

STATE OF TENNESSEE

Office of the Attorney General



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February 20, 2025

Chairman David F. Jones
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deadrick Street, 4th Floor
Nashville, TN 37243
Tpuc.docketroom@tn.gov

Electronically Filed in TPUC Docket Room
on February 20, 2025 at 2:25 p.m.

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* (TPUC Docket No. 24-00044)

Dear Chairman Jones:

The Consumer Advocate submits this letter to supplement the Testimony and workpapers filed with the Direct Testimony of David Dittmore Adopting the Direct Testimony of Alex Bradley with Corrections. The four corrected documents attached are as follows:

1. 12-18 24-00044 Corrected Dittmore Bradley Testimony – clean;
2. 12-18 24-00044 Corrected Dittmore Bradley Testimony – red-lined;
3. <Corrected 1.2 Limestone Water 2 20.xls>; and
4. <Corrected 1.1 Limestone Wastewater 2 20.xls>.

Thank you for your time and consideration of this matter. If you have any questions, please contact me at (615) 741-2357.

Respectfully,

A handwritten signature in blue ink that reads "Karen H. Stachowski".

Karen H. Stachowski
Deputy Attorney General

cc: All Parties of Record

**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

**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.

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

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

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

A7. No.

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

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

- Modifying Limestone's Water and Wastewater Rate Base values reflecting the Land and Land Rights correction referenced in the Consumer Advocate's Response to TPUC Staff DR No. 1-01. This correction impacts Schedules 1.1 (Wastewater) and 1.2 (Water).¹ The revised Wastewater Rate Base is \$1,186,162 (Schedule 2, within File 1.1), while the Water Rate Base is \$754,949 (Schedule 2 within File 1.2).
- Two changes to Schedule 8 Excise and Income Tax Schedules; (i) modifying the Operating Expense amounts within the Excise and Income Tax Expense calculation to match the Consumer Advocate pro-forma expenses, and (ii) to correct a formula error within the Water Excise and Income Tax calculation.
- Modification of the Consumer Advocate's Water Schedule 5 to include \$6,369 of General Taxes that were omitted in the most recent version of schedules submitted February 11, 2025. This change impacts a number of other schedules that are identified below.

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

A9. The revised Wastewater revenue requirement is \$296,489 as reflected on Schedule 1.1 and the revised Water revenue requirement is \$343,745 as shown on Schedule 1.2. The sum

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 of the two revenue requirements associated with Limestone utility operations is \$640,234.
2 This compares with the original Consumer Advocate-sponsored revenue requirement
3 deficiency of \$654,305.²

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

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

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

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

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.

Q12. CAN YOU PROVIDE AN EXPLANATION FOR THE THIRD MODIFICATION MENTIONED ABOVE, THE INCLUSION OF GENERAL TAXES IN THE INCOME STATEMENT?

A12. Yes. The General Taxes associated with Limestone's water operations were omitted from the Schedules submitted by the Consumer Advocate on February 12. I have included \$6,369 in General Taxes within the Company's Water Company Income Statement as shown in Schedule 5 (water). In addition to Schedule 5, this change impacts information contained in Water Schedules 1, 1.2, and 7 and Wastewater Schedules 1 and 10, which incorporates the rate increases for both water and wastewater services.

Q13. PLEASE IDENTIFY THE SCHEDULES YOU ARE SPONSORING.

A13. I am sponsoring the following Wastewater Schedules:

																		Schedule
Results of Operations - Water and Wastewater																		1
Results of Operations																		1.1
Average Rate Base																		2
Comparative Rate Base																		3
Comparative Working Capital																		4
Income Statement at Current Rates																		5
Comparative Wastewater Revenue Summary																		6
Excise and Income Taxes																		7
Rate of Return Summary																		8
Revenue Conversion Factor																		9
Consumer Advocate Proposed Revenue Change - Water and Wastewater																		10

I am sponsoring the following Water Schedules:

																		Schedule
Results of Operations																		1.2
Average Rate Base																		2
Comparative Rate Base																		3
Comparative Working Capital																		4
Income Statement at Current Rates																		5
Comparative Water Revenue Summary																		6
Excise and Income Taxes																		7
Rate of Return Summary																		8
Revenue Conversion Factor																		9

- 1 **Q14. DO THESE CONCLUDE YOUR MODIFICATIONS OR ADDITIONS TO ADOPT**
2 **THE TESTIMONY OF MR. BRADLEY IN THIS DOCKET?**
3 **A14. Yes.**

**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
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4 Kansas, serving approximately 625,000 customers. KGS is a division of One Gas, a natural
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5 **WITHOUT CHANGES?**

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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.

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2 the revised Water revenue requirement is ~~\$343,745~~~~337,210~~ as shown on Schedule 1.2. The
3 sum of the two revenue requirements associated with Limestone utility operations is
4 ~~\$640,234~~~~633,699~~. This compares with the original Consumer Advocate
5 ~~sponsored~~~~Advocate-sponsored~~ revenue requirement deficiency of \$654,305.²

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A13. I am sponsoring the following Wastewater Schedules:

	Schedule
Results of Operations - Water and Wastewater	1
Results of Operations	1.1
Average Rate Base	2
Comparative Rate Base	3
Comparative Working Capital	4
Income Statement at Current Rates	5
Comparative Wastewater Revenue Summary	6
Excise and Income Taxes	7
Rate of Return Summary	8
Revenue Conversion Factor	9
Consumer Advocate Proposed Revenue Change - Water and Wastewater	10

I am sponsoring the following Water Schedules:

	Schedule
Results of Operations	1.2
Average Rate Base	2
Comparative Rate Base	3
Comparative Working Capital	4
Income Statement at Current Rates	5
Comparative Water Revenue Summary	6
Excise and Income Taxes	7
Rate of Return Summary	8
Revenue Conversion Factor	9

1 **Q14. DO THESE CONCLUDE YOUR MODIFICATIONS OR ADDITIONS TO ADOPT**
2 **THE TESTIMONY OF MR. BRADLEY IN THIS DOCKET?**
3 **A14. Yes.**

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

	Schedule
Results of Operations - Water and Wastewater	1
Results of Operations	1.1
Average Rate Base	2
Comparative Rate Base	3
Comparative Working Capital	4
Income Statement at Current Rates	5
Comparative Wastewater Revenue Summary	6
Excise and Income Taxes	7
Rate of Return Summary	8
Revenue Conversion Factor	9
Consumer Advocate Proposed Revenue Change - Water and Wastewater	10

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

Line No.		<u>Consumer Advocate</u>	<u>Company</u>	<u>Difference</u>
1	Wastewater Rate Base	\$ 1,186,162 A/	\$ 2,383,921 F/	\$ -1,197,759
2	Water Rate Base	754,949 B/	888,407 G/	-133,458
3	Total Rate Base	1,941,111	3,272,328	-1,331,217
4	Operating Income At Current Rates	-349,960 C/	-1,263,169	918,241
5	Earned Rate Of Return	-18.03%	-52.99%	23.91%
6	Fair Rate Of Return	7.37% D/	9.64% H/	-2.27%
7	Required Operating Income	142,972	315,394	-172,421
8	Operating Income Deficiency	492,932	1,578,563	-1,090,662
9	Gross Revenue Conversion Factor	1.298829 E/	1.367496	-0.068667
10	Gross Income Conversion Factor		1.010101	
11	Revenue Deficiency	\$ 640,234	\$ 1,673,836	\$ -1,040,137

A/ Wastewater Schedule 3
B/ Water Schedule 2
C/ Wastewater Schedule 5 + Water Schedule 5
D/ Wastewater Schedule 8
E/ Wastewater Schedule 9
F/ Limestone Schedule BT.1.1
G/ Limestone Schedule BT 1.2
H/ Limestone Schedule BT-5

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

Line No.		Consumer Advocate	Company	Difference
1	Rate Base	\$ 1,186,162 A/	\$ 2,383,921 E/	\$ -1,197,759
2	Operating Income At Current Rates	-140,908 B/	-924,062 F/	783,154
3	Earned Rate Of Return	-11.88%	-38.76%	26.88%
4	Fair Rate Of Return	7.37% C/	9.64% /F	-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

A/ Wastewater Schedule 3

B/ Wastewater Schedule 5

C/ Wastewater Schedule 8

D/ Wastewater Schedule 9

E/ Limestone Schedule BT.1.1

F/ Limestone Schedule BT 1.1

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

Line No.		<u>Test Period</u>	<u>Adjustments</u>	<u>Adjusted Test Period</u>
	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	CIAC Finance Security/Escrow	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>

A/ CDK Workpaper 9

B/ Limestone Schedule BT 9.1

Line No.		Consumer Advocate A/	Company A/	Difference
1	Cash Working Capital Proposed	\$ 129,461	\$ 129,461	\$ 0
2	Cash Working Capital Requirement	\$ 129,461	\$ 129,461	\$ 0
	A/ Schedule BT 9.1			

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

Line No.		Test Period	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 D/
	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 A/	\$ -28,597	\$ 1,536,249
36	Depreciation Expense	465,940 B/	0	465,940
37	Amortization Expense	-189,623 C/	-103,551	-293,174
38	Amortization of Regulatory Asset Expense	0	0	0
39	General Taxes	2,073 A/	0	2,073
40	Property Taxes	25,379 A/	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

A/ Sum ties to Limestone Schedule BT 2.1 Test Year Values; G&A + Total O&M
B/ Limestone Schedule BT 2.1; Pro-Forma Value
C/ Schedule BT 2.1
D/ Wastewater Portion Attachment WHN-2

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

<u>Line No.</u>	<u>Customer Class</u>	<u>Consumer Advocate</u> A/	<u>Company</u> B/	<u>Difference</u>
1	Cartwright Creek - Grassland	\$ 296,218	\$	\$
2	Cartwright Creek - Arrington/Hardeman/Hideaway	278,736		
3	Cartwright Creek	97,446		
4	Aqua Utilities	118,127		
5	Chapel Woods	49,822		
6	Lakeside Estates (DSH)	54,005		
7	Shiloh Falls	<u>91,692</u>		
9	Total Sewer Sales Revenue	\$ 986,046	\$ 1,172,345	\$ -186,299
10	Forfeited Discounts	62,753		56,508
11	Non-Sufficient Fund Fees	65		65
12	Inspection Fees	11,550		11,550
13	Connection Fees / Tap Fees	<u>481,575</u>		<u>481,575</u>
14	Total Other Operating Revenue	\$ 555,943	\$ <u>15,333</u>	\$ <u>540,610</u>
14	Total Revenues	\$ <u><u>1,541,989</u></u>	\$ <u><u>1,187,678</u></u>	\$ <u><u>354,311</u></u>

A/ Attachment WHN-2

B/ Limestone Schedule BT-3.1

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

Line No.		Consumer Advocate
1	Operating Revenues	\$ <u><u>1,541,989</u></u> A/
	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 B/
33	Depreciation Expense	465,940 C/
34	Amortization Expense	-293,174 C/
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
39	Pre-tax Book Income	\$ -204,974
40	Schedule M Adjustments	
41	Excise Taxable Income	\$ -204,974
42	Excise Tax Rate	6.50%
43	Excise Tax Payable	\$ -13,323
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
48	FIT Taxable Income	\$ -191,651
49	FIT Rate	21.00%
50	Federal Income Tax Expense	\$ -40,247

A/ Wastewater Exhibit 5

B/ Sum of cells above tie to Wastewater Exhibit 5

C/ Wastewater Exhibit 5

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		
		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% A/
s				
	Interest Expense Short-Term Debt			
8	Rate Base			\$ 1,186,162 A/
9	Short-Term Weighted Debt Cost			0.0000%
10	Short-Term Debt Interest Expense			\$ <u>0</u>
	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			\$ <u>37,947</u>
14	Total Interest Expense			\$ <u>37,947</u>

A/ Rothschild Table 1, testimony page 10

B/ Wastewater Exhibit 3

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	0.052868
3	Balance		1.052868
4	Uncollectible Ratio	0.010000	0.010529
5	Balance		1.042339
6	State Excise Tax	0.065000	0.067752
7	Balance		0.974587
8	Federal Income Tax	0.210000	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	Percent Change
1	Cartwright Creek	\$ 672,400		\$ 1,015,484	\$ 343,084	51.02%
2	Aqua Utilites	269,142		406,468	137,326	51.02%
3	Chapel Woods	49,822		75,243	25,421	51.02%
4	Lakeside Estates	54,005		81,560	27,555	51.02%
5	Shiloh Falls	91,692		138,477	46,785	51.02%
6	Candlewood Lakes	<u>49,920</u>		<u>75,391</u>	<u>25,471</u>	<u>51.02%</u>
7	Total Water Sales Revenues	\$ 1,186,981		\$ 1,792,624	\$ 605,643	51.02%
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>640,234</u> B/	<u>36.73%</u>

A/ Wastewater Schedule 5 + Water Schedule 5

B/ Wastewater Schedule 1

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

	Schedule
Results of Operations	1.2
Average Rate Base	2
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Income Statement at Current Rates	5
Comparative Water Revenue Summary	6
Excise and Income Taxes	7
Rate of Return Summary	8
Revenue Conversion Factor	9

Limestone Water Operating Company, LLC - Water

Results of Operations

For the 12 Months Ending April 30, 2024

Line No.		Consumer Advocate	Company	Difference
1	Rate Base	\$ 754,949 A/	\$ 888,407 E/	\$ -133,458
2	Operating Income At Current Rates	-209,052 B/	-339,108 E/	135,087
3	Earned Rate Of Return	-27.69%	-38.17%	11.15%
4	Fair Rate Of Return	7.37% C/	9.64% E/	-2.27%
5	Required Operating Income	55,606	85,626	-30,021
6	Operating Income Deficiency	264,658	424,734	-165,108
7	Gross Revenue Conversion Factor	1.298829 D/	1.367496	-0.068667
8	Gross Income Conversion Factor		1.010101	
9	Revenue Deficiency	\$ 343,745	\$ 450,562	\$ -113,351

A/ Water Schedule 3

B/ Water Schedule 5

C/ Water Schedule 8

D/ Water Schedule 9

E/ Limestone Schedule BT.1.2

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

<u>Line No.</u>		<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>

A/ CDK Workpaper 9

B/ Limestone Schedule BT 9.2

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	\$ <u>39,210</u>	\$ <u>39,210</u>	\$ <u>0</u>

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

Line No.		Test Period	Adjustments	Adjusted Test Period Amount
	Operating Revenues:			
1	Water Sales Revenues	\$ 186,972	\$ 13,962	\$ 200,935 A/
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
32	Amortization of Regulatory Asset Expense	0	0	0
33	General Taxes	6,369	0	6,369
34	State Excise Taxes	0	-20,079	-20,079 B/
35	Federal Income Taxes	0	-60,654	-61,991 B/
36	Total Operating Expenses	\$ 508,892	\$ -97,569	\$ 409,987
37	Utility Operating Income	\$ -321,920	\$ 111,531	\$ -209,052

A/ Water Portion Attachment WHN-2

B/ Water Schedule 7

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	\$	\$
2	Candlewood Lakes	49,920		
3	Total Water Sales Revenue	\$ 200,935	\$ 197,053	\$ 3,881
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	\$ 200,935	\$ 198,894	\$ 2,041

A/ Attachment WHN-2

B/ Limestone Schedule BT 3.2

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

Line No.		Consumer Advocate
1	Operating Revenues	\$ <u><u>200,935</u></u> A/
	Operating Expenses:	
2	Customer Record Collect (Billing)	16,069
3	Customer Collection Expenses	71
4	Customer Record Collect (Bank Fees)	4,612
5	Uncollectibles	1,487
6	Meals & Travel	0
7	Communication	0
8	Support Services (Admin Expenses Transferred)	86,837
9	Bank Fees	5,847
10	Legal	754
11	Audit And Accounting	880
12	MGMT Consult	1,452
13	IT	0
14	Property Insurance-Commercial	12,340
15	Regulatory Expense	895
16	Miscellaneous	5,193
17	Purchased Water	159,188
18	Purchased Power	5,140
19	Chemicals	1,907
20	Materials and Supplies	1,801
21	Mowing and Lawn Maintenance	1,699
22	Contract Services	113,891
23	Maintenance Expense	25,529
24	Testing	850
25	Bad Debt	1,477
26	General Taxes	6369
27	Depreciation Expense	52,666
28	Amortization Expense	-14,896
29	Total Operating Expenses	\$ <u><u>492,057</u></u> B/
30	NOI Before Excise and Income Taxes	\$ -291,122
31	AFUDC	
32	Interest Expense	24,152 C/
33	Pre-tax Book Income	\$ <u><u>-315,274</u></u>
34	Schedule M Adjustments	
35	Excise Taxable Income	\$ <u><u>-315,274</u></u>
36	Excise Tax Rate	6.50%
37	Excise Tax Payable	\$ <u><u>-20,493</u></u>
38	Excise Tax - Deferred	0
39	State Excise Tax Expense	\$ <u><u>-20,079</u></u>
	Pre-tax Book Income	\$ -315,274
40	State Excise Tax Expense	-20,079
41	Schedule M Adjustments	0
42	FIT Taxable Income	\$ <u><u>-295,195</u></u>
43	FIT Rate	21.00%
44	Federal Income Tax Expense	\$ <u><u>-61,991</u></u>

A/ Water Schedule 5

B/ Water Schedule 5; O&M + Depreciation + Amortization

C/ Water Schedule 8

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		
		Percent of Total	Cost Rate A/	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% A/
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
A/ Rothschild Table 1, testimony page 10				
B/ Water Exhibit 3				

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	0.052868
3	Balance		1.052868
4	Uncollectible Ratio	0.010000	0.010529
5	Balance		1.042339
6	State Excise Tax	0.065000	0.067752
7	Balance		0.974587
8	Federal Income Tax	0.210000	0.204663
9	Balance		0.769924
10	Revenue Conversion Factor (Line 1 / Line 9)		1.298829