

**Exhibit No.:**  
**Issue:** Accounting Schedules  
**Witness:** MO PSC Auditors  
**Sponsoring Party:** MO PSC Staff  
**Case No:** SR-2013-0459  
**Date Prepared:** February 10, 2014 (REVISED)



**MISSOURI PUBLIC SERVICE COMMISSION**  
**UTILITY SERVICES DEPARTMENT**  
**SHAWNEE BEND SEWER**  
**STAFF ACCOUNTING SCHEDULES**

**LAKE REGION WATER AND SEWER COMPANY**  
**CASE NO. SR-2013-0459**

**Jefferson City, Missouri**

**REVISED February 2014**

Lake Region Water and Sewer Company  
Shawnee Bend Sewer  
SR-2013-0459 - Revised 2/10/14  
Test Year Ending 06/30/2013  
Rate Design Schedule - Sewer

| Line Number | A<br>Description                          | B<br>Account Number<br>(Optional) | C<br>Staff Annualized | D<br>Customer Charge | E<br>Commodity | F<br>Percentage Rate |
|-------------|---|-----------------------------------|-----------------------|----------------------|----------------|----------------------|
| Rev-1       | ANNUALIZED REVENUES                       |                                   |                       |                      |                |                      |
| Rev-2       | Annualized Rate Revenues                  |                                   | (1) \$294,062         |                      |                |                      |
| Rev-3       | Miscellaneous Revenues                    |                                   | (1) \$139,704         |                      |                |                      |
| Rev-4       | TOTAL ANNUALIZED REVENUES                 |                                   | \$433,766             |                      |                |                      |
| 1           | OPERATIONS EXPENSES                       |                                   | (2)                   |                      |                |                      |
| 2           | Sludge Removal                            | 711.200                           | 3765                  | \$0                  | \$3,765        | 0                    |
| 3           | Power for Treatment Plants - Other        | 715.000                           | \$0                   | \$0                  | \$0            | 0.00%                |
| 4           | Power for Treatment Plants - SB Only      | 715.200                           | \$12,963              | \$0                  | \$12,963       | 0.00%                |
| 5           | Power for Liftstations - SB               | 716.200                           | \$19,106              | \$0                  | \$19,106       | 0.00%                |
| 6           | Chemicals                                 | 718.200                           | \$8,529               | \$0                  | \$8,529        | 0.00%                |
| 7           | Effluent Testing Expenses - SB            | 719.200                           | \$3,339               | \$0                  | \$3,339        | 0.00%                |
| 8           | Sewer Operating Expense                   | 721.200                           | \$3,257               | \$0                  | \$3,257        | 0.00%                |
| 9           | PWSD#4 Labor                              | 737.200                           | \$81,867              | \$0                  | \$81,867       | 0.00%                |
| 10          | TOTAL OPERATIONS EXPENSE                  |                                   | \$132,826             | \$0                  | \$132,826      |                      |
| 11          | MAINTENANCE EXPENSES                      |                                   |                       |                      |                |                      |
| 12          | Sewer Supplies                            | 720.200                           | \$3,102               | \$0                  | \$3,102        | 0.00%                |
| 13          | Tools and Shop Supplies                   | 722.200                           | \$516                 | \$0                  | \$516          | 0.00%                |
| 14          | Contractual Services - Other              | 730.000                           | \$0                   | \$0                  | \$0            | 0.00%                |
| 15          | Equipment Rental - Other                  | 742.000                           | \$6,007               | \$0                  | \$6,007        | 0.00%                |
| 16          | Equipment Maintenance                     | 745.950                           | \$2,245               | \$0                  | \$2,245        | 0.00%                |
| 17          | Outside Services Employed                 | 923.000                           | \$709                 | \$0                  | \$709          | 0.00%                |
| 18          | TOTAL MAINTENANCE EXPENSE                 |                                   | \$12,579              | \$0                  | \$12,579       |                      |
| 19          | CUSTOMER ACCOUNT EXPENSE                  |                                   |                       |                      |                |                      |
| 20          | Billing Expense                           | 921.500                           | \$1,874               | \$0                  | \$1,874        | 0.00%                |
| 21          | Bad Debt Expense                          | 950.000                           | \$552                 | \$0                  | \$552          | 0.00%                |
| 22          | TOTAL CUSTOMER ACCOUNT EXPENSE            |                                   | \$2,426               | \$0                  | \$2,426        |                      |
| 23          | ADMINISTRATIVE & GENERAL EXPENSES         |                                   |                       |                      |                |                      |
| 24          | Accounting Fees                           | 732.200                           | \$4,332               | \$0                  | \$4,332        | 0.00%                |
| 25          | Contracted Legal Fees                     | 733.200                           | \$597                 | \$0                  | \$597          | 0.00%                |
| 26          | General Liability - Sewer                 | 757.200                           | \$3,554               | \$0                  | \$3,554        | 0.00%                |
| 27          | Office Supplies                           | 921.000                           | \$1,954               | \$0                  | \$1,954        | 0.00%                |
| 28          | Management Fees                           | 922.000                           | \$11,373              | \$0                  | \$11,373       | 0.00%                |
| 29          | Telephone                                 | 925.000                           | \$590                 | \$0                  | \$590          | 0.00%                |
| 30          | Travel and Entertainment - Other          | 927.000                           | \$88                  | \$0                  | \$88           | 0.00%                |
| 31          | Travel and Entertainment - Lodging        | 927.100                           | \$0                   | \$0                  | \$0            | 0.00%                |
| 32          | Transportation - Airline/Car              | 927.200                           | \$0                   | \$0                  | \$0            | 0.00%                |
| 33          | Transportation Expense                    | 933.000                           | \$13,618              | \$0                  | \$13,618       | 0.00%                |
| 34          | Customer Refunds                          | 940.000                           | \$40                  | \$0                  | \$40           | 0.00%                |
| 35          | Building Rental                           | 941.000                           | \$5,025               | \$0                  | \$5,025        | 0.00%                |
| 36          | Other Misc. Expenses                      | 975.000                           | \$558                 | \$0                  | \$558          | 0.00%                |
| 37          | Rate Case Expense                         | 981.000                           | \$1,396               | \$0                  | \$1,396        | 0.00%                |
| 38          | TOTAL ADMINISTRATIVE AND GENERAL          |                                   | \$43,125              | \$0                  | \$43,125       |                      |
| 39          | OTHER OPERATING EXPENSES                  |                                   |                       |                      |                |                      |
| 40          | PSC Assessment                            | 767.500                           | \$30,975              | \$0                  | \$30,975       | 0.00%                |
| 41          | Licenses and Permits                      | 779.200                           | \$750                 | \$0                  | \$750          | 0.00%                |
| 42          | Discounnts Taken                          | 929.000                           | -\$15                 | \$0                  | -\$15          | 0.00%                |
| 43          | Loss on Disposition of Assets             | 930.000                           | -\$1,012              | \$0                  | -\$1,012       | 0.00%                |
| 44          | Amortization of SB Development Legal Fees |                                   | \$1,549               | \$0                  | \$1,549        | 0.00%                |
| 45          | CIAC Amortization Expense                 |                                   | -\$75,839             | \$0                  | -\$75,839      | 0.00%                |
| 46          | Depreciation                              |                                   | \$129,784             | \$0                  | \$129,784      | 0.00%                |
| 47          | TOTAL OTHER OPERATING EXPENSES            |                                   | \$86,192              | \$0                  | \$86,192       |                      |
| 48          | TAXES OTHER THAN INCOME                   |                                   |                       |                      |                |                      |
| 49          | Real Estate Taxes                         | 967.200                           | \$1,520               | \$0                  | \$1,520        | 0.00%                |
| 50          | TOTAL TAXES OTHER THAN INCOME             |                                   | \$1,520               | \$0                  | \$1,520        |                      |
| 51          | TOTAL OPERATING EXPENSES                  |                                   | \$278,668             | \$0                  | \$278,668      |                      |

Lake Region Water and Sewer Company  
 Shawnee Bend Sewer  
 SR-2013-0459 - Revised 2/10/14  
 Test Year Ending 06/30/2013  
 Rate Design Schedule - Sewer

| Line Number | A<br>Description                      | B<br>Account Number<br>(Optional) | C<br>Staff Annualized    | D<br>Customer Charge | E<br>Commodity   | F<br>Percentage Rate |
|-------------|---------------------------------------|-----------------------------------|--------------------------|----------------------|------------------|----------------------|
| 52          | Interest Expense                      |                                   | (3) \$4,729              | \$0                  | \$4,729          | 0.00%                |
| 53          | Return on Equity                      |                                   | (3) \$4,380              | \$0                  | \$4,380          | 0.00%                |
| 54          | Income Taxes                          |                                   | (3) \$1,091              | \$0                  | \$1,091          | 0.00%                |
| 55          | TOTAL INTEREST RETURN & TAXES         |                                   | <u>\$10,200</u>          | <u>\$0</u>           | <u>\$10,200</u>  |                      |
| 56          | TOTAL COST OF SERVICE                 |                                   | \$288,868                | \$0                  | \$288,868        |                      |
| 57          | Less: Miscellaneous Revenues          |                                   | <u>\$139,704</u>         | <u>\$0</u>           | <u>\$139,704</u> | 0.00%                |
| 58          | COST TO RECOVER IN RATES              |                                   | <u>\$149,164</u>         | <u>\$0</u>           | <u>\$149,164</u> |                      |
| 59          | INCREMENTAL INCREASE IN RATE REVENUES |                                   | <u><u>-\$144,898</u></u> |                      |                  |                      |
| 60          | PERCENTAGE OF INCREASE                |                                   | <u><u>-33.40%</u></u>    |                      |                  |                      |
| 61          | REQUESTED INCREASE IN REVENUES        |                                   | \$1,673                  |                      |                  |                      |

- (1) From Revenue Schedule
- (2) From Expense Schedule
- (3) From PreTax Rate of Return Schedule, Rate Base & Return Schedule

Lake Region Water and Sewer Company  
 Shawnee Bend Sewer  
 SR-2013-0459 - Revised 2/10/14  
 Test Year Ending 06/30/2013  
 Rate Base Required Return on Investment Schedule - Sewer

| Line<br>Number | <u>A</u><br>Rate Base Description                     | <u>B</u><br>Dollar<br>Amount                          |
|----------------|---|---|
| 1              | Plant In Service                                      | \$4,193,119 From Plant Schedule                       |
| 2              | Less Accumulated Depreciation Reserve                 | <u>\$1,390,227</u> From Depreciation Reserve Schedule |
| 3              | Net Plant In Service                                  | \$2,802,893   |
| 4              | Other Rate Base Items:                                | \$0   |
|                | Deffered Taxes  | -\$38,822   |
|                | Customer Advances                                     | -\$163,950  |
|                | Material and Supplies                                 | \$12,142  |
|                | Contribution of Aid of Construction                   | -\$3,460,325  |
|                | CIAC Depreciation                                     | \$974,172   |
| 5              | Total Rate Base                                       | <u>\$126,110</u>                                      |
| 6              | Total Weighted Rate of Return<br>Including Income Tax | <u>8.09%</u> From PreTax Return & Taxes Schedule      |
| 7              | Required Return & Income Tax                          | <u><u>\$10,200</u></u>                                |

Lake Region Water and Sewer Company  
 Shawnee Bend Sewer  
 SR-2013-0459 - Revised 2/10/14  
 Test Year Ending 06/30/2013  
 Rate of Return Including Income Tax - Sewer

|   |  | A      |           | B                   | formulas                        |
|---|--|--------|-----------|---------------------|---------------------------------|
| 1 | State Income Tax Rate Statutory / Effective                            | 6.25%  | (2)       | 5.81%               | (1 - (B2 x .5)) x A1            |
| 2 | Federal Income Tax Rate Statutory / Effective                          | 15.00% | (1) & (2) | <u>14.13%</u>       | (1 - B1) x A2                   |
| 3 | Composite Effective Income Tax Rate                                    |        |           | 19.94%              | B1 + B2                         |
| 4 | Equity Tax Factor  |        |           | 1.2490              | 1 / (1-B3)                      |
| 5 | Recommended Weighted Rate of Return on Equity - Common and Preferred   |        |           | <u>3.47%</u>        | From Capital Structure Schedule |
| 6 | Weighted Rate of Return on Equity Including Income Tax                 |        |           | 4.34%               | B4 x B5                         |
| 7 | Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term |        |           | <u>3.75%</u>        | From Capital Structure Schedule |
| 8 | Total Weighted Rate of Return Including Income Tax                     |        |           | <u><u>8.09%</u></u> | B6+B7                           |

To Rate Base Schedule

(1) If Sub-Chapter S Corporation, Enter Y: N

Equity Income Required \$5,153  
 & Preliminary Federal Tax

Tax Rate Table

| Net Income Range |                 |          |   |              |
|------------------|-----------------|----------|---|--------------|
| Start            | End             | Tax Rate | Amount in Range   | Tax on Range |
| \$0              | \$50,000        | 15.00%   | \$5,153   | \$773        |
| \$50,001         | \$75,000        | 25.00%   | \$0   | \$0          |
| \$75,001         | \$100,000       | 34.00%   | \$0   | \$0          |
| \$100,001        | \$335,000       | 39.00%   | \$0   | \$0          |
| \$335,001        | \$9,999,999,999 | 34.00%   | \$0   | \$0          |
|                  |                 |          | <u>\$5,153</u>  | <u>\$773</u> |
|                  |                 |          | Consolidated Tax Rate:                                    |              |
|                  |                 |          | Average Tax Rate: <span style="float: right;">0.15</span> |              |

Lake Region Water and Sewer Company  
 Shawnee Bend Sewer  
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 Test Year Ending 06/30/2013  
 Capital Structure Schedule - Sewer

| Line<br>Number | A<br>Description                     | B<br>Dollar<br>Amount     | C<br>Percentage<br>of Total<br>Capital<br>Structure | D<br>Embedded<br>Cost of<br>Capital | E<br>Weighted<br>Cost of<br>Capital |
|----------------|--------------------------------------|---------------------------|---|-------------------------------------|-------------------------------------|
| 1              | Common Stock                         | \$658,892                 | 25.00%  | 13.89%                              | 3.473%                              |
| 2              | Other Security-Non Tax<br>Deductible | \$0                       | 0.00%   | 0.00%                               | 0.000%                              |
| 3              | Preferred Stock                      | \$0                       | 0.00%   | 0.00%                               | 0.000%                              |
| 4              | Long Term Debt                       | \$1,976,675               | 75.00%  | 5.00%                               | 3.750%                              |
| 5              | Short Term Debt                      | \$0                       | 0.00%   | 0.00%                               | 0.000%                              |
| 6              | Other Security-Tax<br>Deductible     | \$0                       | 0.00%   | 0.00%                               | 0.000%                              |
| 7              | <b>TOTAL CAPITALIZATION</b>          | <u><u>\$2,635,567</u></u> | <u><u>100.00%</u></u>                               |                                     | <u><u>7.223%</u></u>                |

To PreTax Return Rate Schedule

Lake Region Water and Sewer Company  
 Shawnee Bend Sewer  
 SR-2013-0459 - Revised 2/10/14  
 Test Year Ending 06/30/2013  
 Plant In Service - Sewer

| Line Number | A<br>Account #<br>(Optional) | B<br>Plant Account Description           | C<br>Total<br>Plant | D<br>Adjustment<br>Number | E<br>Adjustments | F<br>Jurisdictional<br>Allocation | G<br>Adjusted<br>Jurisdictional |
|-------------|------------------------------|--|---------------------|---------------------------|------------------|-----------------------------------|---------------------------------|
| 1           |                              | INTANGIBLE PLANT                         |                     |                           |                  |                                   |                                 |
| 2           | 301.000                      | Organization                             | \$22,970            |                           |                  | 72.23%                            | \$16,591                        |
| 3           |                              | TOTAL INTANGIBLE PLANT                   | <u>\$22,970</u>     |                           | \$0              |                                   | <u>\$16,591</u>                 |
| 4           |                              | SOURCE OF SUPPLY PLANT                   |                     |                           |                  |                                   |                                 |
| 5           | 350.000                      | Land & Land Rights                       | \$5,985             |                           |                  | 72.23%                            | \$4,323                         |
| 6           |                              | TOTAL SOURCE OF SUPPLY PLANT             | <u>\$5,985</u>      |                           | \$0              |                                   | <u>\$4,323</u>                  |
| 7           |                              | COLLECTION PLANT                         |                     |                           |                  |                                   |                                 |
| 8           | 352.120                      | Collection Sewers - Force - SB           | \$2,777,585         | P-8                       | \$55,935         | 100.00%                           | \$2,833,520                     |
| 9           | 353.200                      | Services to Customers SB                 | \$129,981           | P-9                       | \$49,477         | 100.00%                           | \$179,458                       |
| 10          | 354.200                      | Flow Measuring Devices SB                | \$0                 | P-10                      | \$5,993          | 100.00%                           | \$5,993                         |
| 11          |                              | TOTAL COLLECTION PLANT                   | <u>\$2,907,566</u>  |                           | <u>\$111,405</u> |                                   | <u>\$3,018,971</u>              |
| 12          |                              | PUMPING PLANT                            |                     |                           |                  |                                   |                                 |
| 13          | 362.200                      | Receiving Wells and Pump Pits SB         | \$258,043           | P-13                      | -\$8,470         | 100.00%                           | \$249,573                       |
| 14          | 363.200                      | Pumping Equipment SB                     | \$18,206            | P-14                      | \$243,737        | 100.00%                           | \$261,943                       |
| 15          |                              | TOTAL PUMPING PLANT                      | <u>\$276,249</u>    |                           | <u>\$235,267</u> |                                   | <u>\$511,516</u>                |
| 16          |                              | TREATMENT & DISPOSAL PLANT               |                     |                           |                  |                                   |                                 |
| 17          | 372.200                      | Treatment and Disposal Equipment - SB    | \$576,742           |                           |                  | 100.00%                           | \$576,742                       |
| 18          |                              | TOTAL TREATMENT & DISPOSAL PLANT         | <u>\$576,742</u>    |                           | \$0              |                                   | <u>\$576,742</u>                |
| 19          |                              | GENERAL PLANT                            |                     |                           |                  |                                   |                                 |
| 20          | 391.000                      | Office Furniture and Equipment           | \$11,172            |                           |                  | 41.33%                            | \$4,617                         |
| 21          | 391.100                      | Office Electronic Equipment              | \$14,917            |                           |                  | 41.33%                            | \$6,165                         |
| 22          | 392.000                      | Transportation Equipment - GP            | \$10,579            |                           |                  | 72.23%                            | \$7,641                         |
| 23          | 392.100                      | Transportation Equipment - Pump Truck    | \$36,520            |                           |                  | 72.23%                            | \$26,378                        |
| 24          | 392.200                      | Transportation Equipment - Sierra Truck  | \$19,703            |                           |                  | 41.33%                            | \$8,143                         |
| 25          | 394.000                      | Tools, Shop and Garage Equipment         | \$6,727             |                           |                  | 41.33%                            | \$2,780                         |
| 26          | 395.000                      | Laboratory Equipment                     | \$1,284             |                           |                  | 72.23%                            | \$927                           |
| 27          | 396.000                      | Power Operated Equipment - Company Owned | \$11,523            |                           |                  | 72.23%                            | \$8,323                         |
| 28          |                              | TOTAL GENERAL PLANT                      | <u>\$112,425</u>    |                           | \$0              |                                   | <u>\$64,976</u>                 |
| 29          |                              | TOTAL PLANT IN SERVICE                   | <u>\$3,901,937</u>  |                           | <u>\$346,672</u> |                                   | <u>\$4,193,119</u>              |

To Rate Base & Depreciation Schedules

Lake Region Water and Sewer Company  
 Shawnee Bend Sewer  
 SR-2013-0459 - Revised 2/10/14  
 Test Year Ending 06/30/2013  
 Schedule of Adjustments for Plant in Service - Sewer

| A<br>Plant<br>Adjustment<br>Number | B<br>Plant In Service Adjustment Description  | C<br>Account<br>Number | D<br>Adjustment<br>Amount | E<br>Total<br>Adjustment |
|------------------------------------|---|------------------------|---------------------------|--------------------------|
| P-8                                | Collection Sewers - Force - SB  | 352.120                |                           | \$55,935                 |
|                                    | 1 - Transfer (Reclass) plant recorded as Horseshoe Bend "Plant Sewers" in previous case. A. Rice                |                        | \$38,535                  |                          |
|                                    | 2 - Reverse original cost, Villages 12/31/2000. A. Rice   |                        | -\$5,400                  |                          |
|                                    | 3 - Reverse original cost, Villages 12/31/2001. A. Rice   |                        | -\$1,500                  |                          |
|                                    | 4 - Reverse original cost, Villages 12/31/2001. A. Rice   |                        | -\$4,650                  |                          |
|                                    | 5 - Sewer line upgrade, Villages lawsuit determined original cost. A. Rice                                      |                        | \$28,950                  |                          |
| P-9                                | Services to Customers SB  | 353.200                |                           | \$49,477                 |
|                                    | 1 - Update plant balance from previous case. A. Rice  |                        | \$42,330                  |                          |
|                                    | 2 - Adjust inventory to actual. A. Rice   |                        | \$4,447                   |                          |
|                                    | 3 - Capitalize labor from previous case. A. Rice  |                        | \$2,700                   |                          |
| P-10                               | Flow Measuring Devices SB   | 354.200                |                           | \$5,993                  |
|                                    | 1 - Transfer plant improperly booked from Horseshoe Bend Sewer Acct. 354.10. A. Rice                            |                        | \$5,993                   |                          |
| P-13                               | Receiving Wells and Pump Pits SB  | 362.200                |                           | -\$8,470                 |
|                                    | 1 - Transfer plant improperly booked to Shawnee Bend Sewer. Transfer to HB Pumping Equip. Acct. 363.10. A. Rice |                        | -\$2,383                  |                          |



Lake Region Water and Sewer Company  
 Shawnee Bend Sewer  
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 Test Year Ending 06/30/2013  
 Schedule of Adjustments for Plant in Service - Sewer

| A<br>Plant<br>Adjustment<br>Number | B<br>Plant In Service Adjustment Description                                      | C<br>Account<br>Number | D<br>Adjustment<br>Amount | E<br>Total<br>Adjustment |
|------------------------------------|---|------------------------|---------------------------|--------------------------|
|                                    | 2 - Transfer to SB Pumping Equip. Acct.<br>363.00. A. Rice                        |                        | -\$6,087                  |                          |
| P-14                               | Pumping Equipment SB  | 363.200                |                           | \$243,737                |
|                                    | 1 - Capitalize pumps and control panels from<br>previous case 12/31/2009. A. Rice |                        | \$4,164                   |                          |
|                                    | 2 - Lift station pump retirement (Prior to<br>3/31/2010). A. Rice                 |                        | -\$6,514                  |                          |
|                                    | 3 - Transfer from SB Receiving Wells Acct.<br>362.20. A. Rice                     |                        | \$6,087                   |                          |
|                                    | 4 - Transfer (reclass) from account 363.10 HB<br>Pumping Equip. to SB. A. Rice    |                        | \$240,000                 |                          |
| <b>Total Plant Adjustments</b>     |   |                        |                           | <b>\$346,672</b>         |

Lake Region Water and Sewer Company  
Shawnee Bend Sewer  
SR-2013-0459 - Revised 2/10/14  
Test Year Ending 06/30/2013  
Depreciation Expense - Sewer

| Line Number | A<br>Account Number | B<br>Plant Account Description           | C<br>Adjusted Jurisdictional | D<br>Depreciation Rate | E<br>Depreciation Expense |
|-------------|---------------------|--|------------------------------|------------------------|---------------------------|
| 1           |                     | INTANGIBLE PLANT                         |                              |                        |                           |
| 2           | 301.000             | Organization                             | \$16,591                     | 0.00%                  | \$0                       |
| 3           |                     | TOTAL INTANGIBLE PLANT                   | <u>\$16,591</u>              |                        | <u>\$0</u>                |
| 4           |                     | SOURCE OF SUPPLY PLANT                   |                              |                        |                           |
| 5           | 350.000             | Land & Land Rights                       | \$4,323                      | 0.00%                  | \$0                       |
| 6           |                     | TOTAL SOURCE OF SUPPLY PLANT             | <u>\$4,323</u>               |                        | <u>\$0</u>                |
| 7           |                     | COLLECTION PLANT                         |                              |                        |                           |
| 8           | 352.120             | Collection Sewers - Force - SB           | \$2,833,520                  | 2.00%                  | \$56,670                  |
| 9           | 353.200             | Services to Customers SB                 | \$179,458                    | 2.00%                  | \$3,589                   |
| 10          | 354.200             | Flow Measuring Devices SB                | \$5,993                      | 3.30%                  | \$198                     |
| 11          |                     | TOTAL COLLECTION PLANT                   | <u>\$3,018,971</u>           |                        | <u>\$60,457</u>           |
| 12          |                     | PUMPING PLANT                            |                              |                        |                           |
| 13          | 362.200             | Receiving Wells and Pump Pits SB         | \$249,573                    | 4.00%                  | \$9,983                   |
| 14          | 363.200             | Pumping Equipment SB                     | \$261,943                    | 10.00%                 | \$26,194                  |
| 15          |                     | TOTAL PUMPING PLANT                      | <u>\$511,516</u>             |                        | <u>\$36,177</u>           |
| 16          |                     | TREATMENT & DISPOSAL PLANT               |                              |                        |                           |
| 17          | 372.200             | Treatment and Disposal Equipment - SB    | \$576,742                    | 5.00%                  | \$28,837                  |
| 18          |                     | TOTAL TREATMENT & DISPOSAL PLANT         | <u>\$576,742</u>             |                        | <u>\$28,837</u>           |
| 19          |                     | GENERAL PLANT                            |                              |                        |                           |
| 20          | 391.000             | Office Furniture and Equipment           | \$4,617                      | 5.00%                  | \$231                     |
| 21          | 391.100             | Office Electronic Equipment              | \$6,165                      | 14.30%                 | \$882                     |
| 22          | 392.000             | Transportation Equipment - GP            | \$7,641                      | 0.00%                  | \$0                       |
| 23          | 392.100             | Transportation Equipment - Pump Truck    | \$26,378                     | 5.30%                  | \$1,398                   |
| 24          | 392.200             | Transportation Equipment - Sierra Truck  | \$8,143                      | 13.00%                 | \$1,059                   |
| 25          | 394.000             | Tools, Shop and Garage Equipment         | \$2,780                      | 5.00%                  | \$139                     |
| 26          | 395.000             | Laboratory Equipment                     | \$927                        | 5.00%                  | \$46                      |
| 27          | 396.000             | Power Operated Equipment - Company Owned | \$8,323                      | 6.70%                  | \$558                     |
| 28          |                     | TOTAL GENERAL PLANT                      | <u>\$64,976</u>              |                        | <u>\$4,313</u>            |
| 29          |                     | Total Depreciation                       | <u>\$4,193,119</u>           |                        | <u>\$129,784</u>          |

Lake Region Water and Sewer Company  
Shawnee Bend Sewer  
SR-2013-0459 - Revised 2/10/14  
Test Year Ending 06/30/2013  
Accumulated Depreciation Reserve - Sewer

| Line Number | A<br>Account Number | B<br>Depreciation Reserve Description    | C<br>Total Reserve | D<br>Adjustment Number | E<br>Adjustments | F<br>Jurisdictional Allocation | G<br>Adjusted Jurisdictional |
|-------------|---------------------|--|--------------------|------------------------|------------------|--------------------------------|------------------------------|
| 1           |                     | INTANGIBLE PLANT                         |                    |                        |                  |                                |                              |
| 2           | 301.000             | Organization                             | \$0                |                        |                  | 100.00%                        | \$0                          |
| 3           |                     | TOTAL INTANGIBLE PLANT                   | \$0                |                        | \$0              |                                | \$0                          |
| 4           |                     | SOURCE OF SUPPLY PLANT                   |                    |                        |                  |                                |                              |
| 5           | 350.000             | Land & Land Rights                       | \$0                |                        |                  | 100.00%                        | \$0                          |
| 6           |                     | TOTAL SOURCE OF SUPPLY PLANT             | \$0                |                        | \$0              |                                | \$0                          |
| 7           |                     | COLLECTION PLANT                         |                    |                        |                  |                                |                              |
| 8           | 352.120             | Collection Sewers - Force - SB           | \$583,622          | R-8                    | \$9,537          | 100.00%                        | \$593,159                    |
| 9           | 353.200             | Services to Customers SB                 | \$17,407           |                        |                  | 100.00%                        | \$17,407                     |
| 10          | 354.200             | Flow Measuring Devices SB                | \$0                | R-10                   | \$2,373          | 100.00%                        | \$2,373                      |
| 11          |                     | TOTAL COLLECTION PLANT                   | \$601,029          |                        | \$11,910         |                                | \$612,939                    |
| 12          |                     | PUMPING PLANT                            |                    |                        |                  |                                |                              |
| 13          | 362.200             | Receiving Wells and Pump Pits SB         | \$147,130          | R-13                   | -\$4,442         | 100.00%                        | \$142,688                    |
| 14          | 363.200             | Pumping Equipment SB                     | \$16,340           | R-14                   | \$178,180        | 100.00%                        | \$194,520                    |
| 15          |                     | TOTAL PUMPING PLANT                      | \$163,470          |                        | \$173,738        |                                | \$337,208                    |
| 16          |                     | TREATMENT & DISPOSAL PLANT               |                    |                        |                  |                                |                              |
| 17          | 372.200             | Treatment and Disposal Equipment - SB    | \$195,081          | R-17                   | \$186,969        | 100.00%                        | \$382,050                    |
| 18          |                     | TOTAL TREATMENT & DISPOSAL PLANT         | \$195,081          |                        | \$186,969        |                                | \$382,050                    |
| 19          |                     | GENERAL PLANT                            |                    |                        |                  |                                |                              |
| 20          | 391.000             | Office Furniture and Equipment           | \$7,453            |                        |                  | 41.33%                         | \$3,080                      |
| 21          | 391.100             | Office Electronic Equipment              | \$6,894            |                        |                  | 41.33%                         | \$2,849                      |
| 22          | 392.000             | Transportation Equipment - GP            | \$30,006           |                        |                  | 72.23%                         | \$21,673                     |
| 23          | 392.100             | Transportation Equipment - Pump Truck    | \$26,076           |                        |                  | 72.23%                         | \$18,835                     |
| 24          | 392.200             | Transportation Equipment - Sierra Truck  | \$10,664           |                        |                  | 41.33%                         | \$4,407                      |
| 25          | 394.000             | Tools, Shop and Garage Equipment         | \$4,336            |                        |                  | 41.33%                         | \$1,792                      |
| 26          | 395.000             | Laboratory Equipment                     | \$886              |                        |                  | 72.23%                         | \$640                        |
| 27          | 396.000             | Power Operated Equipment - Company Owned | \$6,580            |                        |                  | 72.23%                         | \$4,753                      |
| 28          |                     | TOTAL GENERAL PLANT                      | \$92,895           |                        | \$0              |                                | \$58,030                     |
| 29          |                     | TOTAL DEPRECIATION RESERVE               | \$1,052,475        |                        | \$372,617        |                                | \$1,390,227                  |

To Rate Base Schedule

Lake Region Water and Sewer Company  
 Shawnee Bend Sewer  
 SR-2013-0459 - Revised 2/10/14  
 Test Year Ending 06/30/2013  
 Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

| <u>A</u><br>Reserve<br>Adjustment<br>Number | <u>B</u><br>Accumulated Depreciation Reserve<br>Adjustments Description   | <u>C</u><br>Account<br>Number | <u>D</u><br>Adjustment<br>Amount | <u>E</u><br>Total<br>Adjustment<br>Amount |
|---|---|-------------------------------|----------------------------------|---|
| R-8   | Collection Sewers - Force - SB  | 352.120                       |                                  | \$9,537                                   |
|   | 1 - Transfer (reclass) of \$38,535 plant recorded as Horseshoe Bend "Plant Sewers" in previous case. A. Rice                                    |                               | \$9,537                          |   |
| R-10  | Flow Measuring Devices SB   | 354.200                       |                                  | \$2,373                                   |
|   | 1 - Transfer of \$5,993 plant improperly booked to Horseshoe Bend Sewer. A. Rice  |                               | \$2,373                          |   |
| R-13  | Receiving Wells and Pump Pits SB  | 362.200                       |                                  | -\$4,442                                  |
|   | 1 - Transfer to Horseshoe Bend Sewer of \$2,383 of plant improperly booked to Shawnee Bend Sewer. Transfer to Acct. 363.10. A. Rice             |                               | -\$1,262                         |   |
|   | 2 - Transfer of \$6,087 of plant to SB Pumping Acct. 363.20. A. Rice  |                               | -\$3,180                         |   |
| R-14  | Pumping Equipment SB  | 363.200                       |                                  | \$178,180                                 |
|   | 1 - Transfer from SB Receiving Wells Acct. 362.20. A. Rice  |                               | \$3,180                          |   |
|   | 2 - Transfer (reclass) from Acct. 363.10 HB to SB. Accrued reserves associated with the \$240,000 Pumping Plant transfer from HB to SB. A. Rice |                               | \$300,000                        |   |
|   | 3 - Pumping Equip. is over accrued. Reserve rebalance with under accrued Treatment & Disposal Equip. Acct. 372.20. A. Rice                      |                               | -\$125,000                       |   |
| R-17  | Treatment and Disposal Equipment - SB   | 372.200                       |                                  | \$186,969                                 |

**Lake Region Water and Sewer Company**  
**Shawnee Bend Sewer**  
**SR-2013-0459 - Revised 2/10/14**  
**Test Year Ending 06/30/2013**  
**Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer**

| <u>A</u><br>Reserve<br>Adjustment<br>Number | <u>B</u><br>Accumulated Depreciation Reserve<br>Adjustments Description  | <u>C</u><br>Account<br>Number | <u>D</u><br>Adjustment<br>Amount | <u>E</u><br>Total<br>Adjustment<br>Amount |
|---|--|-------------------------------|----------------------------------|---|
|   | 1 - Treatment and Disposal Equip. is under accrued. Reserve rebalance with over accrued Pumping Equip. Acct. 363.20. A. Rice |                               | \$125,000                        |   |
|   | 2 - Reverse the \$61,969 retired for lagoon land. A Rice 2/10/14 OPC Settlement  |                               | \$61,969                         |   |
| <b>Total Reserve Adjustments</b>            |  |                               |                                  | <b>\$372,617</b>                          |

Lake Region Water and Sewer Company  
 Shawnee Bend Sewer  
 SR-2013-0459 - Revised 2/10/14  
 Test Year Ending 06/30/2013  
 Revenue Schedule - Sewer

| A              | B                               | C                         | D                               | E                    | F                             | G                            |                            |
|----------------|---------------------------------|---------------------------|---------------------------------|----------------------|-------------------------------|------------------------------|----------------------------|
| Line<br>Number | Account<br>Number<br>(Optional) | Revenue Description       | Company/<br>Test Year<br>Amount | Adjustment<br>Number | Jurisdictional<br>Adjustments | Jurisdictional<br>Allocation | Adjusted<br>Jurisdictional |
| Rev-1          |                                 | ANNUALIZED REVENUES       |                                 |                      |                               |                              |                            |
| Rev-2          |                                 | Annualized Rate Revenues  | \$283,160                       | Rev-2                | \$10,902                      | 100.00%                      | \$294,062                  |
| Rev-3          |                                 | Miscellaneous Revenues    | -\$260                          | Rev-3                | \$139,964                     | 100.00%                      | \$139,704                  |
| Rev-4          |                                 | TOTAL ANNUALIZED REVENUES | \$282,900                       |                      | \$150,866                     |                              | \$433,766                  |

Lake Region Water and Sewer Company  
 Shawnee Bend Sewer  
 SR-2013-0459 - Revised 2/10/14  
 Test Year Ending 06/30/2013  
 Revenue Adjustment Schedule - Sewer

| <u>A</u><br>Revenue Adj<br>Number | <u>B</u><br>Adjustment Description     | <u>C</u><br>Account<br>Number | <u>D</u><br>Adjustment<br>Amount | <u>E</u><br>Total<br>Adjustment |
|-----------------------------------|--|-------------------------------|----------------------------------|---------------------------------|
| Rev-2                             | Annualized Rate Revenues               |                               |                                  | \$10,902                        |
|                                   | 1. To Annualize Rate Revenues          |                               | \$10,902                         |                                 |
|                                   | 2. Description                         |                               | \$0                              |                                 |
|                                   | 3. Description                         |                               | \$0                              |                                 |
| Rev-3                             | Miscellaneous Revenues                 |                               |                                  | \$139,964                       |
|                                   | 1. To Annualize Miscellaneous Revenues |                               | \$139,964                        |                                 |
|                                   | 2. Description                         |                               | \$0                              |                                 |
| <b>Total Revenue Adjustments</b>  |  |                               |                                  | <b>\$150,866</b>                |

Lake Region Water and Sewer Company  
Shawnee Bend Sewer  
SR-2013-0459 - Revised 2/10/14  
Test Year Ending 06/30/2013  
Revenue Summary Schedule - Sewer

| Line Number | A<br>Description                               | Residential Sewer |                         | Commercial Sewer |                        |
|-------------|--|-------------------|-------------------------|------------------|------------------------|
|             |  | B<br>Amount       | C<br>Amount             | D<br>Amount      | E<br>Amount            |
| 1           | <u>Customer Charge Revenues:</u>               |                   |                         |                  |                        |
| 2           | Customer Number                                | 620               |                         | 12               |                        |
| 3           | Bills Per Year                                 | 12                |                         | 12               |                        |
| 4           | Customer Bills Per year                        | 7,440             |                         | 144              |                        |
| 5           | Current Customer Charge                        | <u>\$36.19</u>    |                         | <u>\$36.19</u>   |                        |
| 6           | Annualized Customer Charge Revenues            |                   | \$269,254               |                  | \$5,211                |
| 7           | <u>Commodity Charge Revenues:</u>              |                   |                         |                  |                        |
| 8           | Total Gallons Sold                             | 0                 |                         | 3,806,260        |                        |
| 9           | Less: Base Gallons Included In Customer Charge | <u>0</u>          |                         | <u>556,372</u>   |                        |
| 10          | Commodity Gallons                              | 0                 |                         | 3,249,888        |                        |
| 11          | Block 1, Commodity Gallons per Block           | 0                 |                         | 3,249,888        |                        |
| 12          | Block 1, Number of Commodity Gallons per Unit  | <u>0</u>          |                         | <u>1,000</u>     |                        |
| 13          | Block 1, Commodity Billing Units               | 0.00              |                         | 3,249.89         |                        |
| 14          | Block 1, Existing Commodity Charge             | <u>\$0.00</u>     |                         | <u>\$6.03</u>    |                        |
| 15          | Block 1, Annualized Commodity Charge Rev.      |                   | \$0                     |                  | \$19,597               |
| 16          | <b>Total Annualized Sewer Rate Revenues</b>    |                   | <u><u>\$269,254</u></u> |                  | <u><u>\$24,808</u></u> |

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.



Lake Region Water and Sewer Company  
 Shawnee Bend Sewer  
 SR-2013-0459 - Revised 2/10/14  
 Test Year Ending 06/30/2013  
 Revenue Summary Schedule - Sewer

| Line Number | A<br>Description                               | Total       |                         |
|-------------|--|-------------|-------------------------|
|             |  | F<br>Amount | G<br>Amount             |
| 1           | <u>Customer Charge Revenues:</u>               |             |                         |
| 2           | Customer Number                                | 632         |                         |
| 3           | Bills Per Year                                 |             |                         |
| 4           | Customer Bills Per year                        | 7,584       |                         |
| 5           | Current Customer Charge                        |             |                         |
| 6           | Annualized Customer Charge Revenues            |             | \$274,465               |
| 7           | <u>Commodity Charge Revenues:</u>              |             |                         |
| 8           | Total Gallons Sold                             | 3,806,260   |                         |
| 9           | Less: Base Gallons Included In Customer Charge | 556,372     |                         |
| 10          | Commodity Gallons                              | 3,249,888   |                         |
| 11          | Block 1, Commodity Gallons per Block           |             |                         |
| 12          | Block 1, Number of Commodity Gallons per Unit  |             |                         |
| 13          | Block 1, Commodity Billing Units               |             |                         |
| 14          | Block 1, Existing Commodity Charge             |             |                         |
| 15          | Block 1, Annualized Commodity Charge Rev.      |             | \$19,597                |
| 16          | <b>Total Annualized Sewer Rate Revenues</b>    |             | <b><u>\$294,062</u></b> |

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Lake Region Water and Sewer Company  
Shawnee Bend Sewer  
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Test Year Ending 06/30/2013  
Miscellaneous Revenues Feeder - Sewer

| Line<br>Number | <u>A</u><br>Description        | <u>B</u><br>Amount      |
|----------------|--------------------------------|-------------------------|
| 1              | To remove clearing account 536 | \$0                     |
| 2              | To include Availability Fees   | <u>\$139,704</u>        |
| 3              | Total Miscellaneous Revenues   | <u><u>\$139,704</u></u> |

Lake Region Water and Sewer Company  
Shawnee Bend Sewer  
SR-2013-0459 - Revised 2/10/14  
Test Year Ending 06/30/2013  
Expense Schedule - Sewer

| Line Number | A<br>Account Number<br>(Optional) | B<br>Expense Description                     | C<br>Company/<br>Test Year<br>Amount | D<br>Adjustment<br>Number | E<br>Adjustments  | F<br>Jurisdictional<br>Allocation | G<br>Adjusted<br>Jurisdictional |
|-------------|-----------------------------------|--|--------------------------------------|---------------------------|-------------------|-----------------------------------|---------------------------------|
| 1           |                                   | <b>OPERATIONS EXPENSES</b>                   |                                      |                           |                   |                                   |                                 |
| 2           | 711.200                           | Sludge Removal                               | \$3,530                              | S-2                       | \$235             | 100.00%                           | \$3,765                         |
| 3           | 715.000                           | Power for Treatment Plants - Other           | \$155                                | S-3                       | -\$155            | 100.00%                           | \$0                             |
| 4           | 715.200                           | Power for Treatment Plants - SB Only         | \$13,095                             | S-4                       | -\$132            | 100.00%                           | \$12,963                        |
| 5           | 716.200                           | Power for Liftstations - SB                  | \$20,765                             | S-5                       | -\$1,659          | 100.00%                           | \$19,106                        |
| 6           | 718.200                           | Chemicals                                    | \$8,529                              |                           |                   | 100.00%                           | \$8,529                         |
| 7           | 719.200                           | Effluent Testing Expenses - SB               | \$2,685                              | S-7                       | \$654             | 100.00%                           | \$3,339                         |
| 8           | 721.200                           | Sewer Operating Expense                      | \$3,487                              | S-8                       | -\$230            | 100.00%                           | \$3,257                         |
| 9           | 737.200                           | PWSD#4 Labor                                 | \$73,577                             | S-9                       | \$8,290           | 100.00%                           | \$81,867                        |
| 10          |                                   | <b>TOTAL OPERATIONS EXPENSE</b>              | <b>\$125,823</b>                     |                           | <b>\$7,003</b>    |                                   | <b>\$132,826</b>                |
| 11          |                                   | <b>MAINTENANCE EXPENSES</b>                  |                                      |                           |                   |                                   |                                 |
| 12          | 720.200                           | Sewer Supplies                               | \$3,967                              | S-12                      | -\$865            | 100.00%                           | \$3,102                         |
| 13          | 722.200                           | Tools and Shop Supplies                      | \$319                                | S-13                      | \$197             | 100.00%                           | \$516                           |
| 14          | 730.000                           | Contractual Services - Other                 | \$9,750                              | S-14                      | -\$9,750          | 66.37%                            | \$0                             |
| 15          | 742.000                           | Equipment Rental - Other                     | \$13,647                             | S-15                      | \$2,133           | 38.07%                            | \$6,007                         |
| 16          | 745.950                           | Equipment Maintenance                        | -\$277                               | S-16                      | \$2,522           | 100.00%                           | \$2,245                         |
| 17          | 923.000                           | Outside Services Employed                    | \$1,407                              |                           |                   | 50.42%                            | \$709                           |
| 18          |                                   | <b>TOTAL MAINTENANCE EXPENSE</b>             | <b>\$28,813</b>                      |                           | <b>-\$5,763</b>   |                                   | <b>\$12,579</b>                 |
| 19          |                                   | <b>CUSTOMER ACCOUNT EXPENSE</b>              |                                      |                           |                   |                                   |                                 |
| 20          | 921.500                           | Billing Expense                              | \$4,889                              | S-20                      | -\$352            | 41.30%                            | \$1,874                         |
| 21          | 950.000                           | Bad Debt Expense                             | \$2,205                              | S-21                      | -\$396            | 30.51%                            | \$552                           |
| 22          |                                   | <b>TOTAL CUSTOMER ACCOUNT EXPENSE</b>        | <b>\$7,094</b>                       |                           | <b>-\$748</b>     |                                   | <b>\$2,426</b>                  |
| 23          |                                   | <b>ADMINISTRATIVE &amp; GENERAL EXPENSES</b> |                                      |                           |                   |                                   |                                 |
| 24          | 732.200                           | Accounting Fees                              | \$3,805                              | S-24                      | \$527             | 100.00%                           | \$4,332                         |
| 25          | 733.200                           | Contracted Legal Fees                        | \$9,373                              | S-25                      | -\$8,776          | 100.00%                           | \$597                           |
| 26          | 757.200                           | General Liability - Sewer                    | \$2,480                              | S-26                      | \$1,074           | 100.00%                           | \$3,554                         |
| 27          | 921.000                           | Office Supplies                              | \$12,969                             | S-27                      | -\$8,237          | 41.30%                            | \$1,954                         |
| 28          | 922.000                           | Management Fees                              | \$211,000                            | S-28                      | -\$181,125        | 38.07%                            | \$11,373                        |
| 29          | 925.000                           | Telephone                                    | \$3,694                              | S-29                      | -\$1,759          | 30.51%                            | \$590                           |
| 30          | 927.000                           | Travel and Entertainment - Other             | \$17,516                             | S-30                      | -\$17,229         | 30.51%                            | \$88                            |
| 31          | 927.100                           | Travel and Entertainment - Lodging           | \$85                                 | S-31                      | -\$85             | 30.51%                            | \$0                             |
| 32          | 927.200                           | Transportation - Airline/Car                 | \$227                                | S-32                      | -\$227            | 30.51%                            | \$0                             |
| 33          | 933.000                           | Transportation Expense                       | \$46,778                             | S-33                      | -\$2,142          | 30.51%                            | \$13,618                        |
| 34          | 940.000                           | Customer Refunds                             | \$96                                 |                           |                   | 41.30%                            | \$40                            |
| 35          | 941.000                           | Building Rental                              | \$13,200                             |                           |                   | 38.07%                            | \$5,025                         |
| 36          | 975.000                           | Other Misc. Expenses                         | \$4,516                              | S-36                      | -\$2,687          | 30.51%                            | \$558                           |
| 37          | 981.000                           | Rate Case Expense                            | \$322                                | S-37                      | \$1,074           | 100.00%                           | \$1,396                         |
| 38          |                                   | <b>TOTAL ADMINISTRATIVE AND GENERAL</b>      | <b>\$326,061</b>                     |                           | <b>-\$219,592</b> |                                   | <b>\$43,125</b>                 |
| 39          |                                   | <b>OTHER OPERATING EXPENSES</b>              |                                      |                           |                   |                                   |                                 |
| 40          | 767.500                           | PSC Assessment                               | \$19,870                             | S-40                      | \$11,105          | 100.00%                           | \$30,975                        |
| 41          | 779.200                           | Licenses and Permits                         | \$1,500                              | S-41                      | -\$750            | 100.00%                           | \$750                           |
| 42          | 929.000                           | Discounts Taken                              | -\$49                                |                           |                   | 30.51%                            | -\$15                           |
| 43          | 930.000                           | Loss on Disposition of Assets                | -\$2,520                             |                           |                   | 40.16%                            | -\$1,012                        |
| 44          |                                   | Amortization of SB Development Legal Fees    | \$0                                  | S-44                      | \$1,549           | 100.00%                           | \$1,549                         |
| 45          |                                   | CIAC Amortization Expense                    | \$0                                  | S-45                      | -\$75,839         | 100.00%                           | -\$75,839                       |
| 46          |                                   | Depreciation                                 | \$0                                  | S-46                      | \$129,784         | 100.00%                           | \$129,784                       |
| 47          |                                   | <b>TOTAL OTHER OPERATING EXPENSES</b>        | <b>\$18,801</b>                      |                           | <b>\$65,849</b>   |                                   | <b>\$86,192</b>                 |
| 48          |                                   | <b>TAXES OTHER THAN INCOME</b>               |                                      |                           |                   |                                   |                                 |
| 49          | 967.200                           | Real Estate Taxes                            | \$4,025                              | S-49                      | -\$239            | 40.16%                            | \$1,520                         |
| 50          |                                   | <b>TOTAL TAXES OTHER THAN INCOME</b>         | <b>\$4,025</b>                       |                           | <b>-\$239</b>     |                                   | <b>\$1,520</b>                  |
| 51          |                                   | <b>TOTAL OPERATING EXPENSES</b>              | <b>\$510,617</b>                     |                           | <b>-\$153,490</b> |                                   | <b>\$278,668</b>                |

Lake Region Water and Sewer Company  
 Shawnee Bend Sewer  
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 Expense Adjustment Schedule - Sewer

| <u>A</u><br>Expense Adj<br>Number | <u>B</u><br>Adjustment Description   | <u>C</u><br>Account<br>Number | <u>D</u><br>Adjustment<br>Amount | <u>E</u><br>Total<br>Adjustment |
|-----------------------------------|--|-------------------------------|----------------------------------|---------------------------------|
| S-2                               | Sludge Removal   | 711.200                       |                                  | \$235                           |
|                                   | 1 - Staff/OPC Settlement   |                               | \$235                            |                                 |
| S-3                               | Power for Treatment Plants - Other   | 715.000                       |                                  | -\$155                          |
|                                   | 1 - To remove Ozark Shores expenses - A. Sarver  |                               | -\$29                            |                                 |
|                                   | 2 - To remove amounts booked to incorrect accounts. A. Sarver  |                               | -\$126                           |                                 |
| S-4                               | Power for Treatment Plants - SB Only   | 715.200                       |                                  | -\$132                          |
|                                   | 1 - To remove account no longer in service. A. Sarver  |                               | -\$132                           |                                 |
| S-5                               | Power for Liftstations - SB  | 716.200                       |                                  | -\$1,659                        |
|                                   | 1 - To annualize power to reflect rate increase. A. Sarver   |                               | \$76                             |                                 |
|                                   | 2 - To remove amounts booked to incorrect account. A. Sarver   |                               | -\$23                            |                                 |
|                                   | 3 - To remove Ozark Shores expenses. A. Sarver   |                               | -\$15                            |                                 |
|                                   | 4 - To remove amounts booked to incorrect account, transfer to Well Pump Power Acct. 615.20. A. Sarver |                               | -\$1,697                         |                                 |
| S-7                               | Effluent Testing Expenses - SB   | 719.200                       |                                  | \$654                           |
|                                   | 1 - To add amounts booked to incorrect accounts. A. Sarver   |                               | \$654                            |                                 |
| S-8                               | Sewer Operating Expense  | 721.200                       |                                  | -\$230                          |
|                                   | 1 - To normalize sewer operating expense. K. Bolin   |                               | -\$230                           |                                 |

Lake Region Water and Sewer Company  
 Shawnee Bend Sewer  
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 Test Year Ending 06/30/2013  
 Expense Adjustment Schedule - Sewer

| <u>A</u><br>Expense Adj<br>Number | <u>B</u><br>Adjustment Description   | <u>C</u><br>Account<br>Number | <u>D</u><br>Adjustment<br>Amount | <u>E</u><br>Total<br>Adjustment |
|-----------------------------------|--|-------------------------------|----------------------------------|---------------------------------|
| S-9                               | PWSD#4 Labor   | 737.200                       |                                  | \$8,290                         |
|                                   | 1 - To annualize payroll, employee benefits, payroll taxes, and workers' compensation. K. Foster |                               | \$8,290                          |                                 |
| S-12                              | Sewer Supplies   | 720.200                       |                                  | -\$865                          |
|                                   | 1 - To remove items not necessary to provide safe and adequate service. A. Sarver                |                               | -\$12                            |                                 |
|                                   | 2 - To remove amounts booked to incorrect account. A. Sarver                                     |                               | -\$853                           |                                 |
| S-13                              | Tools and Shop Supplies  | 722.200                       |                                  | \$197                           |
|                                   | 1 - To add amount booked to incorrect account. A. Sarver   |                               | \$197                            |                                 |
| S-14                              | Contractual Services - Other   | 730.000                       |                                  | -\$9,750                        |
|                                   | 1 - To remove expenses associated with plant projects that were not completed. K. Bolin          |                               | -\$9,750                         |                                 |
| S-15                              | Equipment Rental - Other   | 742.000                       |                                  | \$2,133                         |
|                                   | 1 - To adjust equipment rental expense to reflect Staff's annualized rental expense. E. Carle    |                               | \$2,133                          |                                 |
| S-16                              | Equipment Maintenance  | 745.950                       |                                  | \$2,522                         |
|                                   | 1 - To normalize equipment maintenance. K. Bolin   |                               | \$2,522                          |                                 |
| S-20                              | Billing Expense  | 921.500                       |                                  | -\$352                          |
|                                   | 1 - To annualize billing expense based on current postal rates. K. Foster                        |                               | -\$352                           |                                 |
| S-21                              | Bad Debt Expense   | 950.000                       |                                  | -\$396                          |

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|-----------------------------------|---|-------------------------------|----------------------------------|---------------------------------|
|                                   | 1 - To adjust bad debt expense to a normalized level. E. Carle                                      |                               | -\$396                           |                                 |
| S-24                              | Accounting Fees   | 732.200                       |                                  | \$527                           |
|                                   | 1 - To reallocate accounting fees according to the revenue allocation factor. K. Foster             |                               | \$527                            |                                 |
| S-25                              | Contracted Legal Fees   | 733.200                       |                                  | -\$8,776                        |
|                                   | 1 - To remove legal fees for Shawnee Bend Litigation and 2012 Finance Authority. K. Foster          |                               | -\$9,282                         |                                 |
|                                   | 2 - To annualize legal fees for 2012 Finance Authority to a three-year average. K. Foster           |                               | \$506                            |                                 |
| S-26                              | General Liability - Sewer   | 757.200                       |                                  | \$1,074                         |
|                                   | 1 - To annualize insurance to reflect allocation based on plant. A. Sarver                          |                               | \$1,074                          |                                 |
| S-27                              | Office Supplies   | 921.000                       |                                  | -\$8,237                        |
|                                   | 1 - To remove amount booked to incorrect account. A. Sarver   |                               | -\$2,350                         |                                 |
|                                   | 2 - To remove non-recurring expenses. A. Sarver   |                               | -\$250                           |                                 |
|                                   | 3 - To remove account analysis charge. A. Sarver  |                               | -\$3,132                         |                                 |
|                                   | 4 - To remove expenses not necessary to provide safe and adequate service. A. Sarver                |                               | -\$2,255                         |                                 |
|                                   | 5 - To remove expenses already accounted for in payroll. A. Sarver                                  |                               | -\$250                           |                                 |
| S-28                              | Management Fees   | 922.000                       |                                  | -\$181,125                      |
|                                   | 1 - To replace executive management fees in test year with costs for executive oversight. K. Foster |                               | -\$181,125                       |                                 |
| S-29                              | Telephone   | 925.000                       |                                  | -\$1,759                        |

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|-----------------------------------|--|-------------------------------|----------------------------------|---------------------------------|
|                                   | 1 - To annualize cell phone for a two-year average.<br>A. Sarver   |                               | -\$81                            |                                 |
|                                   | 2 - To annualize wireless service to reflect allocation<br>based on payroll. A. Sarver   |                               | -\$484                           |                                 |
|                                   | 3 - To remove disallowed expense. A. Sarver  |                               | -\$225                           |                                 |
|                                   | 4 - To remove wireless service no longer activated.<br>A. Sarver   |                               | -\$969                           |                                 |
| <b>S-30</b>                       | <b>Travel and Entertainment - Other</b>  | <b>927.000</b>                |                                  | <b>-\$17,229</b>                |
|                                   | 1 - To remove expenses covered by executive<br>oversight adjustment to account 922.00 and other<br>miscellaneous expenses. K. Foster   |                               | -\$17,229                        |                                 |
| <b>S-31</b>                       | <b>Travel and Entertainment - Lodging</b>  | <b>927.100</b>                |                                  | <b>-\$85</b>                    |
|                                   | 1 - To remove expenses covered by executive<br>oversight adjustment to account 922.00. K. Foster   |                               | -\$85                            |                                 |
| <b>S-32</b>                       | <b>Transportation - Airline/Car</b>  | <b>927.200</b>                |                                  | <b>-\$227</b>                   |
|                                   | 1 - To remove expenses covered by executive<br>oversight adjustment to account 922.00. K. Foster   |                               | -\$227                           |                                 |
| <b>S-33</b>                       | <b>Transportation Expense</b>  | <b>933.000</b>                |                                  | <b>-\$2,142</b>                 |
|                                   | 1 - To adjust out misapplied expenses and expenses<br>related to the Shawnee Bend Development Lawsuit,<br>and to adjust expenses related to the 2012 Finance<br>Authority to a three-year average. K. Foster |                               | -\$2,142                         |                                 |
| <b>S-36</b>                       | <b>Other Misc. Expenses</b>  | <b>975.000</b>                |                                  | <b>-\$2,687</b>                 |
|                                   | 1 - To adjust Misc. Expense to a normalized level. E.<br>Carle   |                               | -\$3,501                         |                                 |

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|----------------------------------|---|------------------------|---------------------------|---------------------------------|
|                                  | 2 - To annualize bank service charges. A. Sarver                                  |                        | \$814                     |                                 |
| S-37                             | Rate Case Expense   | 981.000                |                           | \$1,074                         |
|                                  | 1 - To normalize rate case expense over a three year period. E. Carle             |                        | \$1,074                   |                                 |
| S-40                             | PSC Assessment  | 767.500                |                           | \$11,105                        |
|                                  | 1 - To adjust PSC/OPC Assessment to the 2014 assessment level. E. Carle           |                        | \$11,105                  |                                 |
| S-41                             | Licenses and Permits  | 779.200                |                           | -\$750                          |
|                                  | 1 - To removed non-recurring expenses. A. Sarver                                  |                        | -\$750                    |                                 |
| S-44                             | Amortization of SB Development Legal Fees   |                        |                           | \$1,549                         |
|                                  | 1 - To amortize legal fees for Shawnee Bend Litigation over five years. K. Foster |                        | \$1,549                   |                                 |
| S-45                             | CIAC Amortization Expense   |                        |                           | -\$75,839                       |
|                                  | 1 - Update Amortized CIAC based on new allocation factors. A. Sarver              |                        | -\$75,839                 |                                 |
| S-46                             | Depreciation  |                        |                           | \$129,784                       |
|                                  | 1. To Annualize Depreciation  |                        | \$129,784                 |                                 |
| S-49                             | Real Estate Taxes   | 967.200                |                           | -\$239                          |
|                                  | 1 - To annualize taxes to reflect allocation based on Company's plant. A. Sarver  |                        | -\$239                    |                                 |
| <b>Total Expense Adjustments</b> |   |                        |                           | <b><u><u>-\$153,490</u></u></b> |