

RECONCILIATION RELATING TO THE
POST-SALE RATEMAKING RATE BASE
VALUE ATTRIBUTABLE TO FACILITIES
CURRENTLY OWNED, LEASED OR
USED BY OSAGE WATER COMPANY
AND ENVIRONMENTAL UTILITIES

APPENDIX A

Staff Work Papers

**Analysis of Ratemaking Rate Base for the Sale of
Osage Water Company and Environmental Utilities**

**Summary of Net Plant-In-Service
Water & Sewer Systems @ 12/31/04**

	<u>Water</u>	<u>Sewer</u>	<u>Combined</u>
1 OWC/EU - Total Plant-In-Service	\$ 446,166	\$ 237,923	\$ 684,089
2 OWC/EU - Depreciation Reserve	\$ 45,779	\$ 33,874	\$ 79,653
3 OWC/EU - Net Plant *	\$ 400,387	\$ 204,049	\$ 604,436
4 Calculation of MAWC Post-Sale Rate Base			
5 OWC/EU Total Plant-In-Service	\$ 446,166	\$ 237,923	\$ 684,089
6 Sale Related Additions to Plant-In-Service	\$ 323,440	\$ 57,200	\$ 380,640
7 MAWC Post-Sale Total Plant in Service	\$ 769,606	\$ 295,123	\$ 1,064,729
8 OWC/EU Depreciation Reserve	\$ 45,779	\$ 33,874	\$ 79,653
9 Depreciation Reserve Adjustment Related to Sale	\$ 43,200	\$ -	\$ 43,200
10 Post-Sale Depreciation Reserve	\$ 88,979	\$ 33,874	\$ 122,853
11 Post-Sale Net Plant-In-Service *	\$ 680,627	\$ 261,249	\$ 941,876
(ratemaking rate base)			
12 Post-Sale Intangible Plant	\$ 106,668	\$ 57,200	\$ 163,868
13 Post-Sale Net Depreciable Plant *	\$ 573,959	\$ 204,049	\$ 778,008

* These values are somewhat less than those included in the rate analyses filed by the Staff on Feb. 25 due to the correction of a calculation error and would thus result in slight decreases in certain cost-of-service expenses.

**Analysis of Ratemaking Rate Base for the Sale of
Osage Water Company and Environmental Utilities**

Total Plant-In-Service - Water Systems

1	OWC Plant-In-Service @12/31/99	\$ 260,805	
	(WR-2000-557)		
2	Plant Additions - CY2000	\$ 14,523	
3	Plant Additions - CY2001	\$ 4,412	
4	Plant Additions - CY2002	\$ 2,394	
5	Plant Additions - CY2003	\$ 2,313	
6	Plant Adjustment - 06/30/03	\$ 4,402	
	(WT-2003-0563)		
7	OWC Plant-In-Service @12/31/03	\$ 288,849	
	(WT-2003-0563)		
8	Adjustments to Plant-In-Service - OWC & EU		
9	Plant Additions - CY2004	\$ 1,704	
10	Eliminate CIAC	\$ (5,205)	
11	Eliminate Chelsea Rose CIAC	\$ (10,886) *	
12	Increase Plant for Well Rebuilds	\$ 6,825	
13	Eliminate Truck from Plant	\$ (18,181)	
14	Add Cedar Glen Water System Contract	\$ 67,510	
15	Increase Plant for Original Start Up Costs	\$ 4,500	
16	Add Capitalized Management Fees	\$ 3,500	
17	Add Capitalized Engineering Fees	\$ 16,590	
18	Increase Plant for Water System Improvements	\$ 5,710	
19	Add Environmental Utilities Plant	\$ 69,980	
20	Add Environmental Utilities Organization Fees	\$ 15,270	85,250
21	OWC/EU Total Plant-In-Service @12/31/04	\$ 446,166	
22	Sale Related Adjustments to Plant-In-Service		
23	Add Capitalized Legal and Consulting Fees	\$ 83,440	
24	Add Hancock Construction Facilities	\$ 240,000	
25	Post-Sale Total Plant-In-Service	\$ 769,606	

* To treat Chelsea Rose developer consistent with other developers.

**Analysis of Ratemaking Rate Base for the Sale of
Osage Water Company and Environmental Utilities**

Depreciation Reserve - Water Systems

1	Depreciation Reserve @12/31/99	\$ 10,774
2	Depreciation Expense - CY2000	\$ 7,950
3	Depreciation Expense - CY2001	\$ 8,352
4	Depreciation Expense - CY2002	\$ 8,497
5	Depreciation Expense - CY2003	\$ 10,738
6	Depreciation Expense - CY2004 + Reserve Adjustment	\$ (532) *
7	Depreciation Reserve @12/31/04	\$ 45,779
8	Post-Sale Related Reserve Adjustments	
9	Depreciation Expense MAWC (Hancock plant annual depreciation of 4,800/year for 9 years)	\$ 43,200
10	Post-Sale Depreciation Reserve	\$ 88,979

* Negative balance reflects retirement of truck effective 12/31/04.

**Analysis of Ratemaking Rate Base for the Sale of
Osage Water Company and Environmental Utilities**

Total Plant-In-Service - Sewer Systems

1	OWC Plant-In-Service @12/31/99	\$ 148,472
	(SR-2000-556)	
2	Plant Additions - CY2000	\$ 14,678
3	Plant Additions - CY2001	\$ 14,553
4	Plant Additions - CY2002	\$ 11,332
5	Plant Additions - CY2003	\$ 656
6	Plant Adjustment - 06/30/03	\$ 3,840
	(ST-2003-0562)	
7	Eliminate CIAC	\$ (30,000)
8	OWC Plant-In-Service @ 12/31/03	\$ 163,531 *
	(ST-2003-0562)	
9	Adjustments to Plant-In-Service OWC & EU	
10	Plant Additions - CY2004	\$ 5,874
11	Eliminate Chelsea Rose CIAC	\$ (23,079) * *
12	Eliminate Truck from Plant	\$ (11,138)
13	Add Cedar Glen Sewer System Contract	\$ 69,770
14	Add KK Wastewater Treatment Plant Contract	\$ 12,875
15	Add Capitalized Engineering Fees	\$ 16,590
16	Add Capitalized Management Fees	\$ 3,500
17	OWC/EU Total Plant-In-Service @ 12/31/04	\$ 237,923
18	Sale Related Adjustments to Plant-In-Service	
19	Add Capitalized Legal Fees	\$ 57,200
20	Post-Sale Total Plant-In-Service	\$ 295,123

* Plant in service for ST-2003-0562 did not reflect plant additions of \$1,847 and unaccounted plant of \$71.

* * To treat Chelsea Rose developer consistent with other developers.

**Analysis of Ratemaking Rate Base for the Sale of
Osage Water Company and Environmental Utilities**

Depreciation Reserve - Sewer Systems

1	Depreciation Reserve @ 12/31/99	\$	10,735
2	Depreciation Expense - CY2000	\$	5,308
3	Depreciation Expense - CY2001	\$	6,551
4	Depreciation Expense - CY2002	\$	6,809
5	Depreciation Expense - CY2003	\$	7,988
6	Depreciation Expense - CY2004 + Reserve Adjustment	\$	(3,517) *
7	Depreciation Reserve @ 12/31/04	\$	33,874
8	Post-Sale Related Reserve Adjustments		- 0 -
9	Post-Sale Depreciation Reserve	\$	33,874

* Negative balance reflects retirement of truck effective 12/31/04 and the Chelsea Rose plant adjustment.