

TBJ Sewer Company
Service Area Expansion
Case No. SA-2003-0189

Bourbeuse River Area

[calculations based on the Year 2 number of customers making commitments to connect to the system before this project is undertaken]

Customer Projections
[from company's feasibility study]

Year 1	12
Year 2	24
Year 3	34
Total	34

Construction Estimates

Collecting Sewers	\$131,875	(1)
Land for Plant	\$8,000	
Treatment Plant	\$50,000	
Total Plant Cost	\$189,875	

Required CIAC Charge

\$3,679

[recovery of collecting sewers]
[\$131,875 / 34 customers]

CIAC Collections

[no. of customers connecting x CIAC charge]
[offsets cost of collecting system]

Year 1	\$46,544
Year 2	\$46,544
Year 3	\$38,787
Total	\$131,875

Rate Recoverable Rate Base

Collecting Sewers	\$0	(2)
Treatment Plant	\$50,000	(3)
Land	\$8,000	(3)
Total	\$58,000	

Ratemaking Rate Base

[rate recoverable rate base x (total expected customers / minimum recommended customers)]

Treatment Plant	\$35,294	(4)
Land	\$5,647	(4)

Cost-of-Service Components

Amount (5)

Testing Expense (6)	\$220
Registration Fee (7)	\$0
DNR Permit Fee (6)	\$250
PSC Assessment (FY2003 = 6%) (6)	\$480
MOCS DigRite Fee (7)	\$0
Accounting Fee (7)	\$0
Utilities (electric) (6)	\$955
Office Supplies (7)	\$0
Postage (6)	\$125
Repairs & Maintenance (6)	\$150
Operating Labor (6)	\$600
Management/Administration (6)	\$150
Subtotal	\$2,930
Depreciation (8)	\$1,412
Subtotal	\$4,342
Return on Ratebase (9)	\$3,685
Total Cost of Service	\$8,026

[revenue generated at current rates = \$6,054] (10)

Customer Rate (11)

\$27.87

[per month flat rate]

(1) to be recorded as "plant held for future use" with balance reduced by CIAC collections

(2) assumes total cost eventually collected thru CIAC charges

(3) "rate recoverable ratebase" not to exceed 115% of cost estimates in future rate cases

(4) balance of "rate recoverable ratebase" to be recorded as "plant held for future use"

until customers exceed minimum recommended and a rate case can be processed

(5) operating expense estimates based upon experience from existing system from recent rate case

(6) cost increases related to new plant and/or new customers

(7) no anticipated cost increase over current operations

(8) estimated 4% composite rate applied to treatment plant "ratemaking ratebase"

[established rates to be applied to treatment plant "rate recoverable ratebase"

and total amount recorded as appropriate for regulatory accounting purposes]

(9) 9% ROR applied to total "ratemaking ratebase" [based on assumed

50/50 debt equity ratio with 12% return on equity and 6% cost of debt]

(10) 24 customers x \$21.02/customer/month x 12 months

[rate based upon cost-of-service for existing system and 28 customer equivalents]

(11) rate for new area not subject to change except under extraordinary circumstances until customers exceed minimum recommended

Attachment 1

TBJ Sewer Company
Service Area Expansion
Case No. SA-2003-0189

Oak Hollow Area

[calculations based on 50% of total expected customers being connected to the system]

Customer Projections

[from company's feasibility study]

Year 1	
Year 2	30
Year 3	42
Total	

50% of Total

Construction Estimates

Collecting Sewers	Contributed
Land for Plant	Contributed
Treatment Plant	\$50,000

Rate Recoverable Rate Base

Treatment Plant	\$50,000	(1)
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Ratemaking Rate Base

[rate recoverable rate base x ((total expected customers) / (total expected customers x .50))]

Treatment Plant	\$25,000	(2)
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Cost-of-Service Components

Amount (3)

Testing Expense (4)	\$220
Registration Fee (5)	\$0
DNR Permit Fee (4)	\$250
PSC Assessment (FY2003 = 6%) (4)	\$360
MOCS DigRite Fee (5)	\$0
Accounting Fee (5)	\$0
Utilities (electric) (4)	\$955
Office Supplies (5)	\$0
Postage (4)	\$110
Repairs & Maintenance (4)	\$150
Operating Labor (4)	\$600
Management/Administration (4)	\$150
Subtotal	\$2,795
Depreciation (6)	\$1,000
Subtotal	\$3,795
Return on Ratebase (7)	\$2,250
Total Cost of Service	\$6,045

[revenue generated at current rates = \$5,297] (8)

Customer Rate (9)

\$23.99

[per month flat rate]

(1) "rate recoverable ratebase" not to exceed 115% of cost estimates in future rate cases

(2) balance of "rate recoverable ratebase" to be recorded as "plant held for future use" until customers exceed 50% of total projected and a rate case can be processed

(3) operating expense estimates based upon experience from existing system from recent rate case

(4) cost increases related to new plant and/or new customers

(5) no anticipated cost increase over current operations

(6) estimated 4% composite rate applied to "ratemaking ratebase"

[established rates to be applied to "rate recoverable ratebase" and total amount recorded as appropriate for regulatory accounting purposes]

(7) 9% ROR applied to "ratemaking ratebase" [based on assumed 50/50 debt equity ratio with 12% return on equity and 6% cost of debt]

(8) 21 customers x \$21.02/customer/month x 12 months

[rate based upon cost-of-service for existing system and 28 customer equivalents]

(9) rate for new area not subject to change except under extraordinary circumstances until customers exceed 50% of total projected

Attachment 2