

**IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

IN RE:)
)
JOINT PETITION OF INTEGRATED)
RESOURCE MANAGEMENT, INC.)
AND TRA STAFF (AS A PARTY) TO)
INCREASE RATES AND CHARGES)

DOCKET NO. 15-00130

**PRE-FILED DIRECT TESTIMONY
OF
TIFFANY UNDERWOOD**

1 **Q. Please state your name, position and business address.**

2 A. My name is Tiffany Underwood. I am a Utilities Consultant for the Utilities Division of
3 the Tennessee Regulatory Authority. My business address is 502 Deaderick Street,
4 Fourth Floor, Nashville, Tennessee 37243.

5 **Q. Please provide a summary of your educational background and professional**
6 **experience.**

7 A. I have a B.S. and a Masters both in Accounting from Middle Tennessee State
8 University. I am a licensed C.P.A. in Tennessee. I am a member of the American
9 Institute of CPAs. I have six years of professional experience with this Authority as a
10 utility consultant working on various rate cases and audits for natural gas, water and
11 wastewater public utilities.

12 **Q. What is the purpose of your testimony in this proceeding?**

13 A. The purpose of my testimony is to: (1) give an overview of the rate case; (2) introduce
14 other witnesses; (3) calculate and present a forecast of the cost of service and related
15 revenue deficiency for Integrated Resource Management, Inc. ("IRM"); and, (4)
16 recommend utility rates and charges that will generate sufficient revenues to cover those
17 forecasted costs and eliminate the projected revenue deficiency. Attached to my
18 testimony are the TRA Party Staff Exhibits and Workpapers that document the cost of
19 service study and rate recommendation for IRM.

20 **I. Rate-setting Methodologies**

21 **Q. Please describe briefly the rate-setting methodologies used to forecast IRM's cost**
22 **of service in this case.**

1 A. For ratemaking purposes, utility rates are designed to generate enough revenues to
2 cover the utility's reasonable operating expenses, depreciation on utility plant and
3 equipment, taxes and a fair profit to shareholders or owners. Revenues generated from
4 all sources allowed by the rate-setting authority (e.g., service rates, late payment
5 charges, reconnection fees, etc.) are referred to as the utility's "Revenue Requirement."

6 This ratemaking concept can be expressed through the following basic formula:

7 ***Revenue Requirement = Operating Expenses + Amortization + Taxes + Fair Profit***

8 "Operating Expenses" include items such as contractual services expense,
9 administrative and general expense, maintenance and repair expense, rent expense, rate
10 case expense, and purchased power expense. "Amortization" recognizes the expense of
11 consuming organizational costs over the economically-useful lives. "Taxes" may
12 include property taxes, franchise and excise taxes, inspection fees, and income taxes. In
13 Tennessee, a "Fair Profit" for regulated water and wastewater companies may be
14 determined under two methods – the "Rate Base Method" and the "Operating Margin
15 Method." Under the Rate Base Method, a Fair Profit is deemed to be a reasonable rate
16 of return on the owners' investment in the utility system (e.g., net utility plant that is
17 used and useful in providing utility service.) Under the Operating Margin Method, a
18 Fair Profit is deemed to be a reasonable return on operating expenses requiring a return
19 factor (e.g., operation and maintenance expenses, purchased power, depreciation and
20 certain taxes.) In this case, I recommend using the Operating Margin Method to
21 establish IRM's rates.

1 **Q. Mrs. Underwood, why are you recommending the Operating Margin Method?**

2 A. Generally, the Operating Margin Method is used to build reserves for smaller utilities
3 that have insignificant Rate Base. Most of IRM's Rate Base is Contributed Capital,
4 leaving very little Rate Base on which to set rates. Because IRM's Rate Base is
5 insignificant, I recommend using the Operating Margin Method to set rates. The TRA
6 has precedents for using the Operating Margin Method to set rates for smaller utilities
7 with very small amounts of Rate Base. The Operating Margin Method is also more
8 straight forward for the Company to determine its financial health. For example, the
9 Company should be able to very quickly determine under this method whether margin
10 levels are being achieved or whether a rate case may be necessary. IRM could return
11 to the traditional Rate Base Method of setting rates if the Company experiences
12 additional Rate Base growth in the future to warrant it.

13 **Q. What operating margin are you recommending in this case to compute the Fair**
14 **Profit component of the Company's Revenue Requirement?**

15 A. I am recommending an operating margin of 6.5%. This is the same operating margin
16 approved in Docket No. 15-00044, a Joint Petition between Aqua Utilities Company
17 and TRA Staff to Increase Rates and Charges. Further, the Authority has approved a
18 6.5% operating margin in Docket No. 08-00202, when the Authority approved a
19 settlement between Tennessee Wastewater Systems, Inc. and the Consumer Advocate
20 and Protection Division which allowed an operating margin of 6.5%. Based on the
21 Authority's past decisions regarding operating margins, I recommend using a 6.5%
22 operating margin for IRM in this case, for which the Company has agreed.

1 **Q. Briefly describe the procedure used to determine the other components of the**
2 **Revenue Requirement in this case.**

3 A. In Tennessee, utility rates are based on a utility's projected Revenue Requirement in a
4 forward-looking period of time known as the "Attrition Period." The Attrition Period is
5 generally the first year during which the new rates will be in effect. In this case, I have
6 selected the Twelve Months Ending December 31, 2016 as the Attrition Period.

7 One of the first steps in projecting the various components of the Revenue Requirement
8 is to identify an historical study period to be used as the foundation of the Attrition
9 Period forecast. This twelve-month historical period is known as the "Test Period." In
10 this case, I used the Twelve Months Ended December 31, 2014 as the Test Period.

11 The Test Period's financial and operational data are studied and adjusted to reflect a
12 "normal year" by removing non-recurring items that are not expected to repeat in the
13 future, out-of-period items that are not attributable to the utility's operations during the
14 Test Period, or items that are disallowed for ratemaking purposes (e.g., lobbying
15 expenses, contributions, advertising, fines and penalties, etc.). Once the Test Period has
16 been normalized, the operational and financial data are adjusted further to account for
17 "known and measurable changes" that are likely to occur through the Attrition Period.

18 In order to develop a sound Attrition Period forecast, it is essential to examine the
19 utility's business plans, budgets and prior performance, as well as various drivers and
20 economic indicators of future capital investments, revenues and expenses.

21 After the Attrition Period forecast has been computed, the forecasted earnings at present
22 rates is compared to the level of forecasted earnings that are required to achieve the Fair
23 Profit component of the projected Revenue Requirement to determine the amount of

1 any earnings surplus or deficiency. If application of the present rates results in an
2 earnings deficiency, service rates should be increased in order to give the utility a fair
3 opportunity to achieve its projected Revenue Requirement in the Attrition Period. The
4 process of determining the particular rate adjustments that are needed to generate the
5 projected Revenue Requirement is known as “rate design” and generally involves
6 application of various rate policies and precedents.

7 **Q. Please explain the Revenue Requirement calculation for IRM in this case.**

8 A. Most calculations, assumptions and adjustments necessary to determine the Company’s
9 Attrition Period forecast were based on review and on-site audit of IRM’s books,
10 records and underlying source documents maintained at the Company’s offices in White
11 Pine, Tennessee, as well as discussions with ownership and a tour of the service area
12 and utility plant.

13 The Company’s Test Period earnings and Attrition Period forecast are summarized on
14 TRA Staff Exhibit, Schedule 3. The Attrition Period net operating loss of \$80,424
15 represents the projected loss by IRM for the Twelve Months Ending December 31, 2016
16 at presently-approved rates. The Attrition Period net operating loss is computed by
17 deducting forecasted Operating Expenses of \$188,028, Rate Case Expense of \$833,
18 Amortization & Depreciation Expense of \$1,886 and Taxes of \$3,641 from forecasted
19 Operating Revenues at Present Rates of \$113,964. The forecast of Operating Revenues
20 at Present Rates of \$113,964 is presented in the Revenue Section of my testimony. The
21 forecast of Operating Expenses for the Attrition Period is presented in the Direct
22 Testimony of Mr. Daniel Ray. The forecast of Rate Case Expense, Depreciation &
23 Amortization Expense and Taxes for the Attrition Period is presented in the Direct

1 Testimony of Mr. Joe Shirley. The Rate Base forecast for the Attrition Period is
2 presented in the Direct Testimony of Joe Shirley.

3 **Q. Please explain how the Company's revenue deficiency was computed.**

4 A. As shown on TRA Staff Exhibit, Schedule 1, the Attrition Period operating expenses
5 were multiplied by the recommended operating margin of 6.5% to determine the
6 required operating income (or "fair profit") of \$12,635. This amount, together with the
7 forecasted Attrition Period net operating loss of \$80,424, results in an operating income
8 deficiency of \$93,059. The income deficiency was then converted to a revenue
9 deficiency through a factor that recognizes the impact of TRA inspection fee on each
10 new \$1 of revenue. This conversion resulted in a revenue deficiency of \$93,456, which
11 is the amount by which IRM's service rates should be increased.

12 **Q. How was IRM's proposed rate design calculated in order to eliminate the**
13 **projected revenue deficiency?**

14 A. The proposed rate design is presented on TRA Staff Exhibit, Schedule 6. In order to
15 give the Company a fair opportunity to achieve its projected Revenue Requirement
16 during the Attrition Period, the following rate increases are recommended for approval
17 by the Authority:

18 1) For Emory Pointe Residential wastewater rates, increase the rate from \$34.95 to
19 \$58.11;

20 2) For all other Residential wastewater rates, increase the rates from \$35.11 to \$58.11;

3) For Commercial Without Food/Overnight Rental wastewater rates, the recommended increases, as well as the current total rates, are included in the table below;

<u>Gallons Per Day</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
0-300 Gallons	\$75.00	\$114.64
301-400 Gallons	\$90.00	\$144.97
401-500 Gallons	\$105.00	\$174.29
501-600 Gallons	\$120.00	\$203.62
601-700 Gallons	\$135.00	\$237.95
701-800 Gallons	\$150.00	\$272.28
801-900 Gallons	\$165.00	\$306.60
901-1,000 Gallons	\$180.00	\$340.93
1,500 Gallons	\$320.00	\$538.57
5,000 Gallons	\$692.00	\$824.64

4) For Commercial With Food wastewater rates, the recommended increases, as well as the current rates, are included in the table below;

<u>Gallons Per Day</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
700 Gallons	\$175.00	\$205.00
1,000 Gallons	\$226.00	\$256.00
2,000 Gallons	\$396.00	\$426.00

1 5) For Special Contracts the recommended increases, as well as the current rates, are
2 included in the table below; and,

<u>Gallons Per Day</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
River Club	\$112.00	\$132.00
Cove Mountain Realty	\$145.00	\$333.58

6) Access Fee Revenue should be increased from \$84.00 to \$160.00, annually.

7 **Q. What is the effect on a Residential Customer's bill for the proposed rate increase?**

8 **A.** If the proposed rates and charges are approved and implemented, the average monthly
9 residential wastewater bill is projected to increase from \$35.11 to \$58.11, which
10 constitutes a 65.5% increase over the eleven-year period since IRM has been providing
11 service. This is IRM's first rate case petition.

12 **Q. What is the effect on a Commercial Without Food customer's bill for the proposed**
13 **rate increase?**

14 **A.** The proposed rate design places an increased percentage of the increase on Commercial
15 Customers Without Food/Overnight Rentals that reflects value of service and additional
16 strain on the system that these customers cause.

17 **Q. Can you explain the Special Contracts' rate percentage increases?**

18 **A.** On Schedule 6, there are two Special Contracts. Cove Mountain received a rate increase
19 of 130.1%. Cove Mountain was previously under different management and was given a
20 discount for providing much of the maintenance for its system. The customer no longer
21 provides maintenance for its system and management has changed for Cove Mountain.
22 Further, the customer operates a cabin rental company with commercial laundry service
23 onsite, which is serviced by the wastewater system. The Company proclaims that the

1 customer should be brought up to Commercial With Food Rates at 2,000 gallons;
2 however, even with the proposed rate increase the customer will receive an increase of
3 130.1%. River Club, the Company's second Special Contract, has a special type of
4 system known as a Mound System. The Company does not have the same costs or
5 requirements for maintaining this system. For example, the Mound system does not
6 require quarterly monitoring by TDEC. Since this system's requirements are different,
7 the Company maintains that River Club should not incur the same increase as the other
8 systems and should receive a reduced increase. I concur with the Company's
9 assessment.

10 **Q. Can you describe the efforts to maintain the affordability of services?**

11 **A.** Yes. While the proposed rates represent a material increase to customers, efforts have
12 been made to maintain the affordability of services. In an effort to maintain the size of
13 the increase, we held the following expenses flat: Rent Expense, Maintenance &
14 Repairs Expense, Regulatory & Financial Accounting Expense, Billing Expense,
15 Professional Expense, Bank Service Charge Expense, Administrative/Clerical Expense,
16 Management Fee Expense, Materials & Supplies Expense and Travel/Meals Expense.
17 Further, we did not allow any tax liability because we assumed that the Company would
18 have enough Net Operating Loss Carryforwards to offset any future taxable income for
19 the Attrition Period.

20 **Q. Did you compare the proposed rates to rates near IRM's service territory?**

21 **A.** Yes.

22 **Q. Please explain how you compared IRM's rates to other utilities near IRM's service**
23 **territory.**

A. I used the 2010 Allen & Hoshall Tennessee Water and Sewer Rate Survey for residential customers to compare rates near IRM's service territory to the proposed rates for Residential and some Commercial rates. IRM currently operates in Campbell, Blount, Decatur, Knox, Roane, Sevier and Union Counties. Knoxville Utilities Board, Webb Creek Utility District and North Utility District provide sewer service within some of the counties served by IRM. Lenoir City Utility District is a neighboring sewer provider. I compared these four sewer providers' rates to the proposed IRM Residential and some Commercial rates.

<u>Usage 5,000 Gallons</u>	<u>Rates</u>
Lenoir City Utility District	\$44.59
Knoxville Utilities Board	\$45.33
Webb Creek Utility District	\$76.23
North Utility District	\$98.75
Proposed IRM Residential Rate	\$58.11
<u>Usage 15,000 Gallons</u>	<u>Rates</u>
Lenoir City Utility District	\$125.79
Knoxville Utilities Board	\$141.61
Webb Creek Utility District	\$160.33
North Utility District	\$296.25
Proposed IRM Commercial 301-400 GPD	\$144.97
Proposed IRM Commercial 401-500 GPD	\$174.29

<u>Usage 25,000 Gallons</u>	<u>Rates</u>
Lenoir City Utility District	\$206.99
Knoxville Utilities Board	\$227.93
Webb Creek Utility District	\$244.43
North Utility District	\$493.75
Proposed IRM Commercial 701-800 GPD	\$272.28
Proposed IRM Commercial 801-900 GPD	\$306.80

Q. Are IRM's proposed rates in line with utilities operating in and around IRM's service territory?

A. Yes. It should also be noted that it has been eleven years since IRM's rates were increased. As reflected in the tables above, even with the increases proposed in this docket, IRM's wastewater rates will still be in line with some of the wastewater rates paid by consumers of neighboring systems. In light of the foregoing factors, as well as the documented increases in IRM's costs of providing utilities services over the past eleven years, I am of the opinion that the proposed rate design is necessary and reasonable and I recommend it to the Authority for approval.

II. Revenues Testimony

Schedule 3, Line 1 - Residential Revenue - \$18,643: This amount represents the forecasted Residential Revenues sales that the Company should realize during the Attrition Period absent any rate relief. To forecast Residential Revenues for the Attrition Period, I began by pricing out Residential Revenues for the Test Period. During the Test Period there were two residential rates including: a rate of \$24.82 (excluding escrow) for Emory Pointe set in Docket No. 04-00101 and \$24.98

(excluding escrow) for current residential tariff applicable to all other residential customers set in Docket No. 04-00266. I used these rates, along with the Company provided Test Period customer counts that were broken down by territory, to arrive at Residential Revenue for Emory Pointe of \$1,787 and \$10,692 for all of IRM's other residential customers, resulting in a total Residential Revenue for the Test Period of \$12,479. I verified the billing rates through an onsite bill audit. Once Test Period revenues were determined, I forecasted for known and anticipated customer additions and changes to arrive at Residential Revenues for the Attrition Period. For example, Emory Pointe had a total of 9 customers connected to the system during the test period, six of which were residential and three which were commercial without food. The three commercial without food customers were houses used by TVA to clean up after an accident. TVA discontinued its use of the three houses after the test period and those houses were reverted to residential customers. This change caused Emory Pointe's Residential Revenue to increase to \$2,681. For each of IRM's other territories containing residential customers, I priced out Residential Revenues for the Attrition Period using current rates and customer counts grown for known customer additions taking place in 2015 and forecasted customer additions that are expected to take place in the Attrition Period. The following territories grew in the Attrition Period: Compass Pointe, Riverstone Estates, and Sterling Springs. The forecasted growth was based on discussions with the Company, who maintains conversations with the developers in IRM's territories to keep track of prospective new customers, customers under contract with the developers and customers currently developing houses. My price out adds the forecasted new customers to the system based on their anticipated connection date.

1 IRM's other residential revenues increased to \$15,963. The total Residential Revenues
2 grew from \$12,479 in the Test Period to \$18,643, an increase of \$6,164. For more
3 information concerning the Test Period and Attrition Period price outs of Residential
4 Revenues, please see TRA Staff Workpapers 3.02 and 3.03.

5 **Schedule 3, Line 2 – Commercial Without Food Wastewater Revenue - \$67,506:**

6 This amount represents the forecasted Commercial Without Food wastewater sales that
7 the Company should realize during the Attrition Period absent any rate relief. To
8 forecast Commercial Without Food Revenues for the Attrition Period, I began by
9 pricing out Commercial Without Food Revenues for the Test Period. I used the
10 approved Commercial Without Food tariffed rates, along with the Company provided
11 Test Period customer counts that were broken down by territory, to arrive at
12 Commercial Without Food Revenue for the Test Period of \$59,288. I verified the
13 billing rates through an onsite bill audit. Once test period revenues were determined, I
14 forecasted for known customer additions and changes that took place in 2015 and
15 forecasted additions and changes in the Attrition Period to arrive at Commercial
16 Without Food Revenues for the Attrition Period. One change that took place in 2015
17 was in Emory Pointe. Emory Pointe had 3 Commercial Without Food customers in the
18 Test Period that were transitioned to Residential customers in the Attrition Period.
19 TVA was renting three residential homes during the Test Period and the Company
20 charged TVA Commercial Rates. TVA discontinued use of the houses prior to the
21 Attrition Period and the houses are now residential homes again. The following
22 territories grew or had customer changes in the Attrition Period: Mountain Shangrila,
23 Wildbriar, and Sterling Springs. The forecasted growth was based on discussions with

1 the Company, who maintains conversations with the developers in IRM's territories to
2 keep track of prospective new customers, customers under contract with the developers
3 and customers currently developing houses. My price out adds the forecasted new
4 customers to the system based on their anticipated connection date. IRM's other
5 Commercial Without Food revenues increased to \$67,506 from \$59,288 in the Test
6 Period, an increase of \$8,218. For more information concerning the Test Period and
7 Attrition Period price outs of Commercial Without Food Revenues, please see TRA
8 Staff Workpapers 3.02 and 3.03.

9 **Schedule 3, Line 3 – Commercial With Food - \$6,805:** This amount represents the
10 forecasted Commercial With Food wastewater sales the Company should realize during
11 the Attrition Period absent any rate relief. To forecast Commercial With Food
12 Revenue, I began my price out with Test Period Commercial With Food Revenue. I
13 priced out Test Period Commercial Food Revenue using the currently approved tariff
14 and customer counts for each month during the Test Period. I completed an onsite bill
15 audit to verify the company was billing the approved rates. Once Test Period revenues
16 were determined, I forecasted for known customer changes and additions that would
17 take place from the end of the Test Period to the end of the Attrition Period. One of the
18 known customer changes was switching Valley Mart Exxon from a special contract to
19 the Commercial With Food tariffed rates, after a change in ownership. This change
20 increased revenues by \$3,381. Attrition Period Commercial With Food Revenues were
21 also increased by \$1,930 to reflect a known projected additional customer at Cove
22 Creek. These two changes caused Commercial With Food Revenues to increase from
23 \$1,494 in the Test Period to \$6,805 in the Attrition Period.

1 **Schedule 3, Line 4 – Special Contract - \$2,194:** This amount represents the special
2 contract revenue the Company should realize during the Attrition Period absent any rate
3 relief. I began my forecast of the Attrition Period Special Contract Revenues by pricing
4 out Test Period Special Contract Revenues. In the Test Period, IRM had three special
5 contracts totaling \$3,603 of revenue which included: River Club, Cove Mountain Realty
6 and Valley Mart Exxon. The River Club rates were approved in Docket No. 04-00152,
7 while the Cove Mountain Realty and Valley Mart Exxon rates were approved in Docket
8 No. 03-00467. I priced out special contract revenues for the Test Period using these
9 approved rates for each month during the Test Period. I verified the billing rates
10 through an onsite billing audit. Once Test Period revenues were determined, I
11 forecasted the Attrition Period revenues by considering known changes that would take
12 place after the Test Period but prior to the end of the Attrition Period. The only
13 customer change was to switch Valley Mart Exxon from special contract rates to
14 Commercial With Food tariffed rates, after an ownership change, resulting in a
15 reduction of \$1,409 of Special Contract Revenues. Special Contract Revenues
16 decreased from \$3,603 in the Test Period to \$2,194 in the Attrition Period.

17 **Schedule 3, Line 5 – Access Fee Revenue - \$18,816:** This amount represents the
18 forecasted Access Fee Revenue the Company should realize during the Attrition Period
19 absent any rate relief. An access fee allows the Company to recover the upfront costs
20 associated with running a treatment plant, which will serve only a few customers
21 initially. A customer pays an access fee prior to attaching to the system. Once the
22 customer attaches to the system the customer pays tariff rates, instead of access fees,
23 and access fee customers are reduced. IRM does not charge a wastewater tap fee for

1 new service connections. To forecast Access Revenues for the Attrition Period, I began
2 by pricing out Test Period Access Revenues and verified the access fees through a bill
3 audit. Once Test Period access revenues were determined, I priced out Access
4 Revenues for the Attrition Period by considering known changes. From the end of the
5 Test Period to the end of the Attrition Period, 24 new service customers were added to
6 the system thus eliminating 24 access customers. This change caused Access Revenues
7 to be reduced by \$2,016 from \$20,832 in the Test Period to \$18,816 in the Attrition
8 Period.

9 **Q. Does this conclude your testimony?**


10 **A.** Yes it does.

VERIFICATION

STATE OF TENNESSEE)

COUNTY OF DAVIDSON)

I, Tiffany Underwood, being duly sworn, state that I am authorized to make this verification on behalf of TRA Staff (As a Party); that I have read the foregoing Pre-filed Direct Testimony, Exhibits and Workpapers of Tiffany Underwood and know the content thereof; and that the same are true and correct to the best of my knowledge, information and belief.


Tiffany Underwood

Sworn to and subscribed before me the 8th day of January, 2016.


Notary Public

My Commission Expires: March 8, 2016



My Commission Expires MAR. 8, 2016

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

IN RE:

Integrated Resource Management, Inc.

TRA STAFF
EXHIBITS and WORKPAPERS

**Integrated Resource Management, Inc.
Exhibits Directory
For the 12 Months Attrition Period Ending December 31, 2016**

	<u>Schedule</u>
Results of Operations - Operating Margin Method	1
Average Rate Base	2
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Income Statement At Proposed Rates	5
Rate Design	6

Integrated Resource Management, Inc.
Results of Operations - Operating Margin Method
For the 12 Months Attrition Period Ending December 31, 2016

<u>Line</u>			
1	Operating Income At Current Rates		((\$80,424) A/
2	Total Operating Expenses	\$194,388 A/	
3	Fair Operating Margin	<u>6.50% B/</u>	
4	Required Operating Income		<u>\$12,635</u>
5	Operating Income Deficiency		\$93,059
6	Gross Revenue Conversion Factor		1.004268 C/
7	Revenue Deficiency (Operating Margin Method)		<u><u>\$93,456</u></u>

A/ Schedule 3.
B/ Proposed operating margin.
C/ Schedule 4.

Integrated Resource Management, Inc.
Average Rate Base
For the 12 Months Attrition Period Ending December 31, 2016

Line		Test Period	Test Period Adjustments	Adjusted Test Period	Adjustments	Attrition Period
Additions:						
1	Utility Plant in Service	\$919,655 A/	\$0	\$919,655	(\$3,772)	\$915,883 C/
2	CWIP	0	0	0	0	0
3	Inventories	0	0	0	0	0
4	Deferred Rate Case Expense	0	0	0	2,084	2,084 D/
5	Cash Working Capital	0	0	0	24,112	24,112 E/
6	Total Additions	\$919,655	\$0	\$919,655	\$22,424	\$942,079
Deductions:						
7	Accumulated Depreciation	\$231,089 A/	\$0	\$231,089	\$61,624	\$292,713 C/
8	Contributions in Aid of Construction	589,511 A/	0	589,511	(61,624)	527,887 C/
9	Escrow Deposits	6,547 B/	0	6,547	0	6,547 B/
10	Customer Deposits	1,038 B/	0	1,038	0	1,038 B/
11	Total Deductions	\$828,185	\$0	\$828,185	\$0	\$828,185
12	Rate Base	\$91,470	\$0	\$91,470	\$22,424	\$113,893 F/

A/ Average beginning and ending balance for the period per Rate Base Workpaper 2.02.

B/ Average beginning and ending balance for the period per General Ledger.

C/ Rate Base Workpaper 2.01.

D/ Average of Rate Case Expense of \$2,500 amortized over three years.

E/ One-eighth of Attrition Period Total Operating Expenses less Depreciation and Amortization and Excise and Income Taxes per Schedule 3.

F/ Due to the size of rate base, rates will be set using the operating margin method.

Integrated Resource Management, Inc.
Income Statement at Current Rates
For the 12 Months Attrition Period Ending December 31, 2016

Line		Test Period	Test Period Adjustments	Adjusted Test Period	Adjustments	Attrition Period
1	Residential Revenue	\$12,479 A/	\$0	\$12,479	\$6,164	\$18,643 C/
2	Commercial Without Food Revenue	59,288 A/	0	59,288	8,218	67,506 C/
3	Commercial With Food Revenue	1,494 A/	0	1,494	5,311	6,805 C/
4	Special Contract Revenue	3,603 A/	0	3,603	(1,409)	2,194 C/
5	Access Fee Revenue	20,832 A/	0	20,832	(2,016)	18,816 C/
6	Total Operating Revenues	\$97,696	\$0	\$97,696	\$16,268	\$113,964
7	Purchased Power	\$8,482 B/	(\$2,277) B/	\$6,205	\$415	\$6,620 B/
8	Rents	44,921 B/	(41,321) B/	3,600	\$0	3,600 B/
9	Contractual Services	19,575 B/	10,460 B/	30,035	23,853	53,888 B/
10	Maintenance and Repairs	75,171 B/	(6,962) B/	68,210	0	68,210 B/
11	Administrative & General Expense	18,966 B/	35,840 B/	54,806	903	55,710 B/
12	Rate Case Expense	0	0	0	833	833 J/
13	Ammortization & Depreciation	1,886 C/	0	1,886	0	1,886 D/
14	Inspection Fees	440 I/	0	440	187	627 E/
15	Property Tax	3,778 I/	0	3,778	(1,000)	2,778 F/
16	State Franchise Tax	100 I/	0	100	136	236 G/
17	State Excise Tax	0 H/	0	0	0	0 H/
18	Federal Income Tax	0 H/	0	0	0	0 H/
19	Total Operating Expenses	\$173,320	(\$4,259)	\$169,061	\$25,327	\$194,388
20	Net Operating Income/(Loss)	(\$75,624)	\$4,259	(\$71,365)	(\$9,059)	(\$80,424)

A/ Revenue Workpaper 3.03

B/ Expense Workpaper 4.01.

C/ Revenue Workpaper 3.02

D/ Rate Base Workpaper 2.01.

E/ Tax Workpaper 5.03.

F/ Tax Workpaper 5.02

G/ Tax Workpaper 5.01.

H/ Assume no tax liability due to NOLC in attrition period.

Integrated Resource Management, Inc.
Revenue Conversion Factor
For the 12 Months Attrition Period Ending December 31, 2016

<u>Line</u>		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2	TRA Inspection Fee	0.425% A/	<u>0.004250</u>
3	Balance		0.995750
4	State Excise Tax	0.000% B/	<u>0.000000</u>
5	Balance		<u>0.995750</u>
6	Federal Income Tax (First \$50,000 of Taxable Income)	0.000% B/	<u>0.000000</u>
7	Balance		<u>0.995750</u>
8	Revenue Conversion Factor (Line 1 / Line 7)		<u><u>1.004268</u></u>

A/ Statutory rate.

B/ Assume NOLC will offset state excise tax and federal income tax liabilities in attrition period.

Integrated Resource Management, Inc.
Income Statement at Proposed Rates
For the 12 Months Attrition Period Ending December 31, 2016

<u>Line</u>		<u>Current Rates</u>	<u>Rate Increase</u>	<u>Required Rates</u>
	<u>Operating Margin Method</u>			
1	Residential Revenue	\$18,643 A/	\$17,198 B/	\$35,841
2	Commercial Without Food Revenue	67,506 A/	55,651 B/	123,157
3	Commercial With Food Revenue	6,805 A/	1,080 B/	7,885
4	Special Contract Revenue	2,194 A/	2,503 B/	4,697
5	Access Fee Revenue	18,816 A/	17,024 B/	35,840
6	Total Operating Revenues	<u>\$113,964 A/</u>	<u>\$93,456</u>	<u>\$207,420</u>
7	Purchased Power	\$6,620 A/	\$0	\$6,620
8	Rents	3,600 A/	0	3,600
9	Contractual Services	53,888 A/	0	53,888
10	Maintenance & Repairs	68,210 A/	0	68,210
11	Administrative & General Expense	55,710 A/	0	55,710
12	Rate Case Expense	833 A/	0	1,231
13	Ammortization & Depreciation	1,886 A/	0	1,886
14	Inspection Fees	627 A/	397 C/	1,024
15	Property Taxes	2,778 A/	0	2,778
16	State Franchise Tax	236 A/	0	236
17	State Excise Tax	0 A/	0	0
18	Federal Income Tax	0 A/	0	0
19	Total Operating Expenses	<u>\$194,388 A/</u>	<u>\$397</u>	<u>\$194,785</u>
20	Net Operating Income	<u>(\$80,424) A/</u>	<u>\$93,059</u>	<u>\$12,635 D/</u>

A/ Schedule 3.

B/ Schedule 1, Line 7 Revenue Deficiency of: \$93,456

C/ Schedule 1, Line 7 times Schedule 4, Line 2.

D/ Traced to Schedule 1, Line 4.

Integrated Resource Management, Inc.
Rate Design
For the 12 Months Attrition Period Ending December 31, 2016

Line	Residential:	No. Bills	Present Rates**	Escrow Rates	Total Current	Current Operating Revenues	Proposed Rates	Escrow Rates	Total Proposed	Proposed Revenues	Increase / (Decrease)	Total Increase
1	Emory Pointe	108 A/	\$24.82 A/	\$10.13	\$34.95	\$2,681	\$47.98	\$10.13	\$58.11	\$5,182	\$2,501	66.3%
2	All other systems	639 A/	\$24.98 A/	\$10.13	\$35.11	15,963	\$47.98	\$10.13	\$58.11	30,659	14,697	65.5%
3	Total Residential Revenue					\$18,643				\$35,841	\$17,198	
4	Commercial Without Food:											
5	300 gallons or less	336 A/	\$53.36 A/	\$21.64	\$75.00	\$17,930	\$93.00	\$21.64	\$114.64	\$31,248	\$13,318	52.8%
6	301 to 400 gallons	147 A/	\$64.04 A/	\$25.97	\$90.01	9,413	\$119.00	\$25.97	\$144.97	17,493	8,080	61.1%
7	401 to 500 gallons	36 A/	\$74.71 A/	\$30.29	\$105.00	2,689	\$144.00	\$30.29	\$174.29	5,184	2,495	66.0%
8	501 to 600 gallons	90 A/	\$85.38 A/	\$34.62	\$120.00	7,684	\$169.00	\$34.62	\$203.62	15,210	7,526	69.7%
9	601 to 700 gallons	36 A/	\$96.05 A/	\$38.95	\$135.00	3,458	\$199.00	\$38.95	\$237.95	7,164	3,706	76.3%
10	701 to 800 gallons	24 A/	\$106.73 A/	\$43.28	\$150.01	2,561	\$229.00	\$43.28	\$272.28	5,496	2,935	81.5%
11	801 to 900 gallons	0 A/	\$117.40 A/	\$47.60	\$165.00	0	\$259.00	\$47.60	\$306.60	0	0	85.8%
12	901 to 1,000 gallons	72 A/	\$128.07 A/	\$51.93	\$180.00	9,221	\$289.00	\$51.93	\$340.93	20,808	11,587	89.4%
13	1,500 gallons	12 A/	\$227.68 A/	\$92.32	\$320.00	2,732	\$446.25	\$92.32	\$538.57	5,355	2,623	68.3%
14	5,000 gallons	24 A/	\$492.36 A/	\$199.64	\$692.00	11,817	\$625.00	\$199.64	\$824.64	15,000	3,183	19.2%
15	Total Commercial Without Food Revenue					\$67,506				\$122,958	\$55,452	
16	Commercial With Food:											
17	Sterling Springs HOA 700 gallons	12 A/	\$124.51 A/	\$50.49	\$175.00	\$1,494	\$154.51	\$50.49	\$205.00	\$1,854	\$360	17.1%
18	Cove Creek 1,000 gallons	12 A/	\$160.80 A/	\$65.20	\$226.00	1,930	\$190.80	\$65.20	\$256.00	2,290	360	13.3%
19	Valley Mart Exxon 2,000 gallons	12 A/	\$281.75 A/	\$114.25	\$396.00	3,381	\$311.75	\$114.25	\$426.00	3,741	360	7.6%
20	Total Commercial With Food Revenue					\$6,805				\$7,885	\$1,080	
21	Special Contracts:											
22	River Club	12 A/	\$79.69 A/	\$32.31	\$112.00	\$956	\$99.69	\$32.31	\$132.00	\$1,196	\$240	17.9%
23	Cove Mountain Realty	12 A/	\$103.17 A/	\$41.83	\$145.00	1,238	\$291.75	\$41.83	\$333.58	3,501	2,263	130.1%
24	Total Special Contract Revenue					\$2,194				\$4,697	\$2,503	
25	Total Access Fee Revenue	224 A/	\$84.00 A/	\$0.00	\$84.00	\$18,816	\$160.00	\$0.00	\$160.00	\$35,840	\$17,024	90.5%
26	Total Access Fee Revenue					\$18,816				\$35,840	\$17,024	
27	TOTAL REVENUE					\$113,964				\$207,221	\$93,257	

** Present Rates do not include escrow amount.
A/ Revenue Workpaper 3.01

Integrated Resource Management, Inc.
Workpaper Directory
For the 12 Months Attrition Period Ending December 31, 2016

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<u>2.00 - Rate Base Workpapers</u>	
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Integrated Resource Management, Inc.
Selected General Ledger Account Balances at 12/31/2014
For the 12 Months Attrition Period Ending December 31, 2016

Line	Account	Description	Amount	
REVENUE ACCOUNTS				
1	5211.04	Emory Pointe	9,645.95	
2	5211.04	Billing Adjustments	0.00	9,645.95
3	5211.05	Compass Pointe	1,755.70	
4	5211.05	Billing Adjustments	0.00	1,755.70
5	5211.07	Wild Briar	17,496.55	
6	5211.07	Billing Adjustments	0.00	17,496.55
7	5211.09	Sterling Springs	28,742.59	
8	5211.09	Billing Adjustments	0.00	28,742.59
9	5211.15	Flat Hollow	10,202.13	
10	5211.15	Billing Adjustments	0.00	10,202.13
11	5211.2	Cove Creek	492.36	
12	5211.2	Billing Adjustments	0.00	492.36
13	5211.21	Riverstone Estates	7,079.90	
14	5211.21	Billing Adjustments	0.00	7,079.90
15	521.1	Residential Revenues		75,415.18
16	5212.01	Cove Mounatin Reality	1,308.10	
17	5212.01	Billing Adjustments	0.00	1,308.10
18	5212.02	Valley Mart Exonn	2,826.50	
19	5212.02	Billing Adjustments	0.00	2,826.50
20	5212.03	Lot 23, River Club	956.26	
21	5212.03	Billing Adjustments	0.00	956.26
22	5212.17	Lost Creek Campground	11,469.82	
23	5212.17	Billing Adjustments	0.00	11,469.82
24	5212.18	Mountain ShangriLa	3,297.82	
25	5212.18	Billing Adjustments	0.00	3,297.82
26	521.2	Commercial Revenues		19,858.50
27	400	Total Operating Revenues		95,273.68
EXPENSE ACCOUNTS				
28	715	Purchased Power	8,481.88	8,481.88
29	720	Materials & Supplies	390.20	390.20
30	730	Contractual Services-Billing	1,064.96	
31	731	Contractual Services-Professional	112.50	
32	731.92	Legal Fees	1,200.00	
33	731.93	Accounting	3,807.01	
34	736	Contractual Services-Other	13,391.00	
35	730	Contractual Services		19,575.47
36	740	Rents	44,921.20	44,921.20
37	755	Insurance Expense	1,803.00	1,803.00
38	775.1	Travel/Meals/Entertainment	1,788.11	
39	775.15	Telephone Expense	9,408.67	
40	775.18	Maintenance Expense Routine	75,171.39	
41	775.19	Maintenance Expense Nonroutine	0.00	
42	775.25	Bank Service Charge	1,776.95	
43	775.251	Bank NSF Charges	72.00	
44	775.35	Dues & Subscription	100.00	
45	775.4	Postage & Delivery	719.93	
46	775.83	Reimbursed Expenses	1,050.00	
47	775.9	Uncategorized Expenses	1,857.41	
48	775	Miscellaneous Expense		91,944.46
49	401	Operating Expenses		167,116.21

Integrated Resource Management, Inc.
UPIS and CIAC Forecast
For the 12 Months Attrition Period Ending December 31, 2016

Line	12/31/2014 Balance	Additions	Retirements	12/31/2015 Balance	Additions	Retirements	12/31/2016 Balance	Average Attrition Yr
1	CIAC	\$820,600 A/	\$0	\$0	\$820,600	\$0	\$820,600	\$820,600 E/
2	UPIS	918,712 A/	0	1,886 B/	916,826	0	914,940	915,883 E/

Line	12/31/2014 Balance	Amortization/ Depreciation	Deductions	12/31/2015 Balance	Amortization/ Depreciation	Deductions	12/31/2016 Balance	Average Attrition Yr	
3	Accumulated CIAC Amort	\$246,495 A/	\$30,812 C/	\$0	\$277,307	\$30,812 C/	\$0	\$308,119	\$292,713 E/
4	Accumulated UPIS Depr	246,495 A/	30,812 D/	0	277,307	30,812 D/	0	308,119	292,713 E/

Line	12/31/2014 Balance	12/31/2015 Balance	12/31/2016 Balance	Average Attrition Yr	
5	Net CIAC	\$574,105 F/	\$543,293 F/	\$512,481 F/	\$527,887 E/
6	Net UPIS	672,217 G/	639,519 G/	606,821 G/	623,170 E/

A/ TRA Annual Report.
B/ Annual amortization of organizational costs per Workpaper 2.02.
C/ Annual depreciation per Workpaper 2.02.
D/ Annual CIAC amortization per Workpaper 2.02.
E/ Average of beginning and ending balances for the period.
F/ Line 1 minus Line 3
G/ Line 2 minus Line 4

Integrated Resource Management, Inc.
Depreciation Expense Forecast
For the 12 Months Attrition Period Ending December 31, 2016

CIAC Amortization Rate of 3.755%:

Line	Description	Attrition Period	Projected 2015	Actual 2014	Actual 2013
1	CIAC Ending Balance	\$820,600 B/	\$820,600 B/	\$820,600 A/	\$820,600 A/
2	Accumulated CIAC Amortization	308,119 G/	277,307 G/	246,495 A/	215,683 A/
3	Net CIAC Ending Balance	<u>\$512,481</u>	<u>\$543,293</u>	<u>\$574,105</u> A/	<u>\$604,917</u>
4	CIAC Average Balance	820,600 D/	\$820,600 D/	\$820,600 D/	
5	Annual CIAC Amortization Rate	3.755% E/	3.755% E/	3.755% E/	
6	Annual CIAC Amortization	<u>\$30,812</u>	<u>\$30,812</u>	<u>\$30,812</u> A/	

Depreciation Composite Rate of 3.957%:

Line	Description	Attrition Period	Projected 2015	Actual 2014	Actual 2013
7	UPIS Ending Balance	\$914,940 B/	\$916,826 B/	\$918,712 A/	\$920,598 A/
8	Less Organization	77,343 C/	79,229 C/	81,115 A/	83,001 A/
9	Less Land	59,003 B/	59,003 B/	59,003 A/	59,003 A/
10	UPIS Depreciable Plant	<u>\$778,594</u>	<u>\$778,594</u>	<u>\$778,594</u>	<u>\$778,594</u>
11	UPIS Accumulated Depr	308,119 G/	277,307 G/	246,495 A/	215,683 A/
12	Net UPIS Ending Balance	<u>\$606,821</u>	<u>\$639,519</u>	<u>\$672,217</u>	<u>\$704,915</u>
13	Depreciable UPIS Average Balance	\$778,594 D/	\$778,594 D/	\$778,594 D/	
14	Composite Rate	3.957% F/	3.957% F/	3.957% F/	
15	Annual Depreciation Expense	<u>\$30,812</u>	<u>\$30,812</u> B/	<u>\$30,812</u> C/	

16	Net Annual Depreciation Expense	\$0 H/	\$0 H/	\$0 H/
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- A/ TRA Annual Reports.
 B/ Assume no additions or retirements in UPIS and CIAC.
 C/ Annual amortization of organizational costs of \$1,886.
 D/ Average of beginning and ending balances for the period.
 E/ Computed annual CIAC amortization rate for 2014; assume same rate for 2015 and attrition period.
 F/ Computed annual composite depreciation rate for 2014; assume same rate for 2015 and attrition period.
 G/ Prior year balance plus annual depreciation/amortization.
 H/ Line 15 minus Line 6.

Integrated Resource Management, Inc.
Revenue Leadsheet
For the 12 Months Attrition Period Ending December 31, 2016

Line	Operating Margin Method	Attrition Period Determinants	Current		Escrow		Operating	
			Rates	Revenues	Rate	Revenues	Rate	Revenues
1	Emory Pointe							
2	Residential	108	A/ \$ 34.95 F/	\$ 3,774.60	\$ 10.13 F/	\$1,094.04	\$24.82	\$ 2,680.56
3	Commercial Without Food (0-300 gallons)	0	A/ \$ 75.00 B/	\$ -	\$ 21.64 I/	\$ -	\$53.36	\$ -
4	Access	54	A/ \$ 84.00 E/	\$ 4,536.00	\$ -	\$ -	\$84.00	\$ 4,536.00
5	Compass Pointe							
6	Residential	87	A/ \$ 35.11 D/	\$ 3,054.57	\$ 10.13 F/	\$881.24	\$24.98	\$ 2,173.33
7	Access	5	A/ \$ 84.00 E/	\$ 420.00	\$ -	\$0.00	\$84.00	\$ 420.00
8	Riverstone							
9	Residential	240	A/ \$ 35.11 D/	\$ 8,426.40	\$ 10.13 F/	\$2,431.02	\$24.98	\$ 5,995.38
10	Access	73	A/ \$ 84.00 E/	\$ 6,132.00	\$ -	\$0.00	\$84.00	\$ 6,132.00
11	Mountain Shangrila							
12	Residential	0	A/ \$ 35.11 D/	\$ -	\$ 10.13 F/	\$0.00	\$24.98	\$ -
13	Commercial Without Food (0-300 gallons)	24	A/ \$ 75.00 B/	\$ 1,800.00	\$ 21.64 I/	\$519.30	\$53.36	\$ 1,280.70
14	Commercial Without Food (301-400 gallons)	36	A/ \$ 90.00 B/	\$ 3,240.00	\$ 25.97 I/	\$934.74	\$64.04	\$ 2,305.26
15	Access	27	A/ \$ 84.00 E/	\$ 2,268.00	\$ -	\$0.00	\$84.00	\$ 2,268.00
16	Flat Hollow							
17	Residential	96	A/ \$ 35.11 D/	\$ 3,370.56	\$ 10.13 F/	\$972.41	\$24.98	\$ 2,398.15
18	Commercial Without Food (0-300 gallons)	72	A/ \$ 75.00 B/	\$ 5,400.00	\$ 21.64 I/	\$1,557.90	\$53.36	\$ 3,842.10
19	Commercial Without Food (301-400 gallons)	0	A/ \$ 90.00 B/	\$ -	\$ 25.97 I/	\$0.00	\$64.04	\$ -
20	Commercial Without Food (401-500 gallons)	12	A/ \$ 105.00 B/	\$ 1,260.00	\$ 30.29 I/	\$363.51	\$74.71	\$ 896.49
21	Commercial Without Food (501-600 gallons)	24	A/ \$ 120.00 B/	\$ 2,880.00	\$ 34.62 I/	\$830.88	\$85.38	\$ 2,049.12
22	Access	2	A/ \$ 84.00 E/	\$ 168.00	\$ -	\$0.00	\$84.00	\$ 168.00
23	Wildbriar							
24	Residential	12	A/ \$ 35.11 D/	\$ 421.32	\$ 10.13 F/	\$121.55	\$24.98	\$ 299.77
25	Commercial Without Food (0-300 gallons)	0	A/ \$ 75.00 B/	\$ -	\$ 21.64 I/	\$0.00	\$53.36	\$ -
26	Commercial Without Food (301-400 gallons)	0	A/ \$ 90.00 B/	\$ -	\$ 25.97 I/	\$0.00	\$64.04	\$ -
27	Commercial Without Food (401-500 gallons)	12	A/ \$ 105.00 B/	\$ 1,260.00	\$ 30.29 I/	\$363.51	\$74.71	\$ 896.49
28	Commercial Without Food (501-600 gallons)	66	A/ \$ 120.00 B/	\$ 7,920.00	\$ 34.62 I/	\$2,284.92	\$85.38	\$ 5,635.08
29	Commercial Without Food (601-700 gallons)	24	A/ \$ 135.00 B/	\$ 3,240.00	\$ 38.95 I/	\$934.74	\$96.05	\$ 2,305.26
30	Commercial Without Food (701-800 gallons)	24	A/ \$ 150.00 B/	\$ 3,600.00	\$ 43.28 I/	\$1,038.60	\$106.73	\$ 2,561.40
31	Commercial Without Food (801-900 gallons)	0	A/ \$ 165.00 B/	\$ -	\$ 47.60 I/	\$0.00	\$117.40	\$ -
32	Commercial Without Food (901-1,000 gallons)	60	A/ \$ 180.00 B/	\$ 10,800.00	\$ 51.93 I/	\$3,115.80	\$128.07	\$ 7,684.20
33	Commercial Without Food (1,001-1,500 gallons)	12	A/ \$ 320.00 B/	\$ 3,840.00	\$ 92.32 I/	\$1,107.84	\$227.68	\$ 2,732.16
34	Access	21	A/ \$ 84.00 E/	\$ 1,764.00	\$ -	\$0.00	\$84.00	\$ 1,764.00

Integrated Resource Management, Inc.

Revenue Leadsheet

For the 12 Months Attrition Period Ending December 31, 2016

[illegible]

A/ Revenue Workpapers Attribution Period Revenues at Current Rates

B/ TRA Tariff No. 1 Section 6 1st Revised Page 1 Commercial Rate Without Food Tariff.

C/ TRA Tariff No. 1 Section 6 1st Revised Page 2 Commercial Rate With Food Tariff.

D/ TRA Tariff No. 1 Section 4 1st Revised Page 2 Residential Tariff.

E/ TRA Tariff No. 1 Section 5 Original Page 3 Sewer Access Fee.

F/ Rate Set in Docket No. 04-00101.

G/ River Club rate was set in Docket No. 04-00152.

H/ Exxon and Cove Mountain Realty rates were set in Docket No. 03-00467, but Exxon under new ownership and transitioned to Commercial Tariff With Food at 2,000 gallons.

V/ Commercial Escrow is 28.85% of revenues.

Line No	Emery Pointe (63 Total Lots)	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Bills	Charge	Yearly Revenues	Escrow	Service Revenue
1	Residential Customers	9	9	9	9	9	9	9	9	9	9	9	9	108 H/	\$ 34.95	\$ 3,774.60	\$ 1,094.04	\$ 2,680.56
2	Commercial (100 gallons or less)													0 H/	\$ 74.00	\$ -	\$ -	\$ -
3	Access Customers													54 H/	\$ 84.00	\$ 4,536.00	\$ 1,094.04	\$ 4,536.00
4	Total															\$ 8,310.60	\$ 2,188.08	\$ 7,122.56
5	Compass Pointe (13 Total Lots)																	
6	Residential Customers	6	6	6	6	7	7	8	8	8	8	8	8	87 H/	\$ 35.11	\$ 3,044.57	\$ 881.24	\$ 2,163.33
7	Commercial (100 gallons or less)													5 H/	\$ 84.00	\$ 420.00	\$ -	\$ 420.00
8	Access Customers															\$ 3,474.57	\$ 881.24	\$ 2,593.33
9	Total															\$ 6,939.14	\$ 1,762.48	\$ 5,176.66
10	Beverly Estates (93 Total Lots)																	
11	Residential Customers	20	20	20	20	20	20	20	20	20	20	20	20	240 H/	\$ 35.11	\$ 8,426.40	\$ 2,431.02	\$ 5,995.38
12	Access Customers													73 H/	\$ 84.00	\$ 6,132.00	\$ -	\$ 6,132.00
13	Total															\$ 14,558.40	\$ 2,431.02	\$ 12,127.38
14	Mountain Shangri-la (32 Total Lots)																	
15	Residential Customers	0	0	0	0	0	0	0	0	0	0	0	0	0 H/	\$ 35.11	\$ -	\$ -	\$ -
16	Commercial (100 gallons or less)	2	2	2	2	2	2	2	2	2	2	2	2	24 H/	\$ 75.00	\$ 1,800.00	\$ 519.30	\$ 1,280.70
17	Access Customers	3	3	3	3	3	3	3	3	3	3	3	3	36 H/	\$ 90.00	\$ 2,700.00	\$ 934.74	\$ 2,385.26
18	Total															\$ 4,500.00	\$ 1,454.04	\$ 3,045.96
19	Flat Hollow (119 Total Lots)																	
20	Residential Customers	8	8	8	8	8	8	8	8	8	8	8	8	96 H/	\$ 35.11	\$ 3,370.56	\$ 972.41	\$ 2,398.15
21	Commercial (100 gallons or less)	6	6	6	6	6	6	6	6	6	6	6	6	72 H/	\$ 75.00	\$ 5,400.00	\$ 1,557.90	\$ 3,842.10
22	Commercial (100 to 400 gallons)	0	0	0	0	0	0	0	0	0	0	0	0	0 H/	\$ 90.00	\$ -	\$ -	\$ -
23	Commercial (400 to 500 gallons)	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 105.00	\$ 1,260.00	\$ 363.51	\$ 896.49
24	Commercial (500 to 600 gallons)	2	2	2	2	2	2	2	2	2	2	2	2	24 H/	\$ 120.00	\$ 2,880.00	\$ 830.88	\$ 2,049.12
25	Access Customers													2 H/	\$ 84.00	\$ 168.00	\$ -	\$ 168.00
26	Total															\$ 13,078.56	\$ 3,724.70	\$ 9,353.86
27	Wildbriar (40 Total Lots)																	
28	Residential Customers	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 35.11	\$ 421.32	\$ 121.55	\$ 299.77
29	Commercial (100 gallons or less)	0	0	0	0	0	0	0	0	0	0	0	0	0 H/	\$ 75.00	\$ -	\$ -	\$ -
30	Commercial (100 to 400 gallons)	0	0	0	0	0	0	0	0	0	0	0	0	0 H/	\$ 90.00	\$ -	\$ -	\$ -
31	Commercial (400 to 500 gallons)	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 105.00	\$ 1,260.00	\$ 363.51	\$ 896.49
32	Commercial (500 to 600 gallons)	1	1	1	1	1	1	1	1	1	1	1	1	24 H/	\$ 120.00	\$ 2,880.00	\$ 830.88	\$ 2,049.12
33	Commercial (600 to 700 gallons)	2	2	2	2	2	2	2	2	2	2	2	2	24 H/	\$ 135.00	\$ 3,240.00	\$ 934.74	\$ 2,385.26
34	Commercial (700 to 800 gallons)	2	2	2	2	2	2	2	2	2	2	2	2	24 H/	\$ 150.00	\$ 3,600.00	\$ 1,038.60	\$ 2,561.40
35	Commercial (800 to 900 gallons)	0	0	0	0	0	0	0	0	0	0	0	0	0 H/	\$ 165.00	\$ -	\$ -	\$ -
36	Commercial (900 to 1000 gallons)	5	5	5	5	5	5	5	5	5	5	5	5	60 H/	\$ 180.00	\$ 10,800.00	\$ 3,115.80	\$ 7,684.20
37	Commercial (1000 to 1500 gallons)	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 320.00	\$ 3,840.00	\$ 1,107.84	\$ 2,732.16
38	Access Customers													21 H/	\$ 84.00	\$ 1,764.00	\$ 1,764.00	\$ 1,764.00
39	Total															\$ 32,845.32	\$ 8,966.96	\$ 23,878.36

^A TPA Tariff No. 1 Section 6 is Revised Page 1 Commercial Rate Without Food Tariff.
^B Tariff No. 1 Section 4 is Revised Page 2 Residential Tariff.
^C TPA Tariff No. 1 Section 4 is Revised Page 2 Access Fee.
^D TPA Tariff No. 1 Section 6 is Revised Page 2 Commercial Rate With Food Tariff.
^E River Club rate was set in Docket No. 04-00152.
^F Exxon and Cove Mountain Realty rates were set in Docket No. 03-00467, but Exxon under new ownership and transitioned to Commercial Tariff With Food at 2,000 gallons.
^G Rate Set in Docket No. 04-00101.
^H Customer Counts updated through November 2018 were provided by email dated December 2, 2015.

Integrated Resource Management, Inc.
Proof of Revenue
For the 12 Months Attrition Period Ending December 31, 2016

TRA Staff
Worksheet
3.03

Line No.	Entry Point (63 Total Lots)	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Yearly Customers Bills	Charge	Price Out Yearly Revenues	Yearly Service Revenue
1	Residential Customers	6	6	6	6	6	6	6	6	6	6	6	6	6	\$ 34.95	\$ 2,516.40	\$ 779.36
2	Commercial (300 gallons or less)	3	3	3	3	3	3	3	3	3	3	3	3	3	\$ 75.00	\$ 2,700.00	\$ 1,921.05
3	Access Customers														\$ 84.00	\$ 4,536.00	\$ -
4	Total															\$ 9,752.40	\$ 8,244.09
5	Compass Pointe (13 Total Lots)																
6	Residential Customers	4	4	4	4	4	4	4	4	4	4	4	4	4	\$ 35.11	\$ 1,685.28	\$ 486.20
7	Access Customers														\$ 84.00	\$ 756.00	\$ -
8	Total															\$ 2,441.28	\$ 1,955.08
9	Riverstone Estate (93 Total Lots)																
10	Residential Customers	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ 35.11	\$ 2,782.15	\$ 658.40
11	Access Customers														\$ 84.00	\$ 7,056.00	\$ -
12	Total															\$ 9,838.15	\$ 6,679.75
13	Mountain Shagwila (33 Total Lots)																
14	Residential Customers	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ 35.11	\$ -	\$ -
15	Commercial (300 gallons or less)	3	3	3	3	3	3	3	3	3	3	3	3	3	\$ 75.00	\$ 2,700.00	\$ 1,921.05
16	Commercial (300 to 400 gallons)	2	2	2	2	2	2	2	2	2	2	2	2	2	\$ 90.00	\$ 2,160.00	\$ 1,536.84
17	Access Customers														\$ 84.00	\$ 2,268.00	\$ -
18	Total															\$ 7,128.00	\$ 5,725.89
19	Flat Hollow (19 Total Lots)																
20	Residential Customers	8	8	8	8	8	8	8	8	8	8	8	8	8	\$ 35.11	\$ 3,370.56	\$ 972.41
21	Commercial (300 gallons or less)	6	6	6	6	6	6	6	6	6	6	6	6	6	\$ 75.00	\$ 5,400.00	\$ 3,842.10
22	Commercial (300 to 400 gallons)	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ 90.00	\$ -	\$ -
23	Commercial (400 to 500 gallons)	1	1	1	1	1	1	1	1	1	1	1	1	1	\$ 105.00	\$ 1,260.00	\$ 896.49
24	Commercial (500 to 600 gallons)	2	2	2	2	2	2	2	2	2	2	2	2	2	\$ 120.00	\$ 2,880.00	\$ 2,049.12
25	Access Customers														\$ 84.00	\$ 168.00	\$ 168.00
26	Total															\$ 13,078.56	\$ 9,553.86
27	Wildbriar (40 Total Lots)																
28	Residential Customers	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ 35.11	\$ 140.44	\$ 40.52
29	Commercial (300 gallons or less)	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ 75.00	\$ -	\$ -
30	Commercial (300 to 400 gallons)	1	1	1	1	1	1	1	1	1	1	1	1	1	\$ 90.00	\$ -	\$ -
31	Commercial (400 to 500 gallons)	1	1	1	1	1	1	1	1	1	1	1	1	1	\$ 120.00	\$ 1,260.00	\$ 896.49
32	Commercial (500 to 600 gallons)	2	2	2	2	2	2	2	2	2	2	2	2	2	\$ 135.00	\$ 2,880.00	\$ 2,049.12
33	Commercial (600 to 700 gallons)	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ 150.00	\$ 810.00	\$ 576.32
34	Commercial (700 to 800 gallons)	1	1	1	1	1	1	1	1	1	1	1	1	1	\$ 165.00	\$ 1,800.00	\$ 1,280.70
35	Commercial (800 to 900 gallons)	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ 180.00	\$ 10,800.00	\$ 7,684.20
36	Commercial (900 to 1000 gallons)	5	5	5	5	5	5	5	5	5	5	5	5	5	\$ 320.00	\$ 3,840.00	\$ 2,732.16
37	Access Customers	1	1	1	1	1	1	1	1	1	1	1	1	1	\$ 84.00	\$ 2,520.00	\$ 2,520.00
38	Total															\$ 23,882.44	\$ 17,670.91

Integrated Resource Management, Inc.
Proof of Revenue
For the 12 Months Attribution Period Ending December 31, 2016

TRA Staff
Worksheet
3.03

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Yearly Customers Bills	Charge	Price Out Yearly Revenues	Elernw	Service Revenue
40 Sterling Springs (93 Total Lots)																	
41 Residential Customers	18	19	19	13	18	19	19	19	18	18	16	16	213 H/	\$ 35.11 B/	\$ 2,548.65	\$ 2,177.79	\$ 5,370.86
42 HOA Clubhouse	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 175.00 D/	\$ 2,100.00	\$ 605.85	\$ 1,494.15
43 Commercial (300 to 400 gallons)	14	14	14	14	15	15	15	15	15	15	16	16	178 H/	\$ 75.00 A/	\$ 13,350.00	\$ 3,851.48	\$ 9,498.53
44 Commercial (400 to 500 gallons)	1	1	1	1	1	1	1	1	1	1	1	1	108 H/	\$ 90.00 A/	\$ 9,720.00	\$ 2,804.22	\$ 6,915.78
45 Commercial (500 to 600 gallons)	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 105.00 A/	\$ 1,260.00	\$ 363.51	\$ 896.49
46 Commercial (600 to 700 gallons)	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 120.00 A/	\$ 1,200.00	\$ 34.62	\$ 85.38
47 Commercial (700 to 800 gallons)	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 135.00 A/	\$ 1,620.00	\$ 467.37	\$ 1,152.63
48 Commercial (800 to 900 gallons)	0	0	0	0	0	0	0	0	0	0	0	0	0 H/	\$ 150.00 A/	\$ -	\$ -	\$ -
49 Commercial (900 to 1000 gallons)	0	0	0	0	0	0	0	0	0	0	0	0	0 H/	\$ 165.00 A/	\$ -	\$ -	\$ -
50 Access Customers	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 180.00 A/	\$ 2,160.00	\$ 623.16	\$ 1,536.84
51													44 H/	\$ 84.00 C/	\$ 3,696.00	\$ 3,696.00	\$ 3,696.00
52 Total															\$ 41,574.65	\$ 10,927.99	\$ 30,646.66
53 Cove Creek (1 Total Lots)																	
54	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Yearly Customers Bills	Charge	Price Out Yearly Revenues	Elernw	Service Revenue
	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 693 A/	\$ 8,304.00	\$ 2,395.70	\$ 5,908.30
55 Lost Creek (1 Total Lots)																	
56	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Yearly Customers Bills	Charge	Price Out Yearly Revenues	Elernw	Service Revenue
	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 693 A/	\$ 8,304.00	\$ 2,395.70	\$ 5,908.30
57 Cove Mountain Realty (1 Total Lots)																	
58	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Yearly Customers Bills	Charge	Price Out Yearly Revenues	Elernw	Service Revenue
	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 143 H/	\$ 1,740.00	\$ 501.99	\$ 1,238.01
59 Valley Mart Exxon (1 Total Lots)																	
60	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Yearly Customers Bills	Charge	Price Out Yearly Revenues	Elernw	Service Revenue
	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 163 H/	\$ 1,980.00	\$ 571.23	\$ 1,408.77
61 River Club (1 Total Lots)																	
62	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Yearly Customers Bills	Charge	Price Out Yearly Revenues	Elernw	Service Revenue
	1	1	1	1	1	1	1	1	1	1	1	1	12 H/	\$ 112 H/	\$ 1,344.00	\$ 387.74	\$ 956.26
63 Total Residential															\$ 17,543.48	\$ 5,064.67	\$ 12,478.81
64 Total Commercial Without Food															\$ 83,328.00	\$ 24,040.13	\$ 59,287.87
65 Total Commercial With Food															\$ 2,100.00	\$ 605.85	\$ 1,494.15
66 Total Special Contract															\$ 5,064.00	\$ 1,460.96	\$ 3,603.04
67 Total Access Fees															\$ 20,832.00	\$ -	\$ 20,832.00
68 PRICE OUT TOTAL															\$ 128,867.48	\$ 31,171.61	\$ 97,695.87
69 General Ledger															\$ 126,993.91	\$ 31,720.20	\$ 95,273.71
70 Dollar Variance															\$ 1,873.57	\$ 1348.59	\$ 2,472.16
71 Percentage Variance															1.45%	-1.76%	2.48%

A/ TRA Tariff No. 1 Section 6 1st Revised Page 1 Commercial Rate Without Food Tariff

B/ TRA Tariff No. 1 Section 4 1st Revised Page 2 Residential Tariff

C/ TRA Tariff No. 1 Section 5 Original Page 3 Sewer Access Fee

D/ TRA Tariff No. 1 Section 6 1st Revised Page 2 Commercial Rate With Food Tariff

E/ River Club rate was set in Docket No. 04-00152.

F/ Valley Mart Exxon and Cove Mountain Realty rates were set in Docket No. 03-00467.

G/ Rate Set in Docket No. 04-00101.

H/ Customer Counts Provided in Response to TRA Party Staff Data Request No. 1 Attachment B

I/ Revenue Worksheet 3.04

Integrated Resource Management, Inc.

Revenue per General Ledger

For the 12 Months Attrition Period Ending December 31, 2016

TRA Staff
Workpaper
3.04

Emory Pointe

Escrow	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14 Total
Revenue	(94.86)	(416.82)	(243.85)	(180.03)	(105.24)	(40.33)	(122.55)	(30.25)	(180.29)	(242.44)	(60.59)	(1,878.82)
Flat Hollow	1,562.10	1,612.80	845.24	624.02	364.80	307.80	424.80	188.85	624.91	840.35	210.02	4,403.05
Total	1,467.24	1,195.98	601.39	443.99	259.56	267.47	302.25	158.60	444.62	597.91	(483.97)	9,645.95

Compass Pointe

Escrow	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14 Total
Revenue	-70.9	-30.39	-20.26	-10.13	-50.65	-20.26	-30.39	-60.78	-105.33	-105.33	-210.66	(425.45)
Total	333.97	277.53	-	70.22	210.66	105.33	105.33	210.66	105.33	105.33	210.66	2,181.15
Total	263.07	247.14	(20.26)	60.09	160.01	85.07	74.94	149.88	85.07	85.07	149.88	1,755.70

Riverside Estates

Escrow	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14 Total
Revenue	772.8	-	-	-10.13	-185.59	-116.09	-101.29	-68.15	-81.03	-70.9	-91.67	(840.75)
Total	772.80	-	-	287.11	643.3	402.38	351.1	1361.81	280.88	245.77	317.75	7,920.65
Total	772.80	-	-	276.98	457.71	286.29	249.81	1,293.66	199.85	174.87	226.08	7,079.90

Mountain Shanerila

Escrow	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14 Total
Revenue	-116.84	-	-	-350.53	-116.84	-117.92	-115.76	-116.84	-116.84	-47.6	-168.77	(1,337.18)
Total	405	-	-	1215	405	408.75	401.25	405	405	165	585	4,635.00
Total	288.16	-	-	864.47	288.16	290.83	285.49	288.16	288.16	117.40	416.23	3,297.82

Flat Hollow

Escrow	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14 Total
Revenue	(374.30)	(424.71)	(267.96)	(216.08)	(285.90)	(411.81)	(244.51)	(333.82)	(225.22)	(333.41)	-	(3,357.05)
Total	1,402.39	1,472.12	999.03	748.99	990.99	1,427.42	847.53	1,157.09	780.66	1,155.66	1,712.64	13,559.18
Total	1,028.09	1,047.41	731.07	532.91	705.09	1,015.61	603.02	823.27	555.44	822.25	1,712.64	10,202.13

Wildbriar

Escrow	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14 Total
Revenue	(609.02)	(473.14)	(781.84)	-	(466.00)	(750.63)	(508.05)	(474.33)	(464.49)	(588.35)	(786.19)	(6,744.98)
Total	2,195.00	-	3,802.00	654.00	1,615.25	2,685.85	1,761.12	1,644.11	1,610.00	1,970.00	2,725.11	24,241.56
Total	1,585.98	(473.14)	3,020.16	654.00	1,149.25	1,935.22	1,253.07	1,169.78	1,145.51	1,401.65	1,938.92	17,496.58

Sterling Springs

Escrow	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14 Total
Revenue	(1,131.80)	(740.51)	(674.32)	(1,038.09)	(706.30)	(1,357.56)	(944.72)	(756.74)	(814.96)	(929.88)	(717.27)	(10,964.00)
Total	5,351.05	2,566.77	2,522.43	3,688.24	2,448.19	4,705.58	3,274.59	2,623.01	2,824.82	3,223.16	2,486.21	39,706.59
Total	4,219.25	1,826.26	1,848.11	2,650.15	1,741.89	3,348.02	2,329.87	1,866.27	2,009.86	2,293.28	1,768.94	28,742.59

Cove Creek

[illegible]

Lost Creek

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total
Escrow	(199.64)	(199.64)	(199.64)	(199.64)	(399.28)	(399.28)	(598.93)	-	(167.19)	(1,208.38)	(399.28)	(399.28)	(4,370.18)
Revenue	692.00	692.00	1,384.00	692.00	1,384.00	1,384.00	2,076.00	-	579.50	4,188.50	1,384.00	1,384.00	15,840.00
Total	492.36	492.36	1,184.36	492.36	984.72	984.72	1,477.07	-	412.31	2,980.12	984.72	984.72	11,469.82

Cove Mountain Realty

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total
Escrow													
Revenue	145.00	145.00	145.00	215.22	145.00	145.00	145.00	-	145.00	145.00	290.00	145.00	(502.12)
Total	103.02	103.17	103.17	173.39	103.17	103.17	103.17	-	103.17	103.17	206.33	103.17	1,308.10

Valley Mart Exxon

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total
Escrow	(47.60)	(47.60)	(47.60)	(236.28)	(47.60)	(47.60)	(47.60)	-	(47.60)	(47.60)	-	(95.21)	(712.29)
Revenue	165.00	1,888.79	165.00	165.00	165.00	165.00	165.00	-	165.00	165.00	-	330.00	3,538.79
Total	117.40	1,841.19	117.40	(71.28)	117.40	117.40	117.40	-	117.40	117.40	-	234.79	2,826.50

River Club

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total
5CROW	(193.87)					(193.87)							(387.74)
Revenue	672.00					672.00							1,344.00
Total	478.13					478.13							956.26

TOTAL

Escrow	(31,720.20)
Revenue	126,993.91
Total	95,273.71

Integrated Resource Management, Inc.
Customer Growth Rate
For the 12 Months Attrition Period Ending December 31, 2016

Line No.			
1	Current Year Customers	125	B/
2	Attrition Year Customers	135	A/
3	Customer Growth	10	
4	Growth Rate	8.00%	

A/ Company Updated Customer Counts sent December 2, 2015.
B/ Revenue Workpaper No. 3.02.

Integrated Resource Management, Inc.
Operation and Maintenance Expense Analysis and Forecast
For the 12 Months Attrition Period Ending December 31, 2016

Line		Test Period	Adjustments	Adjusted Test Period	Growth Factor	Attrition Period
1	Purchased Power	\$8,482 A/	(\$2,277) B/	\$6,205	\$415 L/	\$6,620
2	Rent	\$44,921 A/	(\$41,321) C/	\$3,600	\$0	\$3,600
3	Legal Fees	\$1,200 A/	\$13,200 D/	\$14,400	\$3,600 M/	\$18,000
4	Regulatory & Financial Actg.	3,807 A/	0	3,807	0	3,807
5	Billing	1,065 A/	0	1,065	0	1,065
6	Professional	113 A/	0	113	0	113
7	Tax Actg.	0 A/	1,616 I/	1,616	1,184 M/	2,800
8	Other	13,391 A/	(4,356) E/	9,035	19,069 N/	28,104
9	Contractual Services	\$19,575	\$10,460	\$30,035	\$23,853	\$53,888
10	Routine Maintenance	\$75,171 A/	(\$6,962) G/	\$68,210	\$0	\$68,210
11	Non-Routine Maintenance	0 A/	0	0	0	0
12	Maintenance and Repairs	\$75,171	(\$6,962)	\$68,210	\$0	\$68,210
13	Insurance	\$1,803 A/	(\$1,616) I/	\$187	\$13 L/	\$200
14	Reimbursed Expenses	1,050 A/	0	1,050	\$70 L/	1,120
15	Bank-Service Charge	1,777 A/	(147) J/	1,630	\$0	1,630
16	Bank NSF Charges	72 A/	(72) K/	0	0	0
17	Administrative/ Clerical	0 A/	20,580 C/	20,580	0	20,580
18	Management Fee	0 A/	18,600 C/	18,600	0	18,600
19	Materials & Supplies	390 A/	0	390	0	390
20	Postage & Delivery	720 A/	0	720	48 L/	768
21	Telephone & Telemetry Expense	9,409 A/	159 F/	9,568	640 L/	10,208
22	Dues & Subscriptions	100 A/	0	100	0	100
23	Travel/Meals	1,788 A/	193 F/	1,981	132 L/	2,114
24	Uncategorized Expense	1,857 A/	(1,857) H/	0	0	0
25	Administrative & General:	\$18,966	\$35,840	\$54,806	\$903	\$55,710
26	Total Operations and Maintenance Expense	\$167,116	(\$4,259)	\$162,857	\$25,171	\$188,028

A/ 2014 General Ledger - General Work paper 1.01.

B/ Purchase Power - Work paper 4.02

C/ Rent- Work paper 4.03

D/ Adjustment to add \$13,200 for eleven months worth of legal fee's.

E/ Remove \$4,356 for "Out of Period" adjustment

F/ Telephone - Work paper 4.04

G/ Adjustment to remove \$6,961.74 for out of period adjustments.

H/ Adjustment to remove nonrecurring Rent of \$80, misclassified State Taxes of \$1,667 and disallowed expenses of \$110.

I/ Adjustment to reclassify \$1,616 to Tax Actg.

J/ Adjustment to remove \$147 of Disallowed Late fees.

K/ Adjustment to remove NSF Charges due to a Disallowed Expense.

L/ Adjusted Test Period Expense multiplied by Attrition Period Growth Factor computed as follows:

Bureau of Economic Analysis Table 1.1.9 GDP Price Deflator for 2015-3rd Quarter	110.007	
Bureau of Economic Analysis Table 1.1.9 GDP Price Deflator for 2013-3rd Quarter	107.128	
Annual Percentage Increase in GDP Price Deflator	2.69%	2.69%
Total Attrition Period Customer Growth per Revenue Work paper 3.05	8.00%	
One-half of Total Attrition Period Customer Growth per Revenue Work paper 3.05	0.5	4.00%
		6.69%

M/ Growth based on known contract and invoice changes.

N/ Growth based on new contractual services for Riverstone to take effect in 2016. \$17,161.44 for contractors fee, \$1,907.28 for quality testing.

Integrated Resource Management, Inc.
Analysis of Purchased Power
For the 12 Months Attrition Period Ending December 31, 2016

Line	2014 Month	Lexington	Sevier	Harriman	Ft Loudon	Alcoa	Lafollette	
1	Jan	\$58 A/	\$211 B/	\$28 C/	\$54 D/	\$20 E/	\$110 F/	
2	Feb	58 A/	249 B/	27 C/	54 D/	20 E/	97 F/	
3	Mar	58 A/	254 B/	24 C/	53 D/	20 E/	98 F/	
4	Apr	58 A/	285 B/	25 C/	56 D/	20 E/	100 F/	
5	May	58 A/	281 B/	24 C/	66 D/	20 E/	99 F/	
6	Jun	65 A/	317 B/	24 C/	66 D/	20 E/	100 F/	
7	Jul	61 A/	288 B/	27 C/	45 D/	20 E/	103 F/	
8	Aug	59 A/	241 B/	23 C/	43 D/	20 E/	109 F/	
9	Sep	60 A/	213 B/	24 C/	39 D/	20 E/	104 F/	
10	Oct	63 A/	230 B/	25 C/	37 D/	20 E/	103 F/	
11	Nov	58 A/	270 B/	26 C/	38 D/	20 E/	96 F/	
12	Dec	61 A/	297 B/	25 C/	39 D/	20 E/	102 F/	
13	Total per bills	\$718	\$3,136	\$302	\$591	\$238	\$1,221	\$6,205
14	Adjustment	\$369 H/	(\$204) H/	\$165 H/	\$21 H/	(\$38) H/	\$219 H/	532 H/
15	Adjustment							1,745 I/
16	Total Per General Ledger							\$8,482 J/

A/ Reconcilled to Lexington Power Bills
B/ Reconcilled to Sevier County Power Bills
C/ Reconcilled to Harriman County Power Bills
D/ Reconcilled to Ft. Loudon Power Bills
E/ Reconcilled to Alcoa Power Bills
F/ Reconcilled to Lafollette Power Bills
H/ Out-of Period Bills Net of Late Fees
I/ Misclassified as Purchase Power, Reclassified to the appropriate expense "Property Tax"
J/ General Ledger

Integrated Resource Management, Inc.
Analysis of Administrative, Management and Rent Expenses
For the 12 Months Attrition Period Ending December 31, 2016

<u>Line</u>	<u>2014 Month</u>	<u>Administrative</u>	<u>Management Fee</u>	<u>Rent</u>
1	Jan	\$1,715	\$1,550	\$300
2	Feb	1,715	1,550	300
3	Mar	1,715	1,550	300
4	Apr	1,715	1,550	300
5	May	1,715	1,550	300
6	Jun	1,715	1,550	300
7	Jul	1,715	1,550	300
8	Aug	1,715	1,550	300
9	Sep	1,715	1,550	300
10	Oct	1,715	1,550	300
11	Nov	1,715	1,550	300
12	Dec	1,715	1,550	300
13	Total Test Period	<u>\$20,580</u> A/	<u>\$18,600</u> B/	<u>\$3,600</u> C/
14	Total administrative, management, and rent expense.			\$42,780
15	Dissallowed and non-recurring expenses			<u>2,141</u>
16	Totals to the general ledger			<u><u>\$44,921</u></u> D/

A/ Reclassified \$20,580 as administrative fees and expenses.

B/ Reclassified \$18,600 as management fee.

C/ Allocated rent based on square footage.

D/ Reconciled back to General Ledger.

Source: Annual Allocation Worksheet provided by Company.

Integrated Resource Management, Inc.
Analysis of Telephone & Telemetry Expense
For the 12 Months Attrition Period Ending December 31, 2016

Line	2014 Month	2014 Verizon	2014 AT&T	
1	Jan	\$345 A/	\$260 A/	
2	Feb	353 A/	584 A/	
3	Mar	341 B/	416 A/	
4	Apr	350 A/	440 A/	
5	May	369 A/	448 A/	
6	Jun	339 A/	456 A/	
7	Jul	348 A/	457 A/	
8	Aug	339 A/	468 A/	
9	Sep	544 A/	446 A/	
10	Oct	298 A/	513 A/	
11	Nov	329 A/	536 A/	
12	Dec	326 B/	373 B/	
13	Total per bills	<u>\$4,281</u>	<u>\$5,396</u>	\$9,677 C/
14	Less Disallowed Late Fees			<u>(110) D/</u>
15	Total Normalized Telephone Expense			\$9,568
16	Out-of-Period Bills to Normalize to 12 Months			(462) B/
17	Misclassified Travel/Meals Expense			193 E/
18	Add Back Disallowed Late Fees			<u>110 D/</u>
19	Total per General Ledger			<u>\$9,409 F/</u>

A/ Reconciled to AT&T, and Verizons phone bills for a 12 month period.

B/ Add \$326.13 to Verizon, and \$135.76 to AT&T for missing bills in December.

C/ Traced to the phone bills of \$9677.41 .

D/ Late Fees of \$109.69.

E/ \$193.14 misclassified as rent, moved to the appropriate expense "Travel/ Meals"

F/ 2014 Genral Ledger -Workpapers 1.01

<u>Adjusting Entry:</u>	
Missing Verizon and AT&T Bills	461.89
Dissallowed Late Fees	-109.69
Misclassified Travel/Meals Expense	-193.14
Total Adjusting Entry	159.06

Integrated Resource Management, Inc.
Franchise Tax Forecast
For the 12 Months Attrition Period Ending December 31, 2016

<u>Line</u>		<u>Attrition Period</u>	<u>FYE 2013</u>
1	Net Utility Plant in Service	\$606,821 A/	
2	Unamortized CIAC	<u>512,481 A/</u>	
3	Taxable Net Worth	\$94,340 B/	\$71,281 C/
4	Statutory Rate	<u>0.250%</u>	<u>0.250%</u>
5	Franchise Tax	<u>\$236</u>	<u>\$178 C/</u>

A/ Rate Base Workpaper 2.01.

B/ Line 1 minus Line 3.

C/ Traced to Franchise & Excise Tax Return.

Integrated Resource Management, Inc.
Property Tax Forecast
For the 12 Months Attrition Period Ending December 31, 2016

<u>Line</u>		<u>Attrition Period</u>	
1	Decatur County	\$819	A/
2	Sevier County	628	A/
3	Roane County	1,066	A/
4	Blount County	<u>265</u>	A/
5	Total Property Taxes	<u><u>\$2,778</u></u>	A/

A/ Traced to 2015 property tax notices.

Integrated Resource Management, Inc.
TRA Inspection Fee Forecast
For the 12 Months Attrition Period Ending December 31, 2016

<u>Line</u>		<u>Attrition Period</u>	
1	Residential Operating Revenues	\$ 18,643	A/
2	Residential Escrow Revenues	7,567	A/
3	Commercial Without Food Operating Revenues	67,506	A/
4	Commercial Without Food Escrow Revenues	27,372	A/
5	Commercial With Food Operating Revenues	6,805	A/
6	Commercial With Food Escrow Revenues	2,759	A/
7	Special Contracts Operating Revenues	2,194	A/
8	Special Contracts Escrow Revenues	890	A/
9	Access Fees Operating Revenues	18,816	A/
10	Access Fees Escrow Revenues	0	A/
11	Total Gross Revenue	\$ 152,552	
12	Less Exemption	5,000	B/
13	Net Revenue	\$147,552	
14	Statutory Rate	0.425%	B/
15	TRA Inspection Fee	\$627	

A/ Revenue Workpaper 3.02.

B/ TRA Inspection Fee Statute TCA 65-4-303.