

EPCOR WATER Consumers Association

In Search of Clean Water

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30 November 2009

Comptroller of Water Rights
Ministry of Environment
Water Stewardship Division
Utility Regulation Section
P.O. Box 9340 Stn. PROV GOVT
Victoria, BC
V8W 9M1

Attention: Secretary to the Comptroller of Water Rights

Dear Sirs:

Re: **EPCOR WATER (West) Inc – 2009-2011 Revenue Requirements Application**

Introduction:

This is a Response to the Application dated September 30, 2009 by EPCOR WATER (West) Inc. (the Utility) for a revenue requirement determination covering the period 2009, 2010, and 2011 and our suggested changes to revenue requirements to arise from the determination (see Schedule A & B).

History:

On June 1, 2009 the Utility applied to the Comptroller pursuant to Section 89 of the Utilities Commission Act for an interim rate increase of **31%** effective July 1, 2009.

By Order 2208 the Comptroller set interim refundable water rates of **14%** to be charged by the Utility, effective July 1, 2009, subject to the final decision of the Comptroller.

The Utility was instructed to provide customers with notification of the interim increase and interim rates as soon as practical and to prepare the Application for revenue requirements and file with the Comptroller by September 30, 2009.

Pursuant to Sections 58-60 and Section 90, the Utility submitted a Rate Requirement Application together with Final Rates to the Comptroller on September 30, 2009. In addition, the Utility circulated an information brochure by direct mail in mid-October 2009 to all customers outlining the interim, refundable Rate increases and the Application for final Rates. Subsequent changes in the Application submitted by the Utility now result in increases of **54.5%** over the test period.

Epcor Water Consumers Association ("the Association") submitted Requests for Information to the Utility on September 7, October 23 and October 30, 2009, to which the Utility responded by November 7, 2009.

These responses have been incorporated into the detailed issues raised in our following submissions (**see attached Schedule A & B**) to the Comptroller to revise and vary the Rate Increases requested in the Application by EWWI.

Background

EPCOR WATER (West) Inc. is a regulated public utility.

1. EPCOR WATER (West) Inc. is a “water utility” under the Water Utility Act (British Columbia) (the “Water Utility Act”). As such the Utility is subject to the regulation and control of the Comptroller.
2. Pursuant to section 4 of the Water Utility Act, the duties, responsibilities and restraints to which a water utility is subject are the same as are imposed on a public utility under the Utilities Commission Act. Further, the powers and jurisdiction of the Comptroller in respect of a water utility are the same as those vested in the British Columbia Utilities Commission in respect of a public utility, and for these purposes, a water utility is deemed to be a public utility and the Utilities Commission Act (other than sections 28, 29 and 45(2), (3), (5) and (6)) applies.
3. EPCOR WATER (West) Inc. is the sole source of water for most people residing in the area between the City of Parksville and the Town of Qualicum Beach, as well as some residents in Qualicum Beach itself, on Vancouver Island. The Association understands that EPCOR WATER (West) Inc. is the third largest private water utility in the Province.
4. Like most small residential utility customers, the customers of EPCOR WATER (West) Inc. rely on the Comptroller to provide fair, independent and transparent regulatory oversight of the Utility’s operations and rates.

EPCOR WATER CONSUMERS ASSOCIATION (“The Association”):

- The Association is a group of five strata corporations together with a homeowner association representing consumers of potable water supplied by Breakwater. The members of the Association are as follows:
 - Strata Corporation VIS 2014 (Pebble Beach), representing 55 homes;
 - Strata Corporation VIS 2920 (St. Andrews Lane), representing 127 homes;
 - Strata Corporation VIS 2096 (St. Andrews Lane), representing 50 homes;
 - Strata Corporation VIS 2129 (Oceanside), representing 140 homes;
 - Strata Corporation VIS 3167 (Point Mercer), representing 17 homes; and
 - the French Creek Residents Association, representing over 190 single-family dwelling homeowners in the French Creek area.
- The Association represents some 50% of the Customers served by the Utility.
- The Association's primary goal is to strive for high quality potable water, in adequate quantity and at a fair price, for all consumers in the French Creek service area.
- Members of the Association are committed to working in a co-operative manner with the Utility, the Comptroller’s office, the Provincial Government, and individual consumers to achieve this goal.

The Association's Requests:

1. That final Rates should not be effective retroactively, but only from the date of Notice of filing the Application for new rates under Section 59 to 60. The filing date was September 30, 2009 but the formal written Notice was not received by Customers until approximately October 23, 2009.
2. The Revenue Requirements determination for 2009 should be prorated between January 1 2009 and October 23, 2009 (the date of the formal Notice of Filing received by customers.) In addition, the period October 24, 2009 to December 31, 2009 should be included in the final Rates.
3. That the Revenue Requirements submitted by EPCOR WATER (West) Inc. should be reduced significantly as set out in this Response.

NOTE: The attached **SCHEDULE A** sets out the specific issues that the Association submits need to be addressed by the Water Comptroller to achieve regulatory fairness.

The attached **SCHEDULE B** sets out requested adjustments to the Revenue Requirements for 2009, 2010 and 2011. These adjustments would result in a reduced Revenue Requirement of **\$397,196** over the test period.

4. That final Rates should not be set until after:
 - i. The Revenue Requirements are determined, and
 - ii. A Phase 2 Hearing has been held on Rate Design issues, and
 - iii. Cost of Service by Rate Classes has been determined, to ensure fairness between Rate Classes in paying for the large increases.
5. In addition, Rates for Developer and Customer Contributions should be filed to ensure the fairness of the sums being collected. Prompt filing should be made now for interim adjustments to these items.

Concluding Comments:

The Association recognizes that this Utility is small compared to municipal water utilities in B.C. Thus, it cannot benefit from economies of scale enjoyed by larger utilities. Moreover, customers in French Creek have not previously benefited from Federal or Provincial grants which are enjoyed by adjacent Water Utilities owned and operated by Municipalities. We believe this is unfair and inequitable to residents of French Creek.

In the past, the customers have been very concerned that the Water Utility (under previous ownership) was not providing good quality water at a reasonable cost.

The Association recognizes and appreciates the improved quality of potable water now available to consumers in French Creek as a direct result of the new treatment plant installed by the Utility since 2006 and the improved operating procedures. It also recognizes that further improvements are required to fully reach the standards of quality and sustainability sought by customers in French Creek.

However, Customers are shocked at the size and retroactive nature of Water Rate increases being sought. Changes in the Application submitted by the Utility submitted on September 30, 2009 now result in increases of 54.5% over the test period.

While some increases are obviously required, they should not be retroactive since rate-making in B.C. is prospective. Moreover, the principles on which the rates should be set should not exaggerate the increases through a failure to amortize contributions or else to state the value of contributed property at a nominal value (say \$1.00).

The Comptroller has retained professional staff to review and advise on the Utility's Application. The cost of review and advice will be ultimately included in the water rate tariffs. In order to not duplicate this effort and cost, the Association has not retained similar professional resources of lawyers, engineers or accountants.

Rather, we have relied upon the volunteer efforts of our Members in the Association to prepare this detailed response to the Comptroller.

However, the contest is not equal between a sophisticated Utility with legal and financial resources and volunteer customer groups (such as ours) without resources. Normally, cost funding is provided to customer groups to avail themselves of experts to balance the process. With due respect to the Comptroller and his staff, their job is made much more difficult if they become both judge and jury and don't have a direct voice from the customers that pay the bills.

We need to see and, if necessary, to test your experts Report before we are required to finalize our submission.

In addition, we are seeking recovery of our cash out-of-pocket expenses, which is being sought separately. These expenses will be relatively modest as no advisory or consultant charges will be included. We have noted the comments in your letter of October 8, 2009 concerning the limited financial resources of Utility.

We intend that our representations should be helpful and constructive, and if you find we need to frame our submission differently from a legal standpoint, we trust your staff will guide us in that process.

Respectfully submitted.

By: EPCOR WATER Consumers Association

ORIGINAL SIGNED BY JOHN G. WARD, Chairman

And its Members:

Strata Corporation VIS 2014 (Pebble Beach)

ORIGINAL SIGNED BY MARK LEFFLER, President

Strata Corporation VIS 2920 (St. Andrews Lane)

ORIGINAL SIGNED BY DAVID IRELAND, Vice President

Strata Corporation VIS 2096 (St. Andrews Lane)

ORIGINAL SIGNED BY ROBERT LEENDERS, President

Strata Corporation VIS 2129 (Oceanside)

ORIGINAL SIGNED BY TIM PRITCHARD

Strata Corporation VIS 3167 (Point Mercer)

ORIGINAL SIGNED BY PAT KINGSFORD, President

French Creek Residents Association

ORIGINAL SIGNED BY MICHAEL JESSEN, Secretary

**cc: Carmen Piercey, Senior Manager,
Applications & Regulatory Affairs
EPCOR Utilities Inc.**

Attachments (2):

SCHEDULE A – SPECIFIC ISSUES & CONCERNS.

SCHEDULE B - SUMMARY OF REQUESTED CHANGES TO REVENUE REQUIREMENTS.

SCHEDULE A – SPECIFIC ISSUES & CONCERNS:

1. Disallow retroactive rates by making final rates effective no sooner than consumption after October 23, 2009.

The Application by EPCOR WATER (West) Inc is seeking retroactive rate making. However, it has been normal practice in B.C. to make rate changes effective to periods **after** the application is filed. Since rate setting is **prospective**, therefore filings must be made in a timely manner to avoid **retroactive** final rates. The Comptroller should, therefore, set final rates in this case that are prospective and not retroactive.

Our Association had no prior knowledge that EWWI was seeking increased interim water rates effective July 1, 2009. We received no Notice, nor was customer representation invited in relation to the interim. Subsequently, we were advised that the increase was interim and refundable under Section 89 of the Utilities Commission Act, and did not require Notice of Hearing or the ability of the parties to be heard.

We recognize that the Utility has suffered some past financial losses and was honouring a commitment to the customers of a rate freeze for three years. However, it is incumbent on the Utility to make its application with all supporting data **before** the effective date on which it is seeking to make permanent rate changes.

This Application for Final Rates was not submitted until September 30, 2009. The Applicant had full knowledge of its financial affairs and a tardy filing must not be rewarded by retroactive ratemaking as sought by the Applicant and backdating rates to July 1, 2009.

We submit that the earliest time period to which new final rates are to apply should be October 23, 2009 - the date on which formal NOTICE was received by the Customers.

2. Provide timely Actual Financial Results to Consumers and Advance Notice of filing for rate changes

Consumer groups are handicapped by not learning about the actual financial results achieved by the Utility until it chooses to file for rate change. The Utility can pick the timing and the consumers have no accurate information with which to challenge proposed rate levels if unreasonable returns are generated.

To put this on a more equal footing, timely filings of a comparison of actual results versus projected results should be required on an annual basis, with copies sent to registered consumer groups. Filings should be submitted within 90 days of the fiscal year-end. Notice of proposed rate changes should be made publically in advance of the requested effective dates to permit customers to make representations to the Comptroller.

Failure by the Comptroller to make such a determination in the hearing means that consumers have no details of filings with the Comptroller, due to the privacy of information.

We submit that:

- **Timely filings of a comparison of actual results versus projected results (used initially to set rates) should be required on an annual basis, with copies sent to registered consumer groups.**
- **Notice of proposed rate changes (interim or final) should be made publically with sufficient time in advance of the requested effective dates to permit customers to make representations to the Comptroller.**

3. **The interest rates used by Epcor Water (West) Inc. are excessive.**

The Association is surprised that the Utility is seeking a rate on new debt of 7.77% as compared to 6.07% used in the recent White Rock case (concluded August 14, 2008).

Government of Canada Long Bond yields averaged 3.82% for 2009 and at September 30, 2009 were 3.84%.

Using the debt spread of 1.77% plus a risk premium of 0.20% plus a transaction cost of 0.05% a total of 2.02% a rate for new debt of 5.86% would be appropriate

Therefore, the cost of new debt should be set at 5.86% not 7.77%

4. **Developer and Customer Contributions should conform to current regulatory practice in B.C.**

EPCOR WATER (West) Inc. acknowledges that their treatment of Developer & Customer Contributions is not in accordance with generally accepted accounting principles. They state that the Comptroller in a past but uncontested case approved this practice. In fact no mention of the practice was stated in that decision. They fail to state that it is not in accordance with generally accepted regulatory practice in BC for mature Utilities, and is not the practice they themselves follow elsewhere.

In reviewing regulatory precedents a number of treatments are revealed:

- Some regulators do not permit depreciation of contributed property.
- Some regulators include in current revenue contributions for service extensions.
- Some regulators only include contributed property at a Utility cost of \$1.00.
- Most others include an amortization scheme for the contributions to offset the depreciation charge, thus ensuring that current customers are not unfairly penalized by the depreciation charge.

What makes this issue significant is the absolute size of the Contributions in this Utility. The current non-conforming treatment exaggerates the rate increases.

One would have expected EPCOR WATER (West) Inc. to bring forward the same principles that it follows itself as current Utility practice. Elsewhere in their case they recommend adopting changes to conform to current Utility practice for Deferral Accounts.

We submit that Developer and Customer Contributions should conform to current regulatory practice in B.C.

5. **Developer and Customer Contributions should be amortized over the period inherent in their determination.**

Developer and Customer Contributions are collected to offset the impact of new customers on the existing water system. The new property being built with these Contributions is **depreciated** when the plant goes into service.

It is a normal regulatory practice to commence **amortizing** the contributions at the same point of time. Thus, the impact of the depreciation charges is offset by the amortization of the contribution. This means current customers are not charged for the capital recovery of the contributed plant.

The alternate treatment is to bring contributed plant on line at a nominal cost to the Utility of \$1.00.

An erroneous argument is sometimes made that the contributions need to be held in perpetuity to always be available to finance replacements. That is similar to saying that, when new plant is being depreciated, a charge should be made for the plant being consumed and a second charge is made to collect funds to be able to make a replacement. The customers would, therefore, pay twice for the new plant.

This concept of replacement accounting has not been used for decades for normal Utilities.

Given the size of Contributions being collected in this case, part of the excessive water rate increase is the result of depreciating contributed Plant without an offset by amortizing the Contributions.

EPCOR Utilities Inc. (the parent Company of EWWI) reflects amortization of contributions in its corporate accounts. Therefore, the suggested principal is recognized by other utilities owned by EPCOR Utilities Inc.

We urge the Comptroller to authorize amortizing of Developer and Customer Contributions, commencing in 2009, at a rate of 3.00%. This rate reflects the depreciation rate on new plant funded with Contributions, plus a make-up rate for amortizing of existing Contributions.

6. Introduce a DEFERRAL ACCOUNT for Power Costs:

Power costs are escalated at 10.42% in 2010 and 3.7% in 2011. These costs were based on an untested BC Hydro plan. Given the large increases and the uncertainty surrounding them, these costs should be given a deferral account treatment with a more normal increase of say 4% built into the approved tariff and any actual differences should be held in a Deferral Account.

We submit that Power Costs should be placed in a DEFERRAL ACCOUNT and inflated @ 4.00% per annum.

7. Ownership of Customer and Developer contributed property:

The wording of the Terms and Conditions of Service published by EWWI state:

14.3 Ownership of Facilities

- (a) EWWI remains the owner of all Facilities necessary to provide Water Services to Customers, up to and including the Service Connection point, unless an agreement between EWWI and a Customer specifically provides otherwise.
- (b) Payment made by a Customer for costs incurred by EWWI in installing Facilities does not entitle the Customer to ownership of any such Facilities, unless an agreement between EWWI and the Customer specifically provides otherwise.

15. Additional Costs and Expenditures for a Water Service Connection

The specific connection charges prescribed in Schedule A of this Tariff are for a maximum length of twenty (20) meters (sixty six (66) feet) of service pipe and, where necessary, for crossing a paved roadway not more than seven (7) meters (twenty three (23) feet) wide, but do not include the cost of boring under a paved area or replacing pavement if it is necessary to cut an open ditch through the paved area.

The Customer shall pay all additional costs for boring under pavement, or attempts to bore under pavement, for cutting and repairing pavement where it is deemed necessary by the Utility and for drilling and blasting rock where these procedures are required during the installation of the Water Service line.

4. Ownership of Extensions to Waterworks System

All extensions to the Waterworks system that may be installed (whether paid for by the Utility or by the applicant(s) or the Customer, as applicable) shall be the sole property of the Utility.

8. Advance Requirements

(a) An applicant(s) who has applied for a extension of a water main to serve a subdivision or housing project shall be required to advance to the Utility, before construction is commenced, by way of a cash deposit, the estimated cost of the waterworks to be installed including, without limitation,

- (i) The estimated cost of any upgrade in size or capacity of any part of the

existing Waterworks; and
(ii) The estimated cost of installation of the main required to serve such project, including necessary valves, fittings and fire hydrants.

10. Advances by Customers Connecting to Water Main Extension

An extension charge equal to a pro-rata share of the original cost of the water main extension shall be collected by the Utility from each Customer who makes an application for a Water Service connection to the original main extension within five (5) years. The extension charge collected above shall be refunded equally, or as agreed otherwise, to the Customers, whom already have advances deposited with the Utility as a result of connection to the extension, so that in the result all Customers will have paid their pro-rated share or as otherwise agreed by them and made known to the Utility.

We submit that this wording should be amended to reflect that the property is held by the Utility to and for the benefit of Customers collectively. The contributed property should remain a Customer Asset until contributions are fully amortized.

8. Escalation Rates used by EWWI are too high:

The escalation rates used by EWWI are out of keeping with current reality and should be reduced to reflect the restraint programs being exercised by a number of businesses and governments. EWWI has largely adopted escalation rates used by the Comptroller in its August 2008 decision re: EPCOR White Rock Inc.

Much has happened since then, with a major Economic Recession underway. Governments and business are restricting escalation factors on a number of business costs. Other local Utilities in the region are attempting wage freezes.

We also note that a number of Utilities are budgeting for productivity improvements, while EWWI is escalating salaries and benefits at 4% for 2010 and 2011.

We submit that salary and benefit escalation should be 0% for 2010 and no more than 2% in 2011. Similar adjustments should be reflected for other cost items including Corporate Services.

9. Miscellaneous Revenue:

The Utility does not indicate that it has seriously explored the potential of receiving Federal and / or Provincial Government Grants which have been obtained in the region by other Municipal Water Utilities.

Since the duties, responsibilities and restraints to which EPCOR WATER (West) Inc. is subject are the same as are imposed on a public utility under the Utilities Commission Act, therefore EWWI is deemed to be a public utility. We submit that EWWI should be eligible to receive Federal /Provincial grants exactly similar to those enjoyed by the Town of Qualicum Beach; the City of Parksville and the Regional District of Nanaimo.

Given the severe financial impact of the Capital investments needed for water supply in French Creek, it is surprising that grant aid has not been pursued aggressively by EWWI.

We are pressing the Utility, with our support, to seek all available Federal and Provincial Government funding for water infrastructure upgrading, planning and water management activities. Any such grants received should be held in a Deferral Account.

10. Existing Deferral Accounts:

EWVI is attempting to retroactively change the treatment of Deferral Accounts and move to current utility practice. We can accept a change to current practice, but not to be done retroactively. It is noted that the interest rates on deferral accounts has been set at debt costs used in other cases.

We submit that these accounts should be handled consistently on the basis decided, and, if a procedure is to be changed, it should be adopted for new deferrals. Thus, the existing deferrals should be recovered in the currently approved manner.

11. Operating Expenses appear to be too high:

We do not agree with the increases in operating costs introduced since the Interim Application was submitted on June 1, 2009. We had expected a **reduction** in the final Revenue Requirement sought.

These increases in operating costs since June 1, 2009 amount to \$95,000 in 2009; \$37,000 in 2010; and \$55,000 in 2011 (based on information EWVI handed out in its PowerPoint presentations to Customers).

EWVI had used a rate of 7.77% on all debt. During our initial review meetings we pointed out that they should use embedded rates for the history.

That has been done, and results in reduced interest and revenue requirements, but has been more than offset by the increased operating expenses (likely through reduced charge-outs) such that the overall Revenue Requirements and Rate Increases are even higher than originally projected.

This has driven the increase in Water Rates for 2009-2011 up by 54.5%.

We submit that Operating Expenses should be adjusted as shown in Schedule B.

12. Capitalization Charges:

Operating Expenses increase significantly as fewer costs are charged to capital because of the Utility's choice of allocating staff to capital or operations. This should be normalized with a deferral account. It is suggested that an average % to capital should be used and that 2011 operating costs be reduced to this normal level in 2011

Operating costs are being made volatile as staff is assigned to capital programs when capital demands are heavy. Then they are redeployed to catch up on operating activities that were left behind resulting in large operating costs in the catch up year. Failing to normalize will result in end rates being set by a peak operating catch-up forecast for 2011 which is unlikely to be the case in the succeeding years.

Capitalization practices have been reviewed in a number of recent cases in B.C. including the use of smoothing. Such a review is needed in this case.

In the absence of a study, we recommend that an additional amount \$50,000 be deferred and added to capital in future years. If this suggestion is not accepted, then the capitalized cost should at least be the average of 2010 and 2011, such that the end rates do not reflect an abnormal capitalization rate due to the allocation of staff to make-up operations and maintenance programs.

13. Service Agreement:

We have reviewed Appendix M-1 (Service Agreement Between EPCOR Water Services Inc. and EPCOR Water (West) Inc.) and also Schedule B-1 (EWW Terms and Conditions) and we have the following concerns:

APPENDIX M-1:

Article 1.6 Governing Law:

States that this Agreement shall be "Governed in accordance with the laws of the Province of Alberta..."

We believe that the laws of the Province of British Columbia should govern.

Article 4.1 Limitation of liability:

We submit that this should not limit liability for negligence, especially given the warranty for service under Article 2.2.

Article 8 Dispute Resolution:

We submit that the Comptroller should have powers to approve or reject the resolution of disputes between EWWI and EWSI.

Article 1.10 - Schedules

The attached Schedule A – Contract Services implies that the Utility has no expertise hired directly, but rather it all flows through a Company which is not directly controlled by the Comptroller.

This is very undesirable, and to the fullest extent possible, direct salaries and services should be obtained from within the Utility. The contract services prices should be subject to adjustment for the amounts found reasonable in this Application.

Item A2:

(MANAGEMENT AND TECHNICAL SERVICES PROVIDED BY THE SERVICE PROVIDER (EWSI))

The quantification of overhead should be stipulated as a percentage and reviewed for reasonableness.

Schedule B-1 EWW - Terms and Conditions

A. Connection of Water Service,

Clause 3. Security Deposit Requirement

Security deposit requirement should have some limitation. If a deposit is requested and a good payment record is achieved, the deposit should be re-funded.

Clause 6. Customers Pipes and Fixtures

The Customer is required to install these assets, but elsewhere these become part of the Utility Rate Base.

These assets are said to be owned and the property of the Utility. Needs to be considered in light of the regulatory treatment of contributions and their disposition in light of a change in ownership of the utility. Perhaps adding the words for the benefit of the utility and its Customers.

Clause 22. Ownership of Waterworks Assets

These assets are said to be owned and the property of the Utility. Needs to be considered in light of the regulatory treatment of contributions and their disposition in light of a change in ownership of the utility. Perhaps adding the words for the benefit of the utility and its Customers.

D. Services Issues:

1 Change in Customers

A change in customers should not cause a new charge for facility connection unless it results in changes that the original customer would have been responsible for.

F. Water Main Extension Rules.

This is said to be owned and the property of the Utility. Needs to be considered in light of the regulatory treatment of Customer Contributions and their disposition in light of a change in ownership of the utility, perhaps adding the words "for the benefit of the utility and its customers".

Schedule B – Contributions in Aid of Future Construction

We submit that these tariffs should be changed at this time and not by separate application. EWWI should provide reasons why they don't escalate with the final rate changes in this application. It should not be a separate application but one made as part of this proceeding, in which customers can participate.

Final Rates

The schedules included in water tariff No. 1 page 32 to 50 filed September 30 for 2009 should not be backdated to July 1 and only start from date of application of September 30, 2009 or the giving of notice about Oct 23, 2009. The rates for the balance of 2009 2010 and 2011 should be as set coming out of this Application and the Phase 2 Hearing of the Rates Requirement inquiry.

SCHEDULE B:**SUMMARY OF REQUESTED CHANGES TO REVENUE REQUIREMENTS:**

The specific issues raised by the Association in Schedule A (1-12) above would result in a reduced Revenue Requirement of **\$397,196** over the test period.

Details of the financial impact of suggested changes to Interest Charges on debt; Amortization of Contributed property; disallowance of retroactive Final Rates and adjustments to Operating Expenses are illustrated in the following **TABLE**:

Requested Changes to EWWI Revenue Requirements (2009-2011)

Item	2009	2010	2011	Total	Reference
Interest per EWWI - Amount (\$)	\$102,821	\$111,283	\$122,705		
- Rate (%)	6.34%	6.48%	6.63%		
Interest per EWCA - Amount (\$)	\$97,307	\$103,040	\$111,045		
-Rate (%)	6.00%	6.00%	6.00%		
Full Year Change Amount (\$)	\$5,514	\$8,243	\$11,660		
Pro-rate 2009 for 3 months (25%)	\$1,379	\$8,243	\$11,660	\$21,282	Schedule A-3
Contribution Amortization					
Contributions op balance	\$1,525,147	\$1,558,747	\$2,954,352		
Full Year Amortization @ 3%	\$45,754	\$46,762	\$88,631		
Pro-rate 2009 for 3 months (25%)	\$11,439	\$46,762	\$88,631	\$146,832	Schedule A-5
Operating Expense Smoothing			\$50,000	\$50,000	Schedule A-12
Operating Escalation Rates (Estimate)		\$30,000	\$40,000	\$70,000	Schedule A-8
Utility Expense		\$5,000	\$5,000	\$10,000	Schedule A-6
September 30 Start Date	\$79,793			\$79,793	Schedule A-1
October 23 Start Date (additional)	\$19,290			\$19,290	Schedule A-1
Change in REVENUE REQUIREMENT	\$111,900	\$90,005	\$195,291	\$397,196	
Revenue Shortfall per EWWI (1/2 Yr 09)	\$159,587	\$259,565	\$351,634	\$770,786	