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July 19, 2006

FILED⁴

JUL 19 2006

MISSOURI PUBLIC
SERVICE COMMISSION

The Honorable Colleen M. Dale
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

Re: Big Island Water & Sewer Company, Inc.; Case No. WA-2006-0480

Dear Judge Dale:

Enclosed for filing in the referenced matter please find the original and five copies of a Feasibility Study. The Feasibility Study is marked as Appendix 3 to the application and is being late filed.

At this time we have no copies of the complete Feasibility Study for Office of Public Counsel and General Counsel; however, today they will be delivered a copy without Attachment A.

Copies of the Feasibility Study have not been sent to the present pool of applicants for intervention. When the identity of all intervenors is known, copies will be supplied at that time.

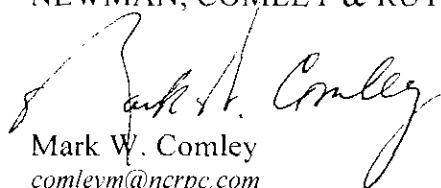
Would you please bring this filing to the attention of the appropriate Commission personnel.

Please contact me if you have any questions regarding this filing. Thank you.

Very truly yours,

NEWMAN, COMLEY & RUTH P.C.

By:


Mark W. Comley
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MWC:ab
Enclosure

cc: Office of Public Counsel
General Counsel's Office
Charles E. McElyea
Reginald V. Golden
All those applying for intervention



FILED
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Missouri Public
Service Commission

**FEASIBILITY STUDY
FOR
BIG ISLAND WATER & SEWER COMPANY, INC.
Camden County, Missouri**

July 2006

PREPARED FOR:

**Big Island Water & Sewer Company, Inc.
840 Thunder Mountain Drive
Camdenton, Missouri 65020**

Krehbiel Engineering, Inc.

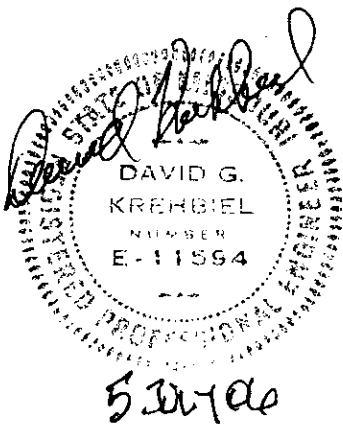
63 BLAIR AVENUE POST OFFICE BOX 587 CAMDENTON, MISSOURI 65020
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FEASIBILITY STUDY
FOR
BIG ISLAND WATER & SEWER COMPANY, INC.

Camden County, Missouri

July 2006

PREPARED FOR:
Big Island Water & Sewer Company, Inc.
840 Thunder Mountain Drive
Camdenton, Missouri 65020



PREPARED BY:
Krehbiel Engineering, Inc.
63 Blair Ave.
Camdenton, MO 65020

Date Prepared: July 2006

FEASIBILITY STUDY

PURPOSE

This Feasibility Study is being filed as Appendix 3 to an Application for a Certificate of Convenience and Necessity (Application) previously filed with the Commission. Big Island Water & Sewer Company, Inc. is a private investor owned commercial corporation and has been recently organized to acquire the necessary regulatory approvals to offer and provide water and sewer service to members of the public residing in a geographical area along the shores of the Big Niangua Arm of the Lake of the Ozarks popularly know as Big Island. Residents on Big Island currently receive service from Big Island Homeowners Water and Sewer Association, Inc., an unregulated homeowner's association. Service provided by the Association is the subject matter of several complaints pending before the Public Service Commission.

AREA PROPOSED TO BE SERVED

The area proposed to be served is shown and described in Appendix 2 of the Application.

PLAN OF THE EXISTING SYSTEM

Attachment A shows the existing Water and Wastewater systems. Attachment A is included in an envelop bound with this report.

The systems are color coded to identify those portions of the system that are existing (black), those that are under construction (green) and those that are proposed (red).

DESCRIPTION OF EXISTING FACILITIES AND DETAILED COSTS

Water

The existing water system consists of a deep well, three ground storage reservoirs and a looped 4 inch PVC distribution main. There are distribution main extensions that connect to the looped system and dead end at flush hydrants.

Wastewater

The existing wastewater collection system consists of small diameter pressure PVC piping with valves. The collection pipe sizes are 2" and 4" in diameter. Extensions will have to be made from the primary collection main to accommodate the additional units that are to be constructed.

Treatment facility

Phase I of the recirculating sand filter treatment facility was sized to treat 22,525 gallons of septic tank effluent from an estimated 80 residential dwelling units.

Phase II, which is currently under construction, is sized to treat 41,625 gallons of effluent. Total treatment capacity upon the completion of Phase II will be 64,150 gallons from an estimated 230 residential dwelling units.

With a projected build out of 320 homes and the possibility that the effluent from each dwelling unit will average 200 gallons per day, or less, it is possible that

with the completion of Phase II, no additional expansion of the treatment facility will be required.

If additional capacity is required or more stringent regulations are enacted, sufficient area has been set aside to accommodate the facilities that may be required to be constructed.

Detailed Costs are provided in the Global Analysis (Attachment B) and the Rate Base Computation spread sheet (Attachment C).

The Global Analysis produced a model that took the actual historic cost of the construction of the system and broke those costs down into three major categories: 1) the distribution and collection system, 2) the water plant, and 3) the sewer plant. Those costs were used to calculate the cost per user of those specific categories. The per user costs were then compared to the tap fees that had been paid into the system. By comparison, it was noted that the tap fees paid into the system were less than the actual per user costs. As a result, the total amount collected was less than the system the customer benefited from. The total deficit of funding from the distribution and collection system, the water plant, and the sewer plant was calculated. This deficit of funding was added to the Rate Base Computation.

DESCRIPTION OF FACILITIES TO BE CONSTRUCTED IN EACH OF THE NEXT THREE YEARS AND ESTIMATES OF COST

Water – Standpipe construction and meter installation

A standpipe providing for up to 84,000 gallons of storage is under design and plans and specifications will be submitted to DNR for review within the next 30 days.

The estimated cost for this facility is \$168,000.

Meters will be installed at the existing connections. The cost for these are estimated at \$750.00 each, for 58 installations.

Wastewater - Finish construction of the treatment facility

An addition to the wastewater treatment facility is under construction.

Expenses to date have been \$119,757. It is estimated that the additional cost to complete this facility is \$150,000, plus \$7600 for flow meters (2 each at \$3800).

Total cost is estimated to be \$427,557.

TYPE OF EXISTING DWELLING UNITS, POPULATION, AND ACTUAL WATER USED

The existing dwellings are single family homes with duplexes and triplexes currently under construction. For design purposes, the estimated water usage has been computed at 3.7 people per dwelling unit and 75 gallons per person per day.

TYPE OF DWELLING UNITS AND POPULATION ESTIMATED TO BE ADDED IN EACH OF THE NEXT THREE YEARS AND ESTIMATES OF WATER USAGE

There will be a mix of single family homes, duplexes and triplexes constructed in the next three years. Water usage has been computed at 3.7 people per dwelling unit and 75 gallons per person per day. It is estimated that 20 dwelling units will be added in 2007, twenty in 2008 and twenty in 2009.

PROPOSED RATES, CONNECTION FEES AND OTHER CHARGES

Pro Forma statements have been prepared for both water (Attachment D) and Sewer (Attachment E). These were prepared from the Global Analysis (Attachment B) and the Rate Base Computation which is Attachment C. The Customer Base used was computed to be 210. This represents 90% of 230, rounded up to the next digit multiple

of 5. The 230 figure is the design figure for the current treatment facility expansion.

Water – The proposed average monthly water rate is \$24.83. In addition, it is proposed that a connection fee of \$1,000 be assessed to new installations to cover the costs to tap the existing line and install a meter.

Sewer – The proposed average monthly sewer rate is \$36.89. In addition, it is proposed that a connection fee of \$1,000 be assessed to new installations to cover the costs to tap the existing line and install a pit with a check valve and shut-off valve.

The proposed rates presented for consideration are computed as the average. Once the average has been established, a proposed minimum and additional per unit cost will be computed.

It is proposed that sewer service will be billed based on the metered water usage.

ESTIMATE OF INCOME PER YEAR FOR EACH OF THE NEXT THREE YEARS ALONG WITH OPERATING EXPENSES

An estimate of income per year for each of the next three years along with operating expenses is included as Attachment F.

Big Island Water & Sewer
Company, Inc.
Feasibility Study
Attachment A

Non-Scannable Maps

(Is viewable in the Data Center
200 Madison Street, 1st Floor
Jefferson City MO)

ATTACHMENT B

GLOBAL ANALYSIS OF EXISTING PLANT AND CHARGES

Date	Name	Description	Amount			
11/19/1998	Kinderhook	Sewer and Water Plants	62,500.00	Lines	East Side	
12/7/1998	Old Kinderhook	Sewer and Water Plants	57,690.00	Lines	East Side	
12/24/1998	Old Kinderhook	Sewer and Water Plants	565	27,352.01	Lines	East Side
1/7/1999	Old Kinderhook Utility	hauling	29	197.00	Lines	East Side
1/20/1999	Old Kinderhook Utility	4" main lines	27	47,157.00	Lines	East Side
1/25/1999	Old Kinderhook Utility	4" main lines	34	10,375.00	Lines	East Side
1/26/1999	Old Kinderhook Utility	4" main lines		317.00	Lines	East Side
2/9/1999	Old Kinderhook Utility	4" main lines	39	20,801.50	Lines	East Side
4/6/1999	Dan & Keeny's Excavating LLC	machine hours and gas		3,240.00	Lines	East Side
5/11/1999	GW Hasty & Co	Engineering design for roadway of water/sewer		2,685.00	Lines	East Side
5/20/1999	Dan & Keeny's Excavating LLC	installing water & sewer		3,200.00	Lines	East Side
5/28/1999	Dan & Keeny's Excavating LLC	machine hours and gas		4,220.00	Lines	East Side
6/8/1999	Dan & Keeny's Excavating LLC	Jackhammer rental & beddings - sewer & water supplies		5,776.81	Lines	East Side
6/17/1999	Dan & Keeny's Excavating LLC	Machine time		3,600.00	Lines	East Side
6/29/1999	Dan & Keeny's Excavating LLC	breaker hours & parts		5,240.82	Lines	East Side
7/12/1999	Dan & Keeny's Excavating LLC	Parts		2,250.94	Lines	East Side
8/4/1999	Kenny Carroll Excavating	fixed water leaks and machine time		3,620.89	Lines	East Side
8/23/1999	Kenny Carroll Excavating	Loader hours	Parts Only	1,200.00	Lines	East Side
10/7/1999	Jacks Sporting Goods & Hardware	Misc Pipe and fittings		25.04	Lines	East Side
11/1/1999	Kenny Carroll Excavating	Loader hours-Road to Plant		1,430.00	Lines	East Side
12/2/1999	Kenny Carroll Excavating	fixed water line		917.25	Lines	East Side
12/23/1999	Kenny Carroll Excavating	fixed water leak & broken pipe		300.00	Lines	East Side
1/22/2000	Lake professional engineering services	Engineering services - east side water	222	1,165.00	Lines	East Side
1/22/2000	Lake professional engineering services	Engineering services - east side sewer	223	1,008.26	Lines	East Side
2/12/2000	Lake professional engineering services	Engineering services		800.00	Lines	East Side
5/22/2000	Kenny Carroll Excavating	Trencher rental and parts		585.00	Lines	East Side
6/5/2000	Kenny Carroll Excavating	Water & sewer taps pls labor		700.00	Lines	East Side
7/25/2000	Kenny Carroll Excavating	Labor		900.00	Lines	East Side
7/31/2000	Jacks Sporting Goods & Hardware	pipe & fittings	various	733.06	Lines	East Side
8/9/2000	Jacks Sporting Goods & Hardware	pipe & fittings	91761	128.51	Lines	East Side
8/9/2000	Kenny Carroll Excavating	1 day to check sewer		800.00	Lines	East Side
8/21/2000	Jacks Sporting Goods & Hardware	pipe & fittings	92535	21.64	Lines	East Side
8/21/2000	Kenny Carroll Excavating	1/2 day to fix rd crossing		400.00	Lines	East Side
11/02/2004	Kenny Carroll Excavating, Inc.	10/27-10/28/04 Replacement Water Line		980.50	Lines	East Side
11/09/2004	Kenny Carroll Excavating, Inc.	Waterline		12,915.00	Lines	East Side
11/16/2004	Kenny Carroll Excavating, Inc.	Waterline		16,736.00	Lines	East Side
11/23/2004	Kenny Carroll Excavating, Inc.	Bedding		2,722.00	Lines	East Side
11/23/2004	Kenny Carroll Excavating, Inc.	Relocate Water		13,604.45	Lines	East Side
11/30/2004	Kenny Carroll Excavating, Inc.	Waterline Replacement		8,100.42	Lines	East Side
12/07/2004	Kenny Carroll Excavating, Inc.	Waterline		790.00	Lines	East Side
12/20/2004	Kenny Carroll Excavating, Inc.	Waterline		15,298.59	Lines	East Side
12/20/2004	Kenny Carroll Excavating, Inc.	Waterline		2,383.00	Lines	East Side
12/28/2004	Kenny Carroll Excavating, Inc.	Waterline		2,000.00	Lines	East Side
01/04/2005	Kenny Carroll Excavating, Inc.	Waterline Relocations		5,883.71	Lines	East Side
01/04/2005	Kenny Carroll Excavating, Inc.	Waterline Relocation-Rental Equipment		4,097.54	Lines	East Side
01/11/2005	Kenny Carroll Excavating, Inc.	Waterline Replacement		2,120.00	Lines	East Side
01/18/2005	Kenny Carroll Excavating, Inc.	Waterline		1,931.62	Lines	East Side
01/25/2005	Kenny Carroll Excavating, Inc.	Waterline		400.00	Lines	East Side
01/25/2005	Kenny Carroll Excavating, Inc.	Waterline		1,625.00	Lines	East Side
02/01/2005	Kenny Carroll Excavating, Inc.	Waterline		6,749.30	Lines	East Side
02/08/2005	Kenny Carroll Excavating, Inc.	Water Connections		3,985.62	Lines	East Side
02/15/2005	Kenny Carroll Excavating, Inc.	Old water line replacement		3,804.39	Lines	East Side
02/22/2005	Kenny Carroll Excavating, Inc.	work on crossings		5,232.88	Lines	East Side
03/01/2005	Kenny Carroll Excavating, Inc.	Old Waterline Connection work 02/21-02/24/05		2,592.50	Lines	East Side
03/08/2005	Kenny Carroll Excavating, Inc.	02/25-03/03/05-Water Connections		3,707.00	Lines	East Side
03/15/2005	Kenny Carroll Excavating, Inc.	Clean up crossings		720.00	Lines	East Side
03/15/2005	Kenny Carroll Excavating, Inc.	Crossings		3,358.72	Lines	East Side
03/22/2005	Kenny Carroll Excavating, Inc.	Waterline		2,240.00	Lines	East Side
03/22/2005	Kenny Carroll Excavating, Inc.	Main 4" Line		755.00	Lines	East Side
03/22/2005	Kenny Carroll Excavating, Inc.	Crossings		3,000.00	Lines	East Side
04/05/2005	Kenny Carroll Excavating, Inc.	Waterline		6,555.00	Lines	East Side
04/05/2005	Kenny Carroll Excavating, Inc.	Hauling/Waterline		1,210.00	Lines	East Side
04/11/2005	Kenny Carroll Excavating, Inc.	Waterline		7,289.15	Lines	East Side
04/11/2005	Kenny Carroll Excavating, Inc.	Waterline		2,920.00	Lines	East Side
04/26/2005	Kenny Carroll Excavating, Inc.	Widen road for waterline		11,325.00	Lines	East Side
05/03/2005	Kenny Carroll Excavating, Inc.	Waterline		886.00	Lines	East Side
05/03/2005	Kenny Carroll Excavating, Inc.	Widen Road for Waterline		4,190.00	Lines	East Side
05/03/2005	Kenny Carroll Excavating, Inc.	Waterline		3,145.00	Lines	East Side
05/10/2005	Kenny Carroll Excavating, Inc.	Waterline		1,200.00	Lines	East Side
05/10/2005	Kenny Carroll Excavating, Inc.	Waterline		9,459.02	Lines	East Side
05/17/2005	Kenny Carroll Excavating, Inc.	Hauling		700.00	Lines	East Side
05/17/2005	Kenny Carroll Excavating, Inc.	Waterline		1,080.00	Lines	East Side
05/24/2005	Kenny Carroll Excavating, Inc.	Road Widening for Waterline		540.00	Lines	East Side
05/24/2005	Kenny Carroll Excavating, Inc.	Waterline Trucking		600.00	Lines	East Side
06/14/2005	Kenny Carroll Excavating, Inc.	160 New Waterline		1,861.75	Lines	East Side
07/05/2005	Kenny Carroll Excavating, Inc.	Waterline		1,682.04	Lines	East Side
07/12/2005	Kenny Carroll Excavating, Inc.	Waterline Replacement		5,612.34	Lines	East Side
07/18/2005	Kenny Carroll Excavating, Inc.	4 loads gravel		560.00	Lines	East Side
07/19/2005	Kenny Carroll Excavating, Inc.	Waterline Crossings		4,387.30	Lines	East Side
07/25/2005	Kenny Carroll Excavating, Inc.	waterline		989.00	Lines	East Side
07/26/2005	Kenny Carroll Excavating, Inc.	Waterline		34.10	Lines	East Side
07/26/2005	Kenny Carroll Excavating, Inc.	Waterline Replaced		440.00	Lines	East Side
07/26/2005	Kenny Carroll Excavating, Inc.	waterline replacement connections		3,892.50	Lines	East Side
08/01/2005	Kenny Carroll Excavating, Inc.	waterline		147.00	Lines	East Side
08/02/2005	Kenny Carroll Excavating, Inc.	Waterline replacement connections		300.00	Lines	East Side
08/02/2005	Kenny Carroll Excavating, Inc.	Road Crossings for waterline replacement		4,138.48	Lines	East Side
08/08/2005	Kenny Carroll Excavating, Inc.	Old waterline connections		177.00	Lines	East Side
08/09/2005	Kenny Carroll Excavating, Inc.	Replace old waterline		3,714.08	Lines	East Side
08/09/2005	Kenny Carroll Excavating, Inc.	Old waterline connections		2,200.00	Lines	East Side

271,337.73

08/16/2005	Kenny Carroll Excavating, Inc	Gravel	145.00	Lines	East Side	
08/16/2005	Kenny Carroll Excavating, Inc	Labor, bobcat hours, etc	886.47	Lines	East Side	
08/16/2005	Kenny Carroll Excavating, Inc	Labor, bobcat hours, etc	1,541.82	Lines	East Side	
09/12/2005	Kenny Carroll Excavating, Inc.	09/02-09/08/05 work on waterline	550.00	Lines	East Side	
11/08/2005	Kenny Carroll Excavating, Inc.	Sewer Ext	1,183.76	Lines	East Side	
11/21/2005	Kenny Carroll Excavating, Inc.	1 id line for waterline replacement	100.00	Lines	East Side	
01/24/2006	Krehbiel Engineering, Inc	Waterline Relocate Old to New	1,015.00	Lines	East Side	214,370.03
	Administration and Supervision		48,570.78			

Total Cost of Installation of Delivery Systems

\$534,278.54

Users Available

111.00

Costs Per User

\$ 4,813.32

1/25/1999	Old Kinderhook Utility	Road for Plant	34	3,756.00	Plant	Sewer Plant
1/25/1999	Old Kinderhook Utility	33% completion of treatment plant	34	33,990.00	Plant	Sewer Plant
1/25/1999	Old Kinderhook Utility	4" Valves	34	9,680.00	Plant	Sewer Plant
2/5/1999	Old Kinderhook Utility	50% completion of treatment plant	36	17,510.00	Plant	Sewer Plant
3/12/1999	Old Kinderhook Utility	60% Water Plant	50	10,000.00	Plant	Sewer Plant
4/6/1999	Old Kinderhook Utility	90% completion of treatment plant	59	21,930.00	Plant	Sewer Plant
5/3/1999	SW Electric	sewer & Water plant		752.00	Plant	Sewer Plant
6/25/1999	Old Kinderhook Utility	Water Plant		20,000.00	Plant	Sewer Plant
7/28/1999	Corner fencing & firewood	wire fence		1,506.00	Plant	Sewer Plant
8/10/1999	RR Electric	installed service & control wiring for sewer plant		1,485.06	Plant	Sewer Plant
9/16/1999	RR Electric	installed service pump & float of sewer plant		323.05	Plant	Sewer Plant
9/20/1999	APAC Missouri Inc	Dozer hours	2337	728.00	Plant	Sewer Plant
9/21/1999	APAC Missouri Inc	Dozer hours	2338	910.00	Plant	Sewer Plant
9/29/1999	Sterling Excavation and erection	Drill & Comp	923	12,456.50	Plant	Sewer Plant
10/12/1999	L.O.W.S	dig trench for powerline for wastewater plant	2889	230.72	Plant	Sewer Plant
10/29/1999	L.O.W.S	lift station alarm	2923	22.50	Plant	Sewer Plant
11/1/1999	EP sales inc	Pump in Septic		1,484.69	Plant	Sewer Plant
12/2/1999	L.O.W.S	Final pump, panel and parts install	2966	1,697.70	Plant	Sewer Plant
	Land Contributed for Sewer Plant Site-1/3 the Value			5,000.00	Plant	Sewer Plant
	Administration and Supervision			13,846.22		

Total Cost of Sewer Plant

\$157,308.44

Total Users

80.00

Cost Per User

\$ 1,966.36

1/14/1999	Camdamton Metal Fabricating	Metal Fab		3,585.44	Plant	Water Plant
5/3/1999	Camdamton Metal Fabricating	water tanks		8,580.00	Plant	Water Plant
5/13/1999	Lake Professional Engineering Services	Revisions to water plans, inspection		1,475.00	Plant	Water Plant
5/17/1999	Moreland rotary drilling	well drilling		12,134.74	Plant	Water Plant
6/21/1999	High brothers lumber co	Lumber - wellhouse	392265	82.57	Plant	Water Plant
6/22/1999	High brothers lumber co	Lumber - wellhouse	392372	1,879.89	Plant	Water Plant
6/22/1999	High brothers lumber co	Lumber - wellhouse	392373	267.60	Plant	Water Plant
6/25/1999	High brothers lumber co	Lumber - wellhouse	392927	98.00	Plant	Water Plant
7/9/1999	High brothers lumber co	Lumber - wellhouse	63317	809.50	Plant	Water Plant
7/14/1999	High brothers lumber co	Lumber - wellhouse	63578	149.92	Plant	Water Plant
7/16/1999	High brothers lumber co	Lumber - wellhouse	63631	8.21	Plant	Water Plant
7/19/1999	RR Electric	installed 200 amp service & wired wellhouse		780.00	Plant	Water Plant
7/25/1999	High brothers lumber co	Lumber - wellhouse		2,346.46	Plant	Water Plant
8/10/1999	Moreland rotary drilling	Booster pump, pipe and labor		23,948.34	Plant	Water Plant
8/24/1999	Camdamton Metal Fabricating	water tanks		88.78	Plant	Water Plant
8/25/1999	High brothers lumber co	Lumber - wellhouse		3,180.33	Plant	Water Plant
9/17/1999	APAC Missouri Inc	Dozer hours	2336	364.00	Plant	Water Plant
	Land Contributed for Water System Site-1/3 the Value			2,500.00	Plant	Water Plant

Total Cost of Water Plant

\$ 62,278.78

Total Users

80.00

Cost Per User

\$ 778.48

Total Delivery System

\$534,278.54

Total Sewer Plant

157,308.44

Total Water Facilities

62,278.78

Total Systems

753,865.76

Per User Cost of Delivery and Collection System

4,813.32 63.68%

Per User Cost of Sewer Plant

1,966.36 26.02%

Per User Cost of Water Plant

778.48 10.30%

Total Per User Costs

7,558.16

Break down of fee

Delivery and Collection System

4,330.50 63.68%

Sewer Plant

1,769.11 26.02%

Water Plant

700.39 10.30%

6,800.00

Deficit Per User	482.83	
Water Delivery and Collection System	<u>111.00</u>	53,593.58
Sewer Plant	197.25	
	<u>80.00</u>	15,779.64
Water Plant	78.09	
	<u>80.00</u>	6,247.20
System Costs to be included in Rate Base	<u>75,620.41</u>	
Total Cost of Delivery System, Sewer Plant and Water Plant		753,865.76
Less - Tap Fee Collected by Subscription		<u>306,800.00</u>
Net Cost to Folsom		447,065.76
Less - System Costs to be included in Rate Base		<u>75,620.41</u>
Contribution in Aid of Construction (CIAC)		<u>371,445.35</u>
CIAC - Delivery system, West side		203,948.33
Total CIAC		575,393.68

BIG ISLAND WATER & SEWER COMPANY, INC. RATE BASE COMPUTATION	FROM GLOBAL ANALYSIS	WASTEWATER TREATMENT EXPANSION	PROPOSED WATER IMPROVEMENTS	PSC CERTIFICATION	TOTAL	
					SEWER	WATER
WATER						
SUPPLY AND STORAGE	\$6,247.20		\$168,000.00 (2)			\$174,247.20
DISTRIBUTION SYSTEM	\$26,796.79 (1)					\$26,796.79
LAND			\$5,000.00			\$5,000.00
METERS			\$43,500.00			\$43,500.00
WASTEWATER						
COLLECTION SYSTEM	\$26,796.79 (1)				\$26,796.79	
TREATMENT FACILITY	\$15,779.64	\$269,757.00			\$285,536.64	
LAND		\$10,000.00			\$10,000.00	
METERS		\$7,600.00			\$7,600.00	
PROFESSIONAL SERVICES						
LEGAL				\$10,000.00 (1)	\$5,000.00	\$5,000.00
ENGINEERING				\$12,000.00 (1)	\$6,000.00	\$6,000.00
ACCOUNTING AND ADMINISTRATION				\$10,000.00 (1)	\$5,000.00	\$5,000.00
TOTAL	\$75,620.42				\$345,933.43	\$265,543.99

(1) DIVIDED EQUALLY BETWEEN WATER & SEWER

(2) PROJECTED COST FOR STANDPIPE 7/18/2006 84,000 GALLONS @ \$2.00/GALLON

ATTACHMENT C

BIG ISLAND

PRO FORMA ----- WATER expenses and rate design

Supply, Storage and Distribution system

(Explanatory)

Rate Base:	Customer base used =	210 Customers (residential)	(Notes)
	265,543.99 Rate Base	\$1,264 Rate Base/Customer	1
	50.0% Equity and	50.0% Debt	2

EXPENSE ITEM		AMOUNT	
Return on equity	10.0%	13,277	
Interest on debt	9.8%	12,945	3
Depreciation			
Supply and Distribution Lines	2.00%	26,797	536
Storage	2.50%	217,747	5,444
Billing		7,560	4
Labor		5,520	5
Materials		1,000	
Replacement and repairs		3,000	
Insurance		1,500	
Testing and Laboratory Expenses		1,200	
Electric		2,400	
Legal		1,500	
Professional Fees		600	
Property Taxes		300	
Income Tax	0.39 of equity return	5,178	
P.S.C. Assessment		620	6
TOTAL ANNUAL EXPENSES		\$62,580	

Average residential rate \$24.83 /month

- Explanatory Notes

1. From Rate Base Computation. Does not include CIAC from Developer
2. Debt/equity ratio and returns for proforma purposes.
3. Prime plus 1.5%
4. Based on 210 customers at \$3.00 per month
5. Contract at \$920.00 per month with operator
Divided between Water and Sewer
6. Estimate: Current PSC factor times the total expenses

ATTACHMENT D

BIG ISLAND

PRO FORMA ----- SEWER expenses and rate design

STEP Collection System, Recirc. Sand Filter

(Explanatory)

Rate Base:	Customer base used =	210 Customers (residential)	(Notes)
	\$345,933 Rate Base	\$1,647 Rate Base/Customer	1
	50.0% Equity and	50.0% Debt	2

EXPENSE ITEM		AMOUNT	
Return on equity	10.0%	17,297	
Interest on debt	9.75%	16,864	3
Depreciation			
Collection Lines	2.00%	26,796.79	536
Plant	2.90%	285,536.64	8,281
Billing		7,560	4
Chemicals		350	5
Sludge Removal and Disposal		3,750	6
Labor		5,520	7
Materials		1,625	5
Replacement and repairs		6,500	5
Insurance		1,500	8
Testing and Laboratory Expenses		1,500	5
Electric		2,473	8
DNR Yearly fee		3,000	
Legal Fees		1,500	
Professional Fees		600	
Property Taxes		300	
Income Tax	0.39 of equity return	6,746	
P.S.C. Assessment		7,058	9
TOTAL ANNUAL EXPENSES		\$92,959	

Average residential rate**\$36.89 /month****- Explanatory Notes**

1. From Rate Base Computation. Does not include CIAC from Developer
2. Debt/equity ratio and returns for proforma purposes.
3. Prime plus 1.5%
4. Based on 210 customers at \$3.00/month
5. Based on DNR and Krehbiel Engineering figures
6. 25 tanks pumped per year at \$150.00 per tank
7. Contract at \$920.00 per month with operator
Divided between Water and Sewer
8. Based on a projection of the current expenses
9. Estimate: Current PSC factor times the total expenses.

ATTACHMENT E

BIG ISLAND

WATER - INCOME AND OPERATING EXPENSES

INCOME	2007	2008	2009
	78 CUSTOMERS	98 CUSTOMERS	118 CUSTOMERS
@ \$24.83	\$23,240.88	\$29,200.08	\$35,159.28
OPERATING EXPENSES			
Interest on debt	\$13,277.00	\$13,277.00	\$13,277.00
Billing @ \$3.00	\$2,808.00	\$3,528.00	\$4,248.00
Labor	\$5,520.00	\$5,520.00	\$5,520.00
Materials	\$1,000.00	\$1,000.00	\$1,000.00
Replacement and repairs	\$3,000.00	\$3,000.00	\$3,000.00
Insurance	\$1,500.00	\$1,500.00	\$1,500.00
Testing and Laboratory Expenses	\$1,200.00	\$1,200.00	\$1,200.00
Electric	\$2,400.00	\$2,400.00	\$2,400.00
Legal Fees	\$1,500.00	\$1,500.00	\$1,500.00
Professional Fees	\$600.00	\$600.00	\$600.00
Property Taxes	\$300.00	\$300.00	\$300.00
P.S.C. Assessment	\$620.00	\$620.00	\$620.00
TOTAL OPERATING EXPENSES	\$33,725	\$34,445	\$35,165

ATTACHMENT F

BIG ISLAND

SEWER - INCOME AND OPERATING EXPENSES

INCOME	2007	2008	2009
	78 CUSTOMERS	98 CUSTOMERS	118 CUSTOMERS
@ \$36.89	\$34,529.04	\$43,382.64	\$52,236.24
OPERATING EXPENSES			
Interest on debt	\$16,864.00	\$16,864.00	\$16,864.00
Billing @ \$3.00	\$2,808.00	\$3,528.00	\$4,248.00
Chemicals	\$350.00	\$350.00	\$350.00
Sludge Removal and Disposal	\$3,750.00	\$3,750.00	\$3,750.00
Labor	\$5,520.00	\$5,520.00	\$5,520.00
Materials	\$1,625.00	\$1,625.00	\$1,625.00
Replacement and repairs	\$6,500.00	\$6,500.00	\$6,500.00
Insurance	\$1,500.00	\$1,500.00	\$1,500.00
Testing and Laboratory Expenses	\$1,500.00	\$1,500.00	\$1,500.00
Electric	\$2,473.00	\$2,473.00	\$2,473.00
DNR Yearly fee	\$3,000.00	\$3,000.00	\$3,000.00
Legal Fees	\$1,500.00	\$1,500.00	\$1,500.00
Professional Fees	\$600.00	\$600.00	\$600.00
Property Taxes	\$300.00	\$300.00	\$300.00
P.S.C. Assessment	\$7,058.00	\$7,058.00	\$7,058.00
TOTAL OPERATING EXPENSES	\$55,348	\$56,068	\$56,788

ATTACHMENT F