Exhibit No.:
Issue(s): Phase In/ Accounting Authority Order/ Revenue Requirement
Witness/Type: Trippensee/Surrebuttal
Sponsoring Party: Public Counsel
Case Nos.: WR-2000-281

SURREBUTTAL TESTIMONY

OF

RUSSELL W. TRIPPENSEE

Submitted on Behalf of
the Office of the Public Counsel

MISSOURI-AMERICAN WATER COMPANY

Case No. WR-2000-281

May 25, 2000

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Missouri-American Water Company's tariff sheets designed to Implement general rate increases for water And sewer service provided to customers In the Missouri area of the company.	)))))	Case No. WR-2000-281

AFFIDAVIT OF RUSSELL W. TRIPPENSEE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Russell W. Trippensee, of lawful age and being first duly sworn, deposes and states:

1. My name is Russell W. Trippensee. I am the Chief Public Utility Accountant for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony consisting of pages 1 through 17 and Schedule RWT 5(Revised).

3. I hereby swear and affirm that my statements contained in the attached statement are true and correct to the best of my knowledge and belief.

Russell W. Trippensee

Russell W. Trippensee

Subscribed and sworn to me this 25th day of May, 2000.

Bonnie S. Howard

Bonnie S. Howard
Notary Public

My commission expires May 3, 2001

SURREBUTTAL TESTIMONY
OF
RUSSELL W. TRIPPENSE

Missouri American Water Company
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Table of Contents

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OF

RUSSELL W. TRIPPENSEE

MISSOURI AMERICAN WATER COMPANY

CASE NO. WR-2000-281

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. Russell W. Trippensee. I reside at 1020 Satinwood Court, Jefferson City, Missouri 65109, and my business address is P.O. Box 7800, Jefferson City, Missouri 65102.

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

A. I am the Chief Utility Accountant for the Missouri Office of the Public Counsel (OPC or Public Counsel).

Q. ARE YOU THE SAME RUSSELL W. TRIPPENSEE WHO HAS FILED DIRECT AND REBUTTAL TESTIMONY IN THIS CASE?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. To respond to the rebuttal testimony of Missouri American Water Company (Company or MAWC) witness James Jenkins on the issue of phase-in. I will also address certain comments by MAWC witness James Salser regarding phase-in. Mr. Salser's rebuttal testimony contained comments regarding the Accounting Authority Order (AAO) issue to which I will also respond.

I will also explain a correction to my rebuttal testimony with respect to the Gross Revenue Requirement for the St. Joseph district.

PHASE-IN

Q. IS IT MAWC'S POSITION THAT IT WILL NOT SUPPORT ANY PHASE-IN PROPOSAL?

A. Mr. Jenkins indicates that the Company does not support a phase-in on page 6, line 15 of his rebuttal testimony.

Q. DOES MR. JENKINS ASSERT THAT A PHASE-IN PROPOSAL WOULD VIOLATE GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)?

A. Yes. Mr. Jenkins refers to Financial Accounting Standard No. 92 (SFAS 92) as prohibiting phase-ins related to plants constructed after January 1, 1988 (page 5, lines 23 –27).

Q. IS PUBLIC COUNSEL'S PHASE-IN PROPOSAL RELATED TO THE CONSTRUCTION OF A SPECIFIC PLANT OR PLANT ADDITION?

A. No. OPC's phase-in proposal, as outlined in the direct testimony of Public Counsel witness James Busch and quantified in my rebuttal testimony, proposes to phase-in the overall increase not only in gross revenue requirement found appropriate in this case but also increases in rate groups as a result of cost shifts between operating districts and classes. The gross revenue requirement incorporates all components of the cost-of-service, not simply the effect of one specific plant. Cost shifts between districts and rate classes are also not the result of one specific plant addition.

Q. HAVE YOU REVIEWED SFAS NO. 92?

A. Yes, I reviewed it initially when it was issued in August 1987 and several times over the intervening time. In preparation for this case, I reread the statement and its appendices.

Q. IN YOUR OPINION DOES SFAS NO. 92 APPLY TO PUBLIC COUNSEL'S PHASE-IN PROPOSAL?

A. No. I will discuss specific problems with Mr. Jenkins assertion that SFAS No. 92 is applicable later in my testimony.

Q. IF SFAS NO. 92 IS NOT APPLICABLE, IS THERE ANOTHER ACCOUNTING STATEMENT THAT IS APPLICABLE?

A. Yes, SFAS No. 71 issued in December 1982.

Q. IN YOUR OPINION WOULD PUBLIC COUNSEL'S PHASE-IN PROPOSAL BE IN CONFORMANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES UNDER SFAS NO. 71?

A. Yes. SFAS No. 71 has the three following requirements regarding accounting treatments that diverge from GAAP as a result of regulatory actions. These criteria are listed in paragraph 5 of SFAS No. 71.

> a. The enterprise's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator or by its own governing board empowered by statute or contract to establish rates that bind customers.
>
> b. The regulated rates are designed to recover the specific enterprise's costs of providing the regulated services or products.

> c. In view of the demand for the regulated services or products and the level of competition, direct and indirect, it is reasonable to assume that rates set at levels that will recover the enterprise's costs can be charged to and collected from customers. This criterion requires consideration of anticipated changes in levels of demand or competition during the recovery period for any capitalized costs.

Public Counsel's phase-in proposal does not violate any of these criteria. There is no question that MAWC is a regulated entity and therefore meets the criteria set out under paragraph 5a of SFAS NO. 71.

Q. DOES PUBLIC COUNSEL'S PHASE-IN PROPOSAL PROVIDE FOR RATES DESIGNED TO RECOVER THE COST-OF-SERVICE AS REQUIRED UNDER PARAGRAPH 5B.?

A. Yes. Public Counsel's phase-in proposal anticipates scheduled rate changes to be determined in this case. The actual annual rate changes would be calculated in a manner consistent with the schedules attached to my rebuttal testimony. The MPSC would approve multiple sets of tariffs implementing the necessary rate changes on each annual date following the effective date of the report and order in this case. Public Counsel would anticipate this tariff process being consistent with the procedure used in the Union Electric case involving Callaway, Case No. ER-84-168 et. al. The Commission approved a series of tariffs with each series being effective on the anniversary date of the initial rate change. A similar process was used in the recent case involving United Water Missouri, Case No. WR-99-326. The second set of tariffs approved in Case No. WR-99-326 had an effective date slightly less than a full year after the operation of law date in the case.

Q. DOES PUBLIC COUNSEL BELIEVE OR ANTICIPATE THAT A CREDIBLE ARGUMENT CAN BE MADE THAT THE COMPANY WOULD NOT QUALIFY UNDER PARAGRAGH 5C REGARDING FUTURE COMPETITION OR DEMAND CHANGES?

A. No. Public Counsel is unaware of any alternative provider or technology being able to provide potable water in amounts necessary to serve a customers' total needs in Missouri or in the nation for that matter. Competition is not a viable issue in the water industry.

Public Counsel's phase-in proposal should have a positive effect with regard to minimizing any demand changes resulting from an increase in the price of water. A phase-in of the necessary price increase over several years will allow customers to adjust spending and/or income streams to compensate for the increased unit price for an essential service. In contrast, the Company's proposal for an immediate increase in excess of 50% could lead to decreased demand. If demand decreases without a corresponding decrease in the Company's cost-of-service, the result would be subsequent increases in the tariff rates. The gross revenue requirement wouldn't change but there would be less units of sales over which to collect the revenue, thus an increase in rates per unit of sale.

Q. DOES SFAS NO. 71 ALLOW GAAP RECOGNITION OF THE DECISIONS OF REGULATORS?

A. Yes. Paragraph 32 clearly recognizes that:

> If a regulated enterprise changes accounting methods and the change affects allowable costs for rate-making purposes, the change generally would be implemented in the way that it is implemented for regulatory purposes.

There are several examples discussed in SFAS No. 71 regarding the capitalization of current costs with the recovery of those costs in the future. Public Counsel's phase-in proposal implements that concept.

Q. WOULD PUBLIC COUNSEL'S PHASE-IN PROPOSAL CREATE AN ASSET ON THE FINANCIAL RECORDS OF THE COMPANY?

A. Yes.

Q. DOES PUBLIC COUNSEL'S PHASE-IN PROPOSAL MEET SFAS NO. 71 CRITERIA ALLOWING THE CREATION OF SUCH AN ASSET?

A. Yes. Paragraph 9 sets out the following criteria;

> a. It is probable that future revenue in an amount at least equal to the capitalized costs will result from inclusion of that cost in allowable costs for rate-making purposes.
>
> b. Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate-adjustment clause, this criterion requires that the regulator's intent clearly be to permit recovery of the previously incurred cost.

My rebuttal testimony and the attached schedules has already shown that OPC's phase-in proposal anticpates recovery on a dollar for dollar basis all total cost-of-service (ie. Revenues) deferred. In addition, the phase-in proposal also provides for a return on the amounts deferred as part of the recovery process.

With respect to SFAS No. 71 requirement under paragragh 9b regarding regulatory intent, Public Counsel cannot imagine how anyone could not clearly see the Commission's intent if it approves a series of tariff sets with effective dates in its Report and Order in this case as OPC recommends.

Q. IN YOUR OPINION IS SFAS NO. 92 APPLICABLE TO THE WATER INDUSTRY?

A. I do not believe the water industry was even a consideration during the deliberations with regard to SFAS No. 92. The Summary to SFAS No. 92 along with its Introduction, and Appendix B and C all discuss events in the electric industry that created this perceived problem. I was unable to find any reference to the water industry in SFAS No. 92.

Competitive pressures, by-pass and other factors effecting the ability of the electric industry to recover costs previously capitalized led to the issuance of SFAS No. 92. As previously discussed, SFAS No. 71 recognized the potential impact of non-recovery. A review of SFAS No. 92 and its numerous references to the electric industry indicate that the industry's potential problems warranted a SFAS addressing its specific problems.

Q. WHAT EVENTS IN THE ELECTRIC INDUSTRY ARE REFERENCED IN THE PORTIONS OF THE SFAS YOU REFERRED TO?

A. The primary plant investment addressed and specifically mentioned by SFAS No. 92 were nuclear-powered electric generating stations. These facilities were coming on-line during the late 1970s up and through the 1980s. Other factors cited in Appendix B, Basis For Conclusions, were the uncertainty surrounding customers by passing the regulated supplier, competition, and deregulation (paragraphs 61 and 65 of SFAS 92, Appendix B).

Q. ARE THESE FACTORS PRESENT IN THE WATER INDUSTRY TODAY?

A. No. I previously addressed the absence of competition in the water industry. Public Counsel is completely unaware of any proposals to deregulate the water industry in this state or in the nation.

Q. IS PUBLIC COUNSEL AWARE OF ANY COMPETITION FOR RETAIL WATER SALES IN THE STATE OF MISSOURI?

A. No, as I previously discussed.

Q. DOES THE WATER INDUSTRY HAVE ANY NUCLEAR POWERED FACILITIES?

A. No.

Q. ARE THERE OTHER CONCERNS WITH NUCLEAR POWERED ELECTRIC GENERATION FACILITIES THAT CREATE SIGNIFICANT DIFFERENCES FROM THE WATER INDUSTRY'S PLANT-IN-SERVICE?

A. Yes. Nuclear powered electric facilities have an extremely large initial cost that were addressed by many commissions with phase-ins. It is also perceived that nuclear powered facilities expose a utility to extremely large future risks that could inhibit a utility's ability to maintain a customer base from which to collect rates (including the recovery of amounts deferred under a phase-in). The future exposure could result from events such as plant accidents involving the release of nuclear materials, plant-decommissioning cost, and long duration forced outages.

Q. ARE THESE CONCERNS PRESENT IN THE WATER INDUSTRY?

A. No. The Company is essentially walking away from the treatment facilities that previously served theSt. Joseph district. Water treatment facilities are not required to be disassembled and shipped to a federal depository as is intended for nuclear generating facilities. The depository facility created additional risk facing the electric industry because it was not even developed or even approved at the time SFAS No. 92 was issued. In fact the depository has yet to be approved.

The design of a water treatment plant is also completely different than a nuclear generating facility in which the failure of one component of the plant can shut down the entire plant. Water treatment facilities are designed so that sections can be taken off-line and maintenance performed without shutting down the entire plant. In the case of component failure, this design also provides the same benefit allowing for continued operation.

Q. DOES SFAS NO. 92 ALSO EXPRESS CONCERNS AS TO THE FUTURE RECOVERABILITY OF AMOUNTS DEFERRED (IE. CAPITALIZED) IN THE CURRENT PERIOD?

A. Yes. SFAS No. 92 discusses the concern that regulators may not provide for the recoverability in future (SFAS NO. 92, paragraph 60) or that recoverability would be directly linked to increases in customer demand (SFAS NO. 92, paragraph 57). The SFAS even discusses what I believe is the completely ludicrous position that regulators would use phase-ins to provide free electricity (SFAS NO. 92, paragraph 54).

Q. DOES PUBLIC COUNSEL'S PHASE-IN CREATE UNCERTAINTY WITH REGARD TO FUTURE RATE LEVELS?

A. No. As previously discussed, OPC's proposal recommends MPSC approval a multiple tariff sets. This removes any uncertainty that rates would not be set to recover costs. The phase-in also reduces the possiblity of major decreases in demand.

Q. PLEASE SUMMARIZE PUBLIC COUNSEL'S POSITION REGARDINGS THE ABILITY OF THE COMPANY TO IMPLEMENT A PHASE-IN AND ALSO ISSUE FINANCIAL STATEMENT IN CONFORMANCE WITH GAAP.

A. Public Counsel's proposal provides the necessary assurance of recovery of all amounts capitalized along with the associated carrying costs on those deferrals. This assurance meets the requirements of SFAS No. 71 and is in conformance with GAAP. Futhermore it reduces the possibility of dramatic changes in customer demand as a result of unprecedented increases in the cost of water that would occur under the Company's proposal.

ACCOUNTING AUTHORITY ORDER

Q. HAVE YOU REVIEWED THE REBUTTAL TESTIMONY OF MAWC WITNESS JAMES SALSER AS IT PERTAINS TO THE ISSUE INVOLVING AN ACCOUNTING AUTHORITY ORDER?

A. Yes, I have.

Q. PLEASE SUMMARIZE YOUR CONCERNS WITH MR. SALSER'S REBUTTAL TESTIMONY.

A. The primary concern is that Mr. Salser asserts that MAWC will suffer financial harm if an AAO is not approved. Mr. Salser's assertion is premised on a review of data from only five months instead of annual data. Mr. Salser also attempts to characterize the need for an AAO as an "Act of God" and thereby implies that the construction project was simply a response that could not be planned for.

Q. DOES PUBLIC COUNSEL AGREE WITH MR. SALSER THAT THE COMPANY WILL EXPERIENCE "VERY SERIOUS FINANCIAL IMPACT" IF INCLUSION OF THE AAO IN THE COST-OF-SERVICE IS NOT GRANTED?

A. No. The Company's annual earnings calculated at the end of each month during the period in question remain at or above at least 8.6% return on equity as discussed in my direct testimony on page 13, lines 14 – 18. Mr. Salser chose to ignore these facts and focus only on the four and one-half month period between the in-service date of the new St. Joseph facility and the operation of law date in this case. Mr. Salser does not even attempt to dispute that the Company will be able to meet interest coverage during this period.

The revenue stream, expenses, and resulting net income of a water utility are cyclical in nature over the course of any year. Mr. Salser's use of a period shorter than a year provides a distorted picture of the actual financial condition of the Company. This Commission recognizes the need to set rates based on annual information. The Company's debt holders recognize the same need. The Company's reported earnings to stockholders on which dividends are calculated are also on a annual basis. Only Mr. Salser's attempt to insulate stockholders from regulatory lag (Salser Rebuttal, page 2, line 19 – page 3, line 3) justify a review of financial data from a period other than an annual period.

Q. DOES STAFF'S INVESTIGATION CORROBORATE PUBLIC COUNSEL'S ANALYSIS INDICATING THAT EARNINGS WILL BE ADEQUATE DURING THIS PERIOD?

A. Yes. Mr. Stephen Rackers sets out the return on equity for the annual period ending in each month beginning with April 30, 2000 on page 6, lines 6 – 9 of his rebuttal testimony. Staff's analysis shows the minimum earnings to be slightly higher than under OPC's analysis. The Commission should recognize that MAWC will earn in excess of Staff's recommended mid-point return on equity in four of the six months and above Staff's recommended low end of the return on equity range in five months. OPC's recommended return on equity of 9.92% also is lower than four of the months and only nine basis points above the fifth month.

Allowing the Company to defer costs during a period of overearnings and subsequently recover those deferred costs from the ratepayer would clearly result in double recovery of the costs. This Company is not suffering financial hardship as Mr. Salser alleges. In fact, this Company could be analogized to a child being given one scoop of ice cream like everyone else, but then trying get another scoop, the classic double dip.

Q. IS THE ST. JOSEPH WATER TREATMENT FACILITY AN "ACT OF GOD" EVENT THE COMPANY COULD NOT ANTICIPATE, AS MR. SALSER IMPLIES?

A. No. While OPC witness Ted Biddy will address the adequacy of the Company's planning process, the facts indicate the Company has been exploring options to upgrade or enhance its ability to provide water to St. Joseph since at least 1991. I believe that 10 years is adequate planning time to anticipate any financial implications associated with the plant. The Company also has total control over when this rate case was filed and total responsibility for the choices made in the planning process.

Q. MR. SALSER ANALOGIZES THIS WATER TREATMENT PLANT TO THE GAS SAFETY RULES, WHICH RESULTED IN ACCOUNTING AUTHORITY ORDERS. IS THERE A MAJOR DIFFERENCE BETWEEN THIS WATER TREATMENT PLANT AND THE GAS SERVICE LINE REPLACEMENT PROGRAM UNDERTAKEN IN THIS STATE?

A. Yes, most definitely. The Service Line Replacement Program (SLRP) is a on-going program of individually small projects. These individual projects are normally independent and are completed at various times throughout the year. Therefore, a gas company cannot file a rate case based on the anticipated completion date of the entire project. Most gas companies do not even file rate cases on an annual basis. The Commission rules allowed the SLRP to be implemented over a ten-year period. These facts contrast sharply with the situation faced by MAWC with regard to the St. Joseph water treatment facility.

Q. MR. SALSER ALSO ALLEGES THAT THE FLOODING CAUSED ST. JOSEPH TO BE WITHOUT WATER AND THIS "ACT OF GOD" LEFT ST. JOSEPH WITHOUT WATER. DO YOU AGREE WITH THIS ASSESSMENT?

A. No. OPC witness Ted Biddy has provided extensive testimony regarding the flooding of the plant during the flood referenced by Mr. Salser. Dr. Charles Morris also filed testimony on the flood. Both Mr. Biddy and Mr. Morris identified how the flood accessed the plant and caused the outage. Essentially the Company forgot to complete the necessary levee circle creating high ground surrounding the plant. The water didn't go over the levee; it simply went around it.

Q. MR. SALSER ASSERTS THAT THE ONLY SOLUTION WAS TO MOVE THE TREATMENT FACILITY OUT OF THE FLOODPLAIN (SALSER REBUTTAL, LINE 10 - 11). IS THE NEW TREATMENT FACILITY COMPLETELY REMOVED FROM THE FLOOD PLAIN?

A. No. **The source of supply component of the new plant used to provide water to St. Joseph is still clearly in the flood plain of the Missouri River.** In fact, the eight wells are located between the river and a large levee used to protect farmland. The wells are less than an estimated 100 yards from the river's edge. The trees along the river's edge can be seen in the pictures of the well field attached to Mr. Biddy's direct testimony. Whether or not these wells, seven of which have exposed components, can survive floods and the associated debris can be estimated but not guarenteed. MAWC has not completely removed itself from the vagaries of the river.

Q. HAVE YOU PERSONALLY TOURED THE NEW FACILITIES THAT WERE BUILT TO SERVE ST. JOSEPH?

A. Yes. I was present during Mr. Biddy's inspection of the facilities referenced in his direct testimony. Mr. Bob Amman of the Company escorted us during this inspection.

ST. JOSEPH GROSS REVENUE REQUIREMENT

Q. PLEASE EXPLAIN THE CORRECTIONS NECESSARY TO ADJUST PUBLIC COUNSEL'S RECOMMENDED REVENUE REQUIREMENT FOR ST. JOSEPH AS FILED IN YOUR REBUTTAL TESTIMONY.

A. Public Counsel witness Kim Bolin filed direct testimony recommending that this Commission not include the undepreciated cost of the "old" river site St. Joseph water treatment facilities in the rate base and the related amortization expense in the income statement used to determine the overall cost-of-service. Staff recommended a revenue requirement that in contrast does include the undepreciated amount in rate base. In making the calculation referenced in my rebuttal testimony, I utilized the EMS model developed by Staff to produce its revenue requirement recommendation and made certain modifications to reflect OPC's recommendations. I simply failed to correct the EMS model to exclude the undepreciated amounts.

Q. DOES PUBLIC COUNSEL HAVE ANOTHER CORRECTION TO THE RECOMMENDED REVENUE REQUIREMENT?

A. Yes. The EMS revenue requirement model as structured is made up of multiple Microsoft Excel workbooks (16 total with each workbook containing multiple worksheets) that are linked via formulas. However, each individual workbook must be opened individually prior to running the model. Public Counsel's revenue requirement was based on an EMS model run with one workbook inadvertainly unopened. Therefore the straight-line depreciation amount for the income tax calculation was not computed properly for St. Joseph district.

Q. HAVE YOU INCLUDED IN YOUR REVENUE REQUIREMENT MR. BIDDY'S UPDATE TO TO THE WATER TREATMENT PLANT VALUE TO REFLECT THE INCREASED COST ASSOCIATED WITH THE LEVEE?

A. Yes, I have. Mr. Biddy's update is addressed in his surrebuttal testimony.

Q. WHAT IS PUBLIC COUNSEL'S CORRECTED REVENUE REQUIREMENT RECOMMENDATION FOR ST. JOSEPH CALCULATED CONSISTENTLY WITH PUBLIC COUNSEL'S PREFILED TESTIMONY?

A. $3,137,115.

Q. WHAT IS PUBLIC COUNSEL'S CORRECTED REVENUE REQUIREMENT FOR THE TOTAL COMPANY?

A. $6,023,285.

Q. DO THESE CORRECTIONS AFFECT PUBLIC COUNSEL'S REVENUE REQUIREMENT RECOMMENDATION FOR THE OTHER SIX DISTRICTS?

A. No.

Q. HAVE YOU UPDATED YOUR PHASE-IN SCHEDULE WITH RESPECT TO THE ST. JOSEPH DISTRICT IN ORDER TO REFLECT THESE CHANGES IN THE REVENUE REQUIREMENT?

A. Yes I have. The updated schedule is attached to my surrebuttal testimony as Schedule RWT-5-Revised.

Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

A. Yes.

Office of the Public Counsel

Phase-In Calculation

Missouri American Water Company
WR-2000-281

ST. JOSEPH

Line #		YEARS							
		One	Two	Three	Four	Five	Six	Seven	Eight
1	Rate Base		$ 1,221,501	$ 1,708,801	$ 1,262,413	$ -	$ -	$ -	$ -
2	Rate of Return		8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
3	Net Income Required		100,774	140,976	104,149	-	-	-	-
4	Current Income Taxes on NOI		62,790	87,839	64,893	-	-	-	-
5	Amortization of Revenue Deferred		407,167	854,401	1,262,413	-	-	-	-
6	Current Income Taxes on Amortization		253,696	532,357	786,580	-	-	-	-
7	**Phase-In Revenue Increase**		824,426	1,615,572	2,218,035	-	-	-	-
8	**Revenue Requirement Responsibilty**	$ 13,116,963	$ 13,941,389	$ 14,732,535	$ 15,334,998	$ 13,116,963	$ 13,116,963	$ 13,116,963	$ 13,116,963
9	Current Revenue - Previous Year	9,979,848	11,134,374	12,489,600	14,070,300	15,334,998	13,116,963	13,116,963	13,116,963
10	**One-Time Increase**	$ 3,137,115	$ 2,807,015	$ 2,242,935	$ 1,264,697	$ (2,218,035)	$ -	$ -	$ -
11	One-Time Increase-percentage	31.43%	25.21%	17.96%	8.99%	-14.46%	0.00%	0.00%	0.00%
12	Maximum Yearly Increase Percentage	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
13	Current Year Increase - Phase-in Maximum	$ 1,496,977	$ 1,670,156	$ 1,873,440	$ 1,264,697	$ (2,218,035)	$ -	$ -	$ -
14	Class Shift Maximum Revenue	11,134,374	12,489,600	14,070,300	15,906,099	16,000,000	16,000,000	16,000,001	16,000,002
15	Current Revenue	9,979,848	11,134,374	12,489,600	14,070,300	15,334,998	13,116,963	13,116,963	13,116,963
16	Current Year Increase - Class Shift Maximum	1,154,526	1,355,226	1,580,700	1,835,799	665,002	2,883,037	2,883,038	2,883,039
17	Phase-in Options Deferral Amounts								
18	District Cap	$ 1,640,138	$ 1,136,859	$ 369,495	$ -	$ -	$ -	$ -	$ -
19	Class Shift Cap	$ 1,982,589	$ 1,451,789	$ 662,235	$ -	$ -	$ -	$ -	$ -
20	Revenue Increase Deferred	$ 1,982,589	$ 1,451,789	$ 662,235	$ -	$ -	$ -	$ -	$ -
21	Income Tax Factor	38.3886%	38.3886%	38.3886%	38.3886%	38.3886%	38.3886%	38.3886%	38.3886%
22	Income Tax Effect	761,088	557,321	254,223	-	-	-	-	-
23	Net Revenue Increase Deferred	$ 1,221,501	$ 894,468	$ 408,012	$ -	$ -	$ -	$ -	$ -
	ACCUMULATED DEFERAL								
24	Deferred Revenue Increase	$ 1,221,501	$ 2,115,968	$ 2,523,981	$ 2,523,981	$ 2,523,981	$ 2,523,981	$ 2,523,981	$ 2,523,981
25	Accumulated Amortization of URD	-	407,167	1,261,568	2,523,981	2,523,981	2,523,981	2,523,981	2,523,981
26	Net URD Balance - Year End	$ 1,221,501	$ 1,708,801	$ 1,262,413	$ -	$ -	$ -	$ -	$ -
27	**Revenue Increase - Annual Amount**	$ 1,154,526	$ 1,355,226	$ 1,580,700	$ 1,264,697	$ (2,218,035)	$ -	$ -	$ -
28	**Revenue Increase - Annual Percentage**	11.57%	12.17%	12.66%	8.99%	-14.46%	0.00%	0.00%	0.00%

INPUTS

29	Rate of Return (after tax)	8.25%
30	Maximum Yearly Increase Percentage	15.00%
31	Amortization Period	3
32	Income Tax Factor	38.3886%

Test of Revenues Received over Period

33	Net Income Required	$ 345,899
34	Current Income Taxes on NOI	$ 215,521
35	Additional Revenues Required	$ 561,420
36	Revenue Requirement Responsibility	$ 91,818,741
37	Revenues Received	92,380,161
38	Additional Revenues Received	$ 561,420