

ARTESIAN WASTEWATER MANAGEMENT, INC.
OVERALL FINANCIAL SUMMARY

Exhibit 1
Schedule 1
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. III.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.	Description	Sch	Test Year 9/30/2012	Pro Forma Test Period 12 Months Ended June 30, 2013	
				Under Present Rates	Under Proposed Rates
1	Rate Base	2	\$3,293,158	\$4,845,511	\$4,845,511
2	Net Operating Income	3 p 3	\$78,243	\$44,509	\$249,843
3	Earned Rate of Return	3 p 3	2.38%	0.92%	
4	Proposed Fair Rate of Return	4			5.16%
5	Required Operating Income				\$249,843
6	Operating Income Deficiency				\$205,334
7	Gross Revenue Conversion Factor				1.668541
8	Revenue Deficiency				\$342,608
9	Revenue Increase Requested				\$342,608

ARTESIAN WASTEWATER MANAGEMENT, INC.
SCHEDULE OF RATE BASE ELEMENTS

Exhibit 1
Schedule 2
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. IV.B.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.	Description	Test Year Rate Base	Adjustments	Test Period Rate Base	26 Del. C. S 102 (3) Letter Ref.	Schedule Reference
1	Used and Useful Utility Plant	\$17,264,449	\$2,486,197	\$19,750,646	a.	2A
2	Intangible assets	0	0	0	a.	2B
3	Less: Accumulated Depreciation	1,727,320	(26,562)	1,700,758	b.	2C
4	Less: Advances for Construction Net	312,642	256,708	569,350	c.	2G
5	Contributions in Aid of Construction (CIAC) Net	11,223,349	353,078	11,576,427	c.	2G
6	Less: Deferred Income Taxes	883,839	362,967	1,246,806	d.	2D
7	Plus: Materials and Supplies	0	0	0	f.	2F
8	Plus: Cash Working Capital	175,859	12,346	188,205	g.	2E
9	Total Rate Base	<u>\$3,293,158</u>	<u>\$1,552,353</u>	<u>\$4,845,511</u>		

ARTESIAN WASTEWATER MANAGEMENT, INC.
 USED AND USEFUL UTILITY PLANT BY ACCOUNT
 END OF TEST YEAR AND PROJECTED END OF TEST PERIOD

Exhibit 1
 Schedule 2A
 D.L. Valcarengi
 January 18, 2013

PSC Min. Req. IV.B.

Delaware Public Service Commission
 Company: Artesian Wastewater Management, Inc.
 Docket No. _____

Line No.	Account No.	Description of Property	Test Year Plant	Proposed Additions	Anticipated Retirements	Proposed Rate Base
1	353.002	Collection Plant Land & Land Rights	44,830			\$44,830
2	353.003	System Pump Plant Land & Land Rights	50,000			\$50,000
3	353.004	Treatment & Disposal Plant & Rights	69,650			\$69,650
4	353.007	General Plant Land & Land Rights	44			44
5	354.002	Collection Plant Structures & Improvements	7,163			7,163
6	354.003	System Pump Structures & Improvements	2,967			2,967
7	354.004	Treatment & Disposal Structures & Improvements	5,082,937	1,563,754		6,646,691
8	355.004	Treatment & Disposal Power Gen Equip	242,341			242,341
9	360.002	Collection Sewers- Force	1,209,867	460,000		1,669,867
10	361.002	Collection Sewers- Gravity	4,708,904	60,580		4,769,484
11	363.002	Services	799,725	26,543		826,268
12	364.002	Flow Metering Devices	103,287			103,287
13	371.003	Sustem Pump Plant Pump Equip	1,273,911	590,000		1,863,911
14	380.004	Treatment & Disposal Plant Equip	2,025,496	39,499		2,064,995
15	381.004	Treatment & Disposal Plant Sewer	331,532			331,532
16	389.004	Treatment & Disposal Misc Equip	185,849			185,849
17	390.003	Office Equip- Computer Hardware	22,019	15,000		37,019
18	390.004	Software	25,428			25,428
19	391.006	Transportation Equip	695,822		343,179	352,643
20	393.007	Tools, Shop & Garge Equip	75,651	25,000		100,651
21	394.007	Lab Equipment	70,571	10,000		80,571
22	395.007	Power-Operated Equip	56,693			56,693
23	396.007	Communication Equip	31,041			31,041
24	397.007	Misc Equip	148,721	39,000		187,721
25		Total Tangible Used and Useful Utility Plant	<u>\$ 17,264,449</u>	<u>\$ 2,829,375</u>	<u>\$ 343,179</u>	<u>\$ 19,750,646</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
INTANGIBLE ASSETS

Exhibit 1
Schedule 2B
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. IV.B.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line</u> <u>No.</u>	<u>Account</u> <u>No.</u>	<u>Description</u>	
1	302	Franchises and Consents	\$0
2	303	Other Intangible Assets	\$0
		Total	<u>\$0</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
ACCUMULATED DEPRECIATION
FOR THE TEST YEAR AND TEST PERIODS

Exhibit 1
Schedule 2C
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. IV.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.	Utility Plant A/C No.	Description	Test Year Balance	Test Period Balance	Anticipated Retirements	Test Period Pro-forma Depreciation	Pro-forma Balance
1	353.002	Collection Plant Land & Land Rights	\$0	\$0	0	\$0	\$0
2	353.003	System Pump Plant Land & Land Rights	\$0	\$0	0	\$0	0
3	353.004	Treatment & Disposal Plant & Rights	0	0	0	\$0	0
4	353.007	General Plant Land & Land Rights	0	0	0	\$0	0
5	354.002	Collection Plant Structures & Improvements	322	287	0	\$143	430
6	354.003	System Pump Structures & Improvements	134	119	0	\$59	178
7	354.004	Treatment & Disposal Structures & Improvements	543,530	518,184	0	\$132,048	650,232
8	355.004	Treatment & Disposal Power Gen Equip	(5,265)	(6,998)	0	\$6,931	(67)
9	360.002	Collection Sewers- Force	44,812	41,362	0	\$15,828	57,190
10	361.002	Collection Sewers- Gravity	155,763	140,098	0	\$60,764	200,862
11	363.002	Services	66,095	60,781	0	\$21,235	82,016
12	364.002	Flow Metering Devices	12,801	12,062	0	\$2,954	15,016
13	371.003	Sustem Pump Plant Pump Equip	119,234	110,334	0	\$40,235	150,569
14	380.004	Treatment & Disposal Plant Equip	332,220	314,306	0	\$65,921	380,228
15	381.004	Treatment & Disposal Plant Sewer	60,056	59,028	0	\$4,111	63,140
16	389.004	Treatment & Disposal Misc Equip	25,996	23,766	0	\$8,921	32,687
17	390.003	Office Equip- Computer Hardware	16,802	16,256	0	\$3,733	19,988
18	390.004	Software	249,266	234,345	0	\$30,251	264,596
19	391.006	Transportation Equip	10,464	9,858	343,179	\$2,621	(330,699)
20	393.007	Tools, Shop & Garge Equip	21,697	20,477	0	\$4,880	25,357
21	394.007	Lab Equipment	33,231	31,351	0	\$7,789	39,140
22	395.007	Power-Operated Equip	7,134	6,318	0	\$3,265	9,583
23	396.007	Communication Equip	6,440	5,963	0	\$1,942	7,905
24	397.007	Misc Equip	26,586	24,802	0	\$7,606	32,408
25		Total Accumulated Depreciation	<u>\$ 1,727,320</u>	<u>\$ 1,622,698</u>	<u>\$ 343,179</u>	<u>\$ 421,238</u>	<u>\$ 1,700,758</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
ACCUMULATED DEFERRED INCOME TAXES

Exhibit 1
Schedule 2D
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.		Federal			State		
		Test Year Balance	Adjustment	Test Period Balance	Test Year Balance	Adjustment	Test Period Balance
1	Balance	\$ 690,356	\$ 281,212	\$ 971,568	\$ 193,483	\$ 81,755	\$ 275,238

ARTESIAN WASTEWATER MANAGEMENT, INC.
CASH WORKING CAPITAL

Exhibit 1
Schedule 2E
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. IV.B.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>	<u>Description</u>	<u>Methodology</u>		<u>Working Capital</u>
1	Cash Working Capital	1/8 O&M	3p.3	\$ 175,859
	Adjustments		3p.3	\$ 12,346
	Pro Forma Cash Working Total			<u>\$ 188,205</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
MATERIALS AND SUPPLIES

Exhibit 1
Schedule 2F
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. IV.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.

1

Materials and Supplies Included in Rate Base

\$0

ARTESIAN WASTEWATER MANAGEMENT, INC.
 ADVANCES AND CONTRIBUTIONS IN AID OF CONSTRUCTION
 AND RELATED ACCUMULATED DEPRECIATION

Exhibit 1
 Schedule 2G
 D.L. Valcarenghi
 January 18, 2013

PSC Min. Req. IV.A.

Delaware Public Service Commission
 Company: Artesian Wastewater Management, Inc.
 Docket No. _____

Line No.		Actual		Projected		
		Beginning of Test Year	Activity	Test Year Balance	Activity	Test Period Balance
1	Advances for Construction (Note 1)	\$341,853	(\$8,800)	\$333,053	\$270,200	\$603,253
2	Accumulated Depreciation	(13,430)	(\$6,981)	(20,411)	(\$13,493)	(\$33,903)
3	Net advances	<u>\$328,423</u>	<u>(\$15,781)</u>	<u>\$312,642</u>	<u>\$256,708</u>	<u>\$569,350</u>
4	Contributions in Aid of Construction (Note 2)	\$12,805,070	(\$707,292)	\$12,097,778	\$523,543	\$12,621,320
5	Accumulated Depreciation	(854,017)	(\$20,412)	(874,429)	(\$170,465)	(1,044,894)
6	Net Contributions	<u>\$11,951,053</u>	<u>(\$727,704)</u>	<u>\$11,223,349</u>	<u>\$353,078</u>	<u>\$11,576,427</u>

Note 1:
 Refunds of advances
 Contractually Advance Windstone Lift Station

Actual Activity	Projected Activity
(8,800)	(64,800)
	335,000
<u>(\$8,800)</u>	<u>\$270,200</u>

Note 2:
 Homebuilder Contributions-Lot Connections/Guarantees
 Contributed Assets
 Herring Creek System Disposal

Actual Activity	Projected Activity
\$921,420	436,421
\$571,288	87,123
<u>(\$2,200,000)</u>	
<u>(\$707,292)</u>	<u>\$523,543</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
NET OPERATING INCOME SUMMARY

Exhibit 1
Schedule 3 p.1
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>	<u>Reference</u>	<u>Test Year</u>	<u>Test Period</u>
1	Operating Revenues 3 p 3	\$1,682,971	\$1,730,624
2	Operating Expenses 3 p 3	1,587,909	1,680,640
3	Net Operating Revenues	\$ 95,062	\$ 49,984
4	Operating Taxes 3 p 3	16,819	5,475
5	Net Operating Income	<u>\$78,243</u>	<u>\$44,509</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
STATEMENT OF OPERATING INCOME
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2012

Exhibit 1
Schedule 3 p.2
D.L. Valcarengi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.	Description	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
1	Operating Revenues	103,263	88,458	483,890	124,217	118,269	103,640	86,707	108,547	109,235	97,249	105,440	154,056	1,682,971
2	O&M	118,870	108,520	203,776	109,458	118,856	110,147	100,533	98,873	102,021	71,746	137,157	88,939	1,368,896
3	Depreciation and Amortization	16,184	14,859	16,094	15,443	15,681	17,083	13,836	12,341	16,695	14,939	14,349	13,535	181,039
4	Taxes Other Than Income	6,048	2,749	3,656	5,425	2,687	3,228	3,020	2,583	2,638	1,435	2,668	1,837	37,974
5	Total Operating Expenses	141,102	126,128	223,526	130,326	137,224	130,458	117,389	113,797	121,354	88,120	154,174	104,311	1,587,909
6	Utility Income Before Income Taxes	(37,839)	(37,670)	260,364	(6,109)	(18,955)	(26,818)	(30,682)	(5,250)	(12,119)	9,129	(48,734)	49,745	95,062
7	Deferred State Taxes	(4,198)	(4,240)	22,052	(1,369)	(2,660)	1,148	(3,617)	(1,344)	(880)	68	(4,951)	3,673	3,682
8	Deferred Federal Income Taxes	(14,977)	(15,129)	78,684	(4,884)	(9,490)	4,093	(12,906)	(4,796)	(3,139)	242	(17,664)	13,103	13,137
9	Net Income	<u>\$ (18,664)</u>	<u>\$ (18,301)</u>	<u>\$ 159,628</u>	<u>\$ 144</u>	<u>\$ (6,805)</u>	<u>\$ (32,059)</u>	<u>\$ (14,159)</u>	<u>\$ 890</u>	<u>\$ (8,100)</u>	<u>\$ 8,819</u>	<u>\$ (26,119)</u>	<u>\$ 32,969</u>	<u>\$ 78,243</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
STATEMENT OF OPERATING INCOME
FOR THE TEST YEAR AND PRO FORMA PERIODS

Exhibit 1
Schedule 3 p.3
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.	Description	Test Year	Pro Forma Test Period				
			Present Rates		Proposed Rates		
			Adjustments	Amount	Adjustments	Amount	
1	Flat Rate Revenues	\$ 888,822	96,715	\$985,537	\$342,608	1	\$1,328,145
2	Operating Subsidies	768,224	(60,062)	708,162			708,162
3	Misc. Revenues	25,925	11,000	36,925	891		37,816
4	Total Operating Revenues	\$ 1,682,971	47,653	3A p.2 1,730,624	343,498	3A p.2	2,074,122
5	Operating Expenses						
6	Operation and Maintenance	1,368,896	98,771	1,467,667	2,741		1,470,408
7	Depreciation	181,039	(6,040)	174,999			174,999
8	Taxes Other Than Income Taxes	37,974	0	37,974			37,974
9	Total Operating Expenses	1,587,909	92,731	3Bp.4 1,680,640	2,741		1,683,381
10	Utility Operating Income Before Income Taxes	95,062	(45,078)	49,984	340,758		390,742
11	Income taxes						
12	Current:						
13	Federal	0	(276,954)	3I (276,954)	105,778	3I	(171,176)
14	State	0	(77,621)	3I (77,621)	29,646	3I	(47,975)
15	Deferred						
16	Federal	13,137	268,093	3I 281,230	0		281,230
17	State	3,682	75,137	3I 78,819	0		78,819
18	Amortization of Deferred ITC	0		0			0
19	Total Income Taxes	16,819	(11,344)	5,475	135,424		140,898
20	Utility Net Operating Income	\$78,243	(\$33,734)	\$44,509	\$205,334		\$249,843
21	Rate Base	\$3,293,158		\$4,845,511			\$4,845,511
22	Rate of Return	2.38%		0.92%			5.16%

ARTESIAN WASTEWATER MANAGEMENT, INC.
STATEMENT OF OPERATING REVENUES
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2012

Exhibit 1
Schedule 3 p.4
D.L. Valcarengi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.	Description	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
1	Flat Rate Revenue	68,705	70,835	71,233	72,590	89,163	69,720	71,010	70,910	76,635	73,021	75,600	79,400	888,822
2	Other Revenues	-	-	2,350	750	-	-	-	-	5,120	-	-	-	8,220
3	Op Sub Stonewater Creek	13,375	2,675	77,575	14,385	8,631	-	5,754	5,754	5,754	-	2,877	5,754	142,534
4	Op Sub Beaver Creek	4,945	-	98,900	5,390	10,780	-	5,390	-	5,390	10,780	10,780	10,780	163,135
5	Op Sub Heron Bay	10,184	5,090	83,602	-	-	-	-	-	-	5,461	5,461	32,028	141,826
6	Op Sub Oakwood Village	-	-	81,716	26,360	-	-	-	-	-	-	-	-	108,076
7	Op Sub Independence	-	1,565	54,775	3,664	(291)	3,332	3,180	1,628	3,256	1,628	8,140	3,256	84,133
8	Op Sub Windstone	3,740	7,480	12,200	-	8,108	12,162	-	12,162	12,162	4,054	-	4,054	76,122
9	Op Sub Southfield	875	-	-	-	-	-	-	-	-	-	1,948	-	2,823
10	Op Sub Shoreview Woods	-	-	-	-	-	16,525	-	16,525	-	-	-	16,525	49,575
11	Inspection Fees	1,000	600	1,500	900	1,700	1,000	1,100	1,500	900	2,200	500	2,200	15,100
12	Late Payment	439	213	39	178	178	89	273	68	18	105	134	59	1,793
13	Purchase Discounts	-	-	-	-	-	812	-	-	-	-	-	-	812
		<u>103,263</u>	<u>88,458</u>	<u>483,890</u>	<u>124,217</u>	<u>118,269</u>	<u>103,640</u>	<u>86,707</u>	<u>108,547</u>	<u>109,235</u>	<u>97,249</u>	<u>105,440</u>	<u>154,056</u>	<u>1,682,971</u>

Flat Rate Revenues	888,822
Operating Subsidies	768,224
Inspection Fees	15,100
Late Payment Charges	1,793
Purchase Discounts	812
Other	<u>8,220</u>
	<u>1,682,971</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
 OPERATING REVENUES
 FOR THE TEST YEAR AND PRO FORMA PERIODS

Exhibit 1
 Schedule 3A p.1
 D.L. Valcarengi
 January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
 Company: Artesian Wastewater Management, Inc.
 Docket No. _____

Line No.	Account Number	Description	Test Year	Adjustments to Normalize Test Test Year	Normalized Test Year	Pro Forma Adj.	Pro Forma Test Period
1	521	Flat Rate Revenues	\$ 888,822	\$ 96,715	\$ 985,537	\$ 342,608 3p.3	\$ 1,328,145
2	536	Operating Subsidies	768,224	(60,062)	708,162		708,162
3		Wastewater Service Revenues	\$ 1,657,046	\$36,653 3Ap2	\$ 1,693,699	342,608	\$ 2,036,307
4		Miscellaneous Revenues					
5	536	Inspection Fees	\$ 15,100	11,000	26,100		26,100
6	536	Late Payment Charges	1,793		1,793	891	2,684
7	536	Purchase Discounts	812		812		812
8	536	Other	8,220		8,220		8,220
9		Total Misc. Revenues	\$ 25,925	\$ 11,000	\$ 36,925	\$ 891	\$ 37,816
10		Total Operating Revenues	<u>\$1,682,971</u>	<u>\$47,653</u>	<u>\$ 1,730,624</u>	<u>\$343,498</u>	<u>\$ 2,074,122</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
SUMMARY OF ADJUSTMENTS TO OPERATING REVENUE

Exhibit 1
Schedule 3A p.2
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>	<u>Description</u>	
1	To Remove Revenue Collections from Village of Herring Creek Customers	\$ (35,063)
2	To Annualize Revenue from Customers at the End of Test Year	32,778
3	To Reflect Additional Revenue from 110 New Customers	99,000
4	To Reflect Inspection Fees with New Customers	11,000
5	To Annualize Operating Subsidy Revenue during Test Period	<u>(60,062)</u>
6	Total Adjustments to Operating Revenue	<u>\$ 47,653</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
SUMMARY OF OPERATING AND MAINTENANCE EXPENSES
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2012

Exhibit 1
Schedule 3B. P.1
D.L. Valcarengi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.	Item	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Total
1	Payroll	\$ 40,230	\$ 41,573	\$ 93,638	\$ 45,124	\$ 36,622	\$ 40,715	\$ 36,836	\$ 36,332	\$ 35,270	\$ 23,977	\$ 52,872	\$ 35,077	\$ 518,267
2	Benefits	14,640	15,157	36,051	18,687	14,680	16,443	14,568	14,291	13,916	8,959	19,977	13,250	200,619
3	Sludge Removal	4,819	4,656	7,742	6,098	4,800	3,780	7,170	4,368	7,764	4,990	4,740	3,696	64,622
4	Purchased Power	4,128	4,081	5,828	6,728	7,059	5,950	4,024	6,485	4,444	4,235	4,159	4,334	61,454
5	Chemicals	1,620	810	405	425	830	850	425	425	850	425	1,700	-	8,765
6	Materials & Supplies	2,674	735	1,887	1,406	1,697	1,136	1,754	2,060	768	1,309	1,072	570	17,068
7	Land Rent	3,333	3,333	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	40,665
8	Contractual Services	25,676	16,832	12,322	7,730	7,370	10,779	14,151	9,161	13,106	6,421	14,324	6,219	144,093
9	Customer Accounts	-	-	1,791	(2,192)	21,092	2,419	(1,647)	634	502	379	2,611	-	25,589
10	Transportation	5,768	2,636	9,354	4,039	6,495	7,662	7,507	8,306	7,016	7,012	7,554	6,795	80,144
11	Other	2,515	1,792	9,929	3,867	2,028	2,153	1,167	4,162	275	1,444	3,528	3,295	36,154
12	Administrative & General	13,466	16,916	21,430	14,147	12,783	14,859	11,178	9,249	14,709	9,195	21,221	12,302	171,456
13	Total	\$ 118,870	\$ 108,520	\$ 203,776	\$ 109,459	\$ 118,856	\$ 110,147	\$ 100,533	\$ 98,873	\$ 102,021	\$ 71,745	\$ 137,157	\$ 88,939	\$ 1,368,896

Source: Financials

ARTESIAN WASTEWATER MANAGEMENT, INC.
OPERATING AND MAINTENANCE EXPENSES
FOR THE TWELVE MONTH PERIOD ENDED SEPTEMBER 30, 2012

Exhibit 1
Sch 3B. P.2
D.L. Valcarenghi
January 18, 2013

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.		31-OCT-11	30-NOV-11	31-DEC-11	31-JAN-12	29-FEB-12	31-MAR-12	30-APR-12	31-MAY-12	30-JUN-12	31-JUL-12	31-AUG-12	30-SEPT-12	YTD
	OPERATING EXPENSES													
1	672000 LABORATORY TEST SUPPLIES	422	\$0	579	\$2,269	\$0	\$326	\$0	\$307	\$0	\$0	\$0	0	\$3,903
2	701001 AWMI BIWK PAY-OTHER GEN OFF SAL	30,166	30,575	40,537	32,888	24,805	30,328	28,249	25,495	26,101	15,905	30,960	20,292	\$336,300
3	711000 SLUDGE REMOVAL EXPENSE	4,819	4,656	7,742	6,098	4,800	3,780	7,170	4,368	7,764	4,990	4,740	3,696	\$64,622
4	715000 PURCHASED POWER	3,568	3,845	4,307	5,260	4,827	3,786	3,995	3,047	4,199	4,025	3,860	3,876	\$48,595
5	716000 FUEL POWER PRODUCTION	0	0	0	0	0	100	0	2,746	0	0	0	0	\$2,846
6	718000 CHEMICALS	1,620	810	405	425	830	850	425	425	850	425	1,700	0	\$8,765
7	719000 GAS & PROPANE	279	0	37	1,097	1,831	1,672	90	194	0	0	0	0	\$5,200
8	720000 MATERIALS & SUPPLIES	2,674	\$735	1,887	1,406	\$1,697	\$1,136	\$1,754	\$2,060	\$768	\$1,309	\$1,072	570	\$17,068
9	731000 CONTRACTUAL SERVICES-PROFESS	0	0	0	564	0	0	0	0	0	0	0	0	\$564
10	733000 AWMI LEGAL SERVICES	0	580	0	0	0	0	7	0	0	0	90	3,146	\$3,822
11	735000 CONTRACTUAL SERVICES-TESTING	2,579	2,776	5,795	3,585	2,111	3,061	3,798	1,765	1,633	3,664	1,566	2,550	\$34,883
12	736000 OTHER CONTRACTUAL SERVICES	23,097	14,056	6,528	3,581	5,259	7,718	10,353	7,396	11,473	2,757	12,757	3,669	\$108,646
13	926000 EMPLOYEE BENEFITS	11,041	11,224	14,756	14,155	10,302	12,596	11,387	10,277	10,520	5,969	11,861	7,774	\$131,862
14														
15	TOTAL OPERATING EXPENSES	80,266	\$69,257	82,572	\$71,328	\$56,462	\$65,353	\$67,228	\$58,080	\$63,309	\$39,043	\$68,606	45,572	\$767,076
16														
17	CUSTOMER ACCOUNTS													
18	904000 UNCOLLECTIBLE ACCOUNTS	0	0	1,791	(2,192)	21,092	2,419	(1,647)	634	502	379	2,611	0	\$25,589
19														
20	TOTAL CUSTOMER ACCOUNTS	0	\$0	1,791	(\$2,192)	\$21,092	\$2,419	(\$1,647)	\$634	\$502	\$379	\$2,611	0	\$25,589
21														
22	ADMINISTRATIVE & GENERAL													
23	701001.0500 AWMI PAYROLL-COST ALLOC	7,428	\$8,140	39,465	\$8,915	\$15,138	\$10,387	\$8,587	\$10,838	\$9,169	\$8,073	\$21,912	14,785	\$162,837
24	704000 EMPL BENEFITS-COST ALLOCATION	3,599	3,933	21,295	4,532	4,378	3,847	3,181	4,014	3,396	2,990	8,116	5,476	\$68,757
25	715000.0500 PURCHASED POWER-COST ALLOCATION	280	236	1,484	371	401	392	(61)	498	245	210	298	459	\$4,813
26	741000 RENT EXPENSE-AWMI	3,333	3,333	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	\$40,665
27	750000 TRANSPORTATION EXPENSES	5,768	2,636	9,354	4,039	6,495	7,662	7,507	8,306	7,016	7,012	7,554	6,795	\$80,144
28	759000 AWMI INSURANCE-COST ALLOC	2,289	2,415	2,190	2,269	2,276	2,272	1,836	2,169	2,178	2,250	2,017	2,109	\$26,270
29	767000 REGULATORY COMMISSION EXPENSES	0	1,571	0	0	166	3,330	25	19	0	0	0	1,536	\$6,647
30	775000 MISC EXPENSES	448	335	1,491	50	307	394	691	2,346	(1,239)	212	1,397	1,037	\$7,469
31	789000 GEN & MISC-OPERATIONS	0	0	890	0	0	17	(890)	0	0	0	450	0	\$467
32	920001 BIWK PAY-OFFICERS	2,635	2,858	13,636	3,321	(3,321)	0	0	0	0	0	0	0	\$19,129
33	921001 OFFICE SUPPLY & EXPENSE	672	636	945	741	784	510	802	855	613	611	606	611	\$8,387
34	921002 EMPL AUTO EXPENSE	377	92	274	184	0	92	129	126	66	0	191	0	\$1,532
35	921003 EMPL BUSINESS EXPENSE	(557)	3,369	(3,916)	3,439	1,066	856	880	(1,565)	1,034	(264)	3,465	(616)	\$7,191
36	921004 EDP OFF EXP-HRD-SFT SUPPORT	208	208	1,313	208	268	268	268	268	268	268	268	268	\$4,082
37	923000 OUTSIDE SERVICES	3,053	0	(32)	0	0	0	0	150	4,585	0	2,400	0	\$10,157
38	923002 LEGAL SERVICES	0	0	0	0	0	0	0	0	0	0	2,963	(2,963)	\$0
39	923003 OTHER OUTSIDE SERVICES	207	163	122	126	152	195	132	152	120	120	137	133	\$1,759
40	924004 AUTO INSURANCE	649	649	649	0	0	0	0	0	0	0	0	0	\$1,948
41	930002 MISC & GEN EXPENSE	0	0	2,503	0	192	(108)	703	31	(353)	196	2,424	92	\$5,680
42	931000 RENT EXPENSE-INTERCO	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	\$42,000
43	965000 ADMIN EXPENSE-COST ALLOCATION	3,067	3,733	13,881	3,680	4,379	3,944	2,896	3,543	2,698	2,514	3,160	4,487	\$51,981
44														
45	TOTAL ADMIN & GENERAL	36,958	\$37,807	112,445	\$38,775	\$39,581	\$40,959	\$33,586	\$38,651	\$36,696	\$31,091	\$64,258	41,109	\$551,916
46														
47	TOTAL OPERATING EXPENSES	117,224	\$107,063	196,807	\$107,911	\$117,135	\$108,731	\$99,167	\$97,365	\$100,507	\$70,514	\$135,475	86,681	\$1,344,580
48	MAINTENANCE EXPENSES													
49														
50	932000 REPAIR & MAINT-COST ALLOCATION	1,646	1,457	6,968	1,548	1,721	1,416	1,366	1,509	1,514	1,232	1,681	2,258	\$24,316
51														
52	TOTAL MAINTENANCE EXPENSES	1,646	\$1,457	6,968	\$1,548	\$1,721	\$1,416	\$1,366	\$1,509	\$1,514	\$1,232	\$1,681	2,258	\$24,316
53														
54	TOTAL OPERATION & MAINTENANCE	118,870	\$108,520	\$203,776	\$109,459	\$118,856	\$110,147	\$100,533	\$98,873	\$102,021	\$71,745	\$137,157	\$88,939	\$1,368,896

ARTESIAN WASTEWATER MANAGEMENT, INC.
STATEMENT OF OPERATING INCOME
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2012

Exhibit 1
Schedule 3B p. 3
D.L. Valcarenghi
January 18, 2013

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.	ACCOUNT NUMBER	DESCRIPTION	31-OCT-11	30-NOV-11	31-DEC-11	31-JAN-12	29-FEB-12	31-MAR-12	30-APR-12	31-MAY-12	30-JUN-12	31-JUL-12	31-AUG-12	30-SEPT-12	YTD
		ALLOCATED EXPENSES													
1	701001.0500	AWMI PAYROLL-COST ALLOC	7,428	\$8,140	39,465	\$8,915	\$15,138	\$10,387	\$8,587	\$10,838	\$9,169	\$8,073	\$21,912	14,785	\$162,837
2	704000	EMPL BENEFITS-COST ALLOCATION	3,599	3,933	21,295	4,532	4,378	3,847	3,181	4,014	3,396	2,990	8,116	5,476	\$68,757
3	715000.0500	PURCHASED POWER-COST ALLOCATION	280	236	1,484	371	401	392	(61)	498	245	210	298	459	\$4,813
4	750000	TRANSPORTATION EXPENSES	5,768	2,636	9,354	4,039	6,495	7,662	7,507	8,306	7,016	7,012	7,554	6,795	\$80,144
5	759000	AWMI INSURANCE-COST ALLOC	2,289	2,415	2,190	2,269	2,272	2,272	1,836	2,169	2,178	2,250	2,017	2,109	\$26,270
6	920001	BIWK PAY-OFFICERS	2,635	2,858	13,636	3,321	(3,321)	0	0	0	0	0	0	0	\$19,129
7	924004	AUTO INSURANCE	649	649	649	0	0	0	0	0	0	0	0	0	\$1,948
8	926000	EMPLOYEE BENEFITS	11,041	11,224	14,756	14,155	10,302	12,596	11,387	10,277	10,520	5,969	11,861	7,774	\$131,862
9	932000	REPAIR & MAINT-COST ALLOCATION	1,646	1,457	6,968	1,548	1,721	1,416	1,366	1,509	1,514	1,232	1,681	2,258	\$24,316
10	965000	ADMIN EXPENSE-COST ALLOCATION	3,067	3,733	13,881	3,680	4,379	3,944	2,896	3,543	2,698	2,514	3,160	4,487	\$51,981
11		TOTAL ALLOCATED EXPENSES	38,403	37,280	123,679	42,830	41,769	42,517	36,699	41,154	36,736	30,249	56,600	44,143	572,059
12															
13		DIRECT EXPENSES													
14	672000	LABORATORY TEST SUPPLIES	422	\$0	579	\$2,269	\$0	\$326	\$0	\$307	\$0	\$0	\$0	0	\$3,903
15	701001	AWMI BIWK PAY-OTHER GEN OFF SAL	30,166	30,575	40,537	32,888	24,805	30,328	28,249	25,495	26,101	15,905	30,960	20,292	\$336,300
16	711000	SLUDGE REMOVAL EXPENSE	4,819	4,656	7,742	6,098	4,800	3,780	7,170	4,368	7,764	4,990	4,740	3,696	\$64,622
17	715000	PURCHASED POWER	3,568	3,845	4,307	5,260	4,827	3,786	3,995	3,047	4,199	4,025	3,860	3,876	\$48,595
18	716000	FUEL POWER PRODUCTION	0	0	0	0	0	100	0	2,746	0	0	0	0	\$2,846
19	718000	CHEMICALS	1,620	810	405	425	830	850	425	425	850	425	1,700	0	\$8,765
20	719000	GAS & PROPANE	279	0	37	1,097	1,831	1,672	90	194	0	0	0	0	\$5,200
21	720000	MATERIALS & SUPPLIES	2,674	\$735	1,887	1,406	\$1,697	\$1,136	\$1,754	\$2,060	\$768	\$1,309	\$1,072	570	\$17,068
22	731000	CONTRACTUAL SERVICES-PROFESS	0	0	0	564	0	0	0	0	0	0	0	0	\$564
23	733000	AWMI LEGAL SERVICES	0	580	0	0	0	0	7	0	0	0	90	3,146	\$3,822
24	735000	CONTRACTUAL SERVICES-TESTING	2,579	2,776	5,795	3,585	2,111	3,061	3,798	1,765	1,633	3,664	1,566	2,550	\$34,883
25	736000	OTHER CONTRACTUAL SERVICES	23,097	14,056	6,528	3,581	5,259	7,718	10,353	7,396	11,473	2,757	12,757	3,669	\$108,646
26	741000	RENT EXPENSE-AWMI	3,333	3,333	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	\$40,665
27	767000	REGULATORY COMMISSION EXPENSES	0	1,571	0	0	166	3,330	25	19	0	0	0	1,536	\$6,647
28	775000	MISC EXPENSES	448	335	1,491	50	307	394	691	2,346	(1,239)	212	1,397	1,037	\$7,469
29	789000	GEN & MISC-OPERATIONS	0	0	890	0	0	17	(890)	0	0	0	450	0	\$467
30	904000	UNCOLLECTIBLE ACCOUNTS	0	0	1,791	(2,192)	21,092	2,419	(1,647)	634	502	379	2,811	0	\$25,589
31	921001	OFFICE SUPPLY & EXPENSE	672	636	945	741	784	510	802	855	613	611	606	611	\$8,387
32	921002	EMPL AUTO EXPENSE	377	92	274	184	0	92	129	126	66	0	191	0	\$1,532
33	921003	EMPL BUSINESS EXPENSE	(557)	3,369	(3,916)	3,439	1,066	856	880	(1,565)	1,034	(264)	3,465	(616)	\$7,191
34	921004	EDP OFF EXP-HRD-SFT SUPPORT	208	208	1,313	208	268	268	268	268	268	268	268	268	\$4,082
35	923000	OUTSIDE SERVICES	3,053	0	(32)	0	0	0	150	0	4,585	0	2,400	0	\$10,157
36	923002	LEGAL SERVICES	0	0	0	0	0	0	0	0	0	0	2,963	(2,963)	\$0
37	923003	OTHER OUTSIDE SERVICES	207	163	122	126	152	195	132	152	120	120	137	133	\$1,759
38	930002	MISC & GEN EXPENSE	0	0	2,503	0	192	(108)	703	31	(353)	196	2,424	92	\$5,680
39	931000	RENT EXPENSE-INTERCO	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	\$42,000
40		TOTAL DIRECT EXPENSES	80,467	71,240	80,096	66,629	77,087	67,630	63,834	57,720	65,285	41,496	80,557	44,796	796,838
41		TOTAL OPERATION & MAINTENANCE	118,870	108,520	203,776	109,459	118,856	110,147	100,533	98,873	102,021	71,745	137,157	88,939	1,368,896

ARTESIAN WASTEWATER MANAGEMENT, INC.
SUMMARY OF RECOMMENDED ADJUSTMENTS TO OPERATING EXPENSES
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2012

Exhibit 1
Schedule 3B p.4
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.	Description	Schedule	
1	To Reflect a Projected 3% Increase in Payroll Costs	B p. 5	16,737
2	To Reflect an Increase in Employee Benefits Costs	B p. 6	16,050
3	To Reflect the Removal of Operational Costs Related to Village of Herring Creek	B p. 7	(11,467)
4	To Reflect Increased Purchased Power Costs	B p. 8	21,205
5	To Reflect the Recovery of Rate Case Costs	B p. 9	28,975
6	To Reflect the Removal of Wastewater Billings	B p. 10	(25,000)
7	To Reflect Increased Testing Costs	B p. 11	8,414
8	To Reflect Depreciation on Projected Capital Expenditures	B p. 12	(6,040)
9	To Reflect a Projected Increase in Employee Training Costs	B p. 13	9,467
10	To Reflect the Cost of Safety Measures	B p. 14	6,000
11	To Reflect Increased Associated with New Customers	B p. 15	15,058
12	To Reflect the Cost of Process Controls	B p. 16	5,000
13	To Reflect Various O&M Costs by 2.0%	B p. 17	8,332
			<u>\$ 92,731</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
PAYROLL
FOR THE TEST YEAR ENDED SEPTEMBER 30,2012

Exhibit 1
Schedule 3B p.5
D.L. Valcarengi
January 18, 2013

3c

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>		
1	Test Year Payroll Costs	\$ 518,267
2	Projected Percentage Wage Increase	<u>3%</u>
3	Total	\$ 15,548
4	Related Payroll Tax Increase	<u>1,189</u>
5	Adjustment to Payroll Costs	<u><u>\$ 16,737</u></u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
EMPLOYEE BENEFIT COSTS
FOR THE TEST YEAR ENDED SEPTEMBER 30,2012

Exhibit 1
Schedule 3B p.6
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>		
1	Actual Employee Benefit Costs Incurred	\$ 200,619
2	Estimated Increase in Costs	<u>8%</u>
3	Projected Increase in Benefit Costs	<u><u>\$ 16,050</u></u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
VILLAGE OF HERRING CREEK COSTS
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2012

Exhibit 1
Schedule 3B p. 7
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>		
1	Village of Herring Creek Costs Incurred	\$ 11,467
2	Going Forward Amount	<u>-</u>
3	Costs to be Removed From Test Year	<u><u>\$ (11,467)</u></u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
PURCHASED POWER COSTS
FOR THE TEST YEAR ENDED SEPTEMBER 30,2012

Exhibit 1
Schedule 3B p.8
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>		
1	Test Year Purchased Power Costs	\$ 48,595
2	Gas and Propane Costs	<u>5,200</u>
3	Total	\$ 53,795
4	Estimated Increases	<u>\$ 75,000</u>
5	Expected Increase in Purchased Power Costs	<u><u>\$ 21,205</u></u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
RATE CASE COSTS
FOR THE TEST YEAR ENDED SEPTEMBER 30,2012

Exhibit 1
Schedule 3B p. 9
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>		
1	Intervenor Consultants	\$ 40,000
2	Legal Costs	\$ 15,000
3	Administrative Costs	\$ 2,850
4	Filing Fees	<u>\$ 100</u>
5	Total	\$ 57,950
6	Amortization Period	<u>2</u>
7	Adjustment to Recover Rate Case Costs	<u><u>\$ 28,975</u></u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
REMOVAL OF WASTEWATER BILLINGS
FOR THE TEST YEAR ENDED SEPTEMBER 30,2012

Exhibit 1
Schedule 3B p.10
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>		
1	Wastewater Charges Incurred	\$ 25,000
2	Pro Forma Amount	<u>\$ -</u>
3	Adjustment to Remove Wastewater Billings	<u><u>\$ (25,000)</u></u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
TESTING COSTS
FOR THE TEST YEAR ENDED SEPTEMBER 30,2012

Exhibit 1
Schedule 3B p.11
D.L. Valcarengi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>		
1	Laboratory Test Supplies	\$ 3,903
2	Contractual Testing	<u>34,883</u>
3	Adjustment to Remove Charges	\$ 38,786
4	Estimated Costs	<u>47,200</u>
5	Expected Increase in Testing Costs	<u><u>\$ 8,414</u></u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
 PRO FORMA DEPRECIATION
 FOR THE TEST YEAR ENDED SEPTEMBER 30,2012

Exhibit 1
 Schedule 3B p.12
 D.L. Valcarenghi
 January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
 Company: Artesian Wastewater Management, Inc.
 Docket No. _____

Line No.			Test Period Asset Depreciation	Test Period Advance Depreciation	Test Period CIAC Depreciation	Net Test Period Depreciation
1	Collection System Structures	3540020000	\$143	-	-	143
2	System Pump Structures	3540030000	\$59	-	-	59
3	WW-Treat&Dispos-Structures	3540040000	\$132,048	3,900	58,465	69,683
4	WW-Treat&Disposal-Power Genera	3550040000	\$6,931	215	8,221	(1,505)
5	WW-Collection Sewers-Force	3600020000	\$15,828	129	4,894	10,806
6	WW Collection Sewers-Gravity	3610020000	\$60,764	-	59,111	1,654
7	WW Services to Customers	3630020000	\$21,235	-	26,634	(5,399)
8	WW-Flow Metering Device	3640020000	\$2,954	-	2,380	574
9	WW System Pump Plant-Pump Eq	3710030000	\$40,235	9,805	17,328	13,102
10	WW Treat&Disposal-Equipment	3800040000	\$65,921	1,359	41,226	23,337
11	WW Treat&Disposal Sewers	3810040000	\$4,111	-	10,610	(6,498)
12	WW Treat&Disposal Misc Equipme	3890040000	\$8,921	-	-	8,921
13	WW Computer Hardware	3900030000	\$3,733	-	-	3,733
14	WW Transportation Equipment	3910060000	\$30,251	-	-	30,251
15	WW Tools,Shop,Gar Equipment	3930070000	\$2,621	-	-	2,621
16	WW Computer Software	3940040000	\$4,880	-	-	4,880
17	WW Lab Equipment	3940070000	\$7,789	-	-	7,789
18	WW-Power Operated Equipment	3950070000	\$3,265	-	-	3,265
19	Communciations Equipment	3960070000	\$1,942	-	1,963	(22)
20	WW Misc. Equipment	3970070000	\$7,606	-	-	7,606
21			<u>\$ 421,238</u>	<u>15,408</u>	<u>230,831</u>	<u>\$ 174,999</u>
22						
23				Test Year Depreciation		<u>\$ 181,039</u>
24						
25				Adjustment		<u>\$ (6,040)</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
EMPLOYEE TRAINING COSTS
FOR THE TEST YEAR ENDED SEPTEMBER 30,2012

Exhibit 1
Schedule 3B p.13
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>		
1	Actual Training Costs Incurred	\$ 2,033
2	Estimated Training Costs	<u>\$ 11,500</u>
3	Expected Increase In Costs	<u><u>\$ 9,467</u></u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
ARC FLASH SAFETY COSTS
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2012

Exhibit 1
Schedule 3B p.14
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>		
1	Costs Incurred in Test Year	\$ -
2	Estimated Costs in Test Period	<u>\$ 6,000</u>
3	Recommended Adjustment for Safety Costs	<u><u>\$ 6,000</u></u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
COST TO SERVE NEW CUSTOMERS
FOR THE TEST YEAR ENDED SEPTEMBER 30,2012

Exhibit 1
Schedule 3B p.15
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>		
1	Test Year Operational Costs	\$ 134,841
2	Number of Customers	<u>985</u>
3	Average Cost	\$ 136.89
4	Additional Customers	<u>110</u>
5	Incremental Costs to Serve New Customers	<u><u>\$ 15,058</u></u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
PROCESS CONTROL COSTS
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2012

Exhibit 1
Schedule 3B p. 16
D.L. Valcarengi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>		
1	Costs Incurred in Test Year	\$ -
2	Estimated Costs to be Incurred	<u>\$ 5,000</u>
3	Recommended Adjustment for Process Controls	<u><u>\$ 5,000</u></u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
OTHER COSTS
FOR THE TEST YEAR ENDED SEPTEMBER 30,2012

Exhibit 1
Schedule 3B p.17
D.L. Valcarengi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>		
1	Various Costs Incurred	\$ 416,619
2	Percentage Rate	<u>2%</u>
3	Expected Increase in Costs	<u>\$ 8,332</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
SALES, CHARITABLE, AND SOCIAL COSTS

Exhibit 1
Schedule 3E, 3F & 3G
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.

1	Sales Promotion and Advertising Expenses	\$ -	3E
2	Charitable & Educational Expenses	\$ -	3F
3	Social and Service Club Dues	\$ -	3G

ARTESIAN WASTEWATER MANAGEMENT, INC.
RATE CASE EXPENSES

Exhibit 1
Schedule 3H
D.L. Valcarengi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.		
1	Intervenor Consultants	\$ 40,000
2	Legal Costs	\$ 15,000
3	Administrative Costs	\$ 2,850
4	Filing Fees	<u>\$ 100</u>
5	Total	<u>\$ 57,950</u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
OPERATING AND DEFERRED INCOME TAXES
FOR THE TEST YEAR AND PRO FORMA PERIODS

Exhibit 1
Schedule 3I
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>	<u>Operating Income Taxes</u>	<u>Present</u>	<u>Pro Forma</u>	<u>Line No.</u>	<u>Deferred Income Taxes</u>	
1	Utility Operating Income before Income Taxes	49,984	390,742	1	Excess Tax over Book Depreciation	905,966
2	Interest Expense @ Weighted Debt	1.10% 36,209	36,209	2	Rate of Tax	8.70%
3	Adjustments: to determine income for Delaware	<u>13,775</u>	<u>354,533</u>	3	Deferred State Income Tax	78,819
4	Add: Book depreciation on 1973 and prior assets	0	0	4	Timing Differences for Federal Income Tax	827,147
5	Deduct: Tax Depr on pre 1973 assets	<u>0</u>	<u>0</u>	5	Tax Rate	<u>34%</u>
6	Net income subject to state income taxes	13,775	354,533	6	Deferred Federal Income Tax	<u>281,230</u>
7	Rate of state income tax	<u>8.70%</u>	<u>8.70%</u>			
8	Pro Forma State Income Tax	1,198	30,844			
9	Less: Deferred State Income Tax	<u>78,819</u>	<u>78,819</u>			
10	State Income Tax Currently Payable for Test Period	(77,621)	(47,975)			
11	Actual State Income Tax Payable	<u>0</u>				
12	Pro Forma State Income Tax	<u>(77,621)</u>	<u>(77,621)</u>			
13	Pro Forma State Tax		<u>29,646</u>			
14	Net Income Subject to State Income	13,775	354,533			
15	Pro Forma State Income Tax	<u>1,198</u>	<u>30,844</u>			
16	Net Income Subject to Federal Income Tax	12,577	323,688			
17	Federal Income Tax Rate	<u>34%</u>	<u>34%</u>			
18	Pro Forma Federal Income Tax	4,276	110,054			
19	Less Deferred Federal Income Tax	<u>281,230</u>	<u>281,230</u>			
20	Total Pro Forma Federal Income Tax	(276,954)	(171,176)			
21	Actual Tax Payable for Test Year	0				
22	Pro Forma Decrease to FIT payable under present rates	<u>(276,954)</u>				
23	Pro Forma FIT Payable		<u>(276,954)</u>			
24	Pro Forma Increase to determine FIT Payable		<u>105,778</u>			

ARTESIAN WASTEWATER MANAGEMENT, INC.
RATE OF RETURN

Exhibit 1
Schedule 4
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. IV.B.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>WeightedCost</u>
1	Debt	\$ 4,696,827	59.43%	1.85%	1.10%
2	Common Equity	\$ 3,205,847	40.57%	10.00%	4.06%
3	Total	\$ 7,902,674			5.16%

ARTESIAN WASTEWATER MANAGEMENT, INC.
REVENUE CONVERSION FACTOR

Exhibit 1
Schedule 5
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

Line No.		
1	Gross Revenues	100%
2	Add: Finance Charge	0.26%
3	Less: Bad Debt Expense	0.50%
4	Less: PSC Assessment	<u>0.30%</u>
5	Net Operating Income Before Income Tax	99.4600%
6	Less: State income Tax @ 8.7%	<u>8.65302%</u>
7	Subtotal	90.8070%
8	Less: Federal Income Tax @ 34%	<u>30.8744%</u>
9	Operating Income	59.9326%
10	Conversion Factor	<u><u>1.668541</u></u>

ARTESIAN WASTEWATER MANAGEMENT, INC.
RATE DEVELOPMENT

Exhibit 1
Schedule 6
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>		
1	End of Test Year 1 EDU customers	978
2	Monthly Commercial with Multiple EDUs	46
3	Additional 1 EDU Customers	<u>110</u>
4	Pro Forma Monthly Billable EDUs	1,134
4	Annualized EDUs	13,608
5	Pro Forma Flat Rate Revenue	\$ 1,328,145
6	Pro Forma Rate per EDU	\$ 98

ARTESIAN WASTEWATER MANAGEMENT, INC.
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION

Exhibit 1
Schedule 7
D.L. Valcarenghi
January 18, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Wastewater Management, Inc.
Docket No. _____

<u>Line No.</u>	<u>Month</u>	<u>Rate</u>
1	Oct-11	3.464%
2	Nov-11	3.464%
3	Dec-11	3.464%
4	Jan-12	3.527%
5	Feb-12	3.527%
6	Mar-12	3.527%
7	Apr-12	3.483%
8	May-12	3.483%
9	Jun-12	3.483%
10	Jul-12	3.342%
11	Aug-12	3.342%
12	Sep-12	3.342%
13	Oct-12	3.355%
14	Nov-12	3.355%
15	Dec-12	3.355%