,673	\$1,180,604
20	343.000	Transmission & Distribution Mains		\$2,494,305	\$213,003	\$2,707,308
21	344.000	Fire Mains		\$898	\$0	\$898
22	345.000	Services		\$711,523	\$109,798	\$821,321
23	346.000	Meters		\$502,514	\$109,798	\$612,313
24	347.000	Meter Installations		\$284,403	\$0	\$284,403
25	348.000	Hydrants		\$56,453	\$0	\$56,453
26	351.000	S&I Collection Plant		\$157,698	\$0	\$157,698
27	352.100	Collection Sewers Force		\$2,771,256	\$0	\$2,771,256
28	352.200	Collection Sewers Gravity		\$1,208,948	\$328,085	\$1,537,033
29	353.000	Services to Sewer Customers		\$106,709	\$132,345	\$239,054
30	354.000	Flow Measuring Devices		\$187,872	\$0	\$187,872
31	362.000	Receiving Wells		\$142,694	\$0	\$142,694
32	363.000	Electric Sewer Pumping Equip		\$834,380	\$0	\$834,380
33	365.000	Sewer - Other Pumping Equipment		\$7,488	\$0	\$7,488
34	370.000	Land and Land Rights		\$1,051,864	\$1,437	\$1,053,301
35	370.100	Oxidation Lagoon Land		\$212,964	\$0	\$212,964
36	371.000	S&I Treatment & Disposal		\$1,904,120	\$0	\$1,904,120
37	372.000	Treatment & Disposal Equipment		\$6,769,754	\$189,570	\$6,959,324
38	372.100	Treatment & Disposal Equipment		\$3,250	\$0	\$3,250
39	373.000	Plant Sewers		\$259,547	\$0	\$259,547
40	374.000	Outfall Sewer Lines		\$57,034	\$0	\$57,034
41	375.000	Sewer - Other Treatment and Disposal		\$5,011	\$0	\$5,011
42	390.000	S&I General Plant		\$23,280	\$0	\$23,280
43	391.000	Office Furniture and Equipment		\$1,460	\$0	\$1,460
44	391.100	Office Furn Equip (IT)		\$1,062	\$0	\$1,062
45	392.000	Transportation Equipment		\$51	\$0	\$51
46	393.000	Stores Equipment		\$89,840	\$0	\$89,840
47	394.000	Tools, Shop and Garage Equipment		\$1,527	\$0	\$1,527
48	395.000	Laboratory Equipment		\$200	\$0	\$200
49	396.000	Power Operated Equipment		\$31,382	\$0	\$31,382
50	397.000	Communication Equipment		\$631,345	\$0	\$631,345
51	398.000	Miscellaneous Equipment		\$1,705	\$0	\$1,705
52	399.000	Other Tangible Property		\$0	\$0	\$0
53						
54						
55						
56						
57		<b>Total Utility Plant In Service</b>		<b>\$27,342,424</b>	<b>\$1,301,437</b>	<b>\$28,643,861</b>
58						
59						

Confluence Rivers Utility Operating Company, Inc.  
 WR-2023-0006/SR-2023-0007  
 Utility Plant In Service Summary - Water  
 For the Period Ending June 30, 2022

Line Number	NARUC Account	Account Description	Schedule	Base Year Ended June 30, 2022	Pro Forma Adjustments	Pro Forma For the 12 Months Ended June 30, 2022
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1						
2	114.000	Utility Plant Acq Adj		\$0	\$0	\$0
3	301.000	Organization		\$66,906	\$0	\$66,906
4	310.000	Land and Land Rights		\$731,153	\$0	\$731,153
5	311.000	S&I Source of Supply		\$923,274	\$0	\$923,274
6	312.000	Collecting & Impounding Reservoir		\$23,917	\$0	\$23,917
7	314.000	Wells and Springs		\$1,354,759	\$62,769	\$1,417,528
8	316.000	Supply Mains		\$67,235	\$0	\$67,235
9	317.000	Other Water Source Plant		\$238,950	\$0	\$238,950
10	321.000	S&I Pumping Plant		\$3,850	\$0	\$3,850
11	323.000	Other Power Production		\$217,541	\$0	\$217,541
12	325.000	Electric Pumping Equipment		\$857,596	\$23,477	\$881,073
13	325.100	Electric Pumps - Submersible		\$83,941	\$0	\$83,941
14	328.000	Water - Other Pumping Equip (Plant)		\$39,816	\$0	\$39,816
15	331.000	S&I Treatment Plant		\$42,692	\$0	\$42,692
16	332.000	Water Treatment Equipment		\$735,041	\$0	\$735,041
17	341.000	S&I Transmission & Distribution		\$69,710	\$66,481	\$136,191
18	342.000	Distb'n Reservoirs & Standpipes		\$1,112,907	\$64,673	\$1,177,581
19	343.000	Transmission & Distribution Mains		\$2,494,305	\$213,003	\$2,707,308
20	344.000	Fire Mains		\$898	\$0	\$898
21	345.000	Services		\$711,523	\$109,798	\$821,321
22	346.000	Meters		\$502,514	\$109,798	\$612,313
23	347.000	Meter Installations		\$284,403	\$0	\$284,403
24	348.000	Hydrants		\$56,453	\$0	\$56,453
25	390.000	S&I General Plant		\$7,115	\$0	\$7,115
26	391.000	Office Furniture and Equipment		\$681	\$0	\$681
27	391.100	Office Furn Equip (IT)		\$531	\$0	\$531
28	392.000	Transportation Equipment		\$0	\$0	\$0
29	393.000	Stores Equipment		\$0	\$0	\$0
30	394.000	Tools, Shop and Garage Equipment		\$1,407	\$0	\$1,407
31	395.000	Laboratory Equipment		\$200	\$0	\$200
32	396.000	Power Operated Equipment		\$24,024	\$0	\$24,024
33	397.000	Communication Equipment		\$274,876	\$0	\$274,876
34	398.000	Miscellaneous Equipment		\$349	\$0	\$349
35	399.000	Other Tangible Property		\$0	\$0	\$0
36						
37						
38						
39						
40		<b>Total Utility Plant In Service</b>		<b>\$10,928,568</b>	<b>\$650,000</b>	<b>\$11,578,568</b>
41						
42						

Confluence Rivers Utility Operating Company, Inc.  
 WR-2023-0006/SR-2023-0007  
 Utility Plant In Service Summary - Sewer  
 For the Period Ending June 30, 2022

Line Number	NARUC Account	Account Description	Schedule	Base Year Ended June 30, 2022	Pro Forma Adjustments	Pro Forma For the 12 Months Ended June 30, 2022
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1						
2	114.000	Utility Plant Acq Adj		\$0	\$0	\$0
3	301.000	Organization		\$153,816	\$0	\$153,816
4	303.000	Miscellaneous Intangible Plant		\$90,068	\$0	\$90,068
5	310.000	Land and Land Rights		\$9,095	\$0	\$9,095
6	311.000	S&I Source of Supply		\$4,598	\$0	\$4,598
7	342.000	Distb'n Reservoirs & Standpipes		\$3,023	\$0	\$3,023
8	351.000	S&I Collection Plant		\$157,698	\$0	\$157,698
9	352.100	Collection Sewers Force		\$2,771,256	\$0	\$2,771,256
10	352.200	Collection Sewers Gravity		\$1,208,948	\$328,085	\$1,537,033
11	353.000	Services to Sewer Customers		\$106,709	\$132,345	\$239,054
12	354.000	Flow Measuring Devices		\$187,872	\$0	\$187,872
13	362.000	Receiving Wells		\$142,694	\$0	\$142,694
14	363.000	Electric Sewer Pumping Equip		\$834,380	\$0	\$834,380
15	365.000	Sewer - Other Pumping Equipment		\$7,488	\$0	\$7,488
16	370.000	Land and Land Rights		\$1,051,864	\$1,437	\$1,053,301
17	370.100	Oxidation Lagoon Land		\$212,964	\$0	\$212,964
18	371.000	S&I Treatment & Disposal		\$1,904,120	\$0	\$1,904,120
19	372.000	Treatment & Disposal Equipment		\$6,769,754	\$189,570	\$6,959,324
20	372.100	Treatment & Disposal Equipment		\$3,250	\$0	\$3,250
21	373.000	Plant Sewers		\$259,547	\$0	\$259,547
22	374.000	Outfall Sewer Lines		\$57,034	\$0	\$57,034
23	375.000	Sewer - Other Treatment and Disposal		\$5,011	\$0	\$5,011
24	390.000	S&I General Plant		\$16,165	\$0	\$16,165
25	391.000	Office Furniture and Equipment		\$779	\$0	\$779
26	391.100	Office Furn Equip (IT)		\$531	\$0	\$531
27	392.000	Transportation Equipment		\$51	\$0	\$51
28	393.000	Stores Equipment		\$89,840	\$0	\$89,840
29	394.000	Tools, Shop and Garage Equipment		\$120	\$0	\$120
30	396.000	Power Operated Equipment		\$7,358	\$0	\$7,358
31	397.000	Communication Equipment		\$356,469	\$0	\$356,469
32	398.000	Miscellaneous Equipment		\$1,356	\$0	\$1,356
33						
34						
35						
36						
37		<b>Total Utility Plant In Service</b>		<b>\$16,413,856</b>	<b>\$651,437</b>	<b>\$17,065,293</b>
38						
39						

Confluence Rivers Utility Operating Company, Inc.  
 WR-2023-0006/SR-2023-0007  
 Accumulated Depreciation Summary - Consolidated  
 For the Period Ending June 30, 2022

Line Number	NARUC Account	Account Description	Schedule	Base Year Ended June 30, 2022	Pro Forma Adjustments	Pro Forma For the 12 Months Ended June 30, 2022
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1						
2	114.000	Utility Plant Acq Adj		\$0	\$0	\$0
3	301.000	Organization		(\$63,289)	\$0	(\$63,289)
4	303.000	Miscellaneous Intangible Plant		(\$25,891)	\$0	(\$25,891)
5	310.000	Land and Land Rights		(\$5,000)	\$0	(\$5,000)
6	311.000	S&I Source of Supply		(\$271,454)	\$0	(\$271,454)
7	312.000	Collecting & Impounding Reservoir		(\$14,728)	\$0	(\$14,728)
8	314.000	Wells and Springs		(\$281,984)	\$0	(\$281,984)
9	316.000	Supply Mains		(\$2,233)	\$0	(\$2,233)
10	317.000	Other Water Source Plant		(\$93,060)	\$0	(\$93,060)
11	321.000	S&I Pumping Plant		(\$2,911)	\$0	(\$2,911)
12	323.000	Other Power Production		(\$95,349)	\$0	(\$95,349)
13	325.000	Electric Pumping Equipment		(\$428,610)	\$0	(\$428,610)
14	325.100	Electric Pumps - Submersible		(\$71,964)	\$0	(\$71,964)
15	328.000	Water - Other Pumping Equip (Plant)		(\$31,493)	\$0	(\$31,493)
16	331.000	S&I Treatment Plant		(\$1,400)	\$0	(\$1,400)
17	332.000	Water Treatment Equipment		(\$49,145)	\$0	(\$49,145)
18	341.000	S&I Transmission & Distribution		(\$2,064)	\$0	(\$2,064)
19	342.000	Distb'n Reservoirs & Standpipes		(\$269,275)	\$0	(\$269,275)
20	343.000	Transmission & Distribution Mains		(\$563,186)	\$0	(\$563,186)
21	344.000	Fire Mains		(\$898)	\$0	(\$898)
22	345.000	Services		(\$61,224)	\$0	(\$61,224)
23	346.000	Meters		(\$247,738)	\$0	(\$247,738)
24	347.000	Meter Installations		(\$37,422)	\$0	(\$37,422)
25	348.000	Hydrants		(\$16,582)	\$0	(\$16,582)
26	351.000	S&I Collection Plant		(\$115,353)	\$0	(\$115,353)
27	352.100	Collection Sewers Force		(\$1,057,882)	\$0	(\$1,057,882)
28	352.200	Collection Sewers Gravity		(\$363,416)	\$0	(\$363,416)
29	353.000	Services to Sewer Customers		(\$1,198)	\$0	(\$1,198)
30	354.000	Flow Measuring Devices		(\$27,187)	\$0	(\$27,187)
31	362.000	Receiving Wells		(\$79,743)	\$0	(\$79,743)
32	363.000	Electric Sewer Pumping Equip		(\$254,958)	\$0	(\$254,958)
33	365.000	Sewer - Other Pumping Equipment		(\$153)	\$0	(\$153)
34	370.000	Land and Land Rights		\$0	\$0	\$0
35	370.100	Oxidation Lagoon Land		(\$177,563)	\$0	(\$177,563)
36	371.000	S&I Treatment & Disposal		(\$198,958)	\$0	(\$198,958)
37	372.000	Treatment & Disposal Equipment		(\$2,192,710)	\$0	(\$2,192,710)
38	372.100	Treatment & Disposal Equipment		(\$2,248)	\$0	(\$2,248)
39	373.000	Plant Sewers		(\$197,031)	\$0	(\$197,031)
40	374.000	Outfall Sewer Lines		(\$6,360)	\$0	(\$6,360)
41	375.000	Sewer - Other Treatment and Disposal		(\$4,260)	\$0	(\$4,260)
42	390.000	S&I General Plant		(\$4,746)	\$0	(\$4,746)
43	391.000	Office Furniture and Equipment		(\$506)	\$0	(\$506)
44	391.100	Office Furn Equip (IT)		(\$999)	\$0	(\$999)
45	392.000	Transportation Equipment		(\$41)	\$0	(\$41)
46	393.000	Stores Equipment		(\$84,539)	\$0	(\$84,539)
47	394.000	Tools, Shop and Garage Equipment		(\$452)	\$0	(\$452)
48	395.000	Laboratory Equipment		(\$155)	\$0	(\$155)
49	396.000	Power Operated Equipment		(\$24,306)	\$0	(\$24,306)
50	397.000	Communication Equipment		(\$92,877)	\$0	(\$92,877)
51	398.000	Miscellaneous Equipment		(\$1,190)	\$0	(\$1,190)
52	399.000	Other Tangible Property		\$0	\$0	\$0
53						
54						
55						
56						
57		<b>Total Accumulated Depreciation</b>		<b>(\$7,525,730)</b>	<b>\$0</b>	<b>(\$7,525,730)</b>
58						
59						

Confluence Rivers Utility Operating Company, Inc.  
 WR-2023-0006/SR-2023-0007  
 Accumulated Depreciation Summary - Water  
 For the Period Ending June 30, 2022

Line Number	NARUC Account	Account Description	Schedule	Base Year Ended June 30, 2022	Pro Forma Adjustments	Pro Forma For the 12 Months Ended June 30, 2022
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1						
2	114.000	Utility Plant Acq Adj		\$0	\$0	\$0
3	301.000	Organization		\$0	\$0	\$0
4	310.000	Land and Land Rights		\$0	\$0	\$0
5	311.000	S&I Source of Supply		(\$269,723)	\$0	(\$269,723)
6	312.000	Collecting & Impounding Reservoir		(\$14,728)	\$0	(\$14,728)
7	314.000	Wells and Springs		(\$281,984)	\$0	(\$281,984)
8	316.000	Supply Mains		(\$2,233)	\$0	(\$2,233)
9	317.000	Other Water Source Plant		(\$93,060)	\$0	(\$93,060)
10	321.000	S&I Pumping Plant		(\$2,911)	\$0	(\$2,911)
11	323.000	Other Power Production		(\$95,349)	\$0	(\$95,349)
12	325.000	Electric Pumping Equipment		(\$428,610)	\$0	(\$428,610)
13	325.100	Electric Pumps - Submersible		(\$71,964)	\$0	(\$71,964)
14	328.000	Water - Other Pumping Equip (Plant)		(\$31,493)	\$0	(\$31,493)
15	331.000	S&I Treatment Plant		(\$1,400)	\$0	(\$1,400)
16	332.000	Water Treatment Equipment		(\$49,145)	\$0	(\$49,145)
17	341.000	S&I Transmission & Distribution		(\$2,064)	\$0	(\$2,064)
18	342.000	Distb'n Reservoirs & Standpipes		(\$269,269)	\$0	(\$269,269)
19	343.000	Transmission & Distribution Mains		(\$563,186)	\$0	(\$563,186)
20	344.000	Fire Mains		(\$898)	\$0	(\$898)
21	345.000	Services		(\$61,224)	\$0	(\$61,224)
22	346.000	Meters		(\$247,738)	\$0	(\$247,738)
23	347.000	Meter Installations		(\$37,422)	\$0	(\$37,422)
24	348.000	Hydrants		(\$16,582)	\$0	(\$16,582)
25	390.000	S&I General Plant		(\$3,938)	\$0	(\$3,938)
26	391.000	Office Furniture and Equipment		(\$224)	\$0	(\$224)
27	391.100	Office Furn Equip (IT)		(\$499)	\$0	(\$499)
28	392.000	Transportation Equipment		\$0	\$0	\$0
29	393.000	Stores Equipment		\$0	\$0	\$0
30	394.000	Tools, Shop and Garage Equipment		(\$398)	\$0	(\$398)
31	395.000	Laboratory Equipment		(\$155)	\$0	(\$155)
32	396.000	Power Operated Equipment		(\$23,938)	\$0	(\$23,938)
33	397.000	Communication Equipment		(\$35,433)	\$0	(\$35,433)
34	398.000	Miscellaneous Equipment		\$0	\$0	\$0
35	399.000	Other Tangible Property		\$0	\$0	\$0
36						
37						
38						
39						
40		<b>Total Accumulated Depreciation</b>		<b>(\$2,605,567)</b>	<b>\$0</b>	<b>(\$2,605,567)</b>
41						
42						

Confluence Rivers Utility Operating Company, Inc.  
 WR-2023-0006/SR-2023-0007  
 Accumulated Depreciation Summary - Sewer  
 For the Period Ending June 30, 2022

Line Number	NARUC Account	Account Description	Schedule	Base Year Ended June 30, 2022	Pro Forma Adjustments	Pro Forma For the 12 Months Ended June 30, 2022
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1						
2	114.000	Utility Plant Acq Adj		\$0	\$0	\$0
3	301.000	Organization		(\$63,289)	\$0	(\$63,289)
4	303.000	Miscellaneous Intangible Plant		(\$25,891)	\$0	(\$25,891)
5	310.000	Land and Land Rights		(\$5,000)	\$0	(\$5,000)
6	311.000	S&I Source of Supply		(\$1,731)	\$0	(\$1,731)
7	342.000	Distb'n Reservoirs & Standpipes		(\$6)	\$0	(\$6)
8	351.000	S&I Collection Plant		(\$115,353)	\$0	(\$115,353)
9	352.100	Collection Sewers Force		(\$1,057,882)	\$0	(\$1,057,882)
10	352.200	Collection Sewers Gravity		(\$363,416)	\$0	(\$363,416)
11	353.000	Services to Sewer Customers		(\$1,198)	\$0	(\$1,198)
12	354.000	Flow Measuring Devices		(\$27,187)	\$0	(\$27,187)
13	362.000	Receiving Wells		(\$79,743)	\$0	(\$79,743)
14	363.000	Electric Sewer Pumping Equip		(\$254,958)	\$0	(\$254,958)
15	365.000	Sewer - Other Pumping Equipment		(\$153)	\$0	(\$153)
16	370.000	Land and Land Rights		\$0	\$0	\$0
17	370.100	Oxidation Lagoon Land		(\$177,563)	\$0	(\$177,563)
18	371.000	S&I Treatment & Disposal		(\$198,958)	\$0	(\$198,958)
19	372.000	Treatment & Disposal Equipment		(\$2,192,710)	\$0	(\$2,192,710)
20	372.100	Treatment & Disposal Equipment		(\$2,248)	\$0	(\$2,248)
21	373.000	Plant Sewers		(\$197,031)	\$0	(\$197,031)
22	374.000	Outfall Sewer Lines		(\$6,360)	\$0	(\$6,360)
23	375.000	Sewer - Other Treatment and Disposal		(\$4,260)	\$0	(\$4,260)
24	390.000	S&I General Plant		(\$808)	\$0	(\$808)
25	391.000	Office Furniture and Equipment		(\$282)	\$0	(\$282)
26	391.100	Office Furn Equip (IT)		(\$499)	\$0	(\$499)
27	392.000	Transportation Equipment		(\$41)	\$0	(\$41)
28	393.000	Stores Equipment		(\$84,539)	\$0	(\$84,539)
29	394.000	Tools, Shop and Garage Equipment		(\$54)	\$0	(\$54)
30	396.000	Power Operated Equipment		(\$368)	\$0	(\$368)
31	397.000	Communication Equipment		(\$57,444)	\$0	(\$57,444)
32	398.000	Miscellaneous Equipment		(\$1,190)	\$0	(\$1,190)
33						\$0
34						\$0
35						
36						
37		<b>Total Accumulated Depreciation</b>		<b>(\$4,920,163)</b>	<b>\$0</b>	<b>(\$4,920,163)</b>
38						
39						

**Confluence Rivers Utility Operating Company, Inc.**  
**WR-2023-0006/SR-2023-0007**  
**Income Tax Summary**  
**For the Period Ending June 30, 2022**

Line Number	Description	Tax Rates	Water	Sewer
(A)	(B)	(C)	(D)	(E)
1				
2	<b>Gross Operating Income</b>		\$1,061,623	\$1,368,590
3				
4	<b>Interest Expense</b>		(\$203,731)	(\$262,643)
5				
6	<b>Taxable Income</b>		\$857,892	\$1,105,947
7				
8	<b>State Income Tax</b>	4.0%	\$34,191	\$44,058
9				
10	<b>Federal Table Income</b>		\$823,701	\$1,061,889
11				
12	<b>Federal Income Tax</b>	21.0%	\$172,977	\$222,997
13				
14	<b>Total Income Tax</b>		\$207,169	\$267,054
15				
16				
17				

**Confluence Rivers Utility Operating Company, Inc.**  
**WR-2023-0006/SR-2023-0007**  
**Contributions in Aid of Construction - Consolidated**  
**For the Period Ending June 30, 2022**

Line Number (A)	NARUC Account (B)	Account Description (C)	Base Year Ended June 30, 2022 (D)
1			
2	271.000	Contributions in Aid of Construction (CIAC)	-\$3,689,632
3			
4	272.000	Accumulated Amortization of CIAC	\$2,419,938
5			
6		<b>Net CIAC</b>	<b><u><u>-\$1,269,694</u></u></b>
7			
8			
9			

**Confluence Rivers Utility Operating Company, Inc.**  
**WR-2023-0006/SR-2023-0007**  
**Contributions in Aid of Construction - Water**  
**For the Period Ending June 30, 2022**

Line Number (A)	NARUC Account (B)	Account Description (C)	Base Year Ended June 30, 2022 (D)
1			
2	271.000	Contributions in Aid of Construction (CIAC)	-\$614,690
3			
4	272.000	Accumulated Amortization of CIAC	\$327,988
5			
6		<b>Net CIAC</b>	<u><u><b>-\$286,702</b></u></u>
7			
8			
9			

**Confluence Rivers Utility Operating Company, Inc.**  
**WR-2023-0006/SR-2023-0007**  
**Contributions in Aid of Construction - Sewer**  
**For the Period Ending June 30, 2022**

Line Number (A)	NARUC Account (B)	Account Description (C)	Base Year Ended June 30, 2022 (D)
1			
2	271.000	Contributions in Aid of Construction (CIAC)	-\$3,074,942
3			
4	272.000	Accumulated Amortization of CIAC	\$2,091,950
5			
6		<b>Net CIAC</b>	<b><u><u>-\$982,992</u></u></b>
7			
8			
9			

**Confluence Rivers Utility Operating Company, Inc.**

**WR-2023-0006/SR-2023-0007**

**Working Capital Requirement - Consolidated**

**For the Period Ending June 30, 2022**

<b>Line Number (A)</b>	<b>Description (B)</b>	<b>Operating Expense - Water (C)</b>	<b>Lead Days (D)</b>	<b>Working Capital Requirement (E)</b>
1				
2	<b>Operating Expenses for Test Period</b>	\$2,426,493	45	\$299,157
3				
4	<b>Total Working Capital</b>	<u>\$2,426,493</u>	45	<u>\$299,157</u>
5				
6				
7				

**Confluence Rivers Utility Operating Company, Inc.**

**WR-2023-0006/SR-2023-0007**

**Working Capital Requirement - Water**

**For the Period Ending June 30, 2022**

<b>Line Number</b>	<b>Description</b>	<b>Operating Expense - Water</b>	<b>Lead Days</b>	<b>Working Capital Requirement</b>
<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(D)</b>	<b>(E)</b>
1				
2	<b>Operating Expenses for Test Period</b>	\$914,707	45	\$112,772
3				
4	<b>Total Working Capital</b>	<u>\$914,707</u>	45	<u>\$112,772</u>
5				
6				
7				

**Confluence Rivers Utility Operating Company, Inc.**

**WR-2023-0006/SR-2023-0007**

**Working Capital Requirement - Sewer**

**For the Period Ending June 30, 2022**

<b>Line Number (A)</b>	<b>Description (B)</b>	<b>Operating Expense - Water (C)</b>	<b>Lead Days (D)</b>	<b>Working Capital Requirement (E)</b>
1				
2	<b>Operating Expenses for Test Period</b>	\$1,511,786	45	\$186,385
3				
4	<b>Total Working Capital</b>	<u>\$1,511,786</u>	45	<u>\$186,385</u>
5				
6				
7				

Confluence Rivers Utility Operating Company, Inc.  
 WR-2023-0006/SR-2023-0007  
 Summary of Known and Measurable Adjustments to Revenues, Expenses, Depreciation and Taxes  
 For the Period Ending June 30, 2022

Line Number	NARUC Account	Account Type	Account Name	Pro Forma Adjustments	Narrative Discussion of Adjustments
(A)	(B)	(C)	(D)	(E)	(F)
1					
2	403.000	Depreciation	Depreciation	(\$248,784)	Annualization and pro forma adjustments
3	403.200	Depreciation	Depreciation	\$8,078	Annualization and pro forma adjustments
4	405.000	Depreciation	Amortization	(\$14,350)	Annualization and pro forma adjustments
5	408.160	Admin & General	Property Tax	(\$9,050)	Annualizations and correction of accruals
6	461.000	Revenue-Water	Revenue-Water	\$81,911	Annualizations
7	471.000	Revenue-Water Other	Revenue-Water Other	\$11	Annualizations
8	521.000	Revenue-Sewer	Revenue-Sewer	\$96,857	Annualizations
9	613.000	Operations & Maintenance	Water - Maintenance	\$2,555	Annualizations
10	623.000	Operations & Maintenance	Water - Electric Utilities	(\$9,037)	Annualization and pro forma adjustments
11	632.000	Operations & Maintenance	Water - Maintenance	(\$56)	Annualizations
12	641.000	Operations & Maintenance	Water - Chemicals	(\$4,365)	Annualization and pro forma adjustments
13	642.000	Operations & Maintenance	Water - Contract Operations	(\$12,816)	Annualization and pro forma adjustments
14	643.000	Operations & Maintenance	Water - Misc Operations	(\$41)	Annualizations
15	651.000	Operations & Maintenance	Water - Mowing & Grounds Maintenance	(\$21)	Annualizations
16	652.000	Operations & Maintenance	Water - Maintenance	(\$205)	Annualizations
17	675.000	Operations & Maintenance	Water - Maintenance	(\$75)	Annualizations
18	741.000	Operations & Maintenance	Sewer - Chemicals	(\$8,940)	Annualization and pro forma adjustments
19	742.000	Operations & Maintenance	Sewer - Contract Operations	(\$21,770)	Annualization and pro forma adjustments
20	743.000	Operations & Maintenance	Sewer - Electric Utilities	(\$9,545)	Annualization and pro forma adjustments
21	744.000	Operations & Maintenance	Sewer - Misc Operations	(\$43)	Annualizations
22	751.000	Operations & Maintenance	Sewer - Mowing & Grounds Maintenance	(\$111)	Annualizations
23	903.100	Admin & General	Billing Expense	\$37,870	Annualization and pro forma adjustments
24	904.000	Admin & General	Bad Debt Expense	\$72,789	Annualization and pro forma adjustments
25	922.000	Overhead Allocation	Allocated Overhead	\$50,576	Annualization and pro forma adjustments
26	923.400	Admin & General	OSS - Legal	\$527	Annualizations
27	923.500	Admin & General	OSS - Accounting	\$26,227	Annualizations
28	923.600	Admin & General	OSS - Management Consulting	\$24,000	Annualizations
29	923.900	Admin & General	OSS - Management Consulting	\$6,920	Annualizations
30	924.400	Admin & General	Property Insurance	(\$3,583)	Annualizations
31	928.100	Admin & General	Direct Admin	(\$14,956)	Annualizations
32	928.200	Admin & General	Direct Admin	\$12,990	Annualizations
33					
34					

**Confluence Rivers Utility Operating Company, Inc.**  
**WR-2023-0006/SR-2023-0007**  
**Income Conversion Factor**  
**For the Period Ending June 30, 2022**

Line Number	Gross Income Conversion Factor Calculation	Total Rate	Conversion Factor %	Total Conversion Factor
(A)	(B)	(C)	(D)	(E)
1				
2	Gross Income from Revenue		100.0%	
3	Less: Bad Debt	1.0%	<u>1.0%</u>	4.0%
4	Net Income After Bad Debt		<u>99.0%</u>	
5				
6				
7	Less: State Income Tax @ 4.0%	4.0%	<u>4.0%</u>	15.9%
8	Net Income After Bad Debt and State Tax		<u>95.0%</u>	
9				
10	Less: Federal Income Tax @ 21%	21.0%	<u>20.0%</u>	80.1%
11				
12	Net Income After Bad Debt, State and Federal Income Taxes:		<u>75.1%</u>	<u>100.0%</u>
13				
14	Operating Income Conversion Factor (1/Line 12)		<u>133.2%</u>	
15				
16				
17				

**Confluence Rivers Utility Operating Company, Inc.**  
**WR-2023-0006/SR-2023-0007**  
**Revenue Conversion Factor**  
**For the Period Ending June 30, 2022**

Line Number	Gross Revenue Conversion Factor Calculation	Total Rate	Conversion Factor %	Total Conversion Factor
(A)	(B)	(C)	(D)	(E)
1				
2	<b>Gross Income from Revenue</b>		100.000%	
3	<b>Less: Bad Debt</b>	1.000%	<u>1.000%</u>	100.000%
4	<b>Net Income After Bad Debt</b>		<u><u>99.000%</u></u>	
5				
6				
7	<b>Gross Revenue Conversion Factor (1/Line 12)</b>		<u><u>101.010%</u></u>	
8				
9				
10				

**SCHEDULED BT-12**  
**HAS BEEN DEEMED CONFIDENTIAL**  
**IN ITS ENTIRETY**