

Exhibit No.:

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Revenue Requirement

Roth/Direct

Public Counsel

WR-2017-0110

DIRECT TESTIMONY

OF

KERI ROTH

Submitted on Behalf of the Office of the Public Counsel

TERRE DU LAC UTILITIES

CASE NO. WR-2017-0110

May 31, 2017

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**


In the Matter of the Request for Increase in)
Annual Water and Sewer System) File No. WR-2017-0110
Operating Revenues for Terre Du Lac Utilities)

AFFIDAVIT OF KERI ROTH

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Keri Roth, of lawful age and being first duly sworn, deposes and states:

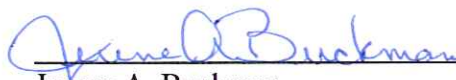
1. My name is Keri Roth. I am a Public Utility Accountant III for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.


Keri Roth
Public Utility Accountant III

Subscribed and sworn to me this 31st day of May 2017.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2017
Cole County
Commission #13754037


Jerene A. Buckman
Notary Public

My Commission expires August, 2017.

DIRECT TESTIMONY
OF
KERI ROTH
TERRE DU LAC UTILITIES CORPORATION
CASE NO. WR-2017-0110

I. INTRODUCTION

Q. Please state your name and business address.

A. Keri Roth, P.O. Box 2230, Jefferson City, Missouri 65102-2230.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Public Utility Accountant III.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the OPC.

Q. What is the nature of your duties at the OPC?

A. My duties include performing audits and examinations of the books and records of public utilities operating within the state of Missouri. I specialize in the area of auditing water and sewer utility companies, but I have performed audits in electric and gas cases as well. I have performed audits or accounting analysis in acquisition cases, complaint cases, and rate cases.

Q. Please describe your educational background.

A. I graduated in May 2011 from Lincoln University in Jefferson City with a Bachelor of Science Degree in Accounting.

1 **Q. Have you received specialized training related to public utility accounting?**

2 A. Yes. In addition to being employed by the OPC since September 2012, I have also attended
3 the NARUC Utility Rate School held by Michigan State University.

4 **Q. Have you previously filed testimony before the Missouri Public Service Commission**
5 **(“Commission” or “PSC”)?**

6 A. Yes. Please refer to Schedule KNR-1, attached to this testimony, for a listing of cases in
7 which I have submitted testimony.

8 **Q. What is the purpose of your direct testimony?**

9 A. The purpose of my direct testimony is to sponsor and present OPC’s audit of Terre Du Lac
10 Utilities Corporation’s (“TDLU”) books and records in the current rate case. I will explain
11 OPC’s calculated revenue requirement for TDLU’s water system and sewer system
12 operations. OPC’s accounting schedules supporting this testimony are included as Schedule
13 KNR-2.

14 **Q. Please describe the various documents reviewed which aided in your calculation of**
15 **TDLU’s revenue requirement for the water and sewer systems.**

16 A. I reviewed various invoices related to plant investment, office expense, daily operating
17 expenses, repairs and maintenance, etc. Other items reviewed include vendor contracts
18 TDLU has in place, general ledgers, previous rate case work papers, as well as any
19 narratives provided by TDLU.

20 **Q. How much of an increase in revenues did TDLU request in its request letter received**
21 **by the Commission on October 11, 2016?**

22 A. TDLU requested an increase of \$134,000 in its annual water operating revenues and \$8,700
23 in its annual sewer operating revenues.

1 **Q. Is TDLU's revenue increase request based on documents provided to OPC?**

2 A. No. It does not appear that TDLU's request is substantiated by the submitted documents.

3 **Q. What is OPC's calculated revenue requirement for TDLU's water system?**

4 A. OPC has calculated the revenue requirement to be \$70,082 for TDLU's water system, as
5 shown in Schedule KNR-2. This added to OPC's calculated revenues of \$283,880 would
6 result in total annual water operating revenues of \$353,962.

7 **Q. What is OPC's calculated revenue requirement for TDLU's sewer system?**

8 A. OPC has calculated the revenue requirement to be (\$610) for TDLU's sewer system, as
9 shown in Schedule KNR-2. This added to OPC's calculated revenues of \$398,032 would
10 result in total annual sewer operating revenues of \$397,422.

11 **Q. What is OPC's conclusion of TDLU's revenue increase request?**

12 A. OPC finds TDLU's revenue increase request to be too high. OPC reviewed all documents
13 discussed previously to arrive at its calculated revenue requirement. OPC does not believe
14 the documents substantiate such an increase requested by TDLU. TDLU has not provided
15 OPC with work papers or calculations to substantiate its request; therefore, OPC believes its
16 calculation is a reasonable increase based on documents provided by TDLU.

17 **Q. Does this conclude your direct testimony?**

18 A. Yes.

**CASE PARTICIPATION
OF
KERI ROTH**

<u>Company Name</u>	<u>Case No.</u>
Empire District Electric Company	ER-2012-0345
Emerald Pointe Utility Company	SR-2013-0016
Lake Region Water & Sewer Company	WR-2013-0461
Summit Natural Gas of Missouri, Inc.	GR-2014-0086
Hickory Hills Water & Sewer Company, Inc.	WR-2014-0167/SR-2014-0166
Empire District Electric Company	ER-2014-0351
Laclede Gas Company	GO-2015-0178
Missouri Gas Energy	GO-2015-0179
Missouri American Water Company	WR-2015-0301
Empire District Electric Company	ER-2016-0023
Hillcrest Utility Operating Company, Inc.	WR-2016-0064
Raccoon Creek Utility Operating Company, Inc.	SR-2016-0202
Moore Bend Water Utility, LLC	WC-2016-0252

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Rate Design Schedule - Sewer

Line Number	Description	OPC Annualized
Rev-1	ANNUALIZED REVENUES	
Rev-2	Annualized Rate Revenues	\$297,127
Rev-3	Miscellaneous Revenues	\$100,905
Rev-4	TOTAL ANNUALIZED REVENUES	<u>\$398,032</u>
1	OPERATIONS EXPENSES	
2	Contract Services	\$9,000
3	Electricity - Pumping Treatment	\$12,805
4	Chemicals	\$3,456
5	Operating Supplies	\$2,218
6	TOTAL OPERATIONS EXPENSE	<u>\$27,479</u>
7	MAINTENANCE EXPENSES	
8	Maintenance - Collection & Force	\$27
9	Sludge Removal - Tank Pump Out	\$800
10	Maintenance - Supply & Engineering	\$468
11	Labor - Sewer Treatment	\$0
12	Operating Supplies - Sewer Lines	\$1,973
13	Maintenance - Sewer Gravity	\$760
14	Maintenance - Pressure Lines	\$1,402
15	New Connect/Pressure Pump	\$41,785
16	Maintenance - Customer Press Pumps	\$37,961
17	Maintenance - Treatment & Disposal	\$395
18	Maintenance - Other Plant Facilities	\$931
19	Backhoe Expense	\$0
20	TOTAL MAINTENANCE EXPENSE	<u>\$86,502</u>
21	CUSTOMER ACCOUNT EXPENSE	
22	Postage & Billing	\$2,570
23	TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$2,570</u>
24	ADMINISTRATIVE & GENERAL EXPENSES	
25	Salaries & Wages	\$134,144
26	Wages - Uniform Expense	\$2,121
27	Office Expense	\$900
28	Credit Card Fees	(\$26)
29	Bank Charges	\$0
30	Outside Services	\$0
31	Legal Fees	\$0
32	Accounting Fees	\$1,432
33	Rate Case Expense	\$92
34	Insurance - Worker's Comp	\$4,342
35	Insurance - Property & Casualty	\$5,880
36	Insurance - Automobile	\$1,919
37	Insurance - Group Health	\$23,892
38	Insurance - AD&D, Life, & Dental	\$1,821
39	Meals & Entertainment	\$0
40	Telephone Expense	\$1,748
41	Education Expense	\$794
42	Miscellaneous General Expense	\$1,059
43	Bad Debt Expense	\$0
44	Vehicle Expense	\$1,300
45	Gasoline & Diesel Fuel Expense	\$5,448
46	Building Maintenance	\$0
47	TOTAL ADMINISTRATIVE & GENERAL	<u>\$186,866</u>
48	OTHER OPERATING EXPENSES	
49	PSC Assessment	\$4,032
50	Permits & Licenses	\$10,296
51	Amortization Expense	\$155
52	Depreciation	\$44,039
53	CIAC Depreciation	(\$9,699)
54	TOTAL OTHER OPERATING EXPENSES	<u>\$48,823</u>
55	TAXES OTHER THAN INCOME	
56	Real & Personal Property Taxes	\$1,865
57	Payroll Taxes	\$11,287
58	TOTAL TAXES OTHER THAN INCOME	<u>\$13,152</u>
59	TOTAL OPERATING EXPENSES	\$365,392
60	Interest Expense	\$15,071
61	Return on Equity	\$13,578
62	Income Taxes	\$3,381
63	TOTAL INTEREST RETURN & TAXES	<u>\$32,030</u>
64	TOTAL COST OF SERVICE	\$397,422
67	INCREMENTAL INCREASE IN RATE REVENUES	<u><u>(\$610)</u></u>
68	PERCENTAGE OF INCREASE	-0.150%
69	REQUESTED INCREASE IN REVENUES	\$8,700

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Rate Base & Required Return on Investment Schedule - Sewer

Line Number	Rate Base Description	Dollar Amount	
1	Plant In Service	\$977,136	From Plant Schedule
2	Less Accumulated Depreciation	<u>\$370,847</u>	From Reserve Sch
3	Net Plant In Service	\$606,289	
4	Other Rate Base Items:		
	Inventory	\$567	
	Contributions in Aid of Construction	(\$260,808)	
	CIAC Depreciation	\$96,951	
5	Total Rate Base	<u>\$442,999</u>	
6	Total Weighted Rate of Return Including Income Tax	<u>7.23%</u>	From PreTax Return Schedule
7	Required Return & Income Tax	<u><u>\$32,030</u></u>	

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Rate of Return Including Income Tax - Sewer

	A	B	Formulas	
1 State Income Tax Rate	6.25%	5.81%	(1-(B2 x .5)) x A1	
2 Federal Income Tax Rate	15.00%	<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>3.07%</u>	From Cap. Struct.	
6 Weighted Rate of Return on Equity Inc. Income Tax		3.83%	B4 x B5	
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		<u>3.40%</u>	From Cap. Struct.	
8 Total Weighted Rate of Return Inc. Income Tax		<u><u>7.23%</u></u>	B6 + B7 To Rate Base Sch.	
9 If Sub-Chapter S Corporation, Enter Y:	N			
10 Equity Income Required & Preliminary Federal Tax		\$15,974		

Net Income Range		Tax Rate	Amount in Range	Tax on Range
Start	End			
\$ -	\$ 50,000	15.00%	\$15,974	\$2,396
\$ 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>\$15,974</u>	<u>\$2,396</u>
			Consolidated Tax Rate:	
			Average Tax Rate:	
				0.15

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Capital Structure Schedule - Sewer

			Is Preferred Stock Tax Deductible?		
Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$358,766	31.69%	9.67%	3.065%
2	Other Security - Non-Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long-Term Debt	\$773,201	68.31%	4.98%	3.402%
5	Short-Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security - Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$1,131,967</u>	<u>100.00%</u>		<u>6.467%</u>

To PreTax Return Rate Schedule

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Plant In Service - Sewer

Line Number	Account #	Plant Account Description	Total Plant	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	300.000	Stipulated Plant	\$60,347		\$0	100.00%	\$60,347
3		TOTAL INTANGIBLE PLANT	\$60,347		\$0		\$60,347
4		SOURCE OF SUPPLY PLANT					
5	311.000	Structures & Improvements - SSP	\$8,309		\$0	100.00%	\$8,309
6		TOTAL SOURCE OF SUPPLY PLANT	\$8,309		\$0		\$8,309
7		COLLECTION PLANT					
8	352.100	Collection Sewers - Force	\$205,198		\$0	100.00%	\$205,198
9	352.200	Collection Sewers - Gravity	\$37,233		\$0	100.00%	\$37,233
10	353.000	Services	\$262,109		\$0	100.00%	\$262,109
11		TOTAL COLLECTION PLANT	\$504,540		\$0		\$504,540
12		PUMPING PLANT					
13	363.000	Pumping Equipment (Elec., Diesel, other)	\$240,206		\$0	100.00%	\$240,206
14		TOTAL PUMPING PLANT	\$240,206		\$0		\$240,206
15		TREATMENT & DISPOSAL PLANT					
16	372.000	Treatment & Disposal Equipment	\$47,906		\$0	100.00%	\$47,906
17		TOTAL TREATMENT & DISPOSAL PLANT	\$47,906		\$0		\$47,906
18		GENERAL PLANT					
19	391.000	Office Furniture & Equipment	\$13,233		\$0	100.00%	\$13,233
20	391.100	Electronic Office Equipment	\$3,286		\$0	100.00%	\$3,286
21	392.000	Transportation Equipment	\$28,233		\$0	100.00%	\$28,233
22	394.000	Tools, Shop, & Garage Equipment	\$2,713		\$0	100.00%	\$2,713
23	395.000	Laboratory Equipment	\$1,196		\$0	100.00%	\$1,196
24	396.000	Power Operated Equipment	\$66,407		\$0	100.00%	\$66,407
25	397.000	Communication Equipment	\$760		\$0	100.00%	\$760
26		TOTAL GENERAL PLANT	\$115,828		\$0		\$115,828
27		TOTAL PLANT IN SERVICE	\$977,136		\$0		\$977,136

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Schedule of Adjustments for Plant in Service - Sewer

Plant Adjustment Number	Plant in Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-1				\$0
	Description		\$0	
	Description		\$0	
TOTAL PLANT ADJUSTMENTS				<u><u>\$0</u></u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Depreciation Expense

Line Number	Account Number	Plant Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
1		INTANGIBLE PLANT			
2	300.000	Stipulated Plant	\$60,347	2.5000%	\$1,509
3		TOTAL INTANGIBLE PLANT	<u>\$60,347</u>		<u>\$1,509</u>
4		SOURCE OF SUPPLY PLANT			
5	311.000	Structures & Improvements - SSP	\$8,309	2.5000%	\$208
6		TOTAL SOURCE OF SUPPLY PLANT	<u>\$8,309</u>		<u>\$208</u>
7		COLLECTION PLANT			
8	352.100	Collection Sewers - Force	\$205,198	2.0000%	\$4,104
9	352.200	Collection Sewers - Gravity	\$37,233	2.0000%	\$745
10	353.000	Services	\$262,109	2.0000%	\$5,242
11		TOTAL COLLECTION PLANT	<u>\$504,540</u>		<u>\$10,091</u>
12		PUMPING PLANT			
13	363.000	Pumping Equipment (Elec., Diesel, other)	\$240,206	10.0000%	\$24,021
14		TOTAL PUMPING PLANT	<u>\$240,206</u>		<u>\$24,021</u>
15		TREATMENT & DISPOSAL PLANT			
16	372.000	Treatment & Disposal Equipment	\$47,906	5.0000%	\$2,395
17		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$47,906</u>		<u>\$2,395</u>
18		GENERAL PLANT			
19	391.000	Office Furniture & Equipment	\$13,233	5.0000%	\$662
20	391.100	Electronic Office Equipment	\$3,286	14.3000%	\$470
21	392.000	Transportation Equipment	\$28,233	0.0000%	\$0
22	394.000	Other General Equipment	\$2,713	5.0000%	\$136
23	395.000	Laboratory Equipment	\$1,196	8.3000%	\$99
24	396.000	Power Operated Equipment	\$66,407	6.7000%	\$4,449
25	397.000	Communication Equipment	\$760	0.0000%	\$0
26		TOTAL GENERAL PLANT	<u>\$115,828</u>		<u>\$5,816</u>
27		TOTAL PLANT DEPRECIATION EXPENSE	<u><u>\$977,136</u></u>		<u><u>\$44,039</u></u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Depreciation Reserve

Line Number	Account Number	Plant Description	Total Reserve	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	300.000	Stipulated Plant	<u>\$50,550</u>		<u>\$0</u>	100.0000%	<u>\$50,550</u>
5		TOTAL INTANGIBLE PLANT	<u>\$50,550</u>		<u>\$0</u>		<u>\$50,550</u>
6		SOURCE OF SUPPLY PLANT					
8	311.000	Structures & Improvements - SSP	<u>\$2,764</u>		<u>\$0</u>	100.0000%	<u>\$2,764</u>
9		TOTAL SOURCE OF SUPPLY PLANT	<u>\$2,764</u>		<u>\$0</u>		<u>\$2,764</u>
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	<u>\$77,990</u>		<u>\$0</u>	100.0000%	<u>\$77,990</u>
12	352.200	Collection Sewers - Gravity	<u>\$19,367</u>		<u>\$0</u>	100.0000%	<u>\$19,367</u>
13	353.000	Services	<u>\$93,352</u>		<u>\$0</u>	100.0000%	<u>\$93,352</u>
16		TOTAL COLLECTION PLANT	<u>\$190,709</u>		<u>\$0</u>		<u>\$190,709</u>
17		PUMPING PLANT					
19	363.000	Pumping Equipment (Elec., Diesel, other)	<u>\$25,492</u>		<u>\$0</u>	100.0000%	<u>\$25,492</u>
20		TOTAL PUMPING PLANT	<u>\$25,492</u>		<u>\$0</u>		<u>\$25,492</u>
21		TREATMENT & DISPOSAL PLANT					
24	372.000	Treatment & Disposal Equipment	<u>\$23,740</u>		<u>\$0</u>	100.0000%	<u>\$23,740</u>
28		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$23,740</u>		<u>\$0</u>		<u>\$23,740</u>
29		GENERAL PLANT					
30	391.000	Office Furniture & Equipment	<u>\$11,264</u>		<u>\$0</u>	100.0000%	<u>\$11,264</u>
	391.100	Electronic Office Equipment	<u>\$1,374</u>		<u>\$0</u>	100.0000%	<u>\$1,374</u>
31	392.000	Transportation Equipment	<u>\$29,979</u>		<u>\$0</u>	100.0000%	<u>\$29,979</u>
32	394.000	Tools, Shop, & Garage Equipment	<u>\$2,611</u>		<u>\$0</u>	100.0000%	<u>\$2,611</u>
33	395.000	Laboratory Equipment	<u>(\$251)</u>		<u>\$0</u>	100.0000%	<u>(\$251)</u>
	396.000	Power Operated Equipment	<u>\$31,751</u>		<u>\$0</u>	100.0000%	<u>\$31,751</u>
	397.000	Communication Equipment	<u>\$864</u>		<u>\$0</u>	100.0000%	<u>\$864</u>
34		TOTAL GENERAL PLANT	<u>\$77,592</u>		<u>\$0</u>		<u>\$77,592</u>
35		TOTAL DEPRECIATION RESERVE	<u><u>\$370,847</u></u>		<u><u>\$0</u></u>		<u><u>\$370,847</u></u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Adjustments to Depreciation Reserve

Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
R-1				\$0
	Description		\$0	
	Description		\$0	
TOTAL RESERVE ADJUSTMENTS				<u>\$0</u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Revenue Schedule - Sewer

Line Number	Account Number	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
ANNUALIZED REVENUES							
Rev-1		Annualized Rate Revenues	\$291,645	Rev-1	\$5,482	100.00%	\$297,127
Rev-2		Miscellaneous Revenues	\$97,051	Rev-2	\$3,854	100.00%	\$100,905
TOTAL ANNUALIZED REVENUES			\$388,696		\$9,336		\$398,032

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Revenue Adjustment Schedule - Sewer

Revenue Adjustment Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment Amount
Rev-1	Annualized Rate Revenues			\$5,482
	To normalize rate revenues		\$5,482	
Rev-2	Miscellaneous Revenues			\$3,854
	To normalize miscellaneous revenues		\$3,854	
TOTAL REVENUES ADJUSTMENTS				<u>\$9,336</u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Rate Revenue Feeder Schedule - Sewer

Line Number	Description	Residential		Commercial 1"		Commercial 2"		Aerator		Total	
		Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
1	<u>Customer Charge Revenues:</u>										
2	Customer Number	1,242		3		3		7		1,255	
3	Bills Per Year	12		12		12		12			
4	Customer Bills Per Year	14,904		36		36		84		15,060	
5	Current Customer Charge	<u>\$19.41</u>		<u>\$48.52</u>		<u>\$155.27</u>		<u>\$6.00</u>			
6	Annualized Customer Charge Revenues		\$289,287		\$1,747		\$5,590		\$504		\$297,127
7	<u>Commodity Charge Revenues:</u>										
8	Total Gallons Sold	0		0		0		0		0	
9	Less: Base Gallons Included in Customer Charge	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		0	
10	Commodity Gallons	0		0		0		0		0	
11	Block 1, Commodity Gallons per Block	0		0		0		0			
12	Block 1, Number of Commodity Gallons per Unit	1,000		1,000		1,000		1,000			
13	Block 1, Commodity Billing Units	0		0		0		0			
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>		<u>\$0.00</u>		<u>\$0.00</u>			
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0		\$0		\$0		\$0
16	TOTAL ANNUALIZED WATER RATE REVENUES		<u>\$289,287</u>		<u>\$1,747</u>		<u>\$5,590</u>		<u>\$504</u>		<u>\$297,127</u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Miscellaneous Revenues Feeder - Water

Line Number	Description	Amount
1	Late Charge Fees	\$7,587
2	Reconnect Fees	\$2,574
3	Non-Tariff New Pressure Pump	\$41,785
4	Miscellaneous Other Revenue	\$10,533
5	Miscellaneous Service Revenues	\$37,961
6	Returned Check Fees	\$63
7	Refunds	\$402
8	TOTAL MISCELLANEOUS REVENUES	<u>\$100,905</u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Expense Schedule - Sewer

Line Number	Account Number	Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Contract Services	\$7,875	S-1	\$1,125	100.00%	\$9,000
3		Electricity - Pumping Treatment	\$15,696	S-2	(\$2,891)	100.00%	\$12,805
4		Chemicals	\$2,407	S-3	\$1,049	100.00%	\$3,456
5		Operating Supplies	\$3,021	S-4	(\$803)	100.00%	\$2,218
6		TOTAL OPERATIONS EXPENSE	\$28,999		(\$1,520)		\$27,479
7		MAINTENANCE EXPENSES					
8		Maintenance - Collection & Force	\$0	S-5	\$27	100.00%	\$27
9		Sludge Removal - Tank Pump Out	\$600	S-6	\$200	100.00%	\$800
10		Maintenance - Supply & Engineering	\$506	S-7	(\$38)	100.00%	\$468
11		Labor - Sewer Treatment	\$1,200	S-8	(\$1,200)	100.00%	\$0
12		Operating Supplies - Sewer Lines	\$2,088	S-9	(\$115)	100.00%	\$1,973
13		Maintenance - Sewer Gravity	\$4,455	S-10	(\$3,695)	100.00%	\$760
14		Maintenance - Pressure Lines	\$2,131	S-11	(\$729)	100.00%	\$1,402
15		New Connect/Pressure Pump	\$41,785		\$0	100.00%	\$41,785
16		Maintenance - Customer Press Pumps	\$24,804	S-12	\$13,157	100.00%	\$37,961
17		Maintenance - Treatment & Disposal	\$1,925	S-13	(\$1,530)	100.00%	\$395
18		Maintenance - Other Plant Facilities	\$4,078	S-14	(\$3,147)	100.00%	\$931
19		Backhoe Expense	\$4	S-15	(\$4)	100.00%	\$0
20		TOTAL MAINTENANCE EXPENSE	\$83,576		\$2,926		\$86,502
21		CUSTOMER ACCOUNT EXPENSE					
22		Postage & Billing	\$2,419	S-16	\$151	100.00%	\$2,570
23		TOTAL CUSTOMER ACCOUNT EXPENSE	\$2,419		\$151		\$2,570
24		ADMINISTRATIVE & GENERAL EXPENSES					
25		Salaries & Wages	\$114,602	S-17	\$19,542	100.00%	\$134,144
26		Wages - Uniform Expense	\$1,575	S-18	\$546	100.00%	\$2,121
27		Office Expense	\$4,545	S-19	(\$3,645)	100.00%	\$900
28		Credit Card Fees	(\$21)	S-20	(\$5)	100.00%	(\$26)
29		Bank Charges	\$2,336	S-21	(\$2,336)	100.00%	\$0
30		Outside Services	\$346	S-22	(\$346)	100.00%	\$0
31		Legal Fees	\$510	S-23	(\$510)	100.00%	\$0
32		Accounting Fees	\$1,487	S-24	(\$55)	100.00%	\$1,432
33		Rate Case Expense	\$0	S-25	\$92	100.00%	\$92
34		Insurance - Worker's Comp	\$5,681	S-26	(\$1,339)	100.00%	\$4,342
35		Insurance - Property & Casualty	\$7,868	S-27	(\$1,988)	100.00%	\$5,880
36		Insurance - Automobile	\$3,163	S-28	(\$1,244)	100.00%	\$1,919
37		Insurance - Group Health	\$28,402	S-29	(\$4,510)	100.00%	\$23,892
38		Insurance - AD&D, Life, & Dental	\$2,540	S-30	(\$719)	100.00%	\$1,821
39		Meals & Entertainment	\$346	S-31	(\$346)	100.00%	\$0
40		Telephone Expense	\$3,137	S-32	(\$1,389)	100.00%	\$1,748
41		Education Expense	\$907	S-33	(\$113)	100.00%	\$794
42		Miscellaneous General Expense	\$1,298	S-34	(\$239)	100.00%	\$1,059
43		Bad Debt Expense	\$158	S-35	(\$158)	100.00%	\$0
44		Vehicle Expense	\$2,919	S-36	(\$1,619)	100.00%	\$1,300
45		Gasoline & Diesel Fuel Expense	\$5,102	S-37	\$346	100.00%	\$5,448
46		Building Maintenance	\$151	S-39	(\$151)	100.00%	\$0
47		TOTAL ADMINISTRATIVE & GENERAL	\$187,052		(\$186)		\$186,866
48		OTHER OPERATING EXPENSES					
49		PSC Assessment	\$1,008	S-40	\$3,024	100.00%	\$4,032
50		Permits & Licenses	\$9,180	S-41	\$1,116	100.00%	\$10,296
51		Amortization Expense	\$0	S-42	\$155	100.00%	\$155
52		Depreciation	\$25,259		\$18,780	100.00%	\$44,039
53		CIAC Depreciation	(\$8,863)		(\$836)	100.00%	(\$9,699)
54		TOTAL OTHER OPERATING EXPENSES	\$26,584		\$22,239		\$48,823
55		TAXES OTHER THAN INCOME					
56		Real & Personal Property Taxes	\$2,252	S-43	(\$387)	100.00%	\$1,865
57		Payroll Taxes	\$0	S-44	\$11,287	100.00%	\$11,287
58		TOTAL TAXES OTHER THAN INCOME	\$2,252		\$10,900		\$13,152
59		TOTAL OPERATING EXPENSES	\$330,882		\$34,510		\$365,392

Terra Bu Loc Utilities Corporation Annual Rate Card Case Number: W01-0119 & W01-0209 San Jose Utility Agency, Agency 41141414 Expense Adjustment Schedule - Sewer				
Expense Adjustment Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment Amount
5-1	Contract Services			\$1,101
	To amortization contract services		\$1,101	
5-2	Electricity - Pumping Treatment			\$2,261
	To amortization electricity - pumping treatment expense		\$2,261	
5-3	Chemicals			\$1,089
	To amortization chemical expense		\$1,089	
5-4	Operating Supplies			\$861
	To amortization operating supplies		\$861	
5-5	Maintenance - Collection & Force			\$61
	To amortization maintenance - collection & force		\$61	
5-6	Sludge Removal - Tank Pump Out			\$261
	To amortization sludge removal		\$261	
5-7	Maintenance - Supply & Engineering			\$18
	To amortization maintenance - supply & engineering		\$18	
5-8	Sewer - Sewer Treatment			\$1,261
	Sewer fees - included in payroll calculation		\$1,261	
5-9	Operating Supplies - Sewer Lines			\$161
	To amortization operating supplies - sewer lines		\$161	
5-10	Maintenance - Sewer Gravity			\$1,081
	To amortization maintenance - sewer gravity		\$1,081	
5-11	Maintenance - Pressure Lines			\$738
	To amortization maintenance - pressure lines		\$738	
5-12	Maintenance - Customer Pressure Pumps			\$13,101
	To amortization maintenance - customer pressure pumps		\$13,101	
5-13	Maintenance - Treatment & Disposal			\$6,101
	To amortization maintenance - treatment & disposal		\$6,101	
5-14	Maintenance - Other Plant Facilities			\$1,161
	To amortization maintenance - other plant facilities		\$1,161	
5-15	Facilities Expense			\$4
	To amortization facilities expense		\$4	
5-16	Permitting & Billing			\$161
	To amortization permitting & billing expense		\$161	
5-17	Salaries & Wages			\$16,161
	To amortization salaries & wages		\$16,161	
5-18	Wages - Uniform Expense			\$161
	To amortization uniform expense		\$161	
5-19	Office Expense			\$1,061
	To amortization (GA) Office Expense		\$1,061	
5-20	Credit Card Fees			\$1
	To amortization credit card fees		\$1	
5-21	Bank Charges			\$1,101
	To amortization bank charges		\$1,101	
5-22	Outside Services			\$161
	To amortization outside services		\$161	
5-23	Legal Fees			\$161
	To amortization legal fees		\$161	
5-24	Accounting Fees			\$61
	To amortization accounting fees		\$61	
5-25	Rent Lease Expense			\$61
	To amortization lease lease expense		\$61	
5-26	Insurance - Worker's Comp			\$1,161
	To amortization worker's comp insurance		\$1,161	
5-27	Insurance - Property & Casualty			\$1,161
	To amortization property & casualty insurance		\$1,161	
5-28	Insurance - Automobile			\$1,161
	To amortization automobile insurance		\$1,161	
5-29	Insurance - Group Health			\$4,161
	To amortization group health insurance		\$4,161	
5-30	Insurance - Medical Life, & Dental			\$738
	To amortization medical, life, & dental insurance		\$738	
5-31	Meals & Entertainment			\$161
	To amortize meals & entertainment expense		\$161	
5-32	Telephone Expense			\$1,161
	To amortization telephone expense		\$1,161	
5-33	Education Expense			\$161
	To amortization education expense		\$161	
5-34	Miscellaneous General Expense			\$161
	To amortization other general expense		\$161	
5-35	Bad Debt Expense			\$138
	To amortize bad debt expense		\$138	
5-36	Vehicle Expense			\$1,061
	To amortization vehicle expense		\$1,061	
5-37	Gasoline & Diesel Fuel Expense			\$161
	To amortization fuel expense		\$161	
5-38	Building Maintenance			\$161
	To amortize building maintenance expense		\$161	
5-40	PIC Assessment			\$1,024
	To amortize PIC Assessment		\$1,024	
5-41	Permits & Licenses			\$1,116
	To amortization permits & licenses		\$1,116	
5-42	Amortization Expense			\$161
	To amortize legal fees associated with finance cost		\$161	
5-43	Real & Personal Property Taxes			\$161
	To amortization property tax expense		\$161	
5-44	Payroll Taxes			\$11,261
	To amortization payroll taxes		\$11,261	
TOTAL AMORIZE AMOUNTS/PAID				\$71,006

Terre Du Lac Utilities Corporation
 Informal Rate Case
 Case Numbers WR-2017-0110 & SR-2017-0109
 Test Year Ending 9/30/2016, Update 12/31/2016
 Rate Design Schedule - Water

Line Number	Description	OPC Annualized
Rev-1	ANNUALIZED REVENUES	
Rev-2	Annualized Rate Revenues	\$258,503
Rev-3	Miscellaneous Revenues	\$25,377
Rev-4	TOTAL ANNUALIZED REVENUES	<u>\$283,880</u>
1	OPERATIONS EXPENSES	
3	Electricity - Pumping Treatment	\$39,789
4	Chemicals	\$2,290
5	Operating Supplies	\$1,085
6	TOTAL OPERATIONS EXPENSE	<u>\$43,164</u>
7	MAINTENANCE EXPENSES	
8	Maintenance - Wells	\$234
9	Maintenance - Supply & Engineering	\$73
10	Maintenance - Pumping Plant	\$1,750
11	Operating Supplies - Water Lines	\$14,695
12	Maintenance - Mains	\$1,293
13	Maintenance - Meters	\$19
14	Maintenance - Other Plant Facilities	\$140
15	Labor - Meter Reading	\$0
16	TOTAL MAINTENANCE EXPENSE	<u>\$18,204</u>
17	CUSTOMER ACCOUNT EXPENSE	
18	Postage & Billing	\$2,675
19	TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$2,675</u>
20	ADMINISTRATIVE & GENERAL EXPENSES	
21	Salaries & Wages	\$129,680
22	Wages - Uniform Expense	\$2,039
23	Office Expense	\$1,013
24	Credit Card Fees	(\$26)
25	Bank Charges	\$0
26	Outside Services	\$0
27	Legal Fees	\$0
28	Accounting Fees	\$1,432
29	Rate Case Expense	\$92
30	Insurance - Worker's Comp	\$4,197
31	Insurance - Property & Casualty	\$9,145
32	Insurance - Automobile	\$1,855
33	Insurance - Group Health	\$23,892
34	Insurance - AD&D, Life, & Dental	\$1,821
35	Meals & Entertainment	\$0
36	Telephone Expense	\$1,690
37	Education Expense	\$794
38	Miscellaneous General Expense	\$716
39	Bad Debt Expense	\$0
40	Vehicle Expense	\$1,300
41	Gasoline & Diesel Fuel Expense	\$5,267
42	TOTAL ADMINISTRATIVE & GENERAL	<u>\$184,907</u>
43	OTHER OPERATING EXPENSES	
44	PSC Assessment	\$2,921
45	Permits & Licenses	\$1,986
46	Amortization Expense	\$155
47	Depreciation	\$44,068
48	CIAC Depreciation	(\$8,422)
49	TOTAL OTHER OPERATING EXPENSES	<u>\$40,708</u>
50	TAXES OTHER THAN INCOME	
51	Real & Personal Property Taxes	\$3,578
52	Payroll Taxes	\$10,911
53	TOTAL TAXES OTHER THAN INCOME	<u>\$14,489</u>
54	TOTAL OPERATING EXPENSES	\$304,147
55	Interest Expense	\$23,439
56	Return on Equity	\$21,117
57	Income Taxes	\$5,259
58	TOTAL INTEREST RETURN & TAXES	<u>\$49,815</u>
59	TOTAL COST OF SERVICE	\$353,962
62	INCREMENTAL INCREASE IN RATE REVENUES	<u><u>\$70,082</u></u>
63	PERCENTAGE OF INCREASE	24.690%
64	REQUESTED INCREASE IN REVENUES	\$134,000

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Rate Base & Required Return on Investment Schedule - Water

Line Number	Rate Base Description	Dollar Amount	
1	Plant In Service	\$1,446,841	From Plant Schedule
2	Less Accumulated Depreciation	<u>\$592,522</u>	From Reserve Sch
3	Net Plant In Service	\$854,319	
4	Other Rate Base Items:		
	Inventory	\$514	
	Contributions in Aid of Construction	(\$254,187)	
	CIAC Depreciation	\$88,322	
5	Total Rate Base	<u>\$688,968</u>	
6	Total Weighted Rate of Return Including Income Tax	<u>7.23%</u>	From PreTax Return Schedule
7	Required Return & Income Tax	<u><u>\$49,814</u></u>	

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Rate of Return Including Income Tax - Water

	A	B	Formulas		Net Income Range		Amount	Tax
					Start	End	in Range	on Range
1 State Income Tax Rate	6.25%	5.81%	(1-(B2 x .5)) x A1		\$ -	\$ 50,000	\$24,843	\$3,726
2 Federal Income Tax Rate	15.00%	14.13%	(1-B1) x A2		\$ 50,001	\$ 75,000	\$0	\$0
3 Composite Effective Income Tax Rate		19.94%	B1 + B2		\$ 75,001	\$ 100,000	\$0	\$0
4 Equity Tax Factor		1.2490	1 / (1-B3)		\$ 100,001	\$ 335,000	\$0	\$0
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		3.07%	From Cap. Struct.		\$ 335,001	\$ 9,999,999,999	\$0	\$0
							\$24,843	\$3,726
							Consolidated Tax Rate:	
							Average Tax Rate:	0.15
6 Weighted Rate of Return on Equity Inc. Income Tax		3.83%	B4 x B5					
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.40%	From Cap. Struct.					
8 Total Weighted Rate of Return Inc. Income Tax		7.23%	B6 + B7 To Rate Base Sch.					
9 If Sub-Chapter S Corporation, Enter Y:	N							
10 Equity Income Required & Preliminary Federal Tax		\$24,843						

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Capital Structure Schedule - Water

Line Number	Description	Dollar Amount	Is Preferred Stock Tax Deductible?		Weighted Cost of Capital
			Percentage of Total Capital Structure	Embedded Cost of Capital	
1	Common Stock	\$358,766	31.69%	9.67%	3.065%
2	Other Security - Non-Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long-Term Debt	\$773,201	68.31%	4.98%	3.402%
5	Short-Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security - Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$1,131,967</u>	<u>100.00%</u>		<u>6.467%</u>

To PreTax Return Rate Schedule

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Plant In Service - Water

Line Number	Account #	Plant Account Description	Total Plant	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	300.000	Stipulated Plant	\$203,633		\$0	100.00%	\$203,633
3		TOTAL INTANGIBLE PLANT	\$203,633		\$0		\$203,633
4		SOURCE OF SUPPLY PLANT					
5	311.000	Structures & Improvements	\$849		\$0	100.00%	\$849
6	314.000	Wells & Springs	\$372,713		\$0	100.00%	\$372,713
7		TOTAL SOURCE OF SUPPLY PLANT	\$373,562		\$0		\$373,562
8		PUMPING PLANT					
9	325.000	Electric Pumping Equipment	\$125,585		\$0	100.00%	\$125,585
10		TOTAL PUMPING EQUIPMENT	\$125,585		\$0		\$125,585
11		WATER TREATMENT PLANT					
12	332.000	Water Treatment Equipment	\$2,385		\$0	100.00%	\$2,385
13	332.100	Chemical Pumps	\$1,115		\$0	100.00%	\$1,115
14		TOTAL WATER TREATMENT PLANT	\$3,500		\$0		\$3,500
15		TRANSMISSION & DISTRIBUTION PLANT					
16	342.000	Distribution Reservoirs & Standpipes	\$89,596		\$0	100.00%	\$89,596
17	343.000	Transmission & Distribution Mains	\$58,275		\$0	100.00%	\$58,275
18	345.000	Services	\$305,987		\$0	100.00%	\$305,987
19	346.200	Meters - Plastic Chamber	\$87,762		\$0	100.00%	\$87,762
20	347.200	Meter Installations - Plastic	\$47,380		\$0	100.00%	\$47,380
21	348.000	Hydrants	\$22,304		\$0	100.00%	\$22,304
22		TOTAL TRANS. & DISTRIBUTION PLANT	\$611,304		\$0		\$611,304
23		GENERAL PLANT					
24	390.000	Structures & Improvements - Office/Shop	\$8,314		\$0	100.00%	\$8,314
25	391.000	Office Furniture & Equipment	\$10,064		\$0	100.00%	\$10,064
26	391.100	Office Computer Equipment	\$3,287		\$0	100.00%	\$3,287
27	392.000	Transportation Equipment	\$28,533		\$0	100.00%	\$28,533
28	394.000	Tools, Shop, & Garage Equipment	\$8,925		\$0	100.00%	\$8,925
29	396.000	Power Operated Equipment	\$66,407		\$0	100.00%	\$66,407
30	397.000	Communication Equipment	\$3,727		\$0	100.00%	\$3,727
31		TOTAL GENERAL PLANT	\$129,257		\$0		\$129,257
32		TOTAL PLANT IN SERVICE	\$1,446,841		\$0		\$1,446,841

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Schedule of Adjustments for Plant in Service - Water

Plant Adjustment Number	Plant in Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-1				\$0
	Description		\$0	
	Description		\$0	
TOTAL PLANT ADJUSTMENTS				<u><u>\$0</u></u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Depreciation Expense

Line Number	Account Number	Plant Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
1		INTANGIBLE PLANT			
2	300.000	Stipulated Plant	\$203,633	2.5000%	\$5,091
3		TOTAL INTANGIBLE PLANT	<u>\$203,633</u>		<u>\$5,091</u>
4		SOURCE OF SUPPLY PLANT			
5	311.000	Structures & Improvements	\$849	2.5000%	\$21
6	314.000	Wells & Springs	\$372,713	2.0000%	\$7,454
7		TOTAL SOURCE OF SUPPLY PLANT	<u>\$373,562</u>		<u>\$7,475</u>
8		PUMPING PLANT			
9	325.000	Electric Pumping Equipment	\$125,585	10.0000%	\$12,559
10		TOTAL PUMPING EQUIPMENT	<u>\$125,585</u>		<u>\$12,559</u>
11		WATER TREATMENT PLANT			
12	332.000	Water Treament Equipment	\$2,385	2.9000%	\$69
13	332.100	Chemical Pumps	\$1,115	10.0000%	\$112
14		TOTAL WATER TREATMENT PLANT	<u>\$3,500</u>		<u>\$181</u>
15		TRANSMISSION & DISTRIBUTION PLANT			
16	342.000	Distribution Reservoirs & Standpipes	\$89,596	2.5000%	\$2,240
17	343.000	Transmission & Distribution Mains	\$58,275	2.0000%	\$1,166
18	345.000	Services	\$305,987	2.5000%	\$7,650
19	346.200	Meters - Plastic Chamber	\$87,762	0.0000%	\$0
20	347.200	Meter Installations - Plastic	\$47,380	2.5000%	\$1,185
21	348.000	Hydrants	\$22,304	2.0000%	\$446
22		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$611,304</u>		<u>\$12,686</u>
23		GENERAL PLANT			
24	390.000	Structures & Improvements - Office/Shop	\$8,314	2.5000%	\$208
25	391.000	Office Furniture & Equipment	\$10,064	5.0000%	\$503
26	391.100	Office Computer Equipment	\$3,287	14.3000%	\$470
27	392.000	Transportation Equipment	\$28,533	0.0000%	\$0
28	394.000	Tools, Shop, & Garage Equipment	\$8,925	5.0000%	\$446
29	396.000	Power Operated Equipment	\$66,407	6.7000%	\$4,449
30	397.000	Communication Equipment	\$3,727	0.0000%	\$0
31		TOTAL GENERAL PLANT	<u>\$129,257</u>		<u>\$6,077</u>
32		TOTAL PLANT DEPRECIATION EXPENSE	<u><u>\$1,446,841</u></u>		<u><u>\$44,068</u></u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Depreciation Reserve

Line Number	Account Number	Plant Description	Total Reserve	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	300.000	Stipulated Plant	<u>\$163,163</u>		<u>\$0</u>	100.0000%	<u>\$163,163</u>
3		TOTAL INTANGIBLE PLANT	\$163,163		\$0		\$163,163
4		SOURCE OF SUPPLY PLANT					
5	311.000	Structures & Improvements	\$32		\$0	100.0000%	\$32
6	314.000	Wells & Springs	<u>\$20,484</u>		<u>\$0</u>	100.0000%	<u>\$20,484</u>
7		TOTAL SOURCE OF SUPPLY PLANT	\$20,516		\$0		\$20,516
8		PUMPING PLANT					
9	325.000	Electric Pumping Equipment	<u>\$24,709</u>		<u>\$0</u>	100.0000%	<u>\$24,709</u>
10		TOTAL PUMPING EQUIPMENT	\$24,709		\$0		\$24,709
11		WATER TREATMENT PLANT					
12	332.000	Water Treatment Equipment	\$396		\$0	100.0000%	\$396
13	332.100	Chemical Pumps	<u>\$279</u>		<u>\$0</u>	100.0000%	<u>\$279</u>
14		TOTAL WATER TREATMENT PLANT	\$675		\$0		\$675
15		TRANSMISSION & DISTRIBUTION PLANT					
16	342.000	Distribution Reservoirs & Standpipes	\$27,853		\$0	100.0000%	\$27,853
17	343.000	Transmission & Distribution Mains	\$25,607		\$0	100.0000%	\$25,607
18	345.000	Services	\$140,555		\$0	100.0000%	\$140,555
19	346.200	Meters - Plastic Chamber	\$89,645		\$0	100.0000%	\$89,645
20	347.200	Meter Installations - Plastic	\$8,152		\$0	100.0000%	\$8,152
21	348.000	Hydrants	<u>\$5,787</u>		<u>\$0</u>	100.0000%	<u>\$5,787</u>
22		TOTAL TRANS. & DISTRIBUTION PLANT	\$297,599		\$0		\$297,599
23		GENERAL PLANT					
24	390.000	Structures & Improvements - Office/Shop	\$2,524		\$0	100.0000%	\$2,524
25	391.000	Office Furniture & Equipment	\$7,123		\$0	100.0000%	\$7,123
26	391.100	Office Computer Equipment	\$1,732		\$0	100.0000%	\$1,732
27	392.000	Transportation Equipment	\$30,430		\$0	100.0000%	\$30,430
28	394.000	Tools, Shop, & Garage Equipment	\$6,845		\$0	100.0000%	\$6,845
29	396.000	Power Operated Equipment	\$32,270		\$0	100.0000%	\$32,270
30	397.000	Communication Equipment	<u>\$4,936</u>		<u>\$0</u>	100.0000%	<u>\$4,936</u>
31		TOTAL GENERAL PLANT	\$85,860		\$0		\$85,860
32		TOTAL DEPRECIATION RESERVE	<u>\$592,522</u>		<u>\$0</u>		<u>\$592,522</u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Adjustments to Depreciation Reserve

Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
R-1				\$0
	Description		\$0	
	Description		\$0	
TOTAL RESERVE ADJUSTMENTS				<u>\$0</u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Revenue Schedule - Water

Line Number	Account Number	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
ANNUALIZED REVENUES							
Rev-1		Annualized Rate Revenues	\$261,006	Rev-1	(\$2,503)	100.00%	\$258,503
Rev-2		Miscellaneous Revenues	\$11,853	Rev-2	\$13,524	100.00%	\$25,377
TOTAL ANNUALIZED REVENUES			\$272,859		\$11,021		\$283,880

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Revenue Adjustment Schedule - Water

Revenue Adjustment Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment Amount
Rev-1	Annualized Rate Revenues			-\$2,503
	Normalize rate revenues		-\$2,503	
	Description		\$0	
Rev-2	Miscellaneous Revenues			\$13,524
	Normalize miscellaneous revenues		\$13,524	
	Description		\$0	
TOTAL REVENUES ADJUSTMENTS				<u>\$11,021</u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Rate Revenue Feeder Schedule - Water

Line Number	Description	Standard Residential/Business		1" Residential/Business		2" Business		Total	
		Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
1	<u>Customer Charge Revenues:</u>								
2	Customer Number	1,293		4		1		1,298	
3	Bills Per Year	12		12		12			
4	Customer Bills Per Year	15,516		48		12		15,576	
5	Current Customer Charge	<u>\$11.41</u>		<u>\$28.53</u>		<u>\$91.30</u>			
6	Annualized Customer Charge Revenues		\$177,038		\$1,369		\$1,096		\$179,503
7	<u>Commodity Charge Revenues:</u>								
8	Total Gallons Sold	54,417,023		252,410		1,048,400		55,717,833	
9	Less: Base Gallons Included in Customer Charge	<u>0</u>		<u>0</u>		<u>0</u>		0	
10	Commodity Gallons	54,417,023		252,410		1,048,400		55,717,833	
11	Block 1, Commodity Gallons per Block	54,417,023		252,410		1,048,400			
12	Block 1, Number of Commodity Gallons per Unit	1,000		1,000		1,000			
13	Block 1, Commodity Billing Units	54417.023		252.41		1048.4			
14	Block 1, Existing Commodity Charge	<u>\$1.38</u>		<u>\$1.38</u>		<u>\$1.38</u>			
15	Block 1, Annualized Commodity Charge Rev.		\$75,095		\$348		\$1,447		\$76,891
16	TOTAL ANNUALIZED WATER RATE REVENUES		<u>\$252,133</u>		<u>\$1,718</u>		<u>\$2,542</u>		<u>\$256,393</u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Miscellaneous Revenues Feeder - Water

Line Number	Description	Amount
1	Late Fees	\$7,587
2	Reconnect Fees	\$2,574
3	WiFi Midwest Inc. Contract	\$2,400
4	Big River Broadband Contract	\$4,200
5	Returned Check Fees	\$63
6	Refunds	\$402
7	Miscellaneous Other Revenues	\$7,602
8	Miscellaneous Service Revenue	\$549
9	TOTAL MISCELLANEOUS REVENUES	<u>\$25,377</u>

Terre Du Lac Utilities Corporation
Informal Rate Case
Case Numbers WR-2017-0110 & SR-2017-0109
Test Year Ending 9/30/2016, Update 12/31/2016
Expense Schedule - Water

Line Number	Account Number	Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Electricity - Pumping Treatment	\$28,905	W-1	\$10,884	100.00%	\$39,789
3		Chemicals	\$2,175	W-2	\$115	100.00%	\$2,290
4		Operating Supplies	\$1,689	W-3	(\$604)	100.00%	\$1,085
5		TOTAL OPERATIONS EXPENSE	\$32,769		\$10,395		\$43,164
6		MAINTENANCE EXPENSES					
7		Maintenance - Wells	\$1,537	W-4	(\$1,303)	100.00%	\$234
8		Maintenance - Supply & Engineering	\$375	W-5	(\$302)	100.00%	\$73
9		Maintenance - Pumping Plant	\$850	W-6	\$900	100.00%	\$1,750
10		Operating Supplies - Water Lines	\$14,415	W-7	\$280	100.00%	\$14,695
11		Maintenance - Mains	\$2,357	W-8	(\$1,064)	100.00%	\$1,293
12		Maintenance - Meters	\$847	W-9	(\$828)	100.00%	\$19
13		Maintenance - Other Plant Facilities	\$83	W-10	\$57	100.00%	\$140
14		Labor - Meter Reading	\$844	W-11	(\$844)	100.00%	\$0
15		TOTAL MAINTENANCE EXPENSE	\$21,308		(\$3,104)		\$18,204
16		CUSTOMER ACCOUNT EXPENSE					
17		Postage & Billing	\$2,419	W-12	\$256	100.00%	\$2,675
18		TOTAL CUSTOMER ACCOUNT EXPENSE	\$2,419		\$256		\$2,675
19		ADMINISTRATIVE & GENERAL EXPENSES					
20		Salaries & Wages	\$123,299	W-13	\$6,382	100.00%	\$129,680
21		Wages - Uniform Expense	\$1,580	W-14	\$459	100.00%	\$2,039
22		Office Expense	\$4,545	W-15	(\$3,532)	100.00%	\$1,013
23		Credit Card Fees	(\$21)	W-16	(\$5)	100.00%	(\$26)
24		Bank Charges	\$2,336	W-17	(\$2,336)	100.00%	\$0
25		Outside Services	\$346	W-18	(\$346)	100.00%	\$0
26		Legal Fees	\$510	W-19	(\$510)	100.00%	\$0
27		Accounting Fees	\$1,487	W-20	(\$55)	100.00%	\$1,432
28		Rate Case Expense	\$0	W-21	\$92	100.00%	\$92
29		Insurance - Worker's Comp	\$5,681	W-22	(\$1,484)	100.00%	\$4,197
30		Insurance - Property & Casualty	\$7,868	W-23	\$1,277	100.00%	\$9,145
31		Insurance - Automobile	\$3,163	W-24	(\$1,308)	100.00%	\$1,855
32		Insurance - Group Health	\$28,402	W-25	(\$4,510)	100.00%	\$23,892
33		Insurance - AD&D, Life, & Dental	\$2,540	W-26	(\$719)	100.00%	\$1,821
34		Meals & Entertainment	\$346	W-27	(\$346)	100.00%	\$0
35		Telephone Expense	\$3,137	W-28	(\$1,447)	100.00%	\$1,690
36		Education Expense	\$907	W-29	(\$113)	100.00%	\$794
37		Miscellaneous General Expense	\$991	W-30	(\$275)	100.00%	\$716
38		Bad Debt Expense	\$158	W-31	(\$158)	100.00%	\$0
39		Vehicle Expense	\$2,919	W-32	(\$1,619)	100.00%	\$1,300
40		Gasoline & Diesel Fuel Expense	\$5,102	W-34	\$165	100.00%	\$5,267
41		TOTAL ADMINISTRATIVE & GENERAL	\$195,296		(\$10,388)		\$184,907
42		OTHER OPERATING EXPENSES					
43		PSC Assessment	\$730	W-35	\$2,191	100.00%	\$2,921
44		Permits & Licenses	\$7,729	W-36	(\$5,743)	100.00%	\$1,986
45		Amortization Expense	\$0	W-37	\$155	100.00%	\$155
46		Depreciation	\$41,252		\$2,816	100.00%	\$44,068
47		CIAC Depreciation	(\$7,895)		(\$527)	100.00%	(\$8,422)
48		TOTAL OTHER OPERATING EXPENSES	\$41,816		(\$1,108)		\$40,708
49		TAXES OTHER THAN INCOME					
50		Real & Personal Property Taxes	\$2,252	W-38	\$1,326	100.00%	\$3,578
51		Payroll Taxes	\$0	W-39	\$10,911	100.00%	\$10,911
52		TOTAL TAXES OTHER THAN INCOME	\$2,252		\$12,237		\$14,489
53		TOTAL OPERATING EXPENSES	\$295,860		\$8,287		\$304,147

Schedule KNR-2 Water

Terre De Lac Utilities Corporation
Inferred Rate Case
Case Numbers W-2017-0118 & S-2017-0100
Test Year Ending 9/30/2016, Update 12/31/2016
Expense Adjustment Schedule - Water

Expense Adjustment Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment Amount
W-1	Electricity - Pumping Treatment			\$10,886
	To normalize electricity - pumping treatment		\$14,762	
	To adjust for water loss		(\$3,876)	
W-2	Chemicals			\$115
	To normalize chemical expense		\$118	
	To adjust for water loss		(\$23)	
W-3	Operating Supplies			\$604
	To normalize operating supplies		\$604	
			\$0	
W-4	Maintenance - Wells			\$1,303
	To normalize maint - collection & force		(\$1,303)	
			\$0	
W-5	Maintenance - Supply & Engineering			(\$362)
	To normalize maint - supply & engineering		(\$362)	
			\$0	
W-6	Maintenance - Pumping Plant			\$960
	To annualize maint - pumping plant		\$960	
			\$0	
W-7	Operating Supplies - Water Lines			\$380
	To normalize operating supplies - water lines		\$380	
			\$0	
W-8	Maintenance - Mains			\$1,064
	To normalize maint - mains		(\$1,064)	
			\$0	
W-9	Maintenance - Meters			(\$626)
	To normalize maint - meters		(\$626)	
			\$0	
W-10	Maintenance - Other Plant Facilities			\$17
	To normalize maint - other plant facilities		\$17	
			\$0	
W-11	Labor - Meter Reading			(\$844)
	To remove labor - meter reading		(\$844)	
			\$0	
W-12	Portage & Billing			\$256
	To annualize portage & billing		\$256	
			\$0	
W-13	Salaries & Wages			\$6,382
	To annualize salaries & wages		\$6,382	
			\$0	
W-14	Wages - Uniform Expense			\$459
	To annualize uniform expense		\$459	
			\$0	
W-15	Office Expense			(\$1,512)
	To normalize office expense		(\$1,512)	
			\$0	
W-16	Credit Card Fees			(\$5)
	To normalize credit card fees		(\$5)	
			\$0	
W-17	Bank Charges			(\$2,336)
	To annualize bank charges		(\$2,336)	
			\$0	
W-18	Outside Services			(\$346)
	To annualize outside services		(\$346)	
			\$0	
W-19	Legal Fees			(\$110)
	To annualize legal fees		(\$110)	
			\$0	
W-20	Accounting Fees			(\$55)
	To normalize accounting fees		(\$55)	
			\$0	
W-21	Rate Case Expense			\$92
	To normalize rate case expense		\$92	
			\$0	
W-22	Insurance - Worker's Comp			\$1,484
	To annualize insurance - worker's comp		(\$1,484)	
			\$0	
W-23	Insurance - Property & Casualty			\$1,277
	To annualize insurance - property & casualty		\$1,277	
			\$0	
W-24	Insurance - Automobile			(\$1,308)
	To annualize insurance - automobile		(\$1,308)	
			\$0	
W-25	Insurance - Group Health			\$4,510
	To annualize insurance - group health		\$4,510	
			\$0	
W-26	Insurance - A&O, Life, & Dental			(\$718)
	To annualize insurance - group health		(\$718)	
			\$0	
W-27	Meals & Entertainment			(\$346)
	To annualize meals & entertainment		(\$346)	
			\$0	
W-28	Telephone Expense			(\$1,447)
	To annualize telephone expense		(\$1,447)	
			\$0	
W-29	Education Expense			\$113
	To annualize education expense		(\$113)	
			\$0	
W-30	Miscellaneous General Expense			(\$275)
	To normalize misc general expense		(\$275)	
			\$0	
W-31	Bad Debt Expense			(\$158)
	To annualize bad debt expense		(\$158)	
			\$0	
W-32	Vehicle Expense			(\$1,618)
	To normalize vehicle expense		(\$1,618)	
			\$0	
W-34	Gasoline & Diesel Fuel Expense			\$185
	To normalize gasoline & diesel fuel expense		\$185	
			\$0	
W-35	PSC Assessment			\$2,181
	To annualize PSC assessment		\$2,181	
			\$0	
W-36	Permits & Licenses			(\$5,743)
	To annualize permits & licenses		(\$5,743)	
			\$0	
W-37	Amortization Expense			\$105
	To amortize legal fees associated with finance case		\$105	
			\$0	
W-38	Real & Personal Property Taxes			\$1,326
	To annualize property tax expense		\$1,326	
			\$0	
W-39	Payroll Taxes			\$10,911
	To annualize payroll taxes		\$10,911	
			\$0	
TOTAL EXPENSE ADJUSTMENTS				\$5,996