

Valley Woods Water Company

Small Company Rate Filing - Sewer Service
File # 2002 00226

S - R (1)

Rate Making Income Statement

	As Adjusted	
Revenue	\$2,400	
		Cost of Service
Expenses		
Electric Expense	326	\$326
Insurance Expense	364	\$364
DNR Sewer Permit	68	\$68
Office Supplies Exp	100	\$100
Management Payroll	840	\$840
Management Payroll Tax	63	\$63
Postage Expense	50	\$50
PSC Assessment	204	\$204
Chemical Treatment Expense	875	\$875
		\$0
Return & Tax	1,713	\$1,713
Depreciation	736	\$736
Total O & M Expenses	\$5,338	\$5,338
	\$0	
Operation & Maintenance Expenses	\$5,338	\$5,338
Cost to recover from Rates (less other revenues)		

Total COS Allowed **\$3,400** *(current revenues + \$1,000)*
 Maximum Increase Allowed **\$1,000** **41.7%**
 Revenue Increase Requested \$1,000

In 1995, rates were developed based on 45 Customers being served by 1997. This customer level is what the Company stated economically justified the Commission in its feasibility study inc case no. WA-95-122.

Rates were determined in that case by taking the total cost of service and dividing by 45 customers.

The Company now has only 10 Sewer Customers

Imputing the same risk level on the developer, if rates are developed using a similar method as that from the inception of the case the revenue requirement will be about \$883 being collected in current rates.

As a maximum cost of service for Ratemaking in this situation - The sewage system is built to serve only 20 customers - allow 50% for earnings on and of rate base are allowed for ratemaking treatment.

Such Example is Shown Here
10/20 50.0%

**Recommendation: Approval of this increase of \$1,000
- file again as soon as tariff is effective**