

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:)
)
)
 PETITION OF LIMESTONE WATER)
 UTILITY OPERATING COMPANY,)
 LLC TO INCREASE CHARGES, FEES) **DOCKET NO. 24-00044**
 AND RATES, AND FOR APPROVAL OF)
 A GENERAL RATE INCREASE AND)
 CONSOLIDATED RATES)
)

**DIRECT TESTIMONY OF DAVID N. DITTEMORE ADOPTING
THE DIRECT TESTIMONY OF ALEX BRADLEY WITH CORRECTIONS**

Q1. PLEASE STATE YOUR NAME AND OCCUPATION.

A1. My name is David N. Dittemore. I am a self-employed consultant working in the utility regulatory sector.

Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND PROFESSIONAL EXPERIENCE.

A2. I received a Bachelor of Science Degree in Business Administration from the University of Central Missouri in 1982. I am a Certified Public Accountant licensed in Oklahoma (#7562). I was previously employed by the Kansas Corporation Commission (“KCC”) in various capacities, including Managing Auditor, Chief Auditor, and Director of the Utilities Division. I was self-employed as a utility regulatory consultant for approximately four years, primarily representing the KCC staff in regulatory issues. I also participated in proceedings in Georgia and Vermont, evaluating issues involving electricity and telecommunications regulatory matters.

1 Additionally, during this time frame, I performed a consulting engagement for Kansas Gas
2 Service (“KGS”), my subsequent employer. For eleven years, I served as Manager and
3 subsequently Director of Regulatory Affairs for KGS, the largest natural gas utility in
4 Kansas, serving approximately 625,000 customers. KGS is a division of One Gas, a natural
5 gas utility serving about two million customers in Kansas, Oklahoma, and Texas. I joined
6 the Tennessee Attorney General's Office in September 2017 as a Financial Analyst. In July
7 2021, I began my consulting practice.

8 I have been a Board Member of the Financial Research Institute (University of Missouri),
9 a member of the NARUC Subcommittee on Accounting, the Vice-Chair of the Accounting
10 Committee of the National Association of State of Utility Consumer Advocates
11 (“NASUCA”), and an active participant in NASUCAs’ Natural Gas and Water
12 Committees.

13 Overall, I have thirty-five years of experience in public utility regulation and have
14 presented testimony as an expert witness on many occasions. A detailed overview of my
15 background is attached to my testimony as Appendix 1.

16 **Q3. PRIOR TO FILING THIS TESTIMONY HAD YOU REVIEWED THE FILINGS**
17 **MADE IN THIS DOCKET?**

18 **A3.** Yes.

19 **Q4. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS CASE?**

20 **A4.** The purpose of my testimony is to adopt the Direct Testimony previously submitted in this
21 Docket by Alex Bradley, with certain modifications discussed below. A copy of Alex
22 Bradley’s Direct Testimony is attached as Confidential Exhibit 1.

1 **Q6. ARE YOU FAMILIAR WITH THE TESTIMONY OF ALEX BRADLEY?**

2 **A6.** Yes, I have reviewed the testimony of Alex Bradley, including the exhibits, and I am
3 familiar with its contents.

4 **Q7. ARE YOU ADOPTING THE DIRECT TESTIMONY OF ALEX BRADLEY**
5 **WITHOUT CHANGES?**

6 **A7.** No.

7 **Q8. CAN YOU PROVIDE A GENERAL SUMMARY OF THE CHANGES YOU ARE**
8 **MAKING TO THE TESTIMONY OF MR. BRADLEY?**

9 **A8.** Yes. The modifications I am sponsoring include the following:

- 10 • Modifying Limestone's Water and Wastewater Rate Base values reflecting the
11 Land and Land Rights correction referenced in the Consumer Advocate's
12 Response to TPUC Staff DR No. 1-01. This correction impacts Schedules 1.1
13 (Wastewater) and 1.2 (Water).¹ The revised Wastewater Rate Base is
14 \$1,186,162 (Schedule 2, within File 1.1), while the Water Rate Base is
15 \$754,949 (Schedule 2 within File 1.2).
- 16 • Two changes to Schedule 8 Excise and Income Tax Schedules; (i) modifying
17 the Operating Expense amounts within the Excise and Income Tax Expense
18 calculation to match the Consumer Advocate pro-forma expenses, and (ii) to
19 correct a formula error within the Water Excise and Income Tax calculation.

20 **Q9. WHAT IS THE REVISED REVENUE REQUIREMENT YOU ARE SUPPORTING**
21 **AS A RESULT OF THESE CHANGES?**

22 **A9.** The revised Wastewater revenue requirement is \$296,489 as reflected on Schedule 1.1 and
23 the revised Water revenue requirement is \$337,210 as shown on Schedule 1.2. The sum
24 of the two revenue requirements associated with Limestone utility operations is \$633,699.

¹ In the original filing the Wastewater Rate Base within Schedule 1.1 reflected the Test Period balance. In the revised Schedule 1.1, the Wastewater Rate Base within Schedule 1.1 reflects the pro-forma Rate Base value.

1 This compares with the original Consumer Advocate sponsored revenue requirement
2 deficiency of \$654,305.²

3 **Q10. CAN YOU PROVIDE YOUR FIRST MODIFICATION OF MR. BRADLEY’S**
4 **TESTIMONY?**

5 **A10.** Yes. The first modification is to reflect the corrected balance of Land and Land Rights for
6 Wastewater (\$543,901) and Water (\$133,458). These changes are reflected within
7 Schedules 2 for Wastewater and Water, respectively, resulting in a proforma adjusted Rate
8 Base of \$1,186,162 (Wastewater) and \$754,949 (Water). These rate base values are also
9 carried forward to Revised Schedules 1.1 (Wastewater) and 1.2 (Water), respectively.³

10 **Q11. CAN YOU PROVIDE YOUR SECOND MODIFICATION OF MR. BRADLEY’S**
11 **TESTIMONY?**

12 **A11.** Yes. The second modification relates to corrections made within Schedule 8, Excise and
13 Income Taxes. The first change is to modify the Operating and Maintenance (“O&M”)
14 expenses within the tax calculations to match the as-adjusted test period O&M values
15 contained in Schedule 5. This change was made for both the Wastewater and Water
16 revenue requirement calculations. The second change corrects a formula calculating Total
17 Operating Expenses within Schedule 8 (Water).

18 **Q13. PLEASE IDENTIFY THE SCHEDULES YOU ARE SPONSORING?**

19 **A13.** I am sponsoring the following Wastewater Schedules:

² Direct Testimony of Alex Bradley, at 3:1-2.

³ The original Schedule 1.1 (Wastewater) identified the Test Period Rate Base value rather than the proforma balance.

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:

**PETITION OF LIMESTONE WATER
UTILITY OPERATING COMPANY,
LLC TO INCREASE CHARGES, FEES
AND RATES, AND FOR APPROVAL OF
A GENERAL RATE INCREASE AND
CONSOLIDATED RATES**

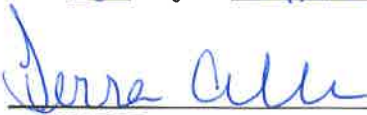
DOCKET NO. 24-00044

AFFIDAVIT

I, David Dittemore, on behalf of the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.


DAVID N. DITTEMORE

Sworn to and subscribed before me
this 13th day of January, 2025.


NOTARY PUBLIC



My commission expires: 1/31/2027

David Dittmore

Experience

Areas of Specialization

Approximately thirty-years experience in evaluating and preparing regulatory analysis, including revenue requirements, mergers and acquisitions, utility accounting and finance issues and public policy aspects of utility regulation. Presented testimony on behalf of my employers and clients in natural gas, electric, telecommunication and transportation matters covering a variety of issues.

Self-Employed; **Consultant July 1 - Current**; Responsible for providing evaluation of utility ratemaking issues on behalf of clients. Prepare analysis and expert witness testimony.

Tennessee Attorney General's Office; **Financial Analyst September, 2017 – June 2021**; Responsible for evaluation of utility proposals on behalf of the Attorney General's office including water, wastewater and natural gas utility filings. Prepare analysis and expert witness testimony documenting findings and recommendations.

Kansas Gas Service; **Director Regulatory Affairs 2014 - 2017; Manager Regulatory Affairs, 2007 - 2014**

Responsible for directing the regulatory activity of Kansas Gas Service (KOS), a division of ONE Gas, serving approximately 625,000 customers throughout central and eastern Kansas. In this capacity I have formulated strategic regulatory objectives for KOS, formulated strategic legislative options for KOS and led a Kansas inter-utility task force to discuss those options, participated in ONE Gas financial planning meetings, hired and trained new employees and provided recommendations on operational procedures designed to reduce regulatory risk. Responsible for the overall management and processing of base rate cases (2012 and 2016). I also played an active role, including leading negotiations on behalf of ONE Gas in its Separation application from its former parent, ONEOK, before the Kansas Corporation Commission. I have monitored regulatory earnings, and continually determine potential ratemaking outcomes in the event of a rate case filing. I ensure that all required regulatory filings, including surcharges are submitted on a timely and accurate basis, I also am responsible for monitoring all electric utility rate filings to evaluate competitive impacts from rate design proposals.

Strategic Regulatory Solutions; 2003 -2007

Principal; Serving clients regarding revenue requirement and regulatory policy issues in the natural gas, electric and telecommunication sectors

Williams Energy Marketing and Trading; 2000-2003

Manager Regulatory Affairs; Monitored and researched a variety of state and federal electric regulatory issues. Participated in due diligence efforts in targeting investor owned electric utilities for full requirement power contracts. Researched key state and federal rules to identify potential advantages/disadvantages of entering a given market.

MCI WorldCom; 1999 - 2000

Manager, Wholesale Billing Resolution; Manage a group of professionals responsible for resolving Wholesale Billing Disputes greater than \$50K. During my tenure, completed disputes increased by over 100%, rising to \$150M per year.

Kansas Corporation Commission; 1984- 1999

Utilities Division Director - 1997 - 1999; Responsible for managing employees with the goal of providing timely, quality recommendations to the Commission covering all aspects of natural gas, telecommunications and electric utility regulation; respond to legislative inquiries as requested; sponsor expert witness testimony before the Commission on selected key regulatory issues; provide testimony before the Kansas legislature on behalf of the KCC regarding proposed utility legislation; manage a budget in excess of \$2 Million; recruit professional staff; monitor trends, current issues and new legislation in all three major industries; address personnel issues as necessary to ensure that the goals of the agency are being met; negotiate and reach agreement where possible with utility personnel on major issues pending before the Commission including mergers and acquisitions; consult with attorneys on a daily basis to ensure that Utilities Division objectives are being met.

Asst. Division Director - 1996 - 1997; Perform duties as assigned by Division Director.

Chief of Accounting 1990 - 1995; Responsible for the direct supervision of 9 employees within the accounting section; areas of responsibility included providing expert witness testimony on a variety of revenue requirement topics; hired and provided hands-on training for new employees; coordinated and managed consulting contracts on major staff projects such as merger requests and rate increase proposals;

Managing Regulatory Auditor, Senior Auditor, Regulatory Auditor 1984 - 1990; Performed audits and analysis as directed; provided expert witness testimony on numerous occasions before the KCC; trained and directed less experienced auditors on-site during regulatory reviews.

Amoco Production Company 1982 - 1984

Accountant Responsible for revenue reporting and royalty payments for natural gas liquids at several large processing plants.

Education

- B.S.B.A. (Accounting) Central Missouri State University
- Passed CPA exam; (Oklahoma certificate # 7562) - Not a license to practice

Confidential Exhibit 1

Filed Confidentially

Limestone Water Operating Company, LLC - Wastewater
INDEX TO SCHEDULES
For the 12 Months Ending April 30, 2024

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Limestone Water Operating Company, LLC
Results of Operations
For the 12 Months Ending April 30, 2024

Line No.		Consumer Advocate	Company E/	Difference
1	Wastewater Rate Base	\$ 1,186,162 A/	\$ 2,383,921	\$ -1,197,759
2	Water Rate Base	754,949 B/	888,407	-133,458
3	Total Rate Base	1,941,111	3,272,328	-1,331,217
4	Operating Income At Current Rates	-344,928	-1,263,169	918,241
5	Earned Rate Of Return	-29.08%	-52.99%	23.91%
6	Fair Rate Of Return	7.37% C/	9.64%	-2.27%
7	Required Operating Income	142,972	315,394	-172,421
8	Operating Income Deficiency	487,901	1,578,563	-1,090,662
9	Gross Revenue Conversion Factor	1.298829 D/	1.367496	-0.068667
10	Gross Income Conversion Factor		1.010101	
11	Revenue Deficiency	\$ 633,699	\$ 1,673,836	\$ -1,040,137

Limestone Water Operating Company, LLC - Wastewater
Results of Operations
For the 12 Months Ending April 30, 2024

Line No.		Consumer Advocate	Company E/	Difference
1	Rate Base	\$ 1,186,162 A/	\$ 2,383,921	\$ -1,197,759
2	Operating Income At Current Rates	-140,908 B/	-924,062	783,154
3	Earned Rate Of Return	-11.88%	-38.76%	26.88%
4	Fair Rate Of Return	7.37% C/	9.64%	-2.27%
5	Required Operating Income	87,367	229,767	-142,401
6	Operating Income Deficiency	228,274	1,153,829	-925,554
7	Gross Revenue Conversion Factor	1.298829 D/	1.367496	-0.068667
8	Gross Income Conversion Factor		1.010101	-1.010101
9	Revenue Deficiency	\$ 296,489	\$ 1,223,275	\$ -926,786

Limestone Water Operating Company, LLC - Wastewater
Average Rate Base
For the 12 Months Ending April 30, 2024

Line No.		Test Period	A/	Adjustments	Adjusted Test Period	B/
Additions:						
1	Utility Plant in Service	\$	9,973,659	\$	988,169	\$ 10,961,828
2	Land and Land Rights		0		-543,901	-543,901
3	Utility Plant Acquisition Adjustment		0		0	0
4	Prepayments		5,545		0	5,545
5	Working Capital		<u>129,461</u>		<u>0</u>	<u>129,461</u>
6	Total Additions	\$	<u>10,108,664</u>	\$	<u>444,268</u>	\$ <u>10,552,933</u>
Deductions:						
7	Accumulated Depreciation	\$	3,199,129	\$	0	\$ 3,199,129
8	CIAC For Finance and Escrow Riders		653,857		0	653,857
9	Contributions in Aid of Construction		5,124,592		389,192	5,513,784
10	Total Deductions	\$	<u>8,977,578</u>	\$	<u>389,192</u>	\$ <u>9,366,770</u>
11	Rate Base	\$	<u>1,131,087</u>	\$	<u>55,076</u>	\$ <u>1,186,162</u>

Limestone Water Operating Company, LLC - Wastewater
Comparative Rate Base
For the 12 Months Ending April 30, 2024

Line No.		<u>Consumer Advocate</u> A/	<u>Company</u> B/	<u>Difference</u>
	Additions:			
1	Utility Plant in Service	\$ 10,961,828	\$ 10,961,828	\$ 0
2	Land and Land Rights	-543,901	0	-543,901
3	Utility Plant Acquisition Adjustment	<u>0</u>	<u>0</u>	<u>0</u>
4	Prepayments	5,545	5,545	0
5	Working Capital	<u>129,461</u>	<u>129,461</u>	<u>0</u>
6	Total Additions	<u><u>\$ 10,552,933</u></u>	<u><u>\$ 11,096,834</u></u>	<u><u>\$ -543,901</u></u>
	Deductions:			
7	Accumulated Depreciation	\$ 3,199,129	\$ 3,199,129	\$ 0
8	Accumulated Amortization	653,857	0	653,857
9	Contributions in Aid of Construction	5,513,784	5,513,784	0
10	Total Deductions	<u><u>\$ 9,366,770</u></u>	<u><u>\$ 8,712,913</u></u>	<u><u>\$ 653,857</u></u>
11	Rate Base	<u><u>\$ 1,186,162</u></u>	<u><u>\$ 2,383,921</u></u>	<u><u>\$ -1,197,759</u></u>

Limestone Water Operating Company, LLC - Wastewater

Comparative Working Capital

For the 12 Months Ending April 30, 2024

Line No.		Consumer Advocate	A/	Company	A/	Difference
1	Operaing Expenses for Test Period	\$	129,461	\$	129,461	\$ 0
2	Working Capital Requirement	\$	<u>129,461</u>	\$	<u>129,461</u>	\$ <u>0</u>

Limestone Water Operating Company, LLC - Wastewater
Income Statement at Current Rates
For the 12 Months Ending April 30, 2024

Line No.		Test Period A/	Adjustments	Adjusted Test Period Amount
	Operating Revenues:			
1	Sewer Revenues	\$ 843,404	\$ 142,642	\$ 986,046
2	Other Revenues	201,451	354,492	555,943
3	Total Sewer Revenue	\$ 1,044,855	\$ 497,134	\$ 1,541,989
	Operating & Maintenance Expenses:			
4	Gain/Loss of Utility Property	\$ 76,473	\$ -76,473	\$ 0
5	Customer Record Collect (Billing)	73,193	-18,030	55,163
6	Customer Collection Expenses	237	0	236
7	Customer Record Collect (Bank Fees)	15,415	-8	15,407
8	Uncollectibles	4,969	-3	4,966
9	Meals & Travel	31	-31	0
10	Communication	3,553	0	3,553
11	Support Services (Admin Expenses Transferred)	302,529	-12,495	290,034
12	Bank Fees	19,541	-10	19,531
13	Legal	4,738	-3,426	1,312
14	Audit And Accounting	5,562	-2,621	2,941
15	MGMT Consult	4,854	-3	4,851
16	IT	669	-252	417
17	Property Insurance-Commercial	43,429	1,632	45,061
18	Regulatory Expense	27,519	639	28,158
19	Purchased Treatment	352	0	352
20	Sludge Removal	(80)	0	(80)
21	Purchased Power	173,269	2,151	175,420
22	Fuel for Power Production	38	0	38
23	Chemicals	18,508	0	18,508
24	Materials and Supplies	7,590	316	7,906
25	Mowing and Lawn Maintenance	141,876	0	141,876
26	Contract Services	413,507	84,642	498,149
27	Contract Services-Collections	31,578	0	31,578
28	Maintenance Expense	87,595	-300	87,295
29	Contract Operations - Pumping Ops	480	0	480
30	Pumping Maintenance	100	0	100
31	Treatment & Disposal	37,967	-4,634	33,333
32	Contract Services-Testing	42,596	318	42,914
33	Bad Debt	6,749	0	6,749
34	Misc, Exepense	20,011	-9	20,003
35	Total Operating & Maintenance Expenses	\$ 1,564,846	\$ -28,597	\$ 1,536,249
36	Depreciation Expense	465,940	0	465,940
37	Amortization Expense	-189,623	-103,551	-293,174 C/
38	Amortization of Regulatory Asset Expense	0	0	0
39	General Taxes	2,073	0	2,073
40	Property Taxes	25,379	0	25,379
41	State Income Taxes	0	-13,323	-13,323
42	Federal Income Taxes	0	-40,247	-40,247
43	Total Operating Expenses	\$ 1,868,615	\$ -185,718	\$ 1,682,897
44	Utility Operating Income	\$ -823,759	\$ 682,852	\$ -140,908

Limestone Water Operating Company, LLC - Wastewater
Comparative Water Revenue Summary
For the 12 Months Ending April 30, 2024

Line No.	Customer Class	Consumer Advocate A/	Company B/	Difference
1	Cartwright Creek - Grassland	\$ 296,218	\$	\$ 296,218
2	Cartwright Creek - Arrington/Hardeman/Hideaway	278,736		278,736
3	Cartwright Creek	97,446		97,446
4	Aqua Utilities	118,127		118,127
5	Chapel Woods	49,822		49,822
6	Lakeside Estates (DSH)	54,005		54,005
7	Shiloh Falls	91,692		91,692
9	Total Sewer Sales Revenue	\$ 986,046	\$ 1,172,345	\$ 986,046
10	Forfeited Discounts	56,508		56,508
11	Non-Sufficient Fund Fees	65		65
12	Inspection Fees	11,550		11,550
13	Connection Fees / Tap Fees	481,575		481,575
14	Total Other Operating Revenue	\$ 549,698	\$ 15,077	\$ 534,621
14	Total Revenues	\$ <u>1,535,744</u>	\$ <u>1,187,422</u>	\$ <u>1,520,668</u>

Limestone Water Operating Company, LLC - Wastewater
Excise and Income Taxes
For the 12 Months Ending April 30, 2024

Line No.		Consumer Advocate A/
1	Operating Revenues	\$ <u><u>1,541,989</u></u>
	Operating Expenses:	
2	Gain/Loss of Utility Property	\$ 0
3	Customer Record Collect (Billing)	55,163
4	Customer Collection Expenses	236
5	Customer Record Collect (Bank Fees)	15,407
6	Uncollectibles	4,966
7	Meals & Travel	0
8	Communication	3,553
9	Support Services (Admin Expenses Transferred)	290,034
10	Bank Fees	19,531
11	Legal	1,312
12	Audit And Accounting	2,941
13	MGMT Consult	4,851
14	IT	417
15	Property Insurance-Commercial	45,061
16	Regulatory Expense	28,158
17	Purchased Treatment	352
18	Sludge Removal	-80
19	Purchased Power	175,420
20	Fuel for Power Production	38
21	Chemicals	18,508
22	Materials and Supplies	7,906
23	Mowing and Lawn Maintenance	141,876
24	Contract Services	498,149
25	Contract Services-Collections	31,578
26	Maintenance Expense	87,295
27	Contract Operations - Pumping Ops	480
28	Pumping Maintenance	100
29	Treatment & Disposal	33,333
30	Contract Services-Testing	42,914
31	Bad Debt	6,749
32	Misc, Exepense	20,003
33	Depreciation Expense	465,940
34	Amortization Expense	-293,174
35	Total Operating Expenses	\$ <u><u>1,709,016</u></u>
36	NOI Before Excise and Income Taxes	\$ -167,027
37	AFUDC	
38	Interest Expense	37,947 B/
39	Pre-tax Book Income	\$ <u>-204,974</u>
40	Schedule M Adjustments	
41	Excise Taxable Income	\$ <u>-204,974</u>
42	Excise Tax Rate	6.50%
43	Excise Tax Payable	\$ <u>-13,323</u>
44	Excise Tax - Deferred	0
45	State Excise Tax Expense	\$ <u><u>-13,323</u></u>
	Pre-tax Book Income	\$ -204,974
46	State Excise Tax Expense	-13,323
47	Schedule M Adjustments	0 D/
48	FIT Taxable Income	\$ <u>-191,651</u>
49	FIT Rate	21.00%
50	Federal Income Tax Expense	\$ <u>-40,247</u>

Limestone Water Operating Company, LLC - Wastewater

Rate of Return Summary

For the 12 Months Ending April 30, 2024

Line No.	Class of Capital	Consumer Advocate			A/
		Percent of Total	Cost Rate	Weighted Cost Rate	
1	Short-Term Debt	0.00%	0.00%	0.0000%	
2	Long-Term Debt	48.18%	6.64%	3.1992%	
4	Parent Long Term Debt	0.00%	0.00%	0.0000%	
5	Preferred Equity	0.00%	0.00%	0.0000%	
6	Common Equity	51.82%	8.04%	4.1663%	
7	Total	100.00%		7.3655%	
s					
Interest Expense Short-Term Debt					
8	Rate Base			\$ 1,186,162	B/
9	Short-Term Weighted Debt Cost			0.0000%	
10	Short-Term Debt Interest Expense			\$ 0	
Interest Expense Long-Term Debt					
11	Rate Base			\$ 1,186,162	B/
12	Long-Term Weighted Debt Cost			3.1992%	
13	Long-Term Debt Interest Expense			\$ 37,947	
14	Total Interest Expense			\$ 37,947	

Limestone Water Operating Company, LLC - Wastewater

Revenue Conversion Factor

For the 12 Months Ending April 30, 2024

Line No.		Amount	Balance
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.052868 A/	0.052868
3	Balance		1.052868
4	Uncollectible Ratio	0.010000 B/	0.010529
5	Balance		1.042339
6	State Excise Tax	0.065000 C/	0.067752
7	Balance		0.974587
8	Federal Income Tax	0.210000 C/	0.204663
9	Balance		0.769924
10	Revenue Conversion Factor (Line 1 / Line 9)		1.298829

Limestone Water Operating Company, LLC
CA Proposed Revenue Change
For the 12 Months Ending April 30, 2024

Line No.	Location	Current Rates A/	Proposed Rates	Revenue Change B/	Percent Change
1	Cartwright Creek	\$ 672,400	\$ 1,023,455	\$ 351,055	52.21%
2	Aqua Utilites	269,142	409,659	140,517	52.21%
3	Chapel Woods	49,822	75,834	26,012	52.21%
4	Lakeside Estates	54,005	82,200	28,195	52.21%
5	Shiloh Falls	91,692	139,564	47,872	52.21%
6	Candlewood Lakes	<u>49,920</u>	<u>75,983</u>	<u>26,063</u>	<u>52.21%</u>
7	Total Water Sales Revenues	\$ 1,186,981	\$ 1,806,694	\$ 619,713	52.21%
8	Other Revenues	<u>555,943</u>	<u>590,535</u>	<u>34,592</u>	<u>6.22%</u>
9	Total Revenues	\$ <u>1,742,924</u>	\$ <u>2,376,623</u>	<u>633,699</u>	<u>36.36%</u>

Limestone Water Operating Company, LLC - Water
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For the 12 Months Ending April 30, 2024

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Limestone Water Operating Company, LLC - Water

Results of Operations

For the 12 Months Ending April 30, 2024

Line No.		Consumer Advocate	Company E/	Difference
1	Rate Base	\$ 754,949 A/	\$ 888,407	\$ -133,458
2	Operating Income At Current Rates	-204,021 B/	-204,021	0
3	Earned Rate Of Return	-27.02%	-22.96%	-4.06%
4	Fair Rate Of Return	7.37% C/	9.64%	-2.27%
5	Required Operating Income	55,606	85,626	-30,021
6	Operating Income Deficiency	259,626	289,647	-30,021
7	Gross Revenue Conversion Factor	1.298829 D/	1.367496	-0.068667
8	Gross Income Conversion Factor		1.010101	
9	Revenue Deficiency	\$ 337,210	\$ 314,110	\$ 23,100

Limestone Water Operating Company, LLC - Water
Average Rate Base
For the 12 Months Ending April 30, 2024

Line No.		<u>Test Period</u> A/	<u>Adjustments</u>	<u>Adjusted Test Period</u>
	Additions:			
1	Utility Plant in Service	\$ 1,688,819	\$ 0	\$ 1,688,819 B/
2	Land and Land Rights	0	-133,458	-133,458 B/
3	Prepayments	902	0	902 B/
4	Construction Work In Process	0	0	0
5	Working Capital	<u>39,210</u>	<u>0</u>	<u>39,210 C/</u>
6	Total Additions	\$ <u>1,728,931</u>	\$ <u>-133,458</u>	\$ <u>1,595,473</u>
	Deductions:			
7	Accumulated Depreciation	\$ 673,587	\$ 0	\$ 673,587 B/
8	Accumulated Amortization	0	0	0
9	Contributions in Aid of Construction	166,937	0	166,937 B/
10	Total Deductions	\$ <u>840,524</u>	\$ <u>0</u>	\$ <u>840,524</u>
11	Rate Base	\$ <u>888,408</u>	\$ <u>-133,459</u>	\$ <u>754,949</u>

Limestone Water Operating Company, LLC - Water
Comparative Rate Base
For the 12 Months Ending April 30, 2024

Line No.		<u>Consumer Advocate</u> A/	<u>Company</u> B/	<u>Difference</u>
Additions:				
1	Utility Plant in Service	\$ 1,688,819	\$ 1,688,819	\$ 0
2	Land and Land Rights	-133,458	0	-133,458
3	Utility Plant Acquisition Adjustment	<u>0</u>	<u>0</u>	<u>0</u>
4	Prepayments	902	902	1
5	Working Capital	<u>39,210</u>	<u>39,210</u>	<u>0</u>
6	Total Additions	\$ <u>1,595,473</u>	\$ <u>1,728,931</u>	\$ <u>-133,458</u>
Deductions:				
7	Accumulated Depreciation	\$ 673,587	\$ 673,587	\$ 0
8	Accumulated Amortization	0	0	0
9	Contributions in Aid of Construction	166,937	166,937	0
10	Total Deductions	\$ <u>840,524</u>	\$ <u>840,524</u>	\$ <u>0</u>
11	Rate Base	\$ <u>754,949</u>	\$ <u>888,407</u>	\$ <u>-133,458</u>

Limestone Water Operating Company, LLC - Wastewater
Comparative Working Capital
For the 12 Months Ending April 30, 2024

Line No.		Consumer Advocate A/	Company A/	Difference
1	Operaing Expenses for Test Period	\$ 39,210	\$ 39,210	\$ 0
2	Working Capital Requirement	\$ 39,210	\$ 129,461	\$ 0

Limestone Water Operating Company, LLC - Water
Income Statement at Current Rates
For the 12 Months Ending April 30, 2024

Line No.		Test Period A/	Adjustments	Adjusted Test Period Amount B/
	Operating Revenues:			
1	Water Sales Revenues	\$ 186,972	\$ 13,962	\$ 200,935
2	Other Revenues	0	0	0
3	Total Water Revenue	\$ 186,972	\$ 13,962	\$ 200,935
	Operating & Maintenance Expenses:			
4	Gain/Loss of Utility Property	\$ 229	\$ -229	\$ 0
5	Customer Record Collect (Billing)	22,813	-6,746	16,069
6	Customer Collection Expenses	71	0	71
7	Customer Record Collect (Bank Fees)	4,604	8	4,612
8	Uncollectibles	1,484	3	1,487
9	Meals & Travel	0	0	0
10	Communication	0	0	0
11	Support Services (Admin Expenses Transferred)	90,366	-3,529	86,837
12	Bank Fees	5,837	10	5,847
13	Legal	809	-55	754
14	Audit And Accounting	1,661	-781	880
15	MGMT Consult	1,450	3	1,452
16	IT	0	0	0
17	Property Insurance-Commercial	12,614	-274	12,340
18	Regulatory Expense	921	-27	895
19	Miscellaneous	5,185	8	5,193
20	Purchased Water	164,876	-5,688	159,188
21	Purchased Power	5,323	-184	5,140
22	Chemicals	1,975	-68	1,907
23	Materials and Supplies	1,866	-64	1,801
24	Mowing and Lawn Maintenance	1,699	0	1,699
25	Contract Services	101,900	11,991	113,891
26	Maintenance Expense	29,287	-3,758	25,529
27	Testing	850	0	850
28	Bad Debt	1,477	0	1,477
29	Total Operating & Maintenance Expenses	\$ 457,298	\$ -9,381	\$ 447,918
30	Depreciation Expense	52,666	0	52,666
31	Amortization Expense	-7,441	-7,455	-14,896 C/
32	Amortization of Regulatory Asset Expense	0	0	0
33	General Taxes	0	0	0
34	State Excise Taxes	0	-20,079	-20,079
35	Federal Income Taxes	0	-60,654	-60,654
36	Total Operating Expenses	\$ 502,523	\$ -97,569	\$ 404,955
37	Utility Operating Income	\$ -315,551	\$ 111,531	\$ -204,021

Limestone Water Operating Company, LLC - Water
Comparative Water Revenue Summary
For the 12 Months Ending April 30, 2024

Line No.	Customer Class	Consumer Advocate A/	Company B/	Difference
1	Aqua Utilities	\$ 151,015	\$	\$ 151,015
2	Candlewood Lakes	49,920		49,920
3	Total Water Sales Revenue	\$ 200,935	\$ 197,053	\$ 200,935
4	Forfeited Discounts			0
5	Non-Sufficient Fund Fees			0
6	Inspection Fees			
7	Connection Fees / Tap Fees			
8	Total Other Operating Revenue	\$ 0	\$ 1,840	\$ -1,840
9	Total Revenues	\$ <u>200,935</u>	\$ <u>198,894</u>	\$ <u>199,094</u>

Limestone Water Operating Company, LLC - Water
Excise and Income Taxes
For the 12 Months Ending April 30, 2024

Line No.		Consumer Advocate A/
1	Operating Revenues	\$ <u>200,935</u>
	Operating Expenses:	
2	Gain/Loss of Utility Property	\$ 0
3	Customer Record Collect (Billing)	16,069
4	Customer Collection Expenses	71
5	Customer Record Collect (Bank Fees)	4,612
6	Uncollectibles	1,487
7	Meals & Travel	0
8	Communication	0
9	Support Services (Admin Expenses Transferred)	86,837
10	Bank Fees	5,847
11	Legal	754
12	Audit And Accounting	880
13	MGMT Consult	1,452
14	IT	0
15	Property Insurance-Commercial	12,340
16	Regulatory Expense	895
17	Miscellaneous	5,193
18	Purchased Water	159,188
19	Purchased Power	5,140
20	Chemicals	1,907
21	Materials and Supplies	1,801
22	Mowing and Lawn Maintenance	1,699
23	Contract Services	113,891
24	Maintenance Expense	25,529
25	Testing	850
26	Bad Debt	1,477
27	Depreciation Expense	52,666
28	Amortization Expense	-14,896
29	Total Operating Expenses	\$ <u>485,688</u>
30	NOI Before Excise and Income Taxes	\$ -284,753
31	AFUDC	
32	Interest Expense	24,152 B/
33	Pre-tax Book Income	\$ <u>-308,905</u>
34	Schedule M Adjustments	
35	Excise Taxable Income	\$ <u>-308,905</u>
36	Excise Tax Rate	6.50%
37	Excise Tax Payable	\$ <u>-20,079</u>
38	Excise Tax - Deferred	0
39	State Excise Tax Expense	\$ <u>-20,079</u>
	Pre-tax Book Income	\$ -308,905
40	State Excise Tax Expense	-20,079
41	Schedule M Adjustments	0
42	FIT Taxable Income	\$ <u>-288,826</u>
43	FIT Rate	21.00%
44	Federal Income Tax Expense	\$ <u>-60,654</u>

Limestone Water Operating Company, LLC - Water

Rate of Return Summary

For the 12 Months Ending April 30, 2024

Line No.	Class of Capital	Consumer Advocate			A/
		Percent of Total	Cost Rate	Weighted Cost Rate	
1	Short-Term Debt	0.00%	0.00%	0.0000%	
2	Long-Term Debt	48.18%	6.64%	3.1992%	
4	Parent Long Term Debt	0.00%	0.00%	0.0000%	
5	Preferred Equity	0.00%	0.00%	0.0000%	
6	Common Equity	51.82%	8.04%	4.1663%	
7	Total	100.00%		7.3655%	
S					
Interest Expense Short-Term Debt					
8	Rate Base			\$ 754,949	B/
9	Short-Term Weighted Debt Cost			0.0000%	
10	Short-Term Debt Interest Expense			\$ 0	
Interest Expense Long-Term Debt					
11	Rate Base			\$ 754,949	B/
12	Long-Term Weighted Debt Cost			3.1992%	
13	Long-Term Debt Interest Expense			\$ 24,152	
14	Total Interest Expense			\$ 24,152	

Limestone Water Operating Company, LLC - Water

Revenue Conversion Factor

For the 12 Months Ending April 30, 2024

Line No.		Amount	Balance
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.052868 A/	0.052868
3	Balance		1.052868
4	Uncollectible Ratio	0.010000 B/	0.010529
5	Balance		1.042339
6	State Excise Tax	0.065000 C/	0.067752
7	Balance		0.974587
8	Federal Income Tax	0.210000 C/	0.204663
9	Balance		0.769924
10	Revenue Conversion Factor (Line 1 / Line 9)		1.298829