Summary of Earnings

		Recorded		Estimated at Present Rates			Estimated at Proposed Rates		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
	Description	2007	2008	2009	2010	2011	2012	2010	2011	2012
1	Unmetered Water Revenue	644	2,045	-	-	-	-	-	-	-
2	Fire Protection Revenue	24,973	24,413	24,747	25,527	25,985	25,985	37,006	38,263	38,771
4	Metered Water Revenue	5,805,347	5,722,224	5,907,170	5,898,820	5,969,726	5,969,726	8,048,285	8,323,530	8,434,688
5	Other Water Revenue	24,175	22,295	27,335	27,420	27,420	27,420	56,000	56,000	56,000
6	Total Water Revenue	5,855,139	5,770,977	5,959,252	5,951,767	6,023,131	6,023,131	8,141,291	8,417,793	8,529,459
	OPERATING EXPENSES									
	OPERATION AND MAINTENANCE									
7	Power	491,162	519,891	582,066	539,035	547,348	547,348	539,035	547,348	547,348
8	Other Volume Related Expenses	7,141	7,480	5,454	6,900	7,052	7,228	6,900	7,052	7,228
9	Employee Labor	574,826	610,700	549,383	999,100	1,014,300	1,036,100	999,100	1,014,300	1,036,100
10	Materials	95,328	80,109	68,935	84,200	86,052	88,204	84,200	86,052	88,204
11	Contract Work	112,486	119,623	123,501	263,600	268,608	273,981	263,600	268,608	273,981
12	Transportation Expense	355,332	374,517	361,454	340,700	348,877	357,599	340,700	348,877	357,599
13	Other Plant Maintenance	88,822	97,180	114,136	164,400	168,346	172,554	164,400	168,346	172,554
14	Reimbursed Expenses	(27,622)	(9,273)	(13,434)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)
15	Total Operation and Maintenance	1,697,475	1,800,227	1,791,495	2,377,435	2,420,083	2,462,513	2,377,435	2,420,083	2,462,513
	ADMINISTRATION AND GENERAL									
16	Office Salaries	426,143	459,504	545,146	591,200	603,100	616,100	591,200	603,100	616,100
17	Management Salaries and Fees	154,749	167,442	225,269	225,400	229,683	234,276	225,400	229,683	234,276
18	Employee Pensions and Benefits	550,684	397,500	235,190	1,024,000	1,045,600	1,064,300	1,024,000	1,045,600	1,064,300
19	Uncollectible Accounts	-	38,403	49,299	29,759	30,116	30,116	40,706	42,089	42,647
20	Offices Services and Rentals	95,709	95,355	94,028	103,800	106,291	108,948	103,800	106,291	108,948
21	Offices Supplies and Expenses	138,705	143,842	156,442	158,400	162,202	166,257	158,400	162,202	166,257
22	Professional Services	377,944	183,108	210,739	385,000	469,100	404,000	385,000	469,100	404,000
23	Insurance Expense	237,292	295,076	251,219	450,500	461,763	473,307	450,500	461,763	473,307
24	Regulatory Commission Expense	11,076	11,530	4,332	17,700	17,700	17,700	17,700	17,700	17,700
25	General Expense	107,796	122,918	86,820	159,500	163,328	167,411	159,500	163,328	167,411
26	Total Administrative and General	2,100,098	1,914,678	1,858,484	3,145,259	3,288,882	3,282,415	3,156,206	3,300,855	3,294,946
27	TOTAL OPERATING EXPENSES	3,797,573	3,714,905	3,649,979	5,522,694	5,708,965	5,744,928	5,533,641	5,720,938	5,757,460
28	Depreciation Expense	541,253	565,951	612,306	605,422	624,245	642,818	605,422	624,245	642,818
29	Property Taxes	99,586	108,082	126,598	164,453	167,473	168,815	164,453	167,473	168,815
30	Payroll Taxes	87,484	91,176	104,923	127,400	140,200	143,100	127,400	140,200	143,100
31	City Licenses Tax	195,440	214,488	217,408	223,191	225,867	225,867	305,298	315,667	319,855
32	Total Expenses	923,763	979,697	1,061,235	1,120,467	1,157,785	1,180,600	1,202,574	1,247,585	1,274,587
33	Misc Income - Taxable CIAC	(16,979)	(15,604)	(13,409)	(11,969)	(10,781)	(9,829)	(11,969)	(10,781)	(9,829)
34	**Net Income (Loss) Before Income Taxes**	1,150,782	1,091,979	1,261,447	(679,424)	(832,837)	(892,568)	1,417,045	1,460,051	1,507,241
35	State Income Tax	39,831	19,960	28,376	800	800	800	38,355	43,545	51,276
36	Federal Income Tax	139,655	63,526	97,371	-	-	-	134,477	152,676	179,780
37	**Net Income (Loss)**	971,296	1,008,493	1,135,700	(680,224)	(833,637)	(893,368)	1,244,213	1,263,830	1,276,186

Summary of Earnings

(A)	Recorded (B) 2007	Recorded (C) 2008	Recorded (D) 2009	Estimated at Present Rates (E) 2010	Estimated at Present Rates (F) 2011	Estimated at Present Rates (G) 2012	Estimated at Proposed Rates (H) 2010	Estimated at Proposed Rates (I) 2011	Estimated at Proposed Rates (J) 2012
Revenues									
1 Water Revenue at Present Rates	5,855,139	5,770,977	5,959,252	5,951,767	6,023,131	6,023,131	5,951,767	6,023,131	6,023,131
2 Water Revenues to cover Operating Expenses	0	0	0	0	0	0	945,311	1,130,831	1,230,142
3 Water Revenues to cover Return on Investment	0	0	0	0	0	0	1,244,213	1,263,830	1,276,186
4 Total Revenues	5,855,139	5,770,977	5,959,252	5,951,767	6,023,131	6,023,131	8,141,291	8,417,793	8,529,459
Expenses									
Operating Expenses									
5 Operation and Maintenance	1,697,475	1,800,227	1,791,495	2,377,435	2,420,083	2,462,513	2,377,435	2,420,083	2,462,513
6 Administrative and General	2,100,098	1,914,678	1,858,484	3,145,259	3,288,882	3,282,415	3,156,206	3,300,855	3,294,946
7 Total Operating Expenses	3,797,573	3,714,905	3,649,979	5,522,694	5,708,965	5,744,928	5,533,641	5,720,938	5,757,460
Other Expenses									
8 Depreciation Expense	541,253	565,951	612,306	605,422	624,245	642,818	605,422	624,245	642,818
9 Property Taxes	99,586	108,082	126,598	164,453	167,473	168,815	164,453	167,473	168,815
10 Payroll Taxes	87,484	91,176	104,923	127,400	140,200	143,100	127,400	140,200	143,100
11 City Business License Tax	195,440	214,488	217,408	223,191	225,867	225,867	305,298	315,667	319,855
12 State Corporate Franchise Tax	39,831	19,960	28,376	800	800	800	38,355	43,545	51,276
13 Federal Corporate Income Tax	139,655	63,526	97,371	0	0	0	134,477	152,676	179,780
14 Total Expenses	4,900,822	4,778,088	4,836,961	6,643,960	6,867,549	6,926,328	6,909,047	7,164,744	7,263,103
15 Miscellaneous Income - Taxable CIAC	(16,979)	(15,604)	(13,409)	(11,969)	(10,781)	(9,829)	(11,969)	(10,781)	(9,829)
16 Net Income (Loss)	971,296	1,008,493	1,135,700	(680,224)	(833,637)	(893,368)	1,244,213	1,263,830	1,276,185
17 Ratebase Average year	9,978,300	12,174,591	13,670,694	14,122,736	14,345,405	14,485,648	14,122,736	14,345,405	14,485,648
18 Rate of Return	9.73%	8.28%	8.31%	-4.82%	-5.81%	-6.17%	8.81%	8.81%	8.81%

Adopted Rate Base

Description	**2009**	**2010**	**2011**	**2012**
Water Plant in Service (Schedule 26A, Page 8)	28,780,899	29,405,354	30,120,566	30,727,307
Water Plant-CWIP (Schedule 26A, Page 10)	**3,786,518**	**3,697,159**	**3,697,159**	3,697,159
Total Utility Plant	32,567,417	33,102,513	33,817,725	34,424,466
Accumulated Depreciation (Schedule 26B)	(8,742,460)	(9,508,660)	(10,307,991)	(11,118,796)
Net Utility Plant	23,824,957	23,593,853	23,509,734	23,305,671
Less:				
Advances for Construction (Schedule 26D)	(4,966,762)	**(4,831,364)**	**(4,695,966)**	(4,560,568)
Contributions-Net (Schedule 26C)	(4,514,827)	**(4,322,239)**	**(4,129,651)**	(3,937,064)
Accumulated Deferred Income Taxes (Schedule 26E)	(895,519)	**(897,762)**	**(913,181)**	(955,550)
Acc. Deferred Investment Tax Credit (Schedule 26F)	(55,367)	**(51,255)**	**(47,143)**	(43,031)
Sub-Total	13,392,482	13,491,233	13,723,792	13,809,458
Plus:				
Materials and Supplies	10,000	**10,000**	**10,000**	10,000
Working Cash	304,165	461,137	476,745	479,788
Deferred Taxes - Net Taxable CIAC (Schedule 26G)	303,378	**273,077**	**244,827**	216,685
Estimated Rate Base-EOY	**14,010,025**	14,235,447	14,455,364	14,515,931
Estimated Average Rate Base		14,122,736	14,345,405	14,485,648

Income Tax

Revenue	**2010**	**2011**	**2012**
Operating Revenue	8,141,291	8,417,793	8,529,459
Expenses			
Operating and Maintenance	2,377,435	2,420,083	2,462,513
Administrative and General	3,156,206	3,300,855	3,294,946
Taxes Other Than Income Taxes	597,151	623,340	631,769
Sub - Total	6,130,793	6,344,278	6,389,229
Depreciation	605,422	624,245	642,818
Interest Expense	971,200	956,678	917,371
Total Deductions	1,576,622	1,580,922	1,560,189
Taxable Income - State Purposes	433,876	492,593	580,041
State Income Tax - 8.84%	38,355	43,545	51,276
Federal Income Tax:			
Taxable Income for State Purposes	433,876	492,593	580,041
Less: State Income Tax	38,355	43,545	51,276
Federal Taxable Income	395,521	449,047	528,765
Federal Income Tax - 34%	134,477	152,676	179,780

Note: Miscellaneous Income - Taxable CIAC is not included as taxable income for income tax purposes. Therefore, it is excluded from income tax calculations.

Adopted Quantities

Year 2010:

Fire Protection Service Size:	Number of Services	Total Inches	Cost Per Inch	Total
2-inch	8	16	6.36	101.76
4-inch	22	88	6.36	559.68
6-Inch	16	96	6.36	610.56
8-inch	5	40	6.36	254.40
10-inch	1	10	6.36	63.60
Total Fire Protection Revenue per month				1,590.00
Annual Fire Protection Revenue				19,080.00

Private Fire Hydrants:	Number of Hydrants	Cost Per Hydrant	Monthly Cost	Annual Cost
Private Fire Hydrants	46	11.68	537.28	6,447
Total Private Fire Protection Revenue				25,527.36

Metered Service	Number of Services	RTS Charge	Total
5/8" x 3/4"	3,240	14.41	46,688
3/4"	763	14.41	10,995
1" and 1-1/2" with Fire Sprinklers	3,923	21.62	84,815
1"	501	36.04	18,056
1-1/2"	124	72.07	8,937
2"	170	115.31	19,603
3"	34	216.22	7,351
4"	15	360.35	5,405
6"	5	720.70	3,604
8"	1	1,153.12	1,153
Total Monthly RTS	8,776		206,607
Total Annual RTS			2,479,287

	Estimated CCF	Cost Per CCF	Total
Quantity Change	1,902,700	1.7972	3,419,532
Total Metered Revenue			5,898,820

Other Water Revenue:	Estimated Number	Cost	Total
Reconnection Charges Regular Hours	988	25.00	24,700
Reconnection Charges After Hours	68	40.00	2,720
Total			27,420

Revenue at Present Rates:	Annual Revenue
Private Fire Protection	25,527
Total Metered Revenue	5,898,820
Other Water Revenue	27,420
Total All Charges	5,951,767

Adopted Quantities

Year 2011:

Fire Protection Service Size:	Number of Services	Total Inches	Cost Per Inch	Total
2-inch	8	16	6.36	101.76
4-inch	22	88	6.36	559.68
6-Inch	17	102	6.36	648.72
8-inch	5	40	6.36	254.40
10-inch	1	10	6.36	63.60
Total Fire Protection Revenue per month				1,628.16
Annual Fire Protection Revenue				19,537.92

Private Fire Hydrants:	Number of Hydrants	Cost Per Hydrant	Monthly Cost	Annual Cost
Private Fire Hydrants	46	11.68	537.28	6,447
Total Private Fire Protection Revenue				25,985.28

Metered Service	Number of Services	RTS Charge	Total
5/8" x 3/4"	3,240	14.41	46,688
3/4"	803	14.41	11,571
1" and 1-1/2" with Fire Sprinklers	3,938	21.62	85,140
1"	501	36.04	18,056
1-1/2"	124	72.07	8,937
2"	172	115.31	19,833
3"	34	216.22	7,351
4"	15	360.35	5,405
6"	5	720.70	3,604
8"	1	1,153.12	1,153
Total Monthly RTS	8,833		207,739
Total Annual RTS			2,492,863

	Estimated CCF	Cost Per CCF	Total
Quantity Change	1,934,600	1.7972	3,476,863
Total Metered Revenue			5,969,726

Other Water Revenue:	Estimated Number	Cost	Total
Reconnection Charges Regular Hours	988	25.00	24,700
Reconnection Charges After Hours	68	40.00	2,720
Total			27,420

Revenue at Present Rates:	Annual Revenue
Private Fire Protection	25,985
Total Metered Revenue	5,969,726
Other Water Revenue	27,420
Total All Charges	6,023,131

Adopted Quantities

Year 2012:

Fire Protection Service Size:	Number of Services	Total Inches	Cost Per Inch	Total
2-inch	8	16	6.36	101.76
4-inch	22	88	6.36	559.68
6-Inch	17	102	6.36	648.72
8-inch	5	40	6.36	254.40
10-inch	1	10	6.36	63.60
Total Fire Protection Revenue per month				1,628.16
Annual Fire Protection Revenue				19,537.92

Private Fire Hydrants:	Number of Hydrants	Cost Per Hydrant	Monthly Cost	Annual Cost
Private Fire Hydrants	46	11.68	537.28	6,447
Total Private Fire Protection Revenue				25,985.28

Metered Service	Number of Services	RTS Charge	Total
5/8" x 3/4"	3,240	14.41	46,688
3/4"	803	14.41	11,571
1" and 1-1/2" with Fire Sprinklers	3,938	21.62	85,140
1"	501	36.04	18,056
1-1/2"	124	72.07	8,937
2"	172	115.31	19,833
3"	34	216.22	7,351
4"	15	360.35	5,405
6"	5	720.70	3,604
8"	1	1,153.12	1,153
Total Monthly RTS	8,833		207,739
Total Annual RTS			2,492,863

	Estimated CCF	Cost Per CCF	Total
Quantity Change	1,934,600	1.7972	3,476,863
Total Metered Revenue			5,969,726

Other Water Revenue:	Estimated Number	Cost	Total
Reconnection Charges Regular Hours	988	25.00	24,700
Reconnection Charges After Hours	68	40.00	2,720
Total			27,420

Revenue at Present Rates:	Annual Revenue
Private Fire Protection	25,985
Total Metered Revenue	5,969,726
Other Water Revenue	27,420
Total All Charges	6,023,131

Tariff Rates

Readiness to Serve Charge:

Alco is entitled to recover 50% of the fixed costs estimated in Schedule 32 through service charge rates. The tabulation below shows the calculation of service charge rates designed to recover 50% of the fixed costs, using the meter ratios adopted by the Commission for Alco Water Service.

Meter Size	Average Number of Customers 2010	Meter Ratio	Equivalencies	Annual Service Charge	Proposed. Monthly Service Charge	Present Rates	Percentage Increase
5/8 X 3/4	3,240	1	3,240	$ 243.58	$ 20.30	$ 14.41	40.9%
3/4	763	1	763	$ 243.58	$ 20.30	$ 14.41	40.9%
1 & 1-1/2 with FS	3,923	1.5	5,885	$ 365.37	$ 30.45	$ 21.62	40.8%
1	501	2.5	1,253	$ 608.96	$ 50.75	$ 36.04	40.8%
1-1/2	124	5	620	$ 1,217.91	$ 101.49	$ 72.07	40.8%
2	170	8	1,360	$ 1,948.66	$ 162.39	$ 115.31	40.8%
3	34	15	510	$ 3,653.74	$ 304.48	$ 216.22	40.8%
4	15	25	375	$ 6,089.56	$ 507.46	$ 360.35	40.8%
6	5	50	250	$ 12,179.13	$ 1,014.93	$ 720.70	40.8%
8	1	80	80	$ 19,486.61	$ 1,623.88	$ 1,153.12	40.8%
10		115	-	$ 28,012.00	$ 2,334.33	$ 1,657.61	40.8%
	8,776		14,335				

Revenue requirement test year 2010 (Schedule 32, Page 1):	$ 8,048,285
Fixed Costs (Schedule 32, Page 1):	$ 6,983,513
Fixed Costs to be recovered through Service Charge (50% of Fixed Costs):	$ 3,491,757
Total Meter Equivalencies	14,335
Average Annual Service Charge for 1 meter ratio	$ 243.58

Fixed costs to be recovered through the service charge is divided by the total equivalencies: $4,081,177 / 14,176 = $287.89. This result represents the annual service charge for a 5/8" x 3/4" and 3/4" meters whose meter ratio are 1. To calculate the annual service charge for the other meter sizes, multiply the annual service charge for a 5/8" x 3/4" meter or $287.89 by their respective meter ratios.

Quantity Rate:

Metered Revenue Requirement (Schedule 32, Page 1)	$ 8,048,285
Less: Fixed Costs Recovered through Service Charge (Schedule 33A)	$ (3,491,757)
Revenue to be recovered through quantity charge	$ 4,556,528
Total Estimated CCF (Schedule 4, Page 2)	1,902,700 CCF
Cost Per CCF	$ 2.3948 /CCF

			CCF	Quantity Rate Revenue	
			1,193,300	$ 2,857,715	
Single Family Residential	% Tier Usage	CCF in Tier			Tiered Rates
Tier 1 (First 10 CCF)	63.90%	762,519	1,703,114.89		$ 2.23
Tier 2 (Over 10 CCF)	36.10%	430,781	1,154,599.95		$ 2.68

(END OF ATTACHMENTS)