

Arnold Sewer Feasibility Study

	Year 1	Year 2	Year 3
Revenues	\$3,732,627	\$3,729,556	\$3,726,509
Less Expenses:			
Costs of Goods Sold	1,253,815	1,263,946	1,274,283
Labor & Benefits	305,255	314,413	325,418
Other O&M Costs	767,090	787,457	811,717
Property Taxes	171,069	173,708	182,082
Bad Debts Expense	36,626	36,596	36,565
Depreciation Expense	845,865	853,691	868,095
Contributions Amortization	(515,847)	(515,847)	(515,847)
Total Expenses	2,863,873	2,913,963	2,982,313
Net Income Before Interest and Taxes	\$868,754	\$815,593	\$744,197

Assumptions:

- 8,969 sewer customers in 2014
- No growth in new customers thereafter
- Projections do not include any possible MOAW rate cases
- Bad debts expense assumed to be 1% of sewer revenues
- Property tax rate assumed to be 1% of net book value of plant