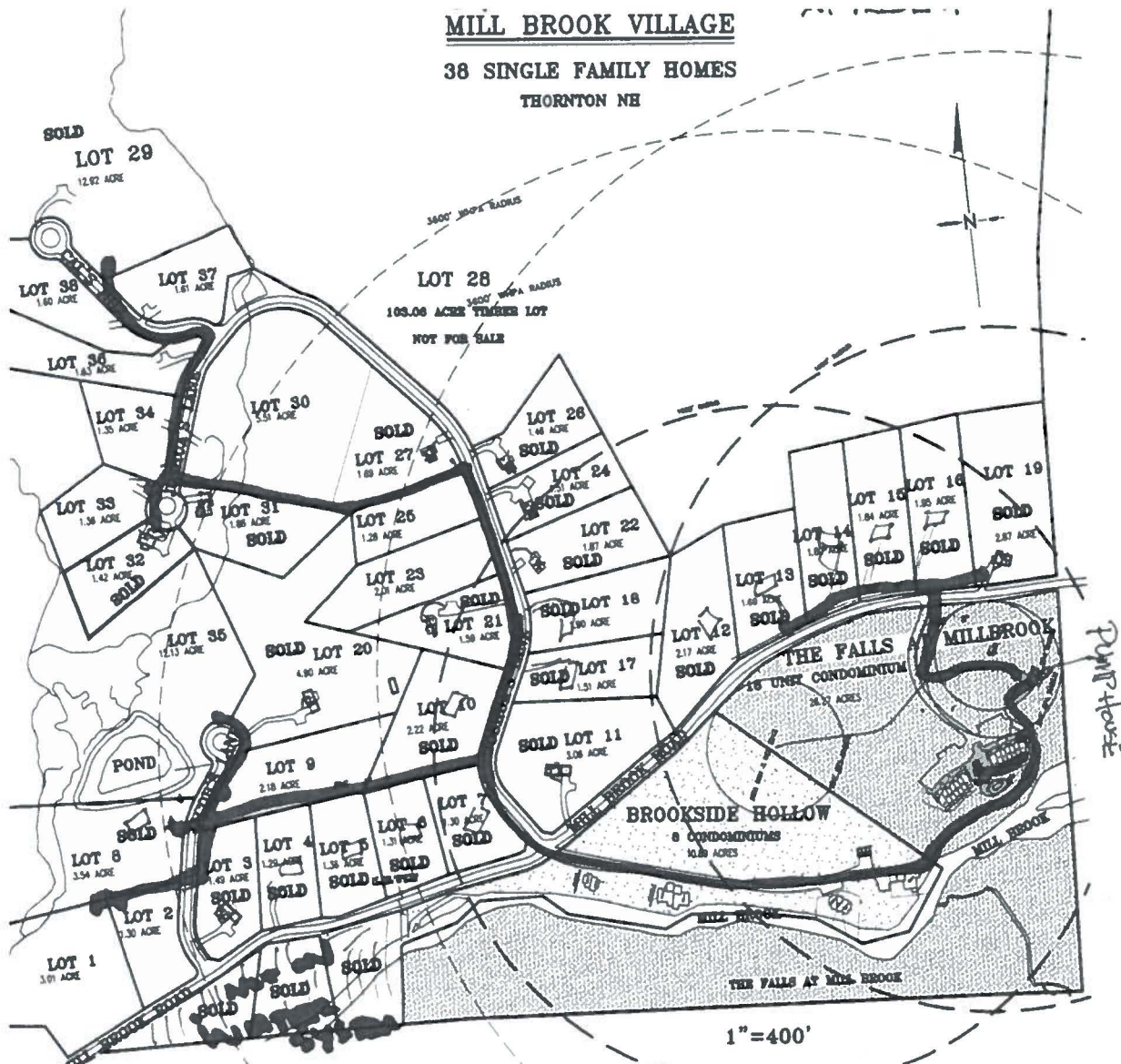


**Millbrook Village Water System
Docket No. DW 14-176**

The Millbrook Village Water System franchise area is to consist of the developments known as Mill Brook Village; Brookside Hollow; and The Falls at Mill Brook. The franchise area contains a total of 37 current customers taking water service, with a potential full build-out of 64 customers. At full build-out potential, Mill Brook Village would have 38 single family homes, Brookside Hollow would have 8 condominiums, and The Falls at Mill Brook would have 18 condominiums, as shown on the map below.



**Attachment B
Schedule 1**

**DW 14-176
MILLBROOK VILLAGE
REVENUE REQUIREMENT**

	Pro-forma Test Year 12/31/14
Rate Base	70,259
Rate of Return	x <u>9.60%</u>
Operating Income Required	6,745
Adjusted Net Operating Income per Staff (Schedule 3)	- <u>(5,723)</u>
Deficiency	12,468
Add: Pro-forma Test Year Annual Water Revenues	+ <u>11,100</u>
Annual Water Revenues Proposed by Staff	23,568
Less: Test Year Annual Water Revenues	- <u>(11,100)</u>
Proposed Increase in Annual Water Revenues	<u>12,468</u>
Percentage of Increase/Decrease in Annual Water Revenues	<u>112.32%</u>

DW 14-176
MILLBROOK VILLAGE
OVERALL RATE OF RETURN

Item	Year End 12/31/13	Adjustments per Company	Adjustments per Staff	Adjusted 12/31/13	Percent	Cost Rate	Weighted Average Cost
Common Equity							
Common Stock	\$ 70,106	\$ -	\$ (70,106)	\$ -	0.00%		
Add'l Paid In Capital	-	-	70,106	70,106	100.00%		
Retained Earnings	-	-	-	-	0.00%		
SubTotal	70,106	-	-	70,106	100.00%	9.60%	9.60%
Preferred Stock Equity							
Preferred Stock	-	-	-	-	0.00%	0.00%	0.00%
Long Term Debt	-	-	-	-	0.00%	0.00%	0.00%
Short Term Debt	-	-	-	-	0.00%	0.00%	0.00%
Total Capital	\$ 70,106	\$ -	\$ -	\$ 70,106	100.00%	9.60%	9.60%

DW 14-176
MILLBROOK VILLAGE
RATE BASE

	Test Year Balances 12/31/13 per Original Filing		Company Adjustments	Pro-formed Test Year Average per Original Filing	Staff Adjustments		Pro-formed Test Year Average per Staff
					2B Ref.	Attachment RJD-1 Schedule 2B	
Plant in Service	582,463	a	(512,357)	70,106	1	(372)	69,734
Less: Accumulated Depreciation	<u>512,357</u>	b	(510,018)	<u>2,339</u>	2	12	<u>2,351</u>
Net Plant in Rate Base	70,106			67,767			67,383
Plus: Cash Working Capital	-	c	5,591	5,591	3	(2,715)	2,876
Total Average Rate Base	<u><u>70,106</u></u>			<u><u>73,358</u></u>			<u><u>70,259</u></u>

a.) Company Adjustment to Test Year Balance for Plant in Service was made to reflect Plant that was paid for and expensed by the Developer several years prior to filing DW 14-176.

b.) Company Adjustment to Test Year Balance for Accumulated Depreciation related to Plant that was paid for and expensed by the Developer several years prior to filing DW 14-176, (\$512,357). An additional entry was made to record Accumulated Depreciation on the allowable Plant in Service, \$2,339. Net adjustment calculation: $\$512,357 - 2,339 = \$510,018$

c.) Company Adjustment to record Cash Working Capital was based on Proformed Expenses of $\$27,209 \times 20.55\% = \$5,591$

DW 14-176
MILLBROOK VILLAGE
ASSETS AND DEFERRED CHARGES

	12 Months Ending 12/31/13
Water Plant in Service	582,463
Less: Accum Deprec & Amort	512,357
Total New Water Plant	70,106
Non Utility Property	-
Total Other Property & Investments	-
Cash	-
Accounts Receivable Net - Water	-
Materials & Supplies	-
Prepayments	-
Miscellaneous Current & Accrued Assets	-
Total Current & Accrued Assets	-
Total Deferred Debits	-
Total Assets and Other Debits	70,106

DW 14-176
MILLBROOK VILLAGE
STOCKHOLDERS EQUITY & LIABILITIES

	12 Months Ending 12/31/13
Common Stock Issued * S/B Pd in Capital	70,106
Other Paid-in Capital	-
Retained Earnings	-
Total Capital	<u>70,106</u>
Other Long-Term Debt	-
Accounts Payable	-
Misc Current & Accrued Liabilities	-
Total Current and Accrued Liabilities	<u>-</u>
Contribution in Aid of Construction - Net	-
Total Liabilities and Capital	<u><u>70,106</u></u>

DW 14-176
MILLBROOK VILLAGE
PRO-FORMA ADJUSTMENTS TO INCOME STATEMENT

Adj #

Pro-forma Adjustments to Plant in Service:

- 1 Adjust Well Addition for Analytical Services Invoice overstated. (Staff DR2-2)
Analytical Services, Inc. invoice originally submitted for \$691 had equipment
returned and a credit was issued. Final invoice paid by Millbrook was \$319.
Calc: $691 - 319 = 372$ \$ (372)

Total Adjustments to Plant in Service: \$ (372)

Pro-forma Adjustments to Accumulated Depreciation:

- 2 To adjust Accumulated Depreciation for Overhead amounts applied in error.
(Cross Reference Schedule 3A - Adjustment 6)

	Adjustment	Rate	Total	
New Well	372	3.30%	12	
PH Treatment	-	3.60%	-	
	<u>372</u>			<u>\$ 12</u>

Pro-forma Adjustments to Working Capital:

- 3 To adjust Working Capital per calculations on Schedule 2C. \$ (2,715)

Attachment B
Schedule 2C

DW 14-176
MILLBROOK VILLAGE
WORKING CAPITAL COMPUTATION

Total Proformed Operating Expenses (Schedule 3)	\$ 13,996
Cash Working Capital Percentage ($90 / 2 = 45 + 30 = 75 / 365$)	20.55%
Working Capital Needed	<u>\$ 2,876</u>
Working Capital Proforma proposed by Company:	<u>\$ 5,591</u>
Proforma Adjustment Required:	<u><u>\$ (2,715)</u></u>

DW 14-176
MILLBROOK VILLAGE
INCOME STATEMENT

	Original Filing			Staff's Proposal				
	12 Months Ending 12/31/13	Proforma Adjustments Per Co. Filing	Test Year As Proformed	Sch 3A Ref	Attachment RJD-1 Schedule 3A Staff Proforma Adjustments	Proformed Test Year Per Staff	Revenue Deficiency	Revenue Requirement (Schedule 1)
Operating Revenues	11,100	25,678	36,778	4	(25,678)	11,100	12,468	23,568
Operating Expenses								
Operating & Maintenance Expense	11,100	16,109	27,209	5	(13,213)	13,996	-	13,996
Depreciation Expense	-	2,339	2,339	6	(12)	2,327	-	2,327
Amortization of CIAC	-	-	-			-	-	-
Amort Expense - Other	-	-	-			-	-	-
Taxes Other Than Income	-	500	500			500	-	500
Income Taxes	-	-	-			-	-	-
Total Operating Expenses	11,100	18,948	30,048			16,823	-	16,823
Net Operating Income (Loss)	-	6,730	6,730			(5,723)	12,468	6,745

	Adjustment	Rate	
New Well	(372)	3.30%	(12)
PH Treatment	-	3.60%	<u>-</u>
			\$ (12)

DW 14-176
MILLBROOK VILLAGE
REPORT OF PROPOSED RATE CHANGES

Rate or Class of Service	Effect of Proposed Change	Average Number of Customers	Current Rates	Proposed Rates	Proposed Change	
					Amount	% Increase
Residential	Increase	37	\$ 11,100	\$ 23,568	\$ 12,468	112.32%
Totals		<u>37</u>	<u>\$ 11,100</u>	<u>\$ 23,568</u>	<u>\$ 12,468</u>	<u>112.32%</u>

Average Yearly Rate per Customer: \$ 636.97

Average Quarterly Rate per Customer: \$ 159.24