

Exhibit ___ (DPK-5)
Docket No. UW-051444
Witness: Danny P. Kermode

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**KAYAK ESTATES WATER, LLC.
Respondent.**

DOCKET NO. UW-051444

**EXHIBIT TO
TESTIMONY OF**

Danny P. Kermode

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

RE: KAYAK ESTATES WATER, LLC., GENERAL RATE CASE

Staff Restating Adjustments and Pro Forma Adjustment

Kayak Estates Water, LLC
Docket No. UW-051444
Test Year Ended December 31, 2004

Exhibit ___ (DPK-5)
Docket No. UW-051444
Restating Adjustment #1

Line No.

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Restating adjustment #1
Depreciation Expense

Per Staff	35,942	Schedule 3.2 Line 17
Per Company	<u>35,718</u>	Exhibit ___ (RK-4)
Adjustment	<u>224</u>	increase

Line No.

1	Restating adjustment #2		
2	<u>Adjustment to Contribution in Aid of Construction (CIAC)</u>		
3			
4			
5			
6	Adjustment to CIAC Amortization		
7			Source:
8	Per Staff Exhibit ___ (DPK-3)	(20,323)	Schedule 2.2 Line 26 Column (E)
9			
10	Per Company	<u>-</u>	
11			
12	Increase in CIAC Amortization	<u>(20,323)</u>	Line 7- Line 9
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Line No.

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2	Restating adjustment #3		
3	<u>Remove Consulting Fees to Owen Sawyer</u>		
4			
5	Amount allowed for Rate Making		0
6	Company Schedule Exhibit No. ___ (RK-2)		8,000
7	Remove consulting fees to Owen Sawyer		<u>(8,000)</u>
8			
9			
10			
11			
12			
13	Restating adjustment #4		
14	<u>Capitalize Expensed Improvements</u>		
15			
16	Invoice 36141 Iliad, Inc.	\$	4,322
17	Invoice 64673 Iliad Inc. Road Patch		870
18	Invoice 35017 Iliad, Inc., replacement		2,216
19			
20	Remove and Capitalize Improvements	\$	<u>7,409</u>
21			
22			
23			
24	<u>Rate Base Adjustment</u>		
25			
26	Additional Plant Adjustment	\$	7,409
27	Average		<u>2</u>
28	Adjustment to Plant in Service	\$	<u>3,704</u>
29			
30			
31	<u>Rate Base Adjustment</u>		
32			
33	Depreciation Expense and Acc Depreciation	\$	<u>53</u>
34	Average plant - mains / life in years		
35	\$3,704 / 70 years = \$53		
36			

Kayak Estates Water, LLC

Docket No. UW-051444

Test Year Ended December 31, 2004

Exhibit ___ (DPK-5)

Docket No. UW-051444

Restating Adjustments #5 and #6

Line No.

1	Restating adjustment #5	
2	<u>Transposition Error</u>	
3		
4	Correct Transposition in Company Schedule	
5	Company Exhibit ___(RK-4)	3,650
6	Actual General Ledger Amount	<u>3,560</u>
7		Difference <u>\$ (90)</u>
8		
9		
10	Total Adjustment to Locate Expense	<u>\$ (90)</u>
11		
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18		
19	Restating adjustment #6	
20	<u>Water System Plan Costs</u>	
21		
22	Invoice 37362 Iliad, Inc.	\$ (2,641)
23	Defer cost of Water System Plan	
24	not yet in service	
25		
26	Remove Water System Plan Costs	<u>\$ (2,641)</u>
27		
28	Remove related Depreciation Expense*	<u>(38)</u>
29	Half-Year convention	<u>(19)</u>
30		
31	* 2,641 / 70 years = 38	
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Restating adjustment #7

Adjustment to Accumulated Depreciation

Adjustment to Staff Accumulated Depreciation	\$ 1,099,535	Staff Sch 3.2
Company filed Accumulated Depreciation	(1,100,172)	Exhibit ___ (RK-2) Line 32
Reduce Accumulated Depreciation to Staff Amount	<u>\$ (637)</u>	line 4 - line 5

Restating adjustment #8

Meter Reading Expense

Labor rate	20	(a)
Taxes and overhead	<u>20</u>	
Meter Reader total cost	\$ <u>40</u>	
12 hours reading/mo.	<u>12</u>	
Per month charge	<u>480</u>	
Annualized	<u>5,760</u>	5,760

Company filed meter reading expense	\$ 11,189	Exhibit ___ (RK-4) Line 6
Reduction in meter reading expense	<u>(5,429)</u>	Line 22 - Line 24

Add: Well Head Meter
Local well-head meter reader 240 \$60/mo. June-September

Reduction in Expense \$ (5,189) line 25 + line 28

(a) Source: Exhibit ___ (DPK-6)
Washington State Employment Security Office
Occupational Employment and Wages Estimates for March 2005.

Line No.

1	Restating adjustment #9		
2	<u>Reclassify UTC Fees</u>		
3			
4			
5	Adjustment to DOH Fees		
6		Actual Fees less UTC Fee	713 Company Records
7		Company Filed DOH Fees	835 Exhibit ___ (RK-2)
8			
9		Removal of UTC Fee from DOH Fees	<u>\$ (122)</u> line 6 - line 7
10			
11			
12	Adjustment to UTC Fee		
13			
14		UTC fee per Adjustment #9	122 Line 9
15			
16		<u>Computed UTC Fee</u>	
17		Booked Revenue	135,217
18		less exemption	<u>(50,000)</u>
19		assessed amount	85,217
20		Rate	<u>0.2%</u>
21		computed amount	170
22		add base fee	<u>50</u>
23		UTC Fees	220
24		UTC fee per Adjustment #9	<u>(122)</u>
25		Increase in booked UTC	<u>98</u>
26			98
27		Increase to UTC Fees	<u>220</u> line 14 + line 25
28			
29	Restating adjustment #10		
30	<u>True-up Public Utility Tax</u>		
31			
32		Booked Revenue \$	135,217 Exhibit ___ (RK-2) Line 1
33		Public Utility Tax	<u>0.05029</u>
34		Annual Tax	6,800
35			
36		Per Company	<u>5,858</u> Exhibit ___ (RK-2) Line 11
37		Increase in Public Utility Tax	<u>942</u> line 34 - line 36
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Restating adjustment #11
Reclassify Revenue

	(a)	(b)	(c)
	<u>Staff</u>	<u>As Filed</u>	<u>Adjustment</u>
Metered Rates	126,225	135,217	(8,992)
Ready to Serve	2,700		2,700
Flat Rate	1,800		1,800
Other Revenue	4,492		4,492
Total Revenue	<u>135,217</u>	<u>135,217</u>	<u>0</u>
			(a) - (b)

(a) Exhibit ___ (DPK-4)
 (b) Exhibit ___ (RK-2)

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Pro Forma Adjustment #1
Rate Case Expense

Rate Case Cost Amortization

Total Cost	3,000
Three years	<u>3</u>
Annual Pro Forma Expense	<u>1,000</u>