

SCOTT WOODBURY
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0320
IDAHO BAR NO. 1895

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IDAHO PUBLIC
UTILITIES COMMISSION

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5983

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
BRIAN WATER CORPORATION FOR)
AUTHORITY TO INCREASE ITS RATES.)**

CASE NO. BRN-W-07-1

**COMMENTS OF THE
COMMISSION STAFF**

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Scott Woodbury, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued on September 19, 2007, submits the following comments.

BACKGROUND

On September 10, 2007, Brian Water Corporation (Brian Water, Company) filed a one-page Application with the Idaho Public Utilities Commission (Commission) requesting an increase in its rates. The Company did not request an effective date for its proposed new rates.

Brian Water Corporation was issued Certificate No. 260 in August 1965 by Commission Order No. 7884. The Company has 46 residential customers in Brian Park Subdivision located in Ada County, Idaho, a few miles east of Boise along old State Highway 21. The last rate case from the Company was filed in 1998, Case No. BRN-W-98-1. In that case, the Commission

authorized a rate increase of 31%, effective May 1, 1999. The current rates are \$10.50 per month for the first four thousand gallons and \$1.08 for each thousand gallons thereafter. The average water use for Brian Water customers for 2006 was about 13,250 gallons per month. At current rates, this would result in an average monthly water bill of \$20.49.

Brian Water states that a rate increase is needed to recover repair expenses, meter replacements and power costs. The requested increase would change the monthly rates from \$10.50 per month to \$15.00 per month with no increase in the commodity rate of \$1.08 per thousand-gallon. The proposed rates would result in an increase of \$4.50 per month to \$24.99.

AUDIT

Staff examined the records of Brian Water for the calendar years ended 2005, 2006 and 2007. This examination included, but was not limited to, the check register, invoices, accounts receivable, property records and tax returns. The audit included an examination and analysis of the annual reports filed with the Commission, prior rate cases, orders and conversations with Mr. Tony Bowar, the sole stockholder and only employee of Brian Water. The audit of financial records was conducted at the Commission's office.

Staff also conducted a meter reading test on October 11, 2007. The purposes of this test were to: (1) observe meter reading procedures; (2) use the test results to verify the accuracy of customer billings and of accounts receivable; and (3) verify the existence of, and to observe the use of, various items of equipment listed as property in annual regulatory reports.

Brian Water does not maintain conventional journals and ledgers. Property records were not available and were reconstructed by Staff. Moreover, some invoices and other documents were not available or not provided. Mr. Bowar performs administrative and operations duties. His administrative duties include various accounting functions, as well as billing and collections.

REVENUE REQUIREMENT

Staff found that the Company's records were at times incomplete, and, in the case of property records for Plant-in-Service, unavailable. Staff was required to reconstruct property and depreciation records from prior audit results and purchase records. Finding the Company's records for 2006 to be substantially complete, Staff used 2006 as the test year for the Company's

rate case. The recommended revenue requirement using the 2006 test year is \$14,277 as discussed below.

Revenues

Brian Water receives revenues solely from water sales to its residential customers. All customers are in Brian Subdivision. In 2006, forty-six customers were served through individual meters.

Brian Water reported a steady decrease in metered water sales between 2000 and 2006. In 2000, metered sales of 9,150,000 gallons were billed to forty-seven customers. This is an average annual use of 194,681 gallons. In 2006, metered sales were reported as 7,311,860 gallons to 46 customers; an average use of 158,953 gallons per customer. This is an 18.3% decrease in average use from 2000 to 2006. Additionally, reported sales for July, the peak month of use, decreased 44.3% during the same period.

For the test year 2006, reported sales of 7,311,860 gallons resulted in total reported revenues of \$11,558. Reported revenues were based upon meter reading calculations. The timing of readings resulted in two errors: (1) including December 2005 sales and (2) excluding December 2006 sales. Staff adjustments for these two items totaled \$95, increasing 2006 revenues to \$11,653 as shown on Attachments C and C.1.

Revenues and accounts receivable figures begin with meter readings. Currently calculations are done using vintage software. The calculations, format and aging of accounts receivable balances are insufficient in several aspects:

- (1) Customer payments are often detailed on a list cited on deposit slips. These lists are not retained. Consequently, individual account balances cannot be verified.
- (2) Bills are not calculated on a one month interval.
- (3) Balances are not aged based on the fifteen day interval in Commission rules for current balances. (Tariff Billing 6.3)

Expenses

Brian Water is currently facing a trio of adverse financial circumstances: (1) declining metered sales; (2) a rate schedule based upon nearly decade old costs; and (3) the expenses of maintaining an aging water system.

The Company reported total expenses of \$12,388 for the test year 2006. Attachment C lists the reported expenses and Staff's adjustments. Staff recommends annual expenses of \$11,442 for this rate case.

Adjustments to Annual Expenses

The records of Brian Water are maintained by Mr. Tony Bowar. In Order No. 22880 dated December 12, 1989, the Commission commented on the condition of records and Mr. Bowar's lack of accounting knowledge, particularly with respect to depreciation. Mr. Bowar freely admits this lack of knowledge. However, Mr. Bowar stated that he feels unable to afford professional accounting assistance.

Staff recommends the following adjustments based on its audit and review. The following adjustments, including known and measurable changes, are recommended by Staff, decreasing total expenses by \$946 from \$12,388 to \$11,442 as shown on Attachment C.

Purchased Power:	Increase \$95
Water Testing:	Increase \$228
Contracted Services - Other:	Increase \$33
Depreciation:	Decrease \$357
Property Taxes:	Decrease \$7
DEQ Fees:	Increase \$230
Income Taxes:	Decrease \$30
Interest Expense	Decrease \$1,138

Purchased Power

Reported expenses for purchased power were reported in the test year 2006 as they were paid. This resulted in an understatement of power costs for the test year. Staff examined power bills and constructed an allocation of power use to determine actual power use for the test year as shown on Attachment C.2. This resulted in an increase of \$95 in Purchased Power Expense.

Water Testing

Water testing expenses were adjusted to reflect the annualized expense of the required testing protocol as shown on Attachment C.3. Under this protocol, various water tests are performed at scheduled intervals ranging from monthly to once every nine years. In the test year 2006, Brian Water did not pay expenses equal to the annualized portions of some tests which occur in years other than the test year. Accordingly, test year expenses were adjusted to reflect this portion of expenses. In addition, during January 2008, two water tests for nitrates were accelerated from annually to quarterly. This more frequent testing and the related expense will be required for at least one year. Water testing expenses were increased by \$228 per year to reflect all changes.

Contracted Services - Other

Casual record keeping practices and lack of accounting controls resulted in unreported or misreported items in regulatory filings. Staff identified two expense transactions that were not accounted for properly. These two transactions totaling \$33 as shown on Attachment C.4 should have been recorded in this category of expense. Staff made this adjustment.

Depreciation Expense

Reported depreciation expense is overstated because of a combination of factors. Mr. Bowar acknowledges his lack of expertise in depreciation methodology, as stated above. This overstatement resulted from a combination of several factors including: (1) depreciating equipment over longer than the depreciable life; (2) lack of property records; and (3) failure to amortize Contributions-In-Aid-of-Construction. Total adjustments to depreciation expense for the test year included partial year depreciation on 2006 additions. Attachment C.5 shows the annualized depreciation of \$1,256, a reduction of \$357, recommended for rate setting.

Property Taxes

Staff contacted the Ada County Assessors Office to verify reported property taxes for 2006. Property taxes as shown on Attachment C.6 were found to be overstated by \$7. Staff made a \$7 reduction to reflect actual expense for the 2006 test year.

DEQ Fees

Brian Water reported no expenses for Department of Environmental Quality (DEQ) fees for the test year 2006. Staff contacted DEQ to determine the correct fees. DEQ fees for Brian Water Corporation are \$5 per connection. Brian Water serves forty-six metered customers. This would result in fees of \$230 as shown on Attachment C.7. Staff made an adjustment of \$230 to increase reported expenses.

Income Taxes

Income taxes are reflected in the gross up on Attachment A rather than as an operating expense. Staff removed reported income tax expense of \$30.

Interest Expense

Brian Water reported interest expense of \$988 plus additional interest of \$150, totaling \$1,138. The loans were made to Mr. Bowar, the stockholder, and are available for mixed business and personal use. As discussed below, Staff has treated these funds as capital contributions, increasing equity. Consequently, the interest is not reflected as an expense of the corporation. Staff reduced interest expense by \$1,138.

Rate Base

In its rate case request, Brian Water did not provide specific rate base details. In the BRN-W-98-1 rate case, a rate base of \$7,863 was used. In this rate case, Staff recommends a rate base of \$18,558 as shown on Attachment B. This amount consists of \$59,358 for plant in service (Attachment B.1), which includes additions for 2005 and 2006, Accumulated Depreciation of (\$24,288), and Unamortized CIAC of (\$16,512).

Capital Structure and Rate of Return

Until 2005, the capital structure of Brian Water consisted of common stock and retained earnings. In 2005, the stockholder began using a personal loan to provide capital infusions. These capital infusions were used to pay for additional plant-in-service, repairs and some expenses. The capital infusion is a personal line of credit that will be treated as a capital contribution in this case since there are mixed uses possible for the line of credit. Interest

expense on the line of credit will be paid by Mr. Bowar from the equity return granted in this case.

Brian Water did not specify a requested rate of return. Staff recommends a return on equity of 12.0%. In several recent water company rate cases, the Commission has used this rate of return (Falls Water Co. in Case Nos. FLS-W-05-01 and FLS-W-07-01, Order Nos. 30027 and 30484; Capitol Water Co. in Case No. CAP-W-06-01, Order No. 30198; and Morning View Water Co. in Case No. MNV-W-06-01, Order No. 30420).

RATE DESIGN

The rate design analysis was based on an annual revenue requirement for the Company of \$14,277 and forty-six (46) customers on the water system with an average usage of about 15,000 gallons per month.

The Company proposes to raise its current minimum charge of \$10.50 per month to \$15.00 per month, or an increase of 43%. The Company is not requesting an increase in the commodity charge of \$1.08 per 1000 gallons. Nor is the Company requesting any change in the 4,000-gallon allowance included in the minimum charge.

Company's Current and Proposed Rates and the Impact on a Customer's Average Monthly Bill

Average Usage is 14,613 Gallons per month

Current Rates

\$10.50 Minimum + \$1.08/1000 over 4000 = Average Monthly Bill of \$21.96

Company Proposed Rates

\$15.00 Minimum + \$1.08/1000 over 4000 = Average Monthly Bill of \$26.44

Staff believes the Company's proposal to increase the minimum charge without increasing the commodity charge is not in keeping with the Commission's historical approach to designing rates for small water companies. First, it sends no conservation signal to customers and secondly, it does not allow customers who consistently practice good water conservation the opportunity to impact their monthly bill.

Consumption data over the past six years shows a gradual decline of approximately 25% from 2002 through 2006. Staff cannot explain the reason for the decline; however, in 2007

consumption increased 10% over that in 2006. In 2007, consumption was 8,066,320 gallons and more closely approximated the seven-year average annual usage of 8,338,881 gallons.

Therefore, Staff recommends using the 2007 consumption rate in the calculation of the revenue requirement because it is more representative of normal usage. Currently, the minimum charge accounts for 48% of the revenue for the Company and the commodity charge accounts for 52% of the total revenue generated. Staff sees no reason to change the relationship of the customer charge and the commodity charge. Therefore, Staff proposes that the minimum charge be increased to \$12.75 per month with no change to the 4,000-gallon allowance and increase the commodity rate to \$1.29 per 1000 gallons of usage over the allowance. This relationship is maintained with the Staff proposed rates:

Ratio Between Minimum Charge and Commodity Charge			
Current Rates			
Usage		5,858,320 Gallons Per Year	
Commodity Charge		\$1.08 Per 1000 Gallons	
Minimum Charge		\$10.50 Per Month	
Number of Customers		46	
Staff Proposed Rates			
Usage		5,858,320 Gallons Per Year	
Commodity Charge		\$1.26 Per 1000 Gallons	
Minimum Charge		\$12.50 Per Month	
Number of Customers		46	
Current Rates			
Usage x Rate / 1000 =		\$6,326.99	52%
Minimum x # Customers x 12 months		\$5,796.00	48%
Total		<u>\$12,122.99</u>	100%
Staff Proposed Rates			
Usage x Rate / 1000 =		\$7,377.00	52%
Minimum x # Customers x 12 months		\$6,900.00	48%
Total		<u>\$14,277.00</u>	100%

METER READING AND BILLING

The Company currently reads its meters and bills its customers every other month. The bill is comprised of the minimum charge for two months added to the accumulated consumption over the two months less the 8000 gallons allowed and computed at the rate of \$1.08 per 1000 gallons. If monthly cash flow is a problem, and it has been suggested that may be the case, then Staff recommends that the Company read the meters and bill its customer every month. It has been reported that the time necessary to read meters and bill customers requires less than three hours.

UNACCOUNTED FOR WATER

The Company has two wells, the large well produces approximately 160 gpm and the smaller well produces approximately 110 gpm. The pumps are not equipped with a flow meter and consequently the exact amount of water pumped into the system is not being measured, therefore the amount of unaccounted for water cannot be calculated. Knowing this would allow the Company to determine if there are any major leaks in the system, or if the old meters are not recording all the usage.

Based on an analysis of energy use and the pump curves, Staff estimates lost and unaccounted for water for the system is high. Possible reasons for this include defective meters and water leaks.

Master Meter

As noted during our on site visit, well output is not currently metered. Staff recommends placing a master meter at the pump outlets on both wells. This is estimated to cost about \$1,200 for the primary well. Comparisons of the production volume from the master meter at the well, with metered sales would reveal differences between gallons pumped and gallons billed. This would provide an accurate measure of the Company's lost and unaccounted for water.

Individual Meters

Currently, replacing individual meters is a decision based on Mr. Bowar's subjective assessment of water use. Staff recommends a program of meter testing and replacement beginning in 2008. This program would involve systematic testing and replacement when

necessary of individual meters. The estimated cost of testing replacement meters would be about \$2500. In some cases, additional costs might be incurred for specific replacements due to unique circumstances requiring use of a backhoe, etc.

CUSTOMER RELATIONS

Rule 101 of the Commission's Utility Customer Information Rules (UCIR) requires the Company to provide notice to customers of the proposed rate increase and to publish a press release for public information. The documents provided to the Commission do not meet the requirements of the rule. The customer notice did not include information on how to contact the Commission for filing comments. It also did not include the amount of increase expressed as a percentage of current rates as required. Although the Company provided a copy of a letter about the proposed rate increase addressed to the Idaho Statesman, it did not actually send the letter nor has a press release been sent to the local media as required by Rule 101. While there is concern regarding the Company's failure to comply with Commission's requirements, the Commission has since published its own press release and held a workshop to provide information to the public. The Commission has received no written comments from customers regarding this rate case and no customers attended the workshop, which could be due to lack of proper notification from the Company.

Rule 101 of the UCIR also requires the Company to provide a written explanation of its rate schedule to each new customer and all existing customers on an annual basis. Currently, the Company does not provide a written explanation to any of its customers. Staff recommends that the Company distribute its Explanation of Rates to all customers on an annual basis and maintain copies to distribute to new customers. Staff is willing to assist the Company in developing the required information.

Rule 701 of the Commission's Utility Customer Relations Rules (UCRR) requires the Company to provide a summary of the Commission's Rules and Regulations when it signs up new customers and provide all customers a copy on an annual basis. Currently, the Company does not provide the Summary of Rules to any of its customers although the Commission's Records indicate that the Company did so at one time. Staff recommends that the Company create and distribute a Summary of Rules as required by Rule 701. Staff is willing to assist the

Company in preparing a Summary of Rules. Staff notes that the Explanation of Rates can be combined with the Summary of Rules if the Company wishes to do so.

Rules 201 and Rule 305 of the UCRR list the information required on bills and past due notices mailed to customers. The Company's bills and notices do not meet the requirements of those Rules. Examples of missing information include the itemization of charges on bills, due date of the bills, and Commission contact information on notices. Staff recommends the Company update all documentation to comply with Commission requirements and is willing to offer its assistance to the Company.

The records at the Commission reveal that the section of the Company's tariff addressing the General Rules and Regulations dates back to 1989 and is not in compliance with the Commission's current Rules and Regulations. Staff recommends that the Company update this section of the tariff and is willing to offer its assistance.

Copies of the Company's bills provided to the Commission indicate that the Company is not following its approved tariff specifying that it will bill customers monthly. Bill copies indicate that the Company often bills for two-month periods or longer. This practice also decreases customers' ability to properly budget their finances. Staff recommends that the Company begin monthly billing in accordance with its tariff.

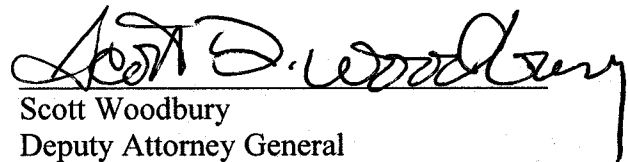
The Company states that it had no complaints from customers for the past three years, and the Consumer Staff has not received any informal complaints and only one inquiry for this time period. This cannot be construed as an indication of customer satisfaction levels because the customers have not been provided with the Summary of Rules, the Company's Explanation of Rates, or Commission contact information in recent years as required under the UCIR and UCRR.

STAFF RECOMMENDS:

1. A 2006 test year.
2. A 12% return on equity.
3. Monthly billings as the Company's tariff requires.
4. A new computer program be obtained or the current program be reprogrammed to calculate monthly billings and accounts receivable.

- 5 Contributions in Aid of Construction (CIAC) be reduced by the 2005 and 2006 amortization. CIAC is a reduction to rate base.
6. A rate base of \$18,558.
7. An annual revenue requirement of \$14,277. This is an increase of \$2,624 over test year revenues and results in an average rate increase of 22.5%.
8. A monthly minimum charge of \$12.50, which includes 4,000 gallons of water plus a commodity charge of \$1.26 per thousand gallons.
9. That tariffs be updated to satisfy the Commission's rules.
10. That bills and notices be revised to comply with the Commission's rules.
11. That an Explanation of Rates and Summary of Rules be distributed to new customers at the time of sign-up and to existing customers on an annual basis as required by Commission rules.
12. Installation of a master meter on the Company's primary and backup wells.
13. A program of testing and replacement of individual meters.

Respectfully submitted this 24th day of January 2008.


Scott Woodbury
Deputy Attorney General

Technical Staff: John Nobbs
Dan Graves
Chris Hecht

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Brian Water Co.
Revenue Requirement Calculation
CYE 2006

Attachment A

Return on Rate base	\$2,227 Attachment B
Tax Gross Up multiplier	<u>1.273</u>
	\$2,835
Annual Operating Expenses Incl Depr	11,442 Attachment C
Total Revenue Required	<u>14,277</u>
Less: Current Revenue	<u>11,653</u>
Increase Needed	<u>2,624</u>
% Increase	<u>22.5%</u>

Tax Calculation	
Beginning	100.00%
State Taxes at 7.6% =	<u>-7.60%</u>
Federal Taxable	92.40%
Federal Taxes at 15.0% =	<u>-13.86%</u>
Total	<u>78.54%</u>
Multiplier: Net to Gross	<u>127.32%</u>

Brian Water Co.
 Rate Base and Rate of Return Calculation
 CYE 2006

Attachment B

	BRN-W-98-1 Changes		BRN-W-07-1
	31-Dec-97		31-Dec-06
Plant in Svc	\$45,432	\$13,926	\$59,358
Working Capital	\$1,165	(\$1,165)	\$0
Accum Depr	(\$15,770)	(\$8,518)	(\$24,288)
Unamortized CIAC	(\$16,972)	\$460	(\$16,512)
Rate Base	<u>\$13,855</u>	<u>\$5,868</u>	<u>\$18,558</u>
Rate of Return = 12%			<u>\$2,226.96</u>

Attachment B
 Case No. BRN-W-07-1
 Staff Comments
 01/24/08

Attachment B.1

Brian Water Co.
 Analysis of Utility Plant in Service
 CY 1997 thru 2007

		46 Meters										Total
	Org	land	Str & Imp	Wells	Reserv	Pumpg	Mains	Meters	Office	ShpEqpt	Total	
Bal 12-31-97	524.00	1,500.00	3,251.34	2,760.59	900.00	11,582.45	18,836.44	4,698.21	1,186.00	192.89	45,431.92	
1998	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1999	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	167.99	0.00	167.99	
2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2005	0.00	0.00	0.00	0.00	0.00	4,178.62	6,379.54	0.00	0.00	0.00	10,558.16	
Removed	0.00	0.00	0.00	0.00	0.00	(1,026.00)	0.00	0.00	0.00	0.00	(1,026.00)	
2006	0.00	0.00	0.00	0.00	0.00	4,383.99	0.00	118.23	0.00	0.00	4,502.22	
Removed	0.00	0.00	0.00	0.00	0.00	(275.85)	0.00	0.00	0.00	0.00	(275.85)	
Bal at 12-31-2006	524.00	1,500.00	3,251.34	2,760.59	900.00	18,843.21	25,215.98	4,816.44	1,353.99	192.89	59,358.44	

Brian Water Co.
 Schedule of Audit Adjustments
 CYE 2006

Attachment C

CY Ended	2006		Total	
	Reported	Audit Adjs		
Revenues				
Unmetered	0	0	0	
Metered Sales-Res.	11,558	95	11,653	Attachment C.1
Total Revenues	<u>11,558</u>	<u>95</u>	<u>11,653</u>	
Operating Expenses				
Labor - O&M	3,100	0	3,100	
Labor - A&G	2,920	0	2,920	
Pensions & Benefits	0	0	0	
Purchased Power	1,173	95	1,268	Attachment C.2
Mat & Suppl - O&M	114	0	114	
Mat & Suppl - A&G	948	0	948	
Contr Svs-Profess	183	0	183	
Contr Svs-Watr Testg	324	228	552	Attachment C.3
Contr Svs-Other	414	33	447	Attachment C.4
Bad Debts Expense	0	0	0	
Miscellaneous	214	0	214	
Depreciation	1,613	(357)	1,256	Attachment C.5
Regulatory Fees	50	0	50	
Property Taxes	167	(\$7)	160	Attachment C.6
DEQ fees	0	230	230	Attachment C.7
Other Fees	0	0	0	
Income Taxes	30	(30)	0	Reflected in Gross-up
Interest Expense	\$1,138	(\$1,138)	0	Reflected in Equity as contributed capital
Total Expenses	<u>\$12,388</u>	<u>(\$946)</u>	<u>\$11,442</u>	
Net Income	<u>(\$830)</u>	<u>\$1,041</u>	<u>\$211</u>	

BRIAN WATER CORPORATION
Analysis of Revenue adjustments
CYE 2006

Attachment C.1

Reported Revenues - 2006		\$11,558
Sales - Dec 05 to Feb 06 Reading	1,219.00	
Dec 05 Sales	(609.00)	
Sales - Feb to Apr 2006 Reading	1,133.00	
Sales - Apr Jun 2006 Reading	1,979.00	
Sales - Jun to Jul 2006 Reading	2,203.00	
Sales - Jul to Sep 2006 Reading	2,967.00	
Sales - Sep to Dec 2006 Reading	2,056.00	
Sales - Dec 06 to Feb 07 Reading	1,410.00	
Jan 2007 sales	<u>(705.00)</u>	
Total 2006 Sales		<u>\$11,653</u> ✓
Difference		<u><u>\$95</u></u>

Brian Water Co.
 Analysis of Annual Power Cost
 CYE 2006

Attachment C.2

Beg Date	End Date	Due Date	Total DaysSvc	Total Kwh	Total Charges	2006 DaysSvc	2006 Kwh	2006 Charges
28-Nov-05	28-Dec-05	18-Jan-06	30	494	39.09	0	0	0.00
28-Dec-08	27-Jan-06	15-Feb-06	30	452	36.06	26	392	31.25
27-Jan-06	28-Feb-06	17-Mar-06	32	464	36.92	32	464	36.92
28-Feb-06	30-Mar-06	18-Apr-06	30	456	36.35	30	456	36.35
30-Mar-06	28-Apr-06	17-May-06	29	655	50.75	29	655	50.75
28-Apr-06	30-May-06	16-Jun-06	32	1963	145.40	32	1963	145.40
30-May-06	28-Jun-06	18-Jul-06	29	2648	159.26	29	2648	159.26
28-Jun-06	28-Jul-06	16-Aug-06	30	3529	182.84	30	3529	182.84
28-Jul-06	28-Aug-06	15-Sep-06	31	3688	186.96	31	3688	186.96
28-Aug-06	27-Sep-06	16-Oct-06	30	2790	147.95	30	2790	147.95
27-Sep-06	27-Oct-06	16-Nov-06	30	2029	128.90	30	2029	128.90
27-Oct-06	29-Nov-06	18-Dec-06	33	1022	71.48	33	1022	71.48
29-Nov-06	29-Dec-06	19-Jan-07	30	1229	83.49	30	1229	83.49
29-Dec-06	30-Jan-07	16-Feb-07	32	921	65.62	3	86	6.15
Totals			428	22,340	\$1,371	365	20,951	\$1,267.70

Note 1:excludes late charge of \$0.39 for previous bill.

Brian Water Corp.
Analysis of Minimum Water Testing Expenses
2008
PWS # ID4010017

Attachment C.3

Test Type	Frequency	Tests/yr	Cost/Test	Annual Cost
Well #1 - Primary				
Nitrate	Quarterly	4.00	16.00	\$64.00
Arsenic & Sodium	Every 3 yrs	0.33	31.00	\$10.23
Cyanide	Every 3 yrs	0.33	29.00	\$9.57
Flouride	Every 3 yrs	0.33	18.50	\$6.11
IOCs	Every 3 yrs	0.33	147.00	\$48.51
Radium 226 & 228	Every 3 yrs	0.33	150.00	\$49.50
SOCs Group	Every 3 yrs	0.33	181.50	\$59.90
VOC	Every 3 yrs	0.33	187.00	\$61.71
Gross Alpha	Every 6 yrs	0.17	50.00	\$8.50
Uranium	Every 6 yrs	0.17	10.00	\$1.70
Nitrite	9 yrs	0.12	14.50	\$1.74
Well #2 - Backup				
Nitrate	Quarterly	4.00	16.00	\$64.00
Nitrite	Every 9 yrs	0.12	14.50	\$1.74
VOCS Group	Every 9 yrs	0.12	187.00	\$22.44
Distribution System				
Coliform Bacteria	Monthly	12.00	11.00	\$132.00
Lead and Copper	Every 3 yrs	0.33	31.00	\$10.23
Average Annual Cost				551.87
Reported Testing Costs				324.00
Difference				<u>\$227.87</u>

Brian Water Corp. was moved from annual to quarterly testing for nitrates in Jan 2008; this testing protocol will continue for at least one year.

Sources Brandon Lowder at DEQ
 Wally Baker at Bur of Labs

BRIAN WATER CORPORATION
Analysis of Contracted Services-Other
CYE 2006

Attachment C.4

Reported Expense 2006			\$414
Ck#	2006 Payee	\$	
1978	6-Jun Visa		28
1999	12-Nov Mr. Rooter		414
Cash	11-Dec Air Valve		5
	Total		<u>\$ 447</u>
	Difference		<u><u>\$33</u></u>

BRIAN WATER CORPORATION
 Schedule of Depreciation Adjustments
 as of December 31, 2006

Attachment C.5

Reported Depreciation Expense:

Sub#	Name	2000	2001	2002	2003	2004	2005	2006	Total
304	Str& Imp	48.77	48.77	48.77	48.77	48.77	48.77	48.77	341.39
305	Resvr	0	0	0	0	0	0	0	0
307	Wells	41.41	41.41	41.41	41.41	41.41	41.41	41.41	289.87
311	PwrPump	555.94	555.94	555.94	555.94	555.94	773.15	983.58	4,536.43
331	Mains	188.36	188.36	188.36	188.36	188.36	258.75	258.75	1,459.30
334	Meters	140.94	140.94	140.94	140.94	140.94	140.94	144.49	990.13
340	Off F&E	132.42	132.42	132.42	132.42	132.42	132.42	132.42	926.94
343	Shop	3.86	3.86	3.86	3.86	3.86	3.86	3.86	27.02
Totals		1,111.70	1,111.70	1,111.70	1,111.70	1,111.70	1,399.30	1,613.28	8,571.08

Actual Depreciation Expense

Sub#	Name	2000	2001	2002	2003	2004	2005	2006	Total
304	Str& Imp	48.77	48.77	48.77	48.77	48.77	48.77	48.77	341.39
305	Resvr	0	0	0	0	0	0	0	0
307	Wells	41.41	41.41	41.41	41.41	41.41	41.41	41.41	289.87
311	PwrPump	555.94	555.94	555.94	555.94	555.94	612.31	601.79	4,036.47
331	Mains	188.36	188.36	188.36	188.36	188.36	274.71	322.55	1,539.06
334	Meters	140.94	140.94	140.94	140.94	140.94	140.94	142.72	986.58
340	Off F&E	132.42	132.42	132.42	132.42	132.42	132.42	132.42	937.24
343	Shop	3.86	3.86	3.86	3.86	3.86	3.86	1.77	27.02
Totals		1,111.70	1,111.70	1,111.70	1,111.70	1,111.70	1,254.42	1,291.43	8,157.63

2006 depreciation from schedule above	\$1,291.43
Add: to Annualize 2006 Pumping additions - 11 months	\$192.94
Add to Annualize 2006 Meter Additions - 6 months	\$1.77
2006 CIAC Amortization	(229.93)
Total annualized Depreciation Expense	<u>\$1,256.21</u>

Difference \$357.07

