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IDAHO PUBLIC UTILITIES COMMISSION

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Attorneys for Teton Springs Water & Sewer Company LLC.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
TETON SPRINGS WATER AND SEWER)
COMPANY LLC, FOR THE ISSUANCE OF A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY, FOR APPROVAL OF)
RATES AND CHARGES FOR WATER)
SERVICE, FOR APPROVAL OF)
RULES AND REGULATIONS GOVERNING)
THE RENDERING OF WATER SERVICE.)
_____)

Case No. TTS-w-08-01

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

DIRECT TESTIMONY OF LARRY A. CROWLEY

May 20, 2008

1 Q. Please state your name and your business affiliation.

2 A. My name is Larry A. Crowley. I am Director and President of the Energy
3 Strategies Institute (“ESI”), a consulting company and network of experienced
4 business professionals with diverse interests specializing in energy and utility
5 matters. The Institute provides regulatory and litigation support, industry
6 restructuring support including economic and financial analysis, and business and
7 organizational development analysis and implementation support.

8 Q. Please describe your educational background and professional experience.

9 A. I have a Bachelor of Science degree in Economics from the University of
10 Maryland, College Park, Maryland. I have over 30 years of extensive utility
11 industry experience including corporate strategic planning, organizational
12 development, new business development including renewable energy
13 technologies, regulatory affairs, transmission system planning, and generation and
14 resource planning. My regulatory experience includes the preparation and filing
15 of testimony and exhibits before various regulatory commissions, including
16 testifying as an expert witness before the Idaho Public Utilities Commission, the
17 Oregon Public Utilities Commission, the Nevada Public Service Commission, the
18 Colorado Public Utilities Commission, the Wisconsin Public Utilities
19 Commission, the Michigan Public Service Commission, the North Dakota Public
20 Service Commission, the Montana Public Service Commission, the Texas Public
21 Utility Commission, the Pennsylvania Public Utility Commission and the Federal
22 Energy Regulatory Commission. A summary of my professional experience is
23 attached as Exhibit 4 to this testimony.

Crowley, Di 2
Teton Springs Water and
Sewer Company LLC

1 Q. On whose behalf are you testifying in this proceeding?

2 A. I am testifying on behalf of Teton Springs Water & Sewer Company ("TSW&S"
3 or the "Company").

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

5 A. My testimony addresses the preparation of a revenue requirements study using
6 total Company data for the 12 months ending December 31, 2007 adjusted for
7 known and measurable changes, the test period being used by the Company in this
8 proceeding. My testimony specifically addresses the calculation of the
9 Company's jurisdictional revenue deficiency and revenue requirements for water
10 distribution and delivery service provided by the Company. I also recommend
11 rates for water service based on the results of the revenue requirements study and
12 the nature of the system and service characteristics.

13 Q. Please explain how the Company's jurisdictional cost of service and revenue
14 requirements for water distribution and delivery service was determined.

15 A. First, prior to May 2008, when the sewer and water assets at issue in this filing
16 were transferred to Teton Springs, the water and sewer system was operated by
17 Teton Springs Golf & Casting LLC and the financial results of operations were
18 shown on the books and records of that company. The financial records of Teton
19 Springs Golf & Casting LLC were not organized according to the Uniform
20 System of Accounts for Class C Water Companies (USOC) as promulgated by the
21 National Association of Public Utility Commissioners and adopted by the Idaho
22 Public Utilities Commission. My first step, therefore, was to re-classify the plant
23 accounts, revenues and operating expenses for the 12 month period ending

1 December 31, 2007, to be consistent with the USOC. These results are shown in
2 Exhibit 6 in Column 2, "Total Utility per Books."

3 Second, because Teton Springs operates both an unregulated sewer system and a
4 water system which will be regulated, it was necessary to prepare an abbreviated
5 jurisdictional separation study to allocate plant accounts and financial results of
6 operations between the unregulated sewer business and regulated water business.

7 These allocations are shown in columns 5 and 6 of Exhibit No 6. Third, this
8 filing is based on the investments and expenses incurred by the Company to
9 provide water distribution and delivery service to its jurisdictional customers.

10 Accordingly, the Company's historic test year per books (CY 2007) operating
11 results are adjusted to reflect know and measurable changes to revenues and
12 expenses. Exhibits 5 through 9 provide specific details regarding the allocation of
13 total Company costs between the Company's water and sewer (unregulated)
14 business units costs and the determination of the Company's water jurisdictional
15 distribution service revenue deficiency and revenue requirements.

16 Q. Have you prepared work papers with the Company's Application supporting your
17 reclassification of accounts and allocations between Unregulated Sewer and
18 Regulated Water?

19 A. Yes I have, and they are available for audit by the Commission Staff.

20 Q. Have you prepared or supervised the preparation of various exhibits or Cost of
21 Service Statements for this proceeding?

22 A. Yes, I have prepared or supervised the preparation of the following exhibits or
23 Cost of Service Statements for this proceeding:

1	<u>Exhibit No</u>	<u>Description</u>
2	5	Jurisdictional Operating Income – Pro Forma at Present and Proposed Rates for the 12 Months Ending December 31, 2007.
4	6	Development of TSW&S Revenue Requirements – Jurisdictional Separation Study and Cost of Service Study for the 12 Months Ending December 31, 2007.
7	7	Schedule of Accounts and Summary of Adjustments for the 12 Months Ending December 31, 2007.
9	8	Calculation of the Net-to-Gross Tax Multiplier.
10	9	Development of Water Tariffs based on the cost of service results for the 12 Months Ending December 31, 2007.

12 Q. Have you calculated the Company’s revenue deficiency for its water distribution
13 and delivery service in Idaho?

14 A. Yes I have. The revenue deficiency for the Company’s water distribution and
15 delivery service is \$99,256 based on the test period ending December 31, 2007, as
16 adjusted.

17 Q. Please generally describe the methodology used to separate Total Utility costs
18 between the regulated water and unregulated sewer jurisdictions.

19 A. The cost of providing service is measured through the use of the Company’s
20 accounting and operating data for a specific 12-month period of time. In this
21 instance, I am using the total utility information provided by Mr. Jon Pinaridi,
22 Director of Operations of the Company and adjusted by myself in collaboration
23 with Mr. Pinaridi for the 12-month period ending December 31, 2007, which is the

1 test year being used in this proceeding to determine water distribution and
2 delivery revenue requirements. The methodology used to separate costs by
3 jurisdiction and to calculate the Company's jurisdictional revenue requirement for
4 water distribution delivery service in this case is described in detail below. After
5 re-classifying and allocating the accounts, I then made a series of adjustments to
6 the per books values to reflect known and measurable changes. Those
7 adjustments are summarized on Exhibit No 7 and are detailed below.

8 Q. Have you prepared an exhibit that summarizes the calculation of the Company's
9 water revenue deficiency?

10 A. Yes. I prepared Exhibit 5 consisting of three tables and three pages. This exhibit
11 summarizes the results of the jurisdictional separation study prepared for the 12
12 months ending December 31, 2007 that is described in detail later in this
13 testimony.

14 Table 1, page 1 of this exhibit, sets forth the Company's jurisdictional operating
15 income (losses) at current rates and operating income, including incremental
16 income taxes, at proposed rates for the Company's water jurisdiction.

17 Table 2, page 2 of this exhibit sets forth Total Utility operating income and
18 summarizes the calculation of the jurisdictional revenue deficiency and revenue
19 requirements for the Company's Idaho water jurisdiction. References are
20 provided for the supporting cost of service statements detailed on Exhibit No 6 for
21 each component shown on this table. As shown in column 2 of this table, the
22 revenue deficiency previously identified results in a total revenue requirement of
23 \$345,252 and a revenue requirement of \$298,082 from water rates. The indicated

1 revenue requirement would provide the revenues necessary to recover the
2 Company's costs of providing water service and earn a modest operating margin.
3 Table 3, page 3 of Exhibit 5, summarizes the calculation and allocation of the
4 Company's plant in service and rate base. This table shows the allocated
5 individual components of rate base for the Total Company and the Company's
6 water jurisdiction. References are again provided for the supporting cost of
7 service statements for each component of Total Utility rate base. The Company's
8 allocated water rate base is a negative \$50,993.

9 Q. Please explain the Company's water rate base and its implications.

10 A. Although the water plant in service is valued in excess of \$3 million, that
11 investment is completely off-set by contributions in aid of construction. As a
12 result, the Company has a negative rate base. Under traditional rate making
13 principles, since there is nothing on which the Company would earn a return, the
14 Company would only recover its annual operating expenses and would not
15 produce any operating margins or source of funds for continuing operations or
16 contingencies.

17 Q. Is that a desirable or reasonable result for an ongoing utility?

18 A. No. Every business strives to produce some amount of margin over its operating
19 expense so as to maintain financial stability.

20 Q. What do you propose as a remedy?

21 A. As shown on Table 2, Line 8 of Exhibit No 5, I am proposing that the
22 Commission allow an annual amortization expense of \$89,140. This amortization
23 is similar to what other Idaho water utilities have been allowed to do in order to

1 recognize the wear and tear of the water assets in service and, over time, reduce
2 the amount of contributed capital in the same fashion depreciation is used to
3 amortize and reduce plant in service financed by conventional debt and equity
4 instruments. The annual expense amounts of this amortization would be booked
5 to Account 272 – Accumulated Amortization of CIAC.

6 Q. What would the effect of this allowance?

7 A. In addition to recognizing the normal expense associated with the wear and tear of
8 the operating assets, it would produce cash flow for the Company to maintain and
9 upgrade its system, improve the financial stability of the Company and it would,
10 over time, amortize the contributions of aid in construction from the Company's
11 books.

12 Q. How did you calculate the amortization amount of \$89,140?

13 A. The calculation of the proposed amortization adjustment is detailed on Exhibit No
14 7, page 10. The amount shown is based on a defacto depreciation schedule which
15 I calculated using the most recent depreciation rates approved by the commission
16 applied to the reclassified plant accounts of the Company.

17 Q. What other adjustments are you recommending for calculating the Company's
18 revenue requirements?

19 A. As shown on Line 17 of Page 2 of Exhibit No 5, I am proposing that the
20 commission allow the Company to include a modest operating margin in the
21 calculation of its revenue requirements. The amount of the proposed margin
22 would be based on the Company's operating expenses rather than a return on rate
23 base. I am proposing an operating margin equivalent to 7.5 percent of the

1 Company's total operating expenses as shown on Line 10 of Page 2 of Exhibit No
2 5. This will provide the Company a small margin to cover unexpected increases
3 in expenses, other contingencies will allow the Company to show a margin over
4 its operating costs.

5 **Calculation of Jurisdictional Revenue Requirements**

6 Q. Please describe Exhibit 6.

7 A. Exhibit 6, which consists of 10 pages, is the complete Jurisdictional Separation
8 and Revenue Requirements Study ("JSS") detailing the allocation of each
9 component of rate base, operating revenues and expenses by account number for
10 the 12 month test period ending December 31, 2007. The JSS is designed to
11 show the Total Utility values as developed (Column 2) and the allocation of those
12 total utility values to the Company's water service which is at issue in this
13 proceeding (Column 6). Results from this JSS for the Company's water
14 jurisdiction were used to prepare the proposed rates for water service. The JSS,
15 Exhibit 6 is organized as follows:

16	<u>Table No</u>	<u>Description</u>
17	1	Total Rate Base
18	2	Cost of Service and Revenue Requirement
19	3	Utility Plant in Service
20	4	Accumulated Provision for Depreciation
21	5	Operating Revenues
22	6	Operation & Maintenance Expenses
23	7	Depreciation & Amortization Expenses and Taxes

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Taxes

Q. Please describe Table 1 of Exhibit 6.

A. Table 1 is a summary table which consolidates allocated jurisdictional water utility rate base information developed on various tables of the JSS. The total Company's jurisdictional water rate base in the amount of \$(50,993) is shown on Line 20, Column 6 of Table 1. References to supporting tables or specific allocation factors are also shown for each component of Total Utility Rate Base and are listed under the column labeled "Allocation Factor or Reference". Table 1 summarizes plant in service, accumulated provision for depreciation, contributions in aid of construction (CIAC) and working capital requirements. Working Capital is calculating in the traditional manner by using 1/8th of total operation and maintenance expenses.

Q. Please describe Table 2 of Exhibit 6.

A. Table 2 is a summary table which consolidates allocated jurisdictional revenue and expense information developed on various tables of the JSS. In addition, this table details the calculation of revenue deficiency and revenue requirements for the Company's Idaho water jurisdiction. The Company's water jurisdictional revenue deficiency and revenue requirement are \$99,256 and \$345,252, respectively, shown on Lines 25 and 27 of Column 6 of Table 2. References to supporting tables or cost of service statements are also provided for each component of this table and are listed under the column labeled "Allocation Factor/Ref".

1 The net-to-gross tax multiplier for the Company's Idaho jurisdiction is 1.6350
2 which is shown on Line 24, Column 6 of this table. The development of the net-
3 to-gross tax multiplier is detailed on Exhibit 8.

4 Q. Please describe Table 3 of Exhibit 6.

5 A. Table 3 of Exhibit 6 sets forth the separation and allocation of water and sewer
6 plant in service. Any component of plant that is allocated by direct assignment
7 has an allocation factor that begins with the letters "DA" to reflect direct
8 assignment. For example, water plant is allocated to the Company's Idaho
9 jurisdiction by direct assignment.

10 Q. Please describe Table 4 of Exhibit 6.

11 A. Table 4 of Exhibit 6 sets forth the allocation of accumulated provision for
12 depreciation and amortization of plant in service. Allocation factors are listed in
13 the column labeled "Allocation Factor/Ref". The allocation factors used to
14 allocate accumulated provision for depreciation are normally based on allocated
15 plant balances. In this case since all water and sewer plant accounts were directly
16 assigned, the accumulated depreciation was allocated in the same fashion. I
17 should also note that this information is being provided for reference only. Since
18 the Company is not claiming any depreciation on contributed plant, this
19 information is not included in the calculation of rate base. I should also add that
20 these balances were calculated by an assessment prepared by CH2M Hill on
21 behalf of Teton Springs Golf & Casting.

22 Q. Please describe Table 5 of Exhibit 6.

1 A. Table 5 of Exhibit 6 sets forth the total operating revenues at present rates for the
2 Company for the 12 months ending December 31, 2007. This table lists the
3 Company's revenues by jurisdiction and Other Operating Revenues by account
4 number. Other Operating Revenues are allocated or directly assigned to the
5 appropriate jurisdiction. Also shown are the annualizing adjustments to water
6 revenues which are shown in Column 3 and described below.

7 Q. Please describe Table 6 of Exhibit 6.

8 A. Table 6 of Exhibit 6 details the Company's Operation and Maintenance Expenses
9 by service and by account number for the 12 months ending December 31, 2007.
10 Allocation factors are listed in the column labeled "Allocation Factor/Ref". In
11 general, the basis for each allocation may be readily interpreted from the exhibit.
12 Many of the allocations are direct assignment to the appropriate function or
13 service and begin with a "DA"; other allocation factors are referenced as
14 necessary. Also shown are the annualizing adjustments, shown in Column 3, to
15 operating and maintenance expenses which are described below.

16 Q. Please describe Table 7 of Exhibit 6.

17 A. Table 7 of Exhibit 6 details the allocation of the Company's Depreciation and
18 Amortization Expense by function or by service. These expenses have been
19 identified by function or by primary plant account. Allocation is then
20 accomplished on the basis of the related plant account as previously allocated or
21 by direct assignment. All taxes, including taxes other than income taxes, are also
22 summarized on this table. Taxes Other Than Income Taxes are listed
23 individually and are allocated in a manner consistent with the basis by which the

1 respective taxes are assessed. For example, the Company's public utilities
2 commission assessment fee is allocated on the basis of jurisdictional revenues
3 which are subject to the fee assessment. Also shown are the annualizing
4 adjustments, shown in Column 3, to amortization and tax expenses which are
5 described below.

6 Q. Please describe Table 8 of Exhibit 6.

7 A. Table 8 of Exhibit 6 details the calculation of the Company's jurisdictional
8 incremental income taxes for the 12 month period ending December 31, 2007
9 based on the increase in revenues shown on Table No 2.

10 **Annualizing Adjustments**

11 Q. Please describe Exhibit 7.

12 A. Exhibit No 7 is entitled Schedule of Accounts and Summary of Adjustments and
13 consists of 10 pages. The first page is a summary of all the known and
14 measurable adjustments used in the preparation of the jurisdictional separation
15 study and the results of each adjustment by USOA account number.

16 Q. Please summarize the annualizing adjustments you are proposing for this
17 proceeding.

18 A. The first adjustment is to reflect the increase in management fees to the Company.
19 These fees were increased on January 1, 2008 by \$6,000 per year. The Company
20 does not have any employees and therefore uses outside contract sources to
21 manage and operate the Company's assets and facilities. The second adjustment
22 is a reduction in operating expenses of \$3,785 to reflect the elimination of one-
23 time purchase expense of billing software which is a non-recurring expense. The

1 third adjustment reflects the increase in chemical expenses associated with the
2 higher number of customers and related higher usage of water requiring treatment.
3 The fourth adjustment reflects the increase in operating revenues associated with
4 the annualizing of new customers by each class of customer. The new level of
5 customers is based on actual customers receiving service in the first quarter of
6 2008 as well as undeveloped lots within the Teton Springs development. The
7 fifth adjustment reflects the annualizing of expenses associated with lab sampling
8 expenses. The sixth adjustment reflects the assessment of the IPUC fees to what
9 would now be the regulated water business of the Company. The adjustment
10 reflects the application of the fee rate approved by the commission in its Order No
11 30537 in Case No F-2008-1. The seventh adjustment reflects the three-year
12 amortization of the outside expenses incurred by the Company to prepare and file
13 this case. These expenses do not include any current employees or other outside
14 contract employees of the Company. The eighth adjustment details the proposed
15 amortization of CIAC discussed earlier in this testimony. Each adjustment has an
16 individual worksheet attached to Exhibit No 7 which details the calculations for
17 each adjustment. The eighth adjustment contains two pages.

18 **Net-to-Gross Tax Multiplier**

19 Q. Please describe Exhibit No 8.

20 A. Exhibit No 8 details the calculation of the net-to-gross multiplier used to calculate
21 the Company's revenue deficiency as shown on Exhibit No 5 and Exhibit No 6.
22 The multiplier uses current IPUC assessment fees, state income tax rates and
23 federal income tax rates.

1 **Rates**

2 Q. Please describe the rate design that the Company is proposing.

3 A. Teton Springs is proposing revised rates; one for those customers who are
4 currently taking water service from the Company; and another for those
5 customers/owners who are currently not taking service but who have facilities
6 provided by the Company available to their property.

7 Q. Please describe Exhibit No 9.

8 A. Exhibit No 9 is a one-page exhibit which sets forth the current monthly rates for
9 water service (Column 5), the proposed rates for the active and non-active
10 customers by class of service. The proposed rates for all customers are flat since
11 service is not metered. The rates and revenue recovery from the application of
12 rates are shown for the total jurisdiction (Column 1, Line 16) which is shown on
13 Exhibits 5 and 6. Exhibit 9 shows the proposed rate structures consisting of a flat
14 monthly charge, which will be billed on a quarterly basis, for customers who are
15 currently receiving service and are connected to the system, and an availability
16 charge for properties or inactive customers for which facilities are in place and
17 that are capable of being connected but have not yet done so.

18 Q. Does Company Witness Jon Pinardi explain the rationale for this rate design in
19 his testimony?

20 A. Yes, he describes the reasons for a flat quarterly charge and an availability charge.

21 Q. What rates are you proposing for the monthly active service charge and the
22 availability charge?

1 A. I am proposing a flat monthly charge of \$50.00 for all residential customers
2 currently receiving service and an availability charge of \$25.00 for all other
3 residential customers who are not receiving service. This will result in a
4 significant reduction from current monthly residential rates which are now \$80.00
5 per month for residential customers receiving service. For commercial service, I
6 am proposing a flat monthly charge of \$150.00 for all commercial customers
7 currently receiving service and an availability charge of \$75.00 for all other
8 commercial customers who are not receiving service. As described by Mr.
9 Pinardi, commercial service is provided by facilities that supply three times the
10 level of service of residential customers. For this reason I have proposed
11 commercial rates that are three times higher than residential service. Finally, for
12 multifamily customers, which are predominately residential customers, I am
13 proposing the same flat monthly residential rate of \$50.00 per month. There are
14 no inactive customers in this class of service so there is no availability charge
15 proposed for this class of service.

16 Q. Why is the Company proposing availability rates?

17 A. The use of an availability charge will allow the Company to recover all of its
18 fixed costs and eliminate the penalties that would otherwise be assessed to the
19 active customers who would be paying all the fixed costs of the system. The
20 availability charge allows the Company to recover a portion of its costs in
21 recognition that the water system is in place and available to service to all lots and
22 locations contained in the development.

23 Q. Does this conclude your direct testimony in this proceeding?

1 A. Yes it does.

**Larry A. Crowley, President and Director
The Energy Strategies Institute, Inc.**

APPENDIX A - PROFESSIONAL EXPERIENCE

I have 30 years of senior-level utility operating, planning and regulatory experience. My regulatory experience includes the preparation of exhibits and testimony for jurisdictional separation and revenue requirement studies, class cost of service studies, unbundled cost studies, and rate design studies for filing before various regulatory commissions. I have appeared as an expert witness before the Idaho Public Utilities Commission, the Oregon Public Utilities Commission, the Nevada Public Service Commission, the Colorado Public Utilities Commission, the Wisconsin Public Utilities Commission, the Michigan Public Service Commission, the North Dakota Public Service Commission, the Montana Public Service Commission, the Texas Public Utility Commission, the Pennsylvania Public Utility Commission, and the Federal Energy Regulatory Commission.

My principal clients include Wisconsin Electric Power Company, Milwaukee, Wisconsin; Montana-Dakota Utilities Company, Bismarck, North Dakota; Duquesne Light Company, Pittsburgh, PA; The US Department of Energy, Office of Renewable Energy and Energy Efficiency, Washington, D.C.; The Washington Group International, Boise, Idaho; The J.R. Simplot Company, Boise, Idaho; Riley Creek Lumber Company, Hayden, Idaho; United Electric Co-op, Heyburn, Idaho; Eagle Water Company, Eagle, Idaho; Sithe Global Power, LLC, Houston, TX; Idaho Power Company, Boise, Idaho; The Electric Department of the City of Weiser, Idaho; The International Energy Agency, Paris, France; The World Bank, Washington, DC; The Solar Electric Power Association, Washington, DC; and the German Development Bank, (KfW), Berlin, Germany.

**The Energy Strategies Institute, Inc.
Present**

October 1999 to

Founder and Director of a consulting company and network of experienced professionals with diverse interests specializing in energy and utility rate and regulatory matters, dedicated to developing and implementing practical solutions for energy service providers and customers. The Institute provides regulatory and litigation support, industry restructuring support including economic and financial analysis, and business and organizational development analysis and implementation support. The Institute also offers assistance and facilitation with energy and utility strategic planning initiatives, resource planning studies, and strategic, financial and feasibility studies for mergers and acquisitions. The Institute delivers value through the application of senior-level industry experience and a team-based philosophy that result in the development and transfer of knowledge to its clients.

Idaho Power Resources Corporation

July 1996 to October

1999

A wholly owned subsidiary of Idaho Power Company, responsible for developing domestic and international non-regulated business initiatives to provide future revenue and earnings growth.

President

Established, organized and led a new independent business division including establishment of the entity, selection and training of staff, systems implementation and day-to-day management of the entity. The entity consisted of eight engineers, economists and technologists. I was also responsible for \$3.5 million annual operating budget for preparation of strategic plans, business plans including due diligence and analysis for mergers and acquisitions, and research, development and deployment

of new technologies such as PEM fuel cells and solar energy systems.

- Developed extensive business plans for energy-related projects in Brazil, Argentina, Peru and Indonesia, including acquisitions of operating electric distribution systems, new and existing hydroelectric generating projects, information and communication technologies, and the application of renewable energy technologies in remote areas of developing countries. Plan formulation was accomplished by identification of specific and unique market opportunities through personal contacts and research.
- Marketed the capabilities of Idaho Power Company and its subsidiaries to various South American entities resulting in first year sales of \$4.5 million.
- Responsible for formulating strategies and directing the due diligence related to the acquisition of various unregulated subsidiaries with annual revenues in excess of \$18.0 million.
- Negotiated a Memorandum of Understanding with the Ministry of Energy of Brazil to examine the possibilities of developing large-scale electrification projects in the remote areas of Brazil.
- Negotiated an exclusive Memorandum of Understanding with the Government of Indonesia for the provision of energy services in the remote areas of Indonesia under the jurisdiction of the Ministry of Transmigration.
- Participated in a number of high-level trade missions to South America representing domestic energy interests. These trips to Brazil, Argentina, Bolivia and Peru were sponsored by the US Agency for International Development and other industry-specific trade associations such as the US National Hydropower Association and the US Export Council for Renewable Energy.

Honors

- Invited by the Minister of Energy of Brazil to attend the first annual conference held in Brazil on renewable energy and energy efficiency and to participate as a panelist at that conference.
- Co-hosted the 1997 Renewable Energy in the Americas Conference (REIA 97) with the Minister of Energy of Brazil. This conference was held in Rio de Janeiro in July 1997 and attended by over 350 senior representatives for North, Central and South American energy companies, utilities, government agencies, NGOs and multilateral financing organizations.
- Invited by the US Department of Energy and then-Secretary of Energy Hazel O'Leary to participate as a panelist/presenter at the Second Annual Meeting of the Energy Ministers of the Western Hemisphere - August 1997.
- Invited to travel with US Secretary of Commerce (Daley) as a member of a trade mission to Brazil, Argentina and Chile - May 1997.
- Invited to travel with the US Secretary of Energy (Pena) to the Third Annual Meeting of the Energy Ministers of the Western Hemisphere held in Caracas, Venezuela in January 1998, and to participate on various discussion panels during the conference.
- Invited to participate at a number of international renewable energy conferences hosted by The World Bank and the US Agency for International Development.

Idaho Power Company

March 1979 to October 1999

Idaho Power Company is the largest investor-owned electric utility serving in Idaho with 2004 revenues of \$844.5 million, total plant investment of approximately \$3.2 billion and over 440,000 customers.

Senior Manager, Strategic Planning

January 1991 to October
1999

As Senior Manager of Strategic Planning, I reported directly to the Chairman of the Board and CEO of the company. I was responsible for directing all corporate strategic planning activities of the company, including regulatory initiatives and merger and acquisition activities. I was responsible for the preparation of the annual economic forecast used by the major business units of the company in the preparation of their annual business plans, operating budgets and capital requirements. I was also responsible for overseeing the company's research and development programs and projects

dealing with new technologies or improvements in operating practices.

- Developed a rate mechanism that tracks and recovers changes or fluctuations in the company's cost of production (PCA), including formulation of the concept, plan and the regulatory strategy to secure approval of the regulatory commissions having jurisdiction over the company.
- Directed the litigation team that participated in the PacifiCorp/Utah Power merger appearing before the Idaho PUC and the Federal Energy Regulatory Commission. Negotiated the settlement agreement between the parties, resulting in significant benefits to Idaho Power Company including firm transmission service in Utah, ownership of a major strategic substation, additional transmission revenue and favorable resolution of a number of pending regulatory disputes.
- Negotiated a comprehensive transmission services agreement between the company and Bonneville Power Administration that resulted in annual revenues of approximately \$1.5 million.
- Identified new business opportunities for the company and prepared the requisite business plans and analysis.

Honors

- Recognized for developing Idaho Power Company's innovative "first-of-its-kind" solar energy program that won unanimous approval from the regulatory commissions. This effort established Idaho Power as a domestic and international leader with renewable energy technologies.
- Selected by the IEA Executive Committee to chair the Organizing Committee for the highly acclaimed 1995 International Executive Conference on Photovoltaics (Solar Energy) sponsored by the International Energy Agency and hosted by Idaho Power Company.
- Selected by the US Department of Energy to represent the United States on the Organizing Committee for the 1999 International Executive Conference on Photovoltaics that was organized under the auspices of the International Energy Agency.

Manager, Power Management

1986 to 1991

- Responsible for the management of a department consisting of 45 senior level engineers, analysts and technical experts dealing with generation resource planning, transmission system planning, wholesale power marketing and wholesale bilateral contract development and administration.
- Responsible for directing all regulatory activities with the Federal Energy Regulatory Commission dealing with wholesale power and transmission services rates, terms and conditions and related contract approvals.
- Responsible for negotiating wholesale power contracts and transmission service agreements that generated \$40MM in annual revenues and rates of return for Idaho Power exceeding the average ROR for the company by 500 to 600 basis points.

Manager of Rates and Regulatory Affairs

1979 to 1986

- Responsible for preparing all materials required for the company's rate filings before the Idaho, Oregon and Nevada state regulatory commissions having jurisdiction over the company, as well as the Federal Energy Regulatory Commission.
- Developed a multi-jurisdictional cost-of-service/revenue requirements model that was accepted by all state and federal commissions having jurisdiction over the company.
- Developed a series of innovative class cost of service and rate design models.
- Developed and directed a load research program for the company.

Wisconsin Electric Power Company

1978 to 1979

Project Coordinator, Rate Department

I was responsible for all rate and regulatory filings before the Wisconsin and Michigan Public Utility Commissions and the Federal Energy Regulatory Commission. These activities included preparing jurisdictional separation and revenue requirement studies, cost-of-service studies, rate design studies, load research information and the testimony related to these studies as required by the commissions

in support of retail and wholesale rate filings. I developed the first computerized cost-of-service model for the company that was accepted by all three commissions having jurisdiction over the company.

Southeast Colorado Power Association

1971 to 1978

General Manager

I was the Chief Operating Officer of an electric distribution cooperative with 50 employees. Responsible to the Board of Directors for all matters relating to the operation of the cooperative including financial planning, marketing, budgeting, quality of service and all regulatory proceedings before the Colorado Public Utilities Commission.

EDUCATION

Bachelor of Science - Economics, *University of Maryland*, College Park, Maryland

LANGUAGE SKILLS

Fluent in Spanish, (FSI rating of 4) and conversational in Portuguese

CONTACT INFORMATION

Larry A Crowley, President & Director
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Operating Income
 Pro Forma at Present and Proposed Rates
 12 Months Ending December 31, 2007 - Adjusted

Table No 1
 Earned Rate of Return with Additional Revenue Requirements

Line No	Description	[1] ROR Before Additional Revenues	[2] Proposed Additional Revenues	[3] ROR With Additional Revenues
1	Total Water Rate Base	(50,993)	-	(50,993)
	Total Operating Revenues:			
2	Total Unmetered Water Revenues	198,827	99,256	298,082
3	Other Sales or Adjustments	1,970	-	1,970
4	Other Operating Revenues	45,200	-	45,200
5	Total Revenues	245,996	99,256	345,252
	Total Operating Expenses:			
6	Operation & Maintenance Expenses	192,210	249	192,459
7	Depreciation Expense	3,091	-	3,091
8	Amortization Expense	89,140	-	89,140
9	Taxes Other Than Income Taxes	726	-	726
10	Total Operating Expenses	285,166	249	285,415
11	Utility Operating Income Before Taxes	(39,170)	99,007	59,837
	Income Taxes:			
12	Federal	-	32,608	32,608
13	State	-	5,841	5,841
14	Total Operating Expenses	285,166	38,698	323,864
15	Total Operating Income (Losses) - \$	(39,170)	60,558	21,387

Operating Income
Pro Forma at Present and Proposed Rates
12 Months Ending December 31, 2007 - Adjusted

Table No 2
Determination of Jurisdictional Revenue Deficiency

Line No	Description	[1] Total Utility	[2] Total ID Jurisdiction	[3] COSS Reference
1	Total Utility Rate Base - Adjusted	\$ (79,289)	\$ (50,993)	Table No 1
	Total Operating Revenues			
2	Total Sales Revenues	434,985	198,827	Table No 5
3	Other Sales or Adjustments	3,939	1,970	Table No 5
4	Other Operating Revenues	45,200	45,200	Table No 5
5	Total Revenues	484,124	245,996	
	Total Operating Expenses			
6	Operation & Maintenance Expenses	436,702	192,210	Table No 6
7	Depreciation Expense	61,736	3,091	Table No 7
8	Amortization Expense	89,140	89,140	Table No 7
9	Taxes Other Than Income Taxes	726	726	Table No 7
10	Total Operating Expenses	588,303	285,166	
11	Utility Operating Income Before Taxes	(104,179)	(39,170)	
	Income Taxes:			
12	Federal	-	-	Table Nos 7/8
13	State	-	-	Table Nos 7/8
14	Total Operating Expenses	588,303	285,166	
15	Total Operating Income	(104,179)	(39,170)	
	Revenue Deficiency & Requirements			
16	Income Deficiency (Line 15)		39,170	
17	Operating Margin Requirements - 7.5% of Total Oper Exps		21,387	
18	Total Income Deficiency		60,558	
19	Net-to-Gross Multiplier		1.6390	
20	Revenue Deficiency - \$ (Line 18*Line 19)		\$ 99,256	
21	Revenue Deficiency - % (Line 20/Line 2)		49.92%	
22	Total Revenue Requirements - \$ (Line 5 + Line 20)		345,252	
23	Less Other Operating Revenues (Lines 3 + 4)		47,170	
24	Revenue Requirements From Water Sales		\$ 298,082	

Operating Income
Pro Forma at Present and Proposed Rates
12 Months Ending December 31, 2007 - Adjusted

Table No 3
Water Utility Rate Base - Idaho

Line No	Description	[1] Total Utility	[2] Total ID Jurisdiction	[3] COSS Reference
	Utility Plant in Service - Account 101:			
1	Water Plant in Service - Total	3,176,409	3,176,409	Table No 1
2	Sewer Utility in Plant - Total	2,783,660	-	Table No 1
3	Total Utility Plant in Service	5,960,069	3,176,409	
4	Net Correcting Adjustment to Utility Plant in Service - Water	12,363	12,363	Table No 1
5	Adjusted Total Utility Plant in Service	5,972,432	3,188,772	
	Less:			
6	Contributions in Aid of Construction (CIAC) - 271	(5,960,069)	(3,176,409)	Table No 1
7	Correcting Adjustment to Contributions in Aid of Construction	-	-	
8	Adjusted Total Contributions in Aid of Construction	(5,960,069)	(3,176,409)	
9	Subtotal of Investor Owned Assets for Rate Base	12,363	12,363	Table No 1
10	Less: Accumulated Provision for Depreciation	-	-	
11	Correcting Adjustment to Accumulated Provision for Depreciation	1,545	1,545	Table No 1
12	Adjusted Total Accumulated Provision for Depreciation	1,545	1,545	
13	Less: Accumulated Amortization of CIAC - 272	147,785	89,140	Table No 1
14	Correcting Adjustment to Accumulated Amortization of CIAC	-	-	
15	Adjusted Total Accumulated Amortization of CIAC	147,785	89,140	
16	Total Accumulated Depreciation Net of Accumulated Amort of CIAC	146,240	87,595	
17	Net Plant in Service	(133,877)	(75,232)	
	Working Capital:			
18	1/8 O&M Expenses - Water	24,238	24,238	Table No 1
19	1/8 O&M Expenses - Sewer	30,349	-	
20	Total Utility Rate Base	(79,289)	(50,993)	

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
 Development of Revenue Requirements
 Based on the 12 Months Ending December 31, 2007

Table No. 101: Utility Plant in Service - Account 101

Line No	Description/Account No	[1] Allocation Factor/Ref	[2] Total Utility Per Books	[3] Pro Forma Adjustments	[4] Test Year Adjusted	[5] Unregulated Sewer	[6] Regulated Water
Utility Plant in Service - Account 101:							
1	Water Plant in Service - Total	Table No 3	3,176,409	-	3,176,409	-	3,176,409
2	Sewer Utility in Plant - Total	Table No 3	2,783,660	-	2,783,660	2,783,660	-
3	Total Utility Plant in Service		5,960,069	-	5,960,069	2,783,660	3,176,409
4	Net Correcting Adjustment to Utility Plant in Service - Water		12,363	-	12,363	-	12,363
5	Adjusted Total Utility Plant in Service		5,972,432	-	5,972,432	2,783,660	3,188,772
6	Less: Contributions in Aid of Construction (CIAC) - 271	Table No 4	(5,960,069)	-	(5,960,069)	(2,783,660)	(3,176,409)
7	Correcting Adjustment to Contributions in Aid of Construction		(5,960,069)	-	(5,960,069)	(2,783,660)	(3,176,409)
8	Adjusted Total Contributions in Aid of Construction		-	-	-	-	-
9	Subtotal of Investor Owned Assets for Rate Base	Line 5 - Line 8	12,363	-	12,363	-	12,363
10	Less: Accumulated Provision for Depreciation	Table No 4	-	1,545	-	-	-
11	Correcting Adjustment to Accumulated Provision for Depreciation		-	1,545	1,545	-	1,545
12	Adjusted Total Accumulated Provision for Depreciation		-	1,545	1,545	-	1,545
13	Less: Accumulated Amortization of CIAC - 272	Table No 4	-	147,785	147,785	58,645	89,140
14	Correcting Adjustment to Accumulated Amortization of CIAC		-	147,785	147,785	58,645	89,140
15	Adjusted Total Accumulated Amortization of CIAC		-	147,785	147,785	58,645	89,140
16	Total Accumulated Depreciation Net of Accumulated Amort of CIAC	Line 12 - Line 15	-	(146,240)	(146,240)	(58,645)	(87,595)
17	Net Plant in Service	Line 9 + Line 16	12,363	(146,240)	(133,877)	(58,645)	(75,232)
18	Working Capital:						
19	1/8 O&M Expenses - Water	Table No 6	21,949	2,289	24,238	-	24,238
19	1/8 O&M Expenses - Sewer	Table No 6	39,655	(9,306)	30,349	30,349	-
20	Total Utility Rate Base		\$ 73,967	(153,257)	(79,289)	(28,296)	(50,993)

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
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Line No	Description/Account No	[1] Allocation Factor/Ref	[2] Total Utility Per Books	[3] Pro Forma Adjustments	[4] Test Year Adjusted	[5] Unregulated Sewer	[6] Regulated Water
1	Cost of Service & Revenue Requirements						
	Total Rate Base Including CWIP	Table No 1	73,967	(153,257)	(79,289)	(28,296)	(50,993)
2	Revenue and Expenses at the Required Rate of Return						
	Unmetered Water Sales - Residential - 460.1	Table No 5	170,400	15,840	186,240		186,240
	Unmetered Water Sales - Commercial - 460.2	Table No 5	4,800	-	4,800		4,800
	Unmetered Water Sales - Multi-Family Units - 460.5	Table No 5	7,787	7,787	7,787		7,787
	Other Sales or Adjustments - 460.6	Table No 5	374	(374)	-		-
	Other Operating Water Revenues - 462/474	Table No 5	45,200	23,253	45,200		45,200
	Total Water Sales Revenues		220,774	-	244,027		244,027
	Other Operating Revenues - 419.1/2	Table No 5	3,939	-	3,939	1,970	1,970
	Total Sewer Revenues	Table No 5	236,158	-	236,158	236,158	1,970
	Total Utility Operating Revenues		460,871	23,253	484,124	238,128	245,996
11	Operating Expenses:						
	Operation & Maintenance Expenses	Table No 6	492,835	(56,133)	436,702	244,492	192,210
	Depreciation/Amortization Expense - Water	Table No 7	3,091	-	3,091	-	3,091
	Depreciation/Amortization Expense - Sewer/Water	Table No 7	147,785	147,785	147,785	58,645	89,140
	Taxes Other Than Income Taxes	Table No 7	109	617	726	-	726
	Total Operating Expenses		496,035	92,269	588,303	303,137	285,166
	Operating Income Taxes Before Income Taxes		(35,164)	(69,016)	(104,179)	(65,009)	(39,170)
	Income Taxes:						
	Federal Taxes	Table No 7	-	-	-	-	-
	State Taxes	Table No 7	-	-	-	-	-
	Total Operating Expenses		496,035	92,269	588,303	303,137	285,166
20	Net Operating Income (Losses)		(35,164)	(69,016)	(104,179)	(65,009)	(39,170)
21	Revenue Deficiency & Requirements						
	Income Deficiency (Line 20)		35,164	69,016	104,179	65,009	39,170
	Operating Margin Requirements - 7.5% of Total Operating Expenses				44,123	22,735	21,287
	Total Income Deficiency				148,302	87,745	60,558
	Net-to-Gross Multiplier	Exhibit No LAC-5			1.6390	1.6390	1.6390
	Revenue Deficiency - \$ (Line 23*(Line 24); Revenue Deficiency - % (Line 25/(Lines 2,3+4))				243,072	143,816	99,256
	Total Revenue Requirements - \$ (Line 10 + Line 25)				50,21%	60.39%	49.92%
	Less Other Operating Revenues (Lines 6 + Line 8)						
	Revenue Requirements From Water Sales				\$ 727,196	\$ 381,944	\$ 345,252
							\$ (47,170)
							\$ 298,082

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
 Development of Revenue Requirements
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Line No	Description/Account No	[1] Allocation Factor/Ref	[2] Total Utility Per Books	[3] Pro Forma Adjustments	[4] Test Year Adjusted	[5] Unregulated Sewer	[6] Regulated Water
Water Plant in Service (1):							
Intangible Plant - 301/303							
1	Organization - 301 (*)	-	-	-	-	-	-
2	Franchises & Consents - 302 (*)	-	-	-	-	-	-
3	Land & Land Rights - 303 (**)	-	-	-	-	-	-
4	Total Intangible Plant	-	-	-	-	-	-
Supply & Treatment - 304/320							
5	Structures & Improvements - 304	DA	3,455	-	3,455	-	3,455
6	Collecting & Impounding Reservoirs - 305	DA	-	-	-	-	-
7	Lake, River & Other Intakes - 306	DA	-	-	-	-	-
8	Wells - 307	DA	236,936	-	236,936	-	236,936
9	Infiltration Galleries & Tunnels - 30E	DA	-	-	-	-	-
10	Supply Mains - 309	DA	1,519,722	-	1,519,722	-	1,519,722
11	Power Generation Equipment - 310	DA	-	-	-	-	-
12	Power Pumping Equipment - 311	DA	13,960	-	13,960	-	13,960
13	Purification Systems - 320	DA	-	-	-	-	-
14	Total Supply & Treatment Plant	DA	1,774,074	-	1,774,074	-	1,774,074
Transportation & Distribution Plant - 330/339							
15	Distribution Reservoirs & Standpipes - 330	DA	364,256	-	364,256	-	364,256
16	Trans & Dist Mains & Accessories - 331	DA	579,930	-	579,930	-	579,930
17	Services - 333	DA	-	-	-	-	-
18	Meters & Meter Installations - 334	DA	-	-	-	-	-
19	Hydrants - 335	DA	179,956	-	179,956	-	179,956
20	Backflow Prevention Devices - 336	DA	-	-	-	-	-
21	Other Plant & Miscellaneous Equipment - 339	DA	-	-	-	-	-
22	Total Transmission & Distribution Plant	DA	1,124,141	-	1,124,141	-	1,124,141

Notes:
 (*) Amortizable
 (**) Nondepreciable

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
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 Based on the 12 Months Ending December 31, 2007

Table No. 3 - Utility Plant in Service

Line No	Description/Account No	[1] Allocation Factor/Ref	[2] Total Utility Per Books	[3] Pro Forma Adjustments	[4] Test Year Adjusted	[5] Unregulated Sewer	[6] Regulated Water
General Plant - 340/348							
1	Office Furniture & Equipment - 340	DA	-	-	-	-	-
2	Transportation Equipment - 341	DA	-	-	-	-	-
3	Stores Equipment - 342	DA	-	-	-	-	-
4	Tools, Shop & Garage Equipment - 343	DA	-	-	-	-	-
5	Laboratory Equipment - 344	DA	-	-	-	-	-
6	Power Operated Equipment - 345	DA	-	-	-	-	-
7	Communications Equipment - 346	DA	-	-	-	-	-
8	Miscellaneous Equipment - 347	DA	278,194	-	278,194	-	278,194
9	Other Intangible Equipment - 348	DA	278,194	-	278,194	-	278,194
10	Total General Plant						
11	Total Water Utility Plant In Service		\$ 3,176,409	\$ -	\$ 3,176,409	\$ -	\$ 3,176,409
Sewer Plant in Service (2):							
12	Pressure Sewers, Force Mains	DA	179,446	-	179,446	179,446	-
13	Gravity Mains	DA	903,388	-	903,388	903,388	-
14	Manholes	DA	559,266	-	559,266	559,266	-
15	Lift Stations	DA	398,744	-	398,744	398,744	-
16	Service Lines	DA	497,915	-	497,915	497,915	-
17	Engineering Services	DA	244,901	-	244,901	244,901	-
18	Total Sewer Utility Plant In Service		\$ 2,783,660	\$ -	\$ 2,783,660	\$ 2,783,660	
19	Total Water & Sewer Plant in Service		\$ 5,960,069	\$ -	\$ 5,960,069	\$ -	

Notes:
 (1) Per Revised Appendix A - CH2MHill
 (2) Per Revised Appendix B - CH2MHill

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
 Development of Revenue Requirements
 Based on the 12 Months Ending December 31, 2007

Table 6 - Accumulated Provision For Depreciation

Line No	Description/Account No	[1] Allocation Factor/Ref	[2] Total Utility Per Books	[3] Pro Forma Adjustments	[4] Test Year Adjusted	[5] Unregulated Sewer	[6] Regulated Water
Water Plant - Accumulated Provision (1) :							
Intangible Plant - 301/303							
1	Organization - 301						
2	Franchises & Consents - 302						
3	Land & land Rights - 303						
4	Total Intangible Plant						
Supply & Treatment - 304/320							
5	Structures & Improvements - 304	DA	262		262		262
6	Collecting & Impounding Reservoirs - 305	DA					
7	Lake, River & Other Intakes - 306	DA					
8	Wells - 307	DA	23,454		23,454		23,454
9	Infiltration Galleries & Tunnels - 30E	DA					
10	Supply Mains - 309	DA	227,933		227,933		227,933
11	Power Generation Equipment - 310	DA					
12	Power Pumping Equipment - 311	DA	4,217		4,217		4,217
13	Purification Systems - 320	DA					
14	Total Supply & Treatment Plant		255,866		255,866		255,866
Transportation & Distribution Plant - 330/339							
15	Distribution Reservoirs & Standpipes - 330	DA	36,058		36,058		36,058
16	Trans & Dist Mains & Accessories - 331	DA	58,964		58,964		58,964
17	Services - 333	DA					
18	Meters & Meter Installations - 334	DA					
19	Hydrants - 335	DA	18,277		18,277		18,277
20	Backflow Prevention Devices - 336	DA					
21	Other Plant & Miscellaneous Equipment - 339	DA					
22	Total Transmission & Distribution Plant		113,299		113,299		113,299

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
 Development of Revenue Requirements
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Line No	Description/Account No	[1] Allocation Factor/Ref	[2] Total Utility Per Books	[3] Pro Forma Adjustments	[4] Test Year Adjusted	[5] Unregulated Sewer	[6] Regulated Water
General Plant - 340/348							
1	Office Furniture & Equipment - 340	-	-	-	-	-	-
2	Transportation Equipment - 341	-	-	-	-	-	-
3	Stores Equipment - 342	-	-	-	-	-	-
4	Tools, Shop & Garage Equipment - 343	-	-	-	-	-	-
5	Laboratory Equipment - 344	-	-	-	-	-	-
6	Power Operated Equipment - 345	-	-	-	-	-	-
7	Communications Equipment - 346	-	-	-	-	-	-
8	Miscellaneous Equipment - 347	-	-	-	-	-	-
9	Other Intangible Equipment - 348	-	-	-	-	-	-
10	Total General Plant	-	-	-	-	-	-
11	Total Accumulated Provision for Depreciation - Water	-	369,165	-	369,165	-	369,165
Sewer Plant in Service (2):							
12	Pressure Sewers, Force Mains	DA	20,894	-	20,894	20,894	-
13	Gravity Mains	DA	114,787	-	114,787	114,787	-
14	Manholes	DA	52,196	-	52,196	52,196	-
15	Lift Stations	DA	33,844	-	33,844	33,844	-
16	Service Lines	DA	56,107	-	56,107	56,107	-
17	Engineering Services	DA	-	-	-	-	-
18	Total Accumulated Provision for Depreciation - Sewer	-	277,828	-	277,828	277,828	-
19	Total Utility Accumulated Provision for Depreciation	-	646,993	-	646,993	-	-

Notes:
 (1) Per Revised Appendix A - CH2MHill
 (2) Per Revised Appendix B - CH2MHill

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
 Development of Revenue Requirements
 Based on the 12 Months Ending December 31, 2007

Table No. 5 - Operating Revenues

Line No	Description/Account No	[1] Allocation Factor/Ref	[2] Total Utility Per Books	[3] Pro Forma Adjustments	[4] Test Year Adjusted	[5] Unregulated Sewer	[6] Regulated Water
Water Revenues - 460/474							
1	Unmetered Water Revenue - 460						
2	Sales to Residential Customers - 460.1	Direct Assign	170,400	15,840	186,240		186,240
3	Sales to Commercial Customers - 460.2	Direct Assign	4,800	-	4,800		4,800
4	Sales to Industrial Customers - 460.3		-	-	-		-
5	Sales to Public Authorities - 460.4		-	7,787	7,787		7,787
6	Sales to Multiple Family Dwellings - 460.5	Direct Assign	374	(374)	-		-
7	Other Sales or Adjustments - 460.6	Direct Assign	175,574	23,253	198,827		198,827
8	Total Unmetered Water Revenues						
Metered Water Revenue - 461							
9	Sales to Residential Customers - 461.1		-	-	-		-
10	Sales to Commercial Customers - 461.2		-	-	-		-
11	Sales to Industrial Customers - 461.3		-	-	-		-
12	Sales to Public Authorities - 461.4		-	-	-		-
13	Sales to Multiple Family Dwellings - 461.5		-	-	-		-
14	Total Metered Water Revenues						
Fire Protection Revenue - 462							
15	Sales to Irrigation Customers - 465		-	-	-		-
16	Sales for Resale - 466		-	-	-		-
17	Guaranteed Revenues - 469		-	-	-		-
18	Other Water Revenues (Meters) - 474		45,200	-	45,200		45,200
19	Total Water Revenues	Direct Assign	220,774	23,253	244,027		244,027
Other Operating Revenues - 419.1/2							
20	Bank Interest Income - 419.1	50/50	630	-	630	315	315
21	Interest/Late Fee - 419.2	50/50	3,309	-	3,309	1,654	1,654
Sewer Revenues							
22	Sewer Active Fee						
23	Standby Sewer Charges	Direct Assign	88,569	-	88,569	88,569	-
24	Other Sewer Revenues	Direct Assign	147,589	-	147,589	147,589	-
25	Total Sewer Revenues	Direct Assign	236,158	-	236,158	236,158	-
26	Total Utility Revenues		460,871	23,253	484,124	238,128	245,996

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
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 Based on the 12 Months Ending December 31, 2007

Table No. 5 - Operating & Maintenance Expenses

Line No	Description/Account No	Account No	[1] Allocation Factor/Ref	[2] Total Utility Per Books	[3] Pro Forma Adjustments	[4] Test Year Adjusted	[5] Unregulated Sewer	[6] Regulated Water
Operating Expenses - Water:								
1	Labor - Operation & Maintenance	601.1-6		35,982	-	35,982	-	35,982
2	Labor - Customer Accounts	601.7		-	-	-	-	-
3	Labor - Administrative & General	601.8		-	-	-	-	-
4	Salaries - Officers & Directors	603		-	-	-	-	-
5	Employee Pensions & Benefits	604		-	-	-	-	-
6	Purchased Water	610		-	-	-	-	-
7	Purchased Power	615		8,872	-	8,872	-	8,872
8	Fuel for Power Production	616		-	-	-	-	-
9	Chemicals	618		1,768	4,390	6,159	-	6,159
10	Materials & Supplies - Operation & Maintenance	620.1-6		27,848	-	27,848	-	27,848
11	Materials & Supplies - Administrative & General	620.7-11	50/50	3,396	-	3,396	1,698	1,698
12	Contract Services - Billing	630		-	-	-	-	-
13	Contract Services - Professional	631		43,024	-	43,024	-	43,024
14	Contract Services - Testing	635		2,330	40	2,330	-	2,330
15	Contract Services - Other	636		28,785	2,215	31,000	-	31,000
16	Rents	640		-	-	-	-	-
17	Transportation Expenses	650		-	-	-	-	-
18	Insurance Expense	655		-	-	-	-	-
19	Regulatory Commission Expenses	665		-	11,667	11,667	-	11,667
20	Bad Debt Expense	670		-	-	-	-	-
21	Miscellaneous Expenses - Cost of Meters	675		-	-	-	-	-
22	Total Operating Expenses - Water			<u>23,631</u>	<u>18,312</u>	<u>23,631</u>	<u>1,698</u>	<u>23,631</u>
				<u>175,596</u>	<u>18,312</u>	<u>193,908</u>	<u>1,698</u>	<u>192,210</u>
Operating Expenses - Sewer:								
23	Sewer - Licenses, Fees & Permit			50	-	50	50	-
24	Sewer - Contract Labor			31,185	-	31,185	31,185	-
25	Sewer - Grounds Maintenance			1,026	-	1,026	1,026	-
26	Sewer - City of Victor			19,308	-	19,308	19,308	-
27	Sewer - Utilities			8,281	-	8,281	8,281	-
28	Sewer - Legal Fees			53,129	-	53,129	53,129	-
29	Sewer - Repairs & Maintenance			13,724	-	13,724	13,724	-
30	Sewer - Operating Supplies			1,260	-	1,260	1,260	-
31	Sewer - Software			4,720	-	4,720	4,720	-
32	Sewer - Reserve (2% of Asset)			60,000	-	60,000	60,000	-
33	Sewer - Jetting & Camera			100,556	(80,445)	20,111	20,111	-
34	Sewer - Management Fee			24,000	6,000	30,000	30,000	-
35	Total Operating & Maintenance Expenses - Sewer			<u>317,239</u>	<u>(74,445)</u>	<u>242,794</u>	<u>242,794</u>	<u>-</u>
36	Total Utility Operating & Maintenance Expenses			<u>492,835</u>	<u>(56,133)</u>	<u>436,702</u>	<u>244,492</u>	<u>192,210</u>

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
 Development of Revenue Requirements
 Based on the 12 Months Ending December 31, 2007

Table No 7 Depreciation & Amortization Expenses & Taxes

Line No	Description/Account No	Account No	[1] Allocation Factor/Ref	[2] Total Utility Per Books	[3] Pro Forma Adjustments	[4] Test Year Adjusted	[5] Unregulated Sewer	[6] Regulated Water
Depreciation Expense - Water - Account 403								
1	Source of Supply Plant			-	-	-	-	-
2	Pumping Plant			-	-	-	-	-
3	Transmission and Distribution Plant			-	-	-	-	-
4	General Plant			3,091	3,091	3,091	-	3,091
5	Total Depreciation Expense - Water			3,091	-	3,091	-	3,091
6	Depreciation Expense - Sewer			-	58,645	58,645	58,645	-
Amortization Expense - Account 406/7								
7	Source of Supply Plant			-	37,240	37,240	-	37,240
8	Pumping Plant			-	698	698	-	698
9	Transmission and Distribution Plant			-	23,383	23,383	-	23,383
10	General Plant			-	27,819	27,819	-	27,819
11	Total Amortization Expense - Water			-	89,140	89,140	-	89,140
Taxes Other Than Income Taxes - Account 408								
12	Regulatory Fees - PUC - 408.1			-	617	617	-	617
13	Property Taxes - 408.2			109	-	109	-	109
14	Other Taxes - DEQ Fees - 408.3			-	-	-	-	-
15	Payroll Taxes - 408.4			-	-	-	-	-
16	Franchise Fees - 408.5			-	-	-	-	-
17	Other Fees & Licenses - 408.6			-	-	-	-	-
18	Total Taxes Other Than Income Taxes			109	617	726	-	726
Federal & State Income Taxes - Account 409								
19	Federal Income Taxes - 409.1			-	-	-	-	-
20	State Income Taxes - 409.2			-	-	-	-	-
21	Total Income Taxes			-	-	-	-	-
Interest and Debt Service Expense								
22	Interest on Long-Term Debt - 427.3			-	-	-	-	-
23	Other Interest Expense - 427.5			-	-	-	-	-
24	Other-Bad Debt Expense			-	-	-	-	-
25	Total Interest/Debt Service Expense			-	-	-	-	-

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
 Development of Revenue Requirements
 Based on the 12 Months Ending December 31, 2007

Table No 8 - Calculation of Federal & State Income Taxes

Line No	Description/Account No	[1] Allocation Factor/Ref	[2] Total Utility Per Books	[3] Pro Forma Adjustments	[4] Test Year Adjusted	[5] Unregulated Sewer	[6] Regulated Water
Calculation of Federal & State Income Taxes - Account 409 (At present and proposed rates)							
1	Operating Income Before Income Taxes	Table No 2, Line 16	(35,164)	(69,016)	(104,179)	(65,009)	(39,170)
2	Less Tax Deductions:						
3	Interest Expense						
4	Excess tax over depreciation						
5	Total Tax Deductions						
5	Taxable Income - State (Line 1 - Line 4)		(35,164)	(69,016)	(104,179)	(65,009)	(39,170)
6	State Income Tax @ 5.9 percent	5.90%	(2,075)	(4,072)	(6,147)	(3,836)	(2,311)
7	Federal Taxable Income (Line 5 - Line 6)		(33,089)	(64,944)	(98,033)	(61,174)	(36,859)
8	Federal Income Taxes @ 35 percent	35.00%	(11,581)	(22,730)	(34,311)	(21,411)	(12,901)
9	Less Amortization of ITC						
10	Less Production Credits						
11	Net Federal Income Tax Expense		(11,581)	(22,730)	(34,311)	(21,411)	(12,901)
Income Taxes at Proposed Rates - Water							
12	Operating Income Before Income Taxes	Table No 2, Line 26					
13	Revenue Deficiency - Proposed Rates						
14	Less Tax Deductions:						
15	Interest Expense						
16	IPUC Assessment Fee						
17	Total Tax Deductions						
17	Taxable Income - State (Line 12 + Line 13 - Line 16)						
18	State Income Tax @ 5.9 percent - Water	5.90%					
19	Federal Taxable Income (Line 17 - Line 18)						
20	Federal Income Taxes @ 35 percent	35.00%					
21	Less Amortization of ITC						
22	Less Production Credits						
23	Net Federal Income Tax Expense - Water						

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
 Schedule of Accounts
 For the 12 Months Ending December 31, 2007

Summary of Adjustments

Line No.	Description	Account Number	[1] Per Books Amount	[2] Adjustment No. 1	[3] Adjustment No. 2	[4] Adjustment No. 3	[5] Adjustment No. 4	[6] Adjustment No. 5	[7] Adjustment No. 6	[8] Adjustment No. 7	[9] Adjustment No. 8	[10] Adjusted Amount
Revenues (400):												
1	Unmetered Water Revenue - 460											
2	Sales to Residential Customers	460.1	170,400									186,240
3	Sales to Commercial Customers	460.2	4,800									4,800
4	Sales to Industrial Customers	460.3	-									-
5	Sales to Public Authorities	460.4	-									-
6	Sales to Multiple Family Dwellings	460.5	-				7,787					7,787
7	Other Sales	460.6	(374)				374					-
8	Total Unmetered Water Revenues		174,826				24,000					198,827
9	Metered Water Revenue	461	-									-
10	Fire Protection Revenue	462	-									-
11	Sales to Irrigation Customers	465	-									-
12	Sales for Resale	466	-									-
13	Guaranteed Revenues	469	-									-
14	Other Water Revenues (Meters)	474	45,200									45,200
15	Total Water Revenues		220,026				24,000					244,027
Operating Expenses (401):												
16	Labor - Operation & Maintenance	601.1-6	35,982									35,982
17	Labor - Customer Accounts	601.7	-									-
18	Labor - Administrative & General	601.8	-									-
19	Salaries - Officers & Directors	603	-									-
20	Employee Pensions & Benefits	604	-									-
21	Purchased Water	610	8,872									8,872
22	Purchased Power	615	-									-
23	Fuel for Power Production	616	-									-
24	Chemicals	618	1,768			4,390						6,159
25	Materials & Supplies - Operation & Maintenance	620.1-6	27,848									27,848
26	Materials & Supplies - Administrative & General	620.7-11	3,396									3,396
27	Contract Services - Billing	630	-									-
28	Contract Services - Professional	631	43,024									43,024
29	Contract Services - Testing	635	2,290					40				2,330
30	Contract Services - Other	636	28,785	6,000	(3,785)							31,000
31	Rents	640	-									-
32	Transportation Expenses	650	-									-
33	Insurance Expense	655	-									-
34	Regulatory Commission Expenses	665	-						11,667			11,667
35	Bad Debt Expense	670	-									-
36	Miscellaneous Expenses - Cost of Meters	675	23,631	6,000	(3,785)	4,390		40		11,667		23,631
37	Total Operating Expenses		175,596	6,000	(3,785)	4,390		40		11,667		193,908
Other Operating Expenses:												
38	Depreciation Expense	403	3,091									3,091
39	Amortization Expense - Other	407	-								89,140	89,140
40	Regulatory Fees (PUC)	408.1	-						617			617
41	Property Taxes	408.2	109									109
42	Payroll Taxes	408.3	-									-
43	Other Taxes - DEQ/DWR	408.4	674									674
44	Other Taxes - Other Fees & Licenses	408.5	-									-
45	Federal Income Taxes	409.1	-									-
46	State Income Taxes	409.2	-									-
47	Total Other Operating Expenses		3,874						617		89,140	93,631
48	Total Expenses from Operations (Before Interest)		179,470	6,000	(3,785)	4,390		40	617	11,667	89,140	287,538
49	Net Operating Income		40,557	(6,000)	3,785	(4,390)	24,000	(40)	(617)	(11,667)	(89,140)	(43,512)

Teton Springs Water & Sewer Company
Before the Idaho Public Utilities Commission
Adjustments to Operating Results
For the 12 Months Ending December 31, 2007

Adjustment No 1

<u>Line No</u>	<u>Description</u>	<u>Amount</u>
1	Adjust Management Fees: To annualize the increase in management fees and expenses for the test year.	
2	Actual expenses incurred January 1 to December 31, 2007.	\$ 24,000
3	Add annual increase for TY 2007	<u>6,000</u>
4	Total Annualized Expenses	\$ 30,000
5	Adjustment for TY 2007	<u>\$ 6,000</u>

Teton Springs Water & Sewer Company
Before the Idaho Public Utilities Commission
Adjustments to Operating Results
For the 12 Months Ending December 31, 2007

Adjustment No 2

Line No	Description	Amount
1	Adjust Billing Software Expense: To remove the nonrecurring expenses associated with the acquisition of billing software.	
2	Actual expenses incurred January 1 to December 31, 2007.	\$ 4,785
3	Less nonrecurring expenses for TY 2007	<u>3,785</u>
4	Total Recurring Annualized Expenses	\$ 1,000
5	Adjustment for TY 2007	<u>\$ (3,785)</u>

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
 Adjustments to Operating Results
 For the 12 Months Ending December 31, 2007

Adjustment No 3

Line No	Description	Amount
1	Adjust Chemical (Chlorine) Expenses: To normalize chemical expenses using test year usage at current prices and annualized number of customers and usage.	\$ 1,768
2	Gallons treated from mid-July to December	2,674,000
3	Actual cost per 1000 gallons	\$ 0.66
4	Annualized gallons - test period CY 2007 (Actual treated gallons amounts to 47.66% of the annual amount to be treated)	5,611,000
5	Annualized gallons - test period (CY2007 adjusted for growth of new customers and usage based on the 1st four months of 2008 - see notes below)	9,314,260
6	Annualized cost - Line 5 * Line 3	\$ 6,158
7	Adjustment - Line 6 - Line 1	<u>\$ 4,390</u>

Note: (January-April growth of 66% from 2007):

	CY 2008	CY 2007
	554,000	296,000
	768,000	394,000
	521,000	338,000
	684,000	493,000
	<u>2,527,000</u>	<u>1,521,000</u>

Percent change CY 2008 over CY 2007 66.14%

Teton Springs Water & Sewer Company
Annualized Revenues by Customer Class
Based on the 12 Months Ending December 31, 2007
Annualized for 2008 Number of Customers

Adjustment No 4

Line No	Description	[1] Monthly Rate	[2] 1st Quarter	[3] 2nd Quarter	[4] 3rd Quarter	[5] 4th Quarter	[6] Annual Totals
Unmetered Residential Service:							
1	Number of Active Customers		194	194	194	194	581
2	Total Single Family Building Lots	581	581	581	581	581	581
3	Current Monthly Rate - Active	\$ 80.00					
4	Revenues		\$ 46,560	\$ 46,560	\$ 46,560	\$ 46,560	\$ 186,240
Service Availability - Residential:							
5	Number of Nonactive Customers		387	387	387	387	
6	Proposed Availability Rates						
7	Revenues						
8	Base Availability Charge						
Unmetered Multi-family (1):							
9	Number of Active Customers		73	73	73	73	143
10	Number of Non-active Customers	143	143	143	143	143	143
11	Proposed Monthly Rates	\$ 26.67					
12	Revenues		1,947	1,947	1,947	1,947	7,787
Service Availability - Multi-family:							
13	Number of Nonactive Customers		70	70	70	70	
14	Proposed Availability Rates						
15	Revenues						
16	Base Availability Charge						
Unmetered Commercial Service:							
17	Number of Active Customers		5	5	5	5	14
18	Total Commercial Building Lots	14	14	14	14	14	14
19	Current Monthly Rate - Active	\$ 80.00					
20	Revenues		\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 4,800
Service Availability - Commercial:							
21	Number of Nonactive Customers		9	9	9	9	8
22	Proposed Availability Rates						
23	Revenues						
24	Base Availability Charge						
25	Total Service Revenues:		\$ 49,707	\$ 49,707	\$ 49,707	\$ 49,707	\$ 198,827
26	Total Number of Active Customers:		272	272	272	272	1,088
27	Total Service Revenues per Books (Per Revised P/L):						\$ 174,826
28	Annualizing Adjustment - CY 2007						\$ 24,000

Teton Springs Water & Sewer Company
Before the Idaho Public Utilities Commission
Adjustments to Operating Results
For the 12 Months Ending December 31, 2007

Adjustment No 5

Line No	Description	Amount
1	Adjust Lab Sampling Expenses: To annualize Lab Sampling expenses for the test year.	
2	Actual expenses incurred from March to December 31, 2007.	\$ 2,290
3	Add expenses for January and February, 2007	<u>40</u>
4	Total Annualized Expenses	\$ 2,330
5	Adjustment for CY 2007	<u>\$ 40</u>

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
 Adjustments to Operating Results
 For the 12 Months Ending December 31, 2007

Adjustment No 6

Line No	Description	Amount
1	Adjust IPUC Annual Assessment: To adjust TY IPUC annual assessment based on latest assessment rate and pro forma adjusted revenues.	
2	Actual expenses incurred CY 2007.	\$ -
	Details:	
3	Total Revenues subject to assessment	245,996
4	IPUC assessment rate (*)	0.25070%
5	Pro Forma IPUC Assessment - Line 3*Line 4	\$ 617
6	Test Year Expense - Line 2	\$ -
7	Adjustment - Line 5 - Line 6	<u>\$ 617</u>

(*) Per IPUC Order No 30537, Case No F-2008-1

Teton Springs Water & Sewer Company
 Before the Idaho Public Utilities Commission
 Adjustments to Operating Results
 For the 12 Months Ending December 31, 2007

Adjustment No 7

Line No	Description	Amount
1	Adjust Rate Case Expense Amortization:	
	To amortize over three years the projected level of deferred rate case expenses.	
	(a) Consulting Fees	25,000
	(b) Legal Fees	10,000
	Total	<u>35,000</u>
2	Actual expenses incurred CY 2007.	\$ -
	Details:	
3	Estimated deferred rate case expenses	\$ 35,000
4	Amortization period - Years	3
5	Pro Forma Rate Case Expense Amortization	\$ 11,667
6	Test Year Actual Expense - Line 2	\$ -
7	Adjustment - Line 5 - Line 6	<u>\$ 11,667</u>

Teton Springs Water & Sewer Company
Before the Idaho Public Utilities Commission
Adjustments to Operating Results
For the 12 Months Ending December 31, 2007

Adjustment No 8 - Table 1

<u>Line No</u>	<u>Description</u>	<u>Amount</u>
1	Adjust Depreciation/Amortization Expense: To adjust the test year level of depreciation and/or amortization expense to the proforma level based on plant in service, CIAC and customer advances.	
2	Actual expenses incurred CY 2007.	\$ -
	Details:	
3	Pro forma depreciation/amortization expense for the test year 2007 - per Table No 2.	-
4	Pro Forma Depreciation/Amortization Expense	89,140
5	Test Year Expense - Line 2	\$ -
6	Adjustment - Line 4 - Line 5	<u>\$ 89,140</u>

Teton Springs Water & Sewer
Before the Idaho Public Utilities Commission
Pro Forma Amortization Provision
For the 12 Months Ending December 31, 2007

Adjustment No 8 - Table 2

Line No	Account Number	Account Title	[1] Pro Forma Utility Plant	[2] Pro Forma CIAC	[3] Pro Forma Advances	[4] Net Depreciable Plant	[5] Depreciation Rates	[6] Annual Depreciation
		Source of Supply Plant:						
1	304	Structures and Improvements	3,455	-	-	3,455	2.00%	69
2	305	Collecting and Impounding Reservoirs	-	-	-	-	2.00%	-
3	306	Lake, River and Other Intakes	-	-	-	-	2.00%	-
4	307	Wells and Springs	236,936	-	-	236,936	2.86%	6,776
5	309	Supply Mains	1,519,722	-	-	1,519,722	2.00%	30,394
6	309.1	Other Water Source Plant - Valves	-	-	-	-	4.00%	-
7		Total						37,240
		Pumping Plant:						
8	310.1	Structures and Improvements	-	-	-	-	2.90%	-
9	311.1	Other Power Production Equipment	-	-	-	-	5.00%	-
10	311.2	Electric Pumping Equipment	13,960	-	-	13,960	5.00%	698
11	311.3	Diesel Pumping Equipment	-	-	-	-	5.00%	-
12	311.4	Other Pumping Equipment	-	-	-	-	5.00%	-
13		Total						698
		Water Treatment Plant:						
14	320.1	Structures and Improvements	-	-	-	-	2.90%	-
15	320.2	Water Treatment Equipment-Filtration	-	-	-	-	5.00%	-
16	320.3	Water Treatment Equipment-Chlorination	-	-	-	-	5.00%	-
17		Total						-
		Transmission and Distribution Plant:						
18	330.1	Structures and Improvements	-	-	-	-	2.90%	-
19	330.2	Distribution Reservoirs and Standpipes	364,256	-	-	364,256	2.00%	7,285
20	331	Transmission and Distribution Mains	579,930	-	-	579,930	2.00%	11,599
21	333	Services	-	-	-	-	2.50%	-
22	334	Meters & Meter Installations	-	-	-	-	2.50%	-
23	335	Hydrants	179,956	-	-	179,956	2.50%	4,499
24	336	Backflow Prevention Devices/Other Plant	-	-	-	-	0.00%	-
25		Total						23,383
		General Plant:						
26	339	Structures and Improvements	-	-	-	-	2.50%	-
27	340	Office Furniture and Equipment	-	-	-	-	6.67%	-
28	340.1	Computer Equipment	-	-	-	-	20.00%	-
29	341	Transportation Equipment	-	-	-	-	11.49%	-
30	342	Stores Equipment	-	-	-	-	6.67%	-
31	343	Tools, Shop and Garage Equipment	-	-	-	-	6.67%	-
32	344	Laboratory Equipment	-	-	-	-	6.67%	-
33	345	Power Operated Equipment	-	-	-	-	14.50%	-
34	346	Communication Equipment	-	-	-	-	9.00%	-
35	347	Communication Equipment - SCADA	-	-	-	-	10.00%	-
36	348	Other Intangible Plant/Misc Equipment	-	-	-	-	10.00%	-
37		Total	278,194	-	-	278,194		27,819
38		Totals	3,176,409	-	-	3,176,409		89,140

Teton Springs Water & Sewer Company
Before The Idaho Public Utilities Commission

Exhibit No 8

Net-to-Gross Multiplier for the Idaho Retail Jurisdiction
12 Months Ending December 31, 2007

Idaho Jurisdiction

Line No	Description	Amounts
1	Income Before Income Taxes	100.00%
2	Less Uncollectable Accounts Adjustment	0.00%
3	Less IPUC Assessment Fees (*)	0.250700%
4	Net Revenues	99.749%
5	State Income Tax Rate	5.90%
6	State Income Taxes (Line 4 x Line 5)	5.8852%
7	Federal Tax Base (Line 4-6)	93.86%
8	Times Federal Income Tax Rate	35.00%
9	Federal Income Tax Rate-Effective (Line 7 x Line 8)	32.85%
10	Net Operating Income Factor (line 7-Line 9)	61.01%
11	Gross Revenue Conversion Factor (Line 1/Line 8)	1.6390
12	Combined Tax Rate for ID (Line 6 + Line 9)	38.738%

(*) Per IPUC Order No 30537, Case No F-2008-1

Teton Springs Water & Sewer
Before the Idaho Public Utilities Commission

Calculation of Rates by Customer Class
Based on the 12 Months Ending December 31, 2007 - Adjusted

Line No	Description	[1] No of Customers	[2] Current Rates/Mo	[3] Proposed Rates Monthly Rate	[4] Proposed Rates Quarterly Rates	[5] Annual Revenues
Unmetered Residential:						
1	Total Number of Single Family Lots	581				
2	Total Number of Active Customers	194	\$ 80.00	\$ 50.00	\$ 150.00	116,400
3	Total Number of Inactive Lots	387		\$ 25.00	\$ 75.00	116,100
4	Totals					<u>232,500</u>
Unmetered Commercial:						
5	Total Number of Commercial Lots	19				
6	Total Number of Active Customers	5	\$ 80.00	\$ 150.00	\$ 450.00	9,000
7	Total Number of Inactive Lots	14		\$ 75.00	\$ 225.00	12,600
8	Totals					<u>21,600</u>
Unmetered Multifamily:						
9	Total Number of Multifamily Units	143				
10	Total Number of Active Customers	73	\$ 26.67	\$ 50.00	\$ 150.00	43,800
11	Total Number of Inactive Customers					
12	Totals					<u>43,800</u>
Total Number of billing units:						
13	Total Number of Active Customers	272				169,200
14	Total Number of Inactive Customers/Lots	401				128,700
15	Totals	<u>673</u>				<u>297,900</u>
16	Total Revenue Requirements from Sales: (Exhibit No 5)					\$ 298,082