

Feasibility Study: Paradise Valley

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Revenues	\$ 51,185	\$ 52,146	\$ 53,200
Less Expenses:			
Costs of Goods Sold	4,146	4,320	4,512
Labor & Services	2,700	2,808	2,920
Property Taxes	11,988	12,012	12,035
Bad Debts Expense	502	511	522
Depreciation Expense	22,522	22,566	22,610
Contributions Amortization	<u>(4,090)</u>	<u>(4,090)</u>	<u>(4,090)</u>
Total Expenses	<u>37,769</u>	<u>38,128</u>	<u>38,510</u>
Net Income Before Interest and Taxes	<u>\$ 13,416</u>	<u>\$ 14,018</u>	<u>\$ 14,690</u>

Assumptions:

- 180 customers in 2008
- 5 new customers per year thereafter
- Each customer averages using 259 gallons of water per day in 2008; this usage declines by 0.8% year each year thereafter
- Use current tariff rates for St. Louis County district as approved in WR-2007-0216
- Assumes \$1,000 of miscellaneous "Other" revenues per year
- Water supplied will come from current St. Louis County district operations, thus the St. Louis County district cost per 1000 gallons for cost of goods sold items (purchased water, chemicals, fuel and power, and waste disposal) is used; these costs are estimated to increase by 2.5% per year and as overall system delivery increases
- Property taxes are based on overall St. Louis County district property tax rates
- Bad debts expense is estimated to be 1% of water revenues