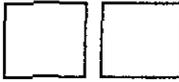
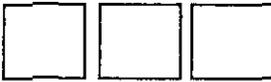


 **H**awke
 **M**cKeon &
 **S**niscak LLP
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100 North Tenth Street, Harrisburg, PA 17101 Phone: 717.236.1300 Fax: 717.236.4841 www.hmslegal.com
June 30, 2010

VIA HAND DELIVERY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street – Filing Room (2 North)
P.O. Box 3265
Harrisburg, PA 17105-3265

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RE: Total Environmental Solutions, Inc. – Treasure Lake Sewer Division; **SUPPLEMENT NO. 6 TO TARIFF WASTEWATER – PA. P.U.C. No. 4 – FILING FOR INCREASE IN RATES**

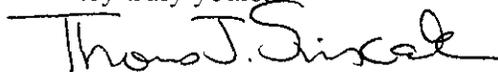
Dear Secretary Chiavetta:

Enclosed for filing with the Commission on behalf of Total Environmental Solutions, Inc. – Treasure Lake Sewer Division (“TESI”) are eight (8) copies each of the following documents:

1. Supplement No. 6 to Tariff Wastewater – Pa. P.U.C. No.4, which increases rates for all metered customers, and decreases rates for all Availability or Ready-To-Serve Customers.
2. Supporting data required by 52 Pa. Code § 53.52.

Thank you for your attention to this matter. If you have any questions, please feel free to call either me or Craig Burgraff of my office.

Very truly yours,



Thomas J. Sniscak
Craig R. Burgraff
Counsel for Total Environmental Solutions, Inc.

TJS:CRB/bks
Enclosures

cc: J. Edward Simms, Esquire
Irwin A. Popowksy, Esquire
William R. Lloyd, Jr., Esquire

MAILING ADDRESS: P.O. BOX 1778 HARRISBURG, PA 17105

TOTAL ENVIRONMENTAL SOLUTIONS, INC.

**RATES, RULES AND REGULATIONS
GOVERNING THE PROVISION OF SANITARY SEWER SERVICE
WITHIN THAT
PORTION OF TOWNSHIP OF SANDY,
COUNTY OF CLEARFIELD, PENNSYLVANIA**

BY: William Schoening, Chief Executive Officer
Total Environmental Solutions, Inc.
906 Beaver Drive
DuBois, PA 15801

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**THIS TARIFF MAKES INCREASES AND CHANGES IN EXISTING RATES
SEE FOURTH REVISED PAGE TWO**

CHANGES MADE BY THIS TARIFF

Supplement No. 6 to Tariff Wastewater – Pa. P.U.C. No. 4:

- Increases service rates to all customers at premises where water service is metered. The minimum charge, including the metered water allowance of 2,000 gallons per month, is removed pursuant to Public Utility Commission directive. Monthly rates and a commodity charge applicable to all metered water usage is included. The increase for the average residential customer is 52.9%. The increase for the average commercial customer is 14.9%.
- Increases rates by 47% for Flat Rate customers at premises where water service is not metered, and by 48.3% for Flat Rate customers with a pump credit.
- Decreases the availability charge by 49%.

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List of Changes	4 th Revised Page No. 2
Table of Contents	4 th Revised Page No. 3
Rules and Regulations:	
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2. Application for Service	Original Page No. 4C
3. Service Connections.....	Original Page No. 5
3.A. Wastewater Control Regulations	1 st Revised Page No. 7
3.B. Main Extensions	1 st Revised Page No. 9
4. Construction Standards for Customer-Owned Facilities	Original Page No. 12
5. Apartment Complexes	Original Page No. 13A
6. Condominium Complexes	Original Page No. 14
7. Metered Service	1 st Revised Page No. 16
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9. Discontinuance of Service	Original Page No. 16A
10. Prohibited Wastes	Original Page No. 18
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12. Landlord and Tenant.....	Original Page No. 20
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.....	4 th Revised Page No. 22

2. Deposits may be required from Customers taking service for a period of less than thirty (30) days in an amount equal to the estimated gross bill for such temporary period. Deposits may be required from all Customers provided that, in no instance, will deposits be required of residential customers in excess of the estimated gross bill for any single billing period plus one month (the maximum period not to exceed four months) with a minimum of \$5.00.

3. Interest on deposits made by residential Customers will be paid by the Company in accordance with regulations of the Public Utility Commission at 52 Pa. Code Section 56.57.

14. Rate Schedules

SCHEDULE "A" – SEWER RATES AT PREMISES
WHERE WATER SERVICE IS METERED

Residential and Commercial

Applicable to all Customers at Premises where water service is metered.

<u>Water Meter Size</u>	<u>Monthly Charge</u>
¾ Inch	\$ 22.14
1-Inch	41.81
1-½ Inch	51.94
2-Inch	69.24
3-Inch	144.25
4-Inch	288.49
6-Inch	576.98
 Commodity Charge per 1,000 gallons of metered water usage or a portion thereof	 \$5.80

A credit of \$1.00 per month shall be applied to bills to each Customer providing electric power to operate a grinder pump on the Customer's Premises.

(C)(1)

**SCHEDULE “B” – AVAILABILITY OR
READY-TO-SERVE CHARGE**

Applicable to each owner, without distinction as to whether the owner is a developer, of a tract of land, an individual lot or two or more contiguous lots within Treasure Lake Subdivision as shown on plans, subdivision maps or other similar documents of record in the Office of the Recorder of Deeds, Clearfield County, Pennsylvania, that abuts an installed main of the Company, except if sewer service is supplied, under either Rate Schedule “A” or “C”, to Premises that include such tract of land (See Pa. Bulletin, Volume 12, No. 15, April 10, 1982, and Pa. Bulletin Volume No. 12, No. 29, July 17, 1982.).

Availability or Ready-to-Serve Charge, Per tract of land per month	\$2.31	(D)
---	--------	-----

SCHEDULE “C” – FLAT RATES

The flat rate for sewer service, at Premises where water service is not metered, shall be \$52.74 per month, per customer. (I)

A credit of \$1.00 per month will be applied to bills to each Customer providing electric power to operate a grinder pump on the Customer’s Premises.

SCHEDULE “D” – PENNVEST DEBT

In addition to the customer tariff rates set forth above, all active sewer use customers will be charged \$6.73 per month per equivalent dwelling unit, which will provide funds to the Company for the repayment of the Pennsylvania Infrastructure Investment Authority (PennVest) Loan No. 27633. A typical residential customer will be considered as one (1) equivalent dwelling unit.

SCHEDULE “E” – RETURN CHECK CHARGE

The customer will be responsible for the payment of a charge for each time a check presented to the Company for payment on that customer’s utility bill is returned by the payer bank for any reason including, but not limited to, insufficient funds, account closed, payment stopped, two signatures required, post-dated, stale date, account garnished, or unauthorized signature. This charge is in addition to any charge which may be assessed against the customer by the bank.

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Information to Accompany
Supplement No. 6 to
Tariff Wastewater – Pa. P.U.C. No. 4

PURSUANT TO 52 PA. CODE § 53.52 OF THE COMMISSION'S
TARIFF REGULATIONS

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Statement of Reasons for Rate Increase
Answer to 52 Pa. Code § 53.52 (b)(1)

Total Environmental Solutions, Inc. is filing Supplement No. 6 to Tariff Wastewater – Pa. P.U.C. No. 4 on June 30, 2010 with a requested effective date of August 29, 2010 for the purpose of increasing sewer service revenue by \$268,150 per annum, based upon future test year operations ended December 31, 2010.

For the twelve months ended December 31, 2009 and December 31, 2010, the future test year period in this filing, utility operations produced a net operating income (loss) as follows:

<u>Operations</u>	<u>Net Operating Income</u>	<u>Reference</u>
Per Books	\$7,116	Section 1, Schedule C-1(s)
Per Books (Going-level Present Rates)	\$85,614	Section 2, Schedule C-1(s)

The current rate filing is necessary to realize a reasonable rate of return on the company's fixed capital investment and to recover increased operating expenses. A contributing factor to the level of increase sought is that the Commission's last order establishing rates as of July 30, 2008 did not provide the level of known expenses. Numerous factors were given consideration in establishing the proposed increase, which are categorized and set forth in the following narrative.

Operating Revenues

The operating revenues per books at December 31, 2009 amounted to \$1,151,662. An audit of the number of customers by classification was performed as of December 31, 2009. Per the latest audit and for the purpose of this rate filing, the following number of projected customers at December 31, 2010 by classification will be utilized:

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Statement of Reasons for Rate Increase
Answer to 52 Pa. Code § 53.52 (b)(1)

<u>Type</u>	<u>Number</u>
Residential	2,053
Commercial	52
Availability	<u>3,455</u>
 TOTAL	 5,560

As a result of the customer audit and the customer bill frequency analysis, adjustments were required to the book level of operating revenue as set forth in Section 2, Schedule C-1(s) to reflect the removal of the PennVest surcharge revenues and the proper level of annual revenue based upon the number of customers gained or lost during the test year periods at December 31, 2009 and December 31, 2010. These adjustments result in an overall increase of \$26,509 in operating revenue producing a going-level operating revenue at present rates of \$1,048.782.

Operating Expenses

An extensive review of the company's current and projected operating expenses was performed. For the twelve months ended December 31, 2009 and December 31, 2010, pro forma utility operations produced operating expense levels as follows:

<u>Operating Expenses</u>	<u>Amount</u>	<u>Reference</u>
Per books	\$1,015,156	Section 2, Schedule C-1(s)
Going-level at present rates	\$963,168	Section 2, Schedule C-1(s)

The company has projected operating costs as reflected in the going-level adjustments contained in Section 2, Schedules C-2(s), C-3(s) and C-4(s).

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Statement of Reasons for Rate Increase
Answer to 52 Pa. Code § 53.52 (b)(1)

Original Cost – Plant in Service

The original costs of the plant in service at December 31, 2009 were obtained through Pennsylvania Public Utility Commission (“Pa. P.U.C.”) Annual Reports and company records which included invoices and tax records. The adjusted total plant in service per books at December 31, 2009 is \$7,647,167.

The original cost of the utility plant in service at December 31, 2010, is \$7,647,167 and is contained in Section 2, Schedule B-3(s) by fixed capital plant account.

Accrued Depreciation

The calculations of annual and accrued depreciation in this report are based upon the Straight Line/Average Remaining Life Method and applied to the original costs at December 31, 2009 and December 31, 2010. The accrued depreciation at December 31, 2009 (adjusted) and December 31, 2010 amounted to \$3,492,813 and \$3,640,603.

Annual Depreciation Expense

The annual net depreciation expense of \$110,614 shown on Section 2, Schedules C-1(s) and C-5(s), is based upon the depreciable original cost base at December 31, 2010 excluding contributions in aid of construction. The book annual depreciation expense as of December 31, 2009 amounted to \$185,976. Going-level adjustments of (\$75,362) to the booked operating expenses (Section 2, Schedule C-2(s)) at December 31, 2010 were made to reflect the proper level of annual depreciation expense for the future test year.

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Statement of Reasons for Rate Increase
Answer to 52 Pa. Code § 53.52 (b)(1)

Measures of Value

Four (4) elements of rate base were utilized to determine a fair measure of value of the company for the purpose of base rate revenue as follows:

- I. Depreciated Utility Plant in Service
- II. Cash Working Capital
- III. Contributions in Aid of Construction (Net)
- IV. Deferred Debits

- I. Depreciated Utility Plant in Service

The depreciated utility plant in service was determined by deducting calculated accrued depreciation from the original cost of the plant in service at December 31, 2010 as follows:

	<u>Original Cost</u>	<u>Reference</u>
Utility Plant in Service	\$7,647,167	Section 2, Schedule B-1(s)
Accrued Depreciation	<u>\$3,640,603</u>	Section 2, Schedule B-1(s)
Depreciated Utility Plant In Service	\$4,006,564	

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Statement of Reasons for Rate Increase
Answer to 52 Pa. Code § 53.52 (b)(1)

II. Cash Working Capital

The amount included in the measure of value for cash working capital was based upon 45 days of pro forma operating and maintenance expenses of \$743,815, less uncollectible accounts of \$125,141 and amounts to \$77,334. See Section 2, Schedule B-2(s).

III. Contributions in Aid of Construction (Net)

The company's claim for contribution in aid of construction (net) totals \$1,173,549.

IV. Deferred Debits

The company's claim for deferred debits is \$80,941, and is shown at Section 2, Schedule B-2(s).

A detailed compilation of the total measures of value and rates of return at December 31, 2010 is contained in Section 2, Schedules B-1(s), D-1(s) and F-1(s).

Rate of Return

The company's pro forma capitalization at December 31, 2010 totaling \$2,991,290 is comprised of common equity and debt as follow:

	<u>Pro Forma</u> <u>12-31-10</u> Amount <u>Outstanding</u>
Long-Term Debt	\$1,645,210
Total Common Equity	<u>\$1,346,081</u>
Total Capital	\$2,991,290

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Statement of Reasons for Rate Increase
Answer to 52 Pa. Code § 53.52 (b)(1)

The pro forma capital structure is based upon the pro forma capital structure ratio of 55% debt and 45% common equity.

Section 2, Schedule D-1(s) contains the detailed pro forma calculations of the cost of capital and fair rate of return at December 31, 2010. Based upon these calculations, the company has utilized an overall 8.39% rate of return.

Tariff Design

The overall proposed increase in rates is approximately \$268,150 or 25.6%, as follows:

	<u>Amount</u>
Total Proposed Revenue	\$1,316,932
Going-Level Revenue at Present Rates	<u>\$1,048,782</u>
Total Proposed Increase	\$ 268,150
Percent Increase	25.6%

The company has removed the minimum water allowance and proposed a 49% decrease in availability customer rates.

Bill frequency analyses at present and proposed rates were prepared for the twelve months ended December 31, 2009 and December 31, 2010. Summaries of the detailed calculations of the bill frequency analyses are contained in Section 2, Schedules E-1(s), E-2(s) and E-3(s). Schedule E-3(s) also contains the proof of revenue at proposed rates.

The allocation of the proposed revenues by customer classification is contained in Section 2, Schedule E-3(s).

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Operating Revenue for the Twelve Months Ended
December 31, 2009 and December 31, 2010 Under Present Rates
Answer to 52 Pa. Code § 53.52 (b)(2)

The operating income statement for the company is shown in Section 2, Schedule C-1(s).

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Number of Customers Served at
December 31, 2009 and December 31, 2010
Answer to 52 Pa. Code § 53.52 (b)(3)

<u>Customer Classification</u>	Projected Total Customers 12/31/10
Residential	2,053
Commercial	52
Availability	3,455

Total Customers Served	5,560

Residential and commercial metered customer bills will be increased. Availability customer bills will be decreased.

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Annualized Revenue For Pro Forma Rate Year at Present and
Proposed Rates for the Twelve Months December 31, 2009 and December 31, 2010
Answer to 52 Pa. Code § 53.52 (b)(4)

The *pro-forma operating statements at present rates and proposed rates are shown at Section 2, Schedule C-1(s)*. The increase for metered customers totals \$349,583. The revenue decrease for availability customers totals \$92,041. See Section 2, Schedules E-2(s) and E-3(s).

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Calculation of Number of Customers Served at December 31, 2010
Whose Bills will be Decreased Under the Proposed Tariff
Answer to 52 Pa. Code § 53.52 (b)(5)

Proposed Supplement No. 6 to Tariff Wastewater – Pa. P.U.C. No. 4 will decrease rates for 3,455 availability customers.

TOTAL ENVIRONMENTAL SOLUTIONS, INC.

Treasure Lake Sewer Division

Statement of Net Operating Revenue Under the Existing Rates for
The Twelve Months Ended December 31, 2009 and December 31, 2010,
and Under the Proposed Rates
Answer to 52 Pa. Code § 53.52 (c)(1)

This information is shown at Section 2, Schedule C-1(s).

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Assets & Other Debits for the Twelve Months Ended
December 31, 2009 and December 31, 2010
Answer to 52 Pa. Code § 53.52 (c)(2)

1. The comparative balance sheet for the Sewer Division is shown at Section 1, Schedule A-

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Original Cost of Utility Plant in Service at
December 31, 2009 and December 31, 2010
Answer to 52 Pa. Code § 53.52 (c)(3)

The original cost of utility plant in service at December 31, 2009 and December 31, 2010
is shown at Section 2, Schedule B-3(s).

TOTAL ENVIRONMENTAL SOLUTIONS, INC.
Treasure Lake Sewer Division

Reserve for Depreciation of Utility Plant as of
December 31, 2009 and December 31, 2010
Answer to 52 Pa. Code § 53.52 (c)(4)

<u>Account Title</u>	<u>Per Books 12/31/09</u>	<u>Adjusted Per Books 12/31/09</u>	<u>Pro Forma 12/31/10</u>
Reserve for Depreciation	\$3,492,813	\$3,492,813	\$3,640,603

TOTAL ENVIRONMENTAL SOLUTIONS, INC.

Treasure Lake Sewer Division

Statement of Operating Income Setting Forth the Operating Revenues
and Expenses at Present Rates by Detail Accounts for the Twelve Months

Ended December 31, 2009 and December 31, 2010

Answer to 52 Pa. Code § 53.52 (c)(5)

	Per Books Year Ended 12/31/09	Year Ended 12/31/10 Anticipated at Present Rates
Operating Revenue	\$1,022,272	\$1,048,782
<u>Operating Revenue Deductions:</u>		
Operating Expenses	\$733,955	\$743,815
Depreciation Expense	\$185,976	\$110,614
Taxes & Assessments	\$95,226	\$108,739
	-----	-----
Total Operating Revenue Deductions	\$1,015,156	\$963,168
	-----	-----
Net Operating Income	\$ 7,116	\$ 85,614

TOTAL ENVIRONMENTAL SOLUTIONS, INC.

Treasure Lake Sewer Division

Statement Detailing Major Changes in the Operating or Financial
Condition Occurring Between December 31, 2009 and June 30, 2010

Answer to 52 Pa. Code § 53.52 (c)(6)

There were no major accounting changes between December 31, 2009 and June 30, 2010 which would effect the operating or financial condition of Total Environmental Solutions, Inc. – Sewer Division.

Total Environmental Solutions, Inc.

Treasure Lake Division

Wastewater System - Rate Study

Historical Test Year Ended December 31, 2009

Revenue Requirement Based on
Projected Rate Year - December 31, 2010

Guastella Associates, LLC

June 2010

Total Environmental Solutions, Inc.

CONTENTS

Section 1	Comparative Balance Sheet and Income Statement
Section 2	Wastewater System Rate Filing Schedules

Total Environmental Solutions, Inc.
Treasure Lake Division

Comparative Balance Sheet

	Water System			Sewer System		
	2007	2008	2009	2007	2008	2009
101 Utility Plant	\$ 4,838,212	\$ 4,879,366	\$ 5,004,218	\$ 10,592,821	\$ 10,672,981	\$ 10,762,157
108 Less: Accum. Deprec.	(2,993,539)	(3,041,996)	(3,114,833)	(3,613,855)	(3,828,296)	(4,035,756)
131 Cash	-	-	30,458	-	-	88,869
141 Accounts Receivable	409,958	302,731	311,913	507,500	398,221	415,207
143 Less: Provision for Uncollectibles	(320,781)	(235,163)	(244,000)	(449,884)	(345,000)	(353,000)
151 Materials and Supplies	2,395	1,975	1,960	6,485	1,974	1,959
186 Prepayments/Deferrals	44,235	99,777	62,361	44,235	107,529	67,206
Total Assets	\$ 1,980,480	\$ 2,006,690	\$ 2,052,077	\$ 7,087,302	\$ 7,007,409	\$ 6,946,642
201 Common Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
211 Paid-in-Capital	2,600,485	2,600,485	2,600,485	2,292,581	2,292,581	2,292,581
215 Retained Earnings	(1,290,206)	(1,420,120)	(1,509,824)	2,096,796	966,481	1,120,218
231 Accounts Payable	-	-	-	-	-	-
232 Notes Payable	76,075	58,285	52,723	2,497,973	2,333,690	2,223,448
233 Payables to Assoc. Co.	354,852	542,860	695,148	(1,085,124)	166,757	99,670
235 Customer Deposits	3,280	935	1,050	-	-	-
237 Accrued Interest	-	-	-	-	-	-
252 Customer Advances for Construction	47,405	46,186	44,966	-	-	-
271 Contributions in Aid of Construction	750,484	750,484	750,484	2,385,004	2,385,004	2,385,004
272 Less: Accum Amortization of CIAC	(561,895)	(572,425)	(582,955)	(1,099,928)	(1,137,104)	(1,174,279)
	\$ 1,980,480	\$ 2,006,690	\$ 2,052,077	\$ 7,087,302	\$ 7,007,409	\$ 6,946,642

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Total Environmental Solutions, Inc.
Treasure Lake Division

Comparative Income Statements

	Water System			Sewer System		
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Operating Revenues	\$ 560,412	\$ 538,274	\$ 569,599	\$ 1,080,042	\$ 1,109,539	\$ 1,151,662
Operations & Maintenance Expense	493,020	587,996	562,829	633,593	743,058	761,160
Depreciation Expense	105,295	73,905	77,270	182,902	181,253	185,976
Amortizations	-	12,472	37,416	-	13,441	40,323
Taxes, Other than Income Tax	19,606	18,876	21,474	22,987	24,191	27,696
	<u>617,921</u>	<u>693,249</u>	<u>698,989</u>	<u>839,482</u>	<u>961,943</u>	<u>1,015,155</u>
Net Operating Income	\$ (57,509)	\$ (154,975)	\$ (129,391)	\$ 240,560	\$ 147,596	\$ 136,507
Gains (Losses) from Deposit of Utility Plant	-	-	5,481	-	-	2,258
Other Income-Dividend & Interest	22,584	33,398	34,585	35,519	50,334	53,791
Interest Expense	<u>(10,546)</u>	<u>(8,401)</u>	<u>(313)</u>	<u>(66,892)</u>	<u>(38,797)</u>	<u>(38,827)</u>
Net Income	<u>\$ (45,471)</u>	<u>\$ (129,978)</u>	<u>\$ (89,638)</u>	<u>\$ 209,187</u>	<u>\$ 159,133</u>	<u>\$ 153,728</u>

Total Environmental Solutions, Inc.

Treasure Lake Division
Sewer System - Rate Study

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Index of Schedules

Schedule B-1(s)	Rate Base - Sewer System
Schedule B-2(s)	Adjustments to Rate Base - Sewer System
Schedule B-3(s)	Utility Plant in Service - Sewer System
Schedule B-4(s)	Accumulated Depreciation - Sewer System
Schedule B-5(s)	CIAC and Accum Amortization - Sewer System
Schedule C-1(s)	Operating Statement - Sewer System
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Schedule F-2(s)	Revenue Requirement Distribution - Sewer System
Schedule F-3(s)	Rate Design - Sewer System
Schedule F-4(s)	Rate Comparison - Sewer System

Guastella Associates, LLC

Total Environmental Solutions, Inc.
Treasure Lake Division

Rate Base - Sewer System

	2009	Adjustments	As Adjusted	Pro Forma	
	Per Books			Adjustments	Rate Year
Utility Plant in Service	\$ 7,647,167		\$ 7,647,167	\$ -	\$ 7,647,167
Accumulated Depreciation	(3,492,813)		(3,492,813)	(147,789)	(3,640,603)
Construction Work in Progress	-		-		-
Contribution in Aid of Construction	(2,385,004)		(2,385,004)		(2,385,004)
Accum. Amortization of CIAC	1,174,279		1,174,279	37,176	1,211,455
Cash Working Capital		76,102	76,102	1,233	77,334
Deferred Debits			-	80,941	80,941
	<u>\$ 2,943,629</u>	<u>\$ 76,102</u>	<u>\$ 3,019,730</u>	<u>\$ (28,440)</u>	<u>\$ 2,991,290</u>

Total Environmental Solutions, Inc.
Treasure Lake Division

Adjustments to Rate Base - Sewer System

Description		Adjustment	
1)	Utility Plant in Service		
	a. None		-
	Total Adjustment to Utility Plant in Service		-
2)	Accumulated Depreciation		
	a. Rate Year Depreciation Accrual (see Schedule C-5)		(147,789)
	Total Adjustment to Accumulated Depreciation		(147,789)
3)	Accumulated Amortization of CIAC		
	a. Rate Year Amortization Accrual (see Schedule C-5)		37,176
4)	Cash Working Capital		
	a. Working Capital Allowance at 1/8th of O&M Expense	Test Year	Pro Forma
	O&M Expense	733,955	743,815
	Less: Bad Debt Expense	(125,141)	(125,141)
		608,814	618,674
	Allowance for Monthly Billing	12.5%	12.5%
	Working Capital	76,102	77,334
			1,233
5)	Deferred Debits		
	a. Record average unamortized balance of rate case expense		
	Unamortized Rate Case Costs (Docket R-00072495) at 12/31/10		26,882
	Rate Case Cost-Current Filing		135,000
	Rate Case Cost		161,882
	Amortization Period		3
	Average Balance over Amortization Period		80,941

Total Environmental Solutions, Inc.
Treasure Lake Division

Utility Plant in Service - Sewer System

Acct	Description	2009 Test Year Original Cost	Adjustment	Pro Forma Balance
303.3	Land-Pumping	\$ 15,991		\$ 15,991
303.4	Land-T&D	37,416		37,416
354.3	Structures & Improvements-Pumping	456,344		456,344
354.4	Structures & Improvements-T&D	177,853		177,853
354.7	Structures & Improvements-General	23,281		23,281
360.10	Cast & Ductile Iron, 6-8"	40,666		40,666
360.11	Cast & Ductile Iron, 16" & greater	1,131		1,131
360.20	Asbestos Cement, 16" & greater	242,297		242,297
360.30	ABS, 6-8"	278,693		278,693
360.31	ABS, 10-15"	604,896		604,896
360.40	Plastic Mains & Valves, 4" & less	372,592		372,592
360.41	Plastic Mains & Valves, 6-8"	2,052,409		2,052,409
360.42	Plastic Mains, 10-14"	74,778		74,778
360.60	Air Release Valves	4,000		4,000
360.70	Manholes	862,643		862,643
360.80	Cleanouts	25,018		25,018
361.11	Cast & Ductile Iron, 16" & greater	731		731
361.30	ABS, 6-8"	2,399		2,399
361.31	ABS, 10-15"	101,841		101,841
361.32	ABS, 16" & greater	29,563		29,563
361.35	Plastic Mains, 10-14"	2,370		2,370
361.40	Concrete 16" & greater	13,339		13,339
361.50	Strubs & Caps	2,296		2,296
363.0	Services	994,126		994,126
364.0	Flow Measuring Device	3,217		3,217
371.0	Pumping Equipment	104,192		104,192
380.4	T&D Equipment	830,879		830,879
381.0	Plant Sewer	5,163		5,163
382.0	Outfall Sewer	5,163		5,163
389.0	Other Plant & Misc Equipment	3,473		3,473
390.1	Office Furniture	1,545		1,545
390.2	Office Equipment	2,650		2,650
391.0	Transportation Equipment	108,245		108,245
393.0	Tools & Shop	41,679		41,679
394.0	Laboratory Equipment	15,723		15,723
395.0	Power Operated Equipment	108,566		108,566
		<u>\$ 7,647,167</u>	<u>\$ -</u>	<u>\$ 7,647,167</u>

Total Environmental Solutions, Inc.
Treasure Lake Division

Accumulated Depreciation - Sewer System

Acct	Description	2009 Test Year Balance	Adjustment	Pro Forma Balance
303.3	Land-Pumping	\$ -	\$ -	\$ -
303.4	Land-T&D	-	-	-
354.3	Structures & Improvements-Pumping	137,825	7,621	145,446
354.4	Structures & Improvements-T&D	58,064	2,970	61,034
354.7	Structures & Improvements-General	8,393	389	8,782
360.10	Cast & Ductile Iron, 6-8"	17,204	508	17,712
360.11	Cast & Ductile Iron, 16" & greater	402	11	413
360.20	Asbestos Cement, 16" & greater	83,872	2,423	86,295
360.30	ABS, 6-8"	120,208	3,484	123,692
360.31	ABS, 10-15"	236,781	6,714	243,495
360.40	Plastic Mains & Valves, 4" & less	176,103	7,452	183,555
360.41	Plastic Mains & Valves, 6-8"	852,845	31,607	884,452
360.42	Plastic Mains, 10-14"	25,217	935	26,152
360.60	Air Release Valves	1,655	62	1,717
360.70	Manholes	488,313	17,253	505,566
360.80	Cleanouts	11,762	500	12,262
361.11	Cast & Ductile Iron, 16" & greater	260	7	267
361.30	ABS, 6-8"	1,020	30	1,050
361.31	ABS, 10-15"	39,452	1,130	40,582
361.32	ABS, 16" & greater	10,233	296	10,529
361.35	Plastic Mains, 10-14"	37	30	66
361.40	Concrete 16" & greater	4,989	133	5,123
361.50	Grubs & Caps	1,564	46	1,610
363.0	Services	469,216	19,883	489,098
364.0	Flow Measuring Device	406	322	728
371.0	Pumping Equipment	(11,701)	2,980	(8,721)
380.4	T&D Equipment	576,002	20,689	596,691
381.0	Plant Sewer	3,479	103	3,582
382.0	Outfall Sewer	3,479	103	3,582
389.0	Other Plant & Misc Equipment	301	174	475
390.1	Office Furniture	1,030	62	1,092
390.2	Office Equipment	663	265	928
391.0	Transportation Equipment	65,899	5,444	71,343
393.0	Tools & Shop	35,138	-	35,138
394.0	Laboratory Equipment	10,421	2,522	12,942
395.0	Power Operated Equipment	62,284	786	63,070
		<u>\$ 3,492,813</u>	<u>\$ 136,933</u>	<u>\$ 3,629,746</u>

Total Environmental Solutions, Inc.
Treasure Lake Division

CIAC and Accum Amortization - Sewer System

Acct	Contributions in Aid of Construction Description	Test Year Balance	Adjustment	Pro Forma Balance
303.3	Land-Pumping	\$ 4,759		\$ 4,759
303.4	Land-T&D	12,000		12,000
354.3	Structures & Improvements-Pumping	111,164		111,164
354.4	Structures & Improvements-T&D	56,827		56,827
354.7	Structures & Improvements-General	14,637		14,637
360.10	Cast & Ductile Iron, 6-8"	21,225		21,225
360.11	Cast & Ductile Iron, 16" & greater	1,131		1,131
360.20	Asbestos Cement, 16" & greater	72,108		72,108
360.30	ABS, 6-8"	213,488		213,488
360.31	ABS, 10-15"	495,687		495,687
360.40	Plastic Mains & Valves, 4" & less	20,073		20,073
360.41	Plastic Mains & Valves, 6-8"	604,955		604,955
360.42	Plastic Mains, 10-14"	22,254		22,254
360.60	Air Release Valves	1,190		1,190
360.70	Manholes	334,973		334,973
360.80	Cleanouts	3,036		3,036
361.11	Cast & Ductile Iron, 16" & greater	731		731
361.30	ABS, 6-8"	967		967
361.31	ABS, 10-15"	56,823		56,823
361.32	ABS, 16" & greater	8,798		8,798
361.40	Concrete 16" & greater	13,339		13,339
361.50	Srubs & Caps	1,390		1,390
363.0	Services	74,643		74,643
380.4	T&D Equipment	229,645		229,645
381.0	Plant Sewer	1,537		1,537
382.0	Outfall Sewer	1,537		1,537
390.1	Office Furniture	275		275
393.0	Tools & Shop	4,449		4,449
394.0	Laboratory Equipment	1,363		1,363
		<u>\$ 2,385,004</u>	<u>\$ -</u>	<u>\$ 2,385,004</u>

	Accum. Amortization Description	Test Year Balance	Adjustment	Pro Forma Balance
303.3	Land-Pumping	\$ -	\$ -	\$ -
303.4	Land-T&D	-	-	-
354.3	Structures & Improvements-Pumping	61,176	1,856	63,033
354.4	Structures & Improvements-T&D	32,972	949	33,921
354.7	Structures & Improvements-General	6,352	244	6,596
360.10	Cast & Ductile Iron, 6-8"	9,262	265	9,527
360.11	Cast & Ductile Iron, 16" & greater	413	11	424
360.20	Asbestos Cement, 16" & greater	25,633	721	26,354
360.30	ABS, 6-8"	95,794	2,669	98,463
360.31	ABS, 10-15"	199,956	5,502	205,458
360.40	Plastic Mains & Valves, 4" & less	10,896	401	11,297
360.41	Plastic Mains & Valves, 6-8"	261,518	9,316	270,834
360.42	Plastic Mains, 10-14"	7,767	278	8,046
360.60	Air Release Valves	510	18	528
360.70	Manholes	204,507	6,699	211,206
360.80	Cleanouts	1,622	61	1,683
361.11	Cast & Ductile Iron, 16" & greater	267	7	274
361.30	ABS, 6-8"	433	12	445
361.31	ABS, 10-15"	22,760	631	23,390
361.32	ABS, 16" & greater	3,128	88	3,216
361.40	Concrete 16" & greater	5,112	133	5,246
361.50	Srubs & Caps	976	28	1,004
363.0	Services	38,714	1,493	40,206
380.4	T&D Equipment	174,415	5,718	180,134
381.0	Plant Sewer	1,061	31	1,091
382.0	Outfall Sewer	1,061	31	1,091
390.1	Office Furniture	251	11	262
393.0	Tools & Shop	5,889	-	5,889
394.0	Laboratory Equipment	1,834	-	1,834
		<u>\$ 1,174,279</u>	<u>\$ 37,176</u>	<u>\$ 1,211,455</u>

Total Environmental Solutions, Inc.
Treasure Lake Division

Operating Statement - Sewer System

	2009	Per Books	Adjustments	As Adjusted	Test Year	Pro Forma at Present Rates	Adjustments	Rate Year	Pro Forma at Proposed Rates	Adjustments	Rate Year
Operating Revenues											
Metered Sales	\$ 797,154	\$ 15,565	(1a)	\$ 812,720	\$ 6,794	(2a)	\$ 819,514	\$ 349,583	(14a)	\$ 1,169,096	
Availability Revenue	184,956	(910)	(1b)	184,046	3,767	(2b)	187,814	(92,041)	(14b)	95,773	
Revenue Adjustments	(1,293)	1,293	(1c)	-	-		-	-		-	
Misc. Service Revenue	41,455	41,455		41,455	-		41,455	10,599	(14c)	52,054	
Total Operating Revenue	\$ 1,022,272	\$ 15,948		\$ 1,038,221	\$ 10,561		\$ 1,048,782	\$ 268,140		\$ 1,316,922	25.57%
O & M Expenses											
601 Labor	141,933	141,933		141,933	4,968	(3a)	146,900	146,900		146,900	
604 Employee Benefits	22,246	22,246		22,246	779	(4a)	23,024	23,024		23,024	
611 Sludge Removal	73,251	73,251		73,251	642	(5c)	73,893	73,893		73,893	
615 Power Purchased	136,227	136,227		136,227	1,194	(5a)	137,422	137,422		137,422	
618 Chemicals	20,277	20,277		20,277	178	(5b)	20,455	20,455		20,455	
620 Materials & Supplies	22,467	22,467		22,467	(6,964)	(6a)	15,503	15,503		15,503	
631 Contract Service	56,515	56,515		56,515	19,284	(7a)	75,799	75,799		75,799	
641 Rent-Bldg	5,203	5,203		5,203	909		5,203	5,203		5,203	
642 Equipment Rental	909	909		909	24,927	(8a)	24,927	24,927		24,927	
650 Transportation	28,767	28,767		28,767	(3,840)	(8a)	24,927	24,927		24,927	
656 Insurance	42,065	42,065		42,065			42,065	42,065		42,065	
670 Bad Debt Expense	125,141	125,141		125,141	(6,380)	(9a)	52,575	52,575		52,575	
675 Admin & General Expenses	58,955	58,955		58,955			58,955	58,955		58,955	
Total O&M Expense	733,955	733,955		733,955			743,815	743,815		743,815	
Depreciation Expense, Net	185,976	184,450	(10a)	184,450	(73,836)	(10b)	110,614	110,614		110,614	
Amortization Expense	65,308	65,308		65,308	13,638	(11a)	78,945	78,945		78,945	
Regulatory Commission Exp	6,945	6,945		6,945	(620)	(12a)	6,325	6,325	1,617	(15a)	7,942
Property Taxes	7,029	7,029		7,029			7,029	7,029		7,029	
Payroll Taxes	14,166	14,166		14,166	496	(13a)	14,662	14,662		14,662	
Other Taxes	1,778	1,778		1,778			1,778	1,778		1,778	
Income Taxes	-	-		-			-	-		-	
Total Operating Expenses	\$ 1,015,156	\$ 1,013,630		\$ 1,013,630			\$ 963,168	\$ 963,168		\$ 1,065,959	
Net Operating Income	\$ 7,116	\$ 24,591		\$ 24,591			\$ 85,614	\$ 85,614		\$ 250,963	
Rate Base	\$ 2,943,629	\$ 3,019,730		\$ 3,019,730			\$ 2,991,290	\$ 2,991,290		\$ 2,991,290	
Rate of Return	0.24%	0.81%		0.81%			2.86%	2.86%		8.39%	

Total Environmental Solutions, Inc.
Treasure Lake Division

Adjustments to Operating Statement - Sewer System

Description				Adjustment
1) Adjust test year operating revenues to reflect historical test year billing analysis (Schedule E-1(s)).				
	<u>Per Books</u>	<u>Bill Analysis</u>		
Metered Sales	797,154	812,720	a)	15,565
Availability Revenue	184,956	184,046	b)	(910)
Revenue Adjustments	(1,293)	-	c)	1,293
Misc. Revenue	41,455	41,455		
2) Adjust operating revenues to reflect pro forma billing analysis at present rates (Schedule E-2(s)).				
	<u>Test Year</u>	<u>Pro Forma</u>		
Metered Sales	812,720	819,514	a)	6,794
Availability Revenue	184,046	187,814	b)	3,767
Misc. Revenue	41,455	41,455		
3) Adjust labor costs to reflect an annualized wage increase of 3.5% (see Sch C-3 and C-4).				
	<u>Test Year</u>	<u>Pro Forma</u>	<u>Increase</u>	
601 Labor	141,933	146,900	3.50%	a) 4,968
4) Adjust employee benefits relative to the wage increase (see Sch C-3 and C-4).				
	<u>Test Year</u>	<u>Pro Forma</u>	<u>Increase</u>	
604 Employee Benefits	32,034	33,155	3.50%	a) 1,121
5) Adjust purchase power, chemical, and sludge costs to reflect relative change in system demands (see Sch C-3 and C-4).				
	<u>Test Year</u>	<u>Pro Forma</u>	<u>Increase</u>	
Sewer Billied Flows (TG)	96,181.0	97,024.2	0.88%	
615 Purchased Power	136,227	137,422	0.88%	a) 1,194
618 Chemical	20,277	20,455	0.88%	b) 178
611 Sludge Removal	73,251	73,893	0.88%	c) 642
6) Adjust materials and supplies to reflect 3-year average cost increased to rate year pro forma dollars				
	<u>Test Year</u>	<u>Pro Forma</u>		
620 Materials and Supplies	22,467	15,503		a) (6,964)
7) Adjust contractual services to reflect 3-year average cost (see Sch C-3 and C-4) and remove current Consultants fees and replace with Guastella Associates annual consulting fees.				
	<u>Test Year</u>	<u>Pro Forma</u>		
631 Contract Services	56,515	75,799		a) 19,284
8) Adjust transportation costs to reflect test year fuel costs and 3-year average repair and other costs increased to rate year pro forma dollars based on annual average inflation of 3.0% (see Sch C-3 and C-4).				
	<u>Test Year</u>	<u>Pro Forma</u>		
Transportation-Fuel	17,979	17,979		
Transportation-Repairs	8,476	4,601		
Transportation-Other	2,218	2,251		
Transportation-Allocated Costs	94	96		
650 Transportation	28,767	24,927		a) (3,840)
9) Adjust administrative and general expenses to reflect the following (see Sch C-3 and C-4).				
	<u>Test Year</u>	<u>Pro Forma</u>		
Based on 3-year average cost:				
Education & Training	569	340		
Penalties	30	1,989		
Telecommunication	4,095	3,094		
Cellular & Pager	1,235	1,169		
Utilities	2,402	1,594		
Based on 3-year avg. inflated to rate year \$:				
Computer Expense	835	506		
Maintenance & Repairs	351	1,422		
Office Supplies	8,558	8,079		
Miscellaneous	11,827	4,872		
Based on test year, plus 3% annual inflation				
Allocated A&G Costs	18,021	18,480		
	<u>47,923</u>	<u>41,543</u>	a)	(6,380)

Total Environmental Solutions, Inc.
Treasure Lake Division

Adjustments to Operating Statement - Sewer System

Description		Adjustment	
10) Adjust depreciation expense for pro forma plant and CIAC additions.			
	<u>Per Books</u>		
Depreciation Expense	185,976		
		<u>Adjusted Test Yr</u>	
Depreciation Expense		221,625	
CIAC Amortization		(37,176)	
		<u>184,450</u>	
		<u>Sch. C-5</u>	
Depreciation, Net of CIAC Amortization		110,614	a) (1,526)
			b) (73,836)
11) Record annual amortization of rate case expense related to this rate filing and "roll-in" unamortized balance of prior filing.			
		<u>Amortization</u>	
	<u>Total Cost</u>	<u>Period (Years)</u>	<u>Annual Amt.</u>
Rate Case Expense-Current	135,000	3	45,000
Unamortized Prior Rate Case	26,882	3	8,961
	<u>161,882</u>		<u>53,961</u>
Less Test Year Amortization			(40,323)
			a) 13,638
12) Record regulatory assessments on pro forma revenue generated at present rates.			
Revenue	1,048,782		
Regulatory Assessment Fees	0.6030%		
	6,325		
Less: Test Year Amount	6,945		
	<u>(620)</u>		
			a) (620)
13) Adjust payroll taxes to reflect relative wage and salary increases.			
	<u>Test Year</u>	<u>Pro Forma</u>	<u>Increase</u>
601 Labor	141,933	146,900	3.50%
Payroll Taxes	14,166	14,662	3.50%
			a) 496
14) Adjust pro forma rate year operating revenues to reflect proposed rates.			
	<u>Present Rates</u>	<u>Proposed Rates</u>	
Metered Sales	819,514	1,169,096	a) 349,583
Availability Revenue	187,814	95,773	b) (92,041)
Misc. Revenue	41,455	52,054	c) 10,599
15) Record revenue taxes and regulatory assessments on additional revenue generated at proposed rates.			
Additional Revenue	268,140		
Regulatory Assessment Fees	0.6030%		
			a) 1,617
16) Record income taxes on the pro forma taxable income.			
Taxable Income	249,237		
Tax Rate (SIT & FIT Composite Rate)	40.59%		
			a) 101,174

Total Environmental Solutions, Inc.
Treasure Lake Division

Schedule C-3(s)

Operating Expense Schedule

	2007	2008	2009	Pro Forma	Projection Basis
601102 Admin-Hourly	21,269	16,668	7,958	8,236	Annualized wage increase
601103 Admin OT	0	0	0	0	
601302 Billing-Hourly	685	5,124	5,262	5,446	Annualized wage increase
601303 Billing OT	7	0	0	0	
601402 Customer Serv-Hrly	3,011	14	0	0	
601403 Customer Serv OT	51	0	0	0	
601502 Operations-Hourly	75,697	86,186	100,646	104,168	Annualized wage increase
601503 Operations OT	14,490	16,996	20,048	20,750	Annualized wage increase
601 Wages-Direct	115,210	124,988	133,913	138,600	
601 Wages-Allocated			8,019	8,300	
			141,933	146,900	
60401 Medical Insur	2,800	3,187	15,205	15,737	Relative to wage increase
60402 Disability Insur	195	239	529	547	Relative to wage increase
60403 Life Insur	62	74	162	167	Relative to wage increase
60405 Bonuses	0	1,122	1,466	1,517	Relative to wage increase
60406 Dental Ins	0	0	294	304	Relative to wage increase
60409 Vacation	(70)	158	1,293	1,338	Relative to wage increase
60410 401K Employer	0	0	1,629	1,686	Relative to wage increase
604 Employee Benefits-Direct	2,987	4,780	20,577	21,297	
604 Employee Benefits-Allocated			1,668	1,727	
			22,246	23,024	
61101 Sludge Removal	37,352	40,697	73,251	73,893	Relative to system demand
615408 Nat'l Fuel	0	0	0	0	Relative to system demand
615410 Power-Penelec	79,523	78,544	76,851	77,525	Relative to system demand
615430 Power-United	59,812	53,627	59,376	59,897	Relative to system demand
615 Purchased Power-Direct	139,335	132,171	136,227	137,422	
61801 Chemicals	15,311	27,214	20,277	20,455	Relative to system demand
62001 Mat'l & Supl's Purchased	13,150	8,450	20,278	14,608	3-year avg, inflated to rate year \$\$
62002 Mat'l & Supl's Inventory	896	(507)	2,184	890	3-year avg, inflated to rate year \$\$
620 Mat'l & Supplies-Direct	14,046	7,943	22,462	15,498	
620 Mat'l & Supplies-Allocated			5	5	
			22,467	15,503	
631101 C/S-Engr	14,586	8,097	5,150	9,278	3-year average
631209 Financial Serv	764	680	0	481	3-year average
631306 Legal Serv	41	1,492	410	648	3-year average
631309 Legal Serv	6,849	9,702	3,183	6,578	3-year average
631390 C/S-Legal Serv	337	553	123	338	3-year average
631402 C/S - Consultants Guastella Associates	0	847	2,824	0	Terminate Service Replacement Service
631501 Analytical & Environmental Serv	108	437	0	182	3-year average
631502 C/S - Testing	12,996	14,474	12,519	13,330	3-year average
631590 C/S - Testing	778	799	825	801	3-year average
631690 C/S - Other	9,252	13,928	3,835	9,005	3-year average
631691 C/S - Credit Bureau	3,070	2,399	1,634	2,368	3-year average
631 Contract Services-Direct	48,781	53,408	30,504	49,007	3-year average
631 Contract Services-Allocated			26,012	26,792	
			56,515	75,799	
64101 Rental-Bldg	3,555	5,353	5,203	5,203	Test-year
64201 Rental-Equipment	1,278	280	911	911	Test-year
642 Equipment Rental-Direct			911	911	
642 Equipment Rental-Allocated			(2)	(2)	
			909	909	
65001 Transportation-Fuel	13,118	21,758	17,979	17,979	Test-year
65002 Transportation-Repairs	1,296	3,539	8,476	4,601	3-year avg, inflated to rate year \$\$
65090 Transportation-Other	1,633	2,589	2,218	2,251	3-year avg, inflated to rate year \$\$
650 Transportation Expense-Direct	16,047	27,886	28,674	24,831	
650 Transportation Expense-Allocated			94	96	
			28,767	24,927	

Total Environmental Solutions, Inc.
Treasure Lake Division

Schedule C-3(s)

Operating Expense Schedule

	2007	2008	2009	Pro Forma	Projection Basis
656601 Vehicle Insur	0	2,168	12,612	12,612	Test-year
656701 Insurance-Main Policy	15,145	31,825	25,610	25,610	Test-year
656801 Workers Comp-Louisiana	0	0	(123)	(123)	Test-year
656802 Workers Comp-Multi State	14,299	4,972	3,299	3,299	Test-year
656901 Insurance-Other	2,228	0	0	0	Test-year
656 Insurance-Direct	31,672	38,965	41,398	41,398	
656 Insurance-Allocate			667	667	
			42,065	42,065	
67001 Bad Debt - Meter Sales	2,690	2,555	3,784	3,784	Test-year
67002 Bad Debt - Availability	80,436	130,410	121,357	121,357	Test-year
	83,126	132,965	125,141	125,141	
66001 Advertising	293	0	0	0	Test-year
675100 Bank Service	1,887	1,370	2,579	2,579	Test-year
675200 Computer Expense	615	0	835	506	3-year avg, inflated to rate year \$\$
675250 Maintenance & Repairs	1,617	2,059	351	1,422	3-year avg, inflated to rate year \$\$
675300 Dues & Subscriptions	419	657	0	0	Test-year
675400 Education & Training	135	315	569	340	3-year average
675500 Janitorial	241	868	0	0	Test-year
675601 Meals	0	0	0	0	3-year average
675602 Travel	0	0	0	0	3-year average
675700 Office Supplies	5,778	8,796	8,558	8,079	3-year avg, inflated to rate year \$\$
675800 Penalties	2,576	3,360	30	1,989	3-year average
675900 Postage	8,123	8,134	8,453	8,453	Test-year
675901 Clean Up Costs	0	12,104	0	0	Test-year
675910 Security	0	0	0	0	Test-year
675920 Telecommunication	1,732	3,455	4,095	3,094	3-year average
675921 Cellular & Pager	0	2,271	1,235	1,169	3-year average
675930 Utilities	1,124	1,256	2,402	1,594	3-year average
675990 Miscellaneous	984	1,364	11,827	4,872	3-year avg, inflated to rate year \$\$
675 Admin & Gen - Direct	25,524	46,009	40,934	34,095	
675 Admin & Gen - Allocated			18,021	18,480	
			58,955	52,575	
O&M EXPENSES			733,955	743,815	
40301 Depreciation	180,603	179,962	184,761		
403 Depreciation-Direct	180,603	179,962	184,761		
403 Depreciation-Allocated			1,215		
			185,976		
42802 Amort-Finance Costs (CoBank)	0	25,694	24,985		
42804 Amortization-Rate Case	0	13,441	40,323		
	0	39,135	65,308		
408107 Regulatory Assessment	5,957	7,469	6,945		
408201 Property Tax	5,798	5,773	7,025		
408301 FICA & Medicare	9,061	9,976	10,143		
408302 FUTA	0	285	251		
408401 SUTA	2,171	14	1,689		
408601 Louisiana Sales Tax	0	674	1,421		
408901 Other Taxes	0	0	223		
408 Taxes, Other - Direct	22,987	24,191	27,696		
408 Taxes, Other - Allocated			2,221		
			29,918		
OPERATING EXPENSES			1,015,156		

Allocation of 2009 Corporate Common Expenses

ALLOCATED/PRORATA EXPENSE	Corporate Expense	Allocation to Pennsylvania 4.695%	Allocation to Division 44.220%	Pro Forma Amount	Projection Basis
60401 Medical Insur	65,491	3,075	1,360	1,407	Relative to wage increase
60402 Disability Insur	2,463	116	51	53	Relative to wage increase
60403 Life Insur	698	33	14	15	Relative to wage increase
60405 Bonuses	3,466	163	72	74	Relative to wage increase
60406 Dental Ins	2,409	113	50	52	Relative to wage increase
60409 Vacation	0	0	0	0	Relative to wage increase
60410 401K Employer	5,834	274	121	125	Relative to wage increase
604 Employee Benefits	80,361	3,773	1,668	1,727	
601101 Admin-Salaries	69,530	3,265	1,444	1,494	Annualized 3.5% wage increase
601104 Accrued Payroll	(101,170)	(4,750)	(2,100)	(2,174)	Annualized 3.5% wage increase
601201 Acctg-Salaries	80,893	3,798	1,679	1,738	Annualized 3.5% wage increase
601202 Acctg-Hourly	120,855	5,674	2,509	2,597	Annualized 3.5% wage increase
601203 Acctg OT	170	8	4	4	Annualized 3.5% wage increase
601301 Billing-Salaries	48,384	2,272	1,005	1,040	Annualized 3.5% wage increase
601302 Billing-Hourly	66,104	3,104	1,372	1,420	Annualized 3.5% wage increase
601303 Billing OT	3,629	170	75	78	Annualized 3.5% wage increase
601401 Customer Serv-Salaries	50,371	2,365	1,046	1,082	Annualized 3.5% wage increase
601402 Customer Serv-Hrly	45,458	2,134	944	977	Annualized 3.5% wage increase
601403 Customer Serv OT	2,020	95	42	43	Annualized 3.5% wage increase
601 Wages	386,245	18,135	8,019	8,300	
Labor & Related Costs	466,606	21,908	9,688	10,027	
		18.000%	44.220%		
631205 Audit Service	51,900	9,342	4,131	4,255	Test-year, plus 3.0% inflation
631209 Financial Serv	30,618	5,511	2,437	2,510	Test-year, plus 3.0% inflation
631210 Employer Support Serv	11,622	2,092	925	953	Test-year, plus 3.0% inflation
631306 Legal Serv	14,344	2,582	1,142	1,176	Test-year, plus 3.0% inflation
631390 C/S-Legal Serv	388	70	31	32	Test-year, plus 3.0% inflation
631404 C/S-SLECA	170,941	30,769	13,606	14,014	Test-year, plus 3.0% inflation
631690 C/S - Other	46,981	8,457	3,740	3,852	Test-year, plus 3.0% inflation
	326,794	58,823	26,012	26,792	
		5.413%	44.220%		
656601 Vehicle Insur	2,331	126	56	56	Test-year amount
656701 Insurance-Main Policy	(824)	(45)	(20)	(20)	Test-year amount
656801 Workers Comp-Louisiana	26,353	1,426	631	631	Test-year amount
	27,860	1,508	667	667	
		18.000%	44.220%		
675920 Telecommunication	26,827	4,829	2,135	2,135	Test-year amount
675930 Utilities	7,294	1,313	581	581	Test-year amount
	34,121	6,142	2,716	2,716	
		16.427%	44.220%		
62001 Mat'l & Supl's Purchased	63	10	5	5	Test-year, plus 3.0% inflation
64201 Rental-Equipment	(31)	(5)	(2)	(2)	Test-year, plus 3.0% inflation
65001 Transportation-Fuel	426	70	31	32	Test-year, plus 3.0% inflation
65002 Transportation-Repairs	746	122	54	56	Test-year, plus 3.0% inflation
65090 Transportation-Other	118	19	9	9	Test-year, plus 3.0% inflation
66001 Advertising	307	50	22	23	Test-year, plus 3.0% inflation
42101 Administrative	(225)	(37)	(16)	(17)	Test-year, plus 3.0% inflation
675100 Bank Service	36	6	3	3	Test-year, plus 3.0% inflation
675200 Computer Expense	2,399	394	174	179	Test-year, plus 3.0% inflation
675250 Maintenance & Repairs	10,304	1,693	748	771	Test-year, plus 3.0% inflation
675300 Dues & Subscriptions	709	116	52	53	Test-year, plus 3.0% inflation
675400 Education & Training	1,076	177	78	81	Test-year, plus 3.0% inflation
675500 Janitorial	7,212	1,185	524	540	Test-year, plus 3.0% inflation
675601 Meals	2,892	475	210	216	Test-year, plus 3.0% inflation
675602 Travel	59,080	9,705	4,292	4,420	Test-year, plus 3.0% inflation
675700 Office Supplies	38,330	6,296	2,784	2,868	Test-year, plus 3.0% inflation
675800 Penalties	2,226	366	162	167	Test-year, plus 3.0% inflation
675900 Postage	43,347	7,121	3,149	3,243	Test-year, plus 3.0% inflation
675910 Security Serv	700	115	51	52	Test-year, plus 3.0% inflation
675921 Cellular & Pager	2,953	485	215	221	Test-year, plus 3.0% inflation
675922 Cell Phone Replace	880	145	64	66	Test-year, plus 3.0% inflation
675981 Director per Diem	30,000	4,928	2,179	2,245	Test-year, plus 3.0% inflation
675990 Miscellaneous Exp	8,466	1,391	615	633	Test-year, plus 3.0% inflation
	212,011	34,827	15,401	15,863	
		16.427%	44.220%		
408201 Property Tax	55	9	4	4	Test-year amount
408301 FICA & Medicare	28,262	4,643	2,053	2,125	Relative to wage increase
408302 FUTA	99	16	7	7	Relative to wage increase
408401 SUTA	325	53	24	24	Relative to wage increase
408501 Franchise Tax	(100)	(17)	(7)	(7)	Test-year amount
408601 Louisiana Sales Tax	1,189	195	86	86	Test-year amount
408901 Other Taxes	749	123	54	54	Test-year amount
	30,578	5,023	2,221	2,294	
		18.000%	44.220%		
40301 Depreciation	15,258	2,747	1,215	0	
OPERATING EXPENSES	1,113,229	130,977	57,918	58,358	

Total Environmental Solutions, Inc.
Treasure Lake Division
Depreciation Expense - Sewer System

UPIS Acct	Description	Depreciation Rate	Year-End UPIS Balance		Average UPIS Balance	Pro Forma Depreciation
			Pro Forma	2009		
303.3	Land-Pumping	0.00%	15,991	15,991	15,991	-
303.4	Land-T&D	0.00%	37,416	37,416	37,416	-
354.3	Structures & Improvements-Pumping	1.67%	456,344	456,344	456,344	7,621
354.4	Structures & Improvements-T&D	1.67%	177,853	177,853	177,853	2,970
354.7	Structures & Improvements-General	1.67%	23,281	23,281	23,281	389
360.10	Cast & Ductile Iron, 6-8"	1.25%	40,666	40,666	40,666	508
360.11	Cast & Ductile Iron, 16" & greater	1.00%	1,131	1,131	1,131	11
360.20	Asbestos Cement, 16" & greater	1.00%	242,297	242,297	242,297	2,423
360.30	ABS, 6-8"	1.25%	278,693	278,693	278,693	3,484
360.31	ABS, 10-15"	1.11%	604,896	604,896	604,896	6,714
360.40	Plastic Mains & Valves, 4" & less	2.00%	372,592	372,592	372,592	7,452
360.41	Plastic Mains & Valves, 6-8"	1.54%	2,052,409	2,052,409	2,052,409	31,607
360.42	Plastic Mains, 10-14"	1.25%	74,778	74,778	74,778	935
360.60	Air Release Valves	1.54%	4,000	4,000	4,000	62
360.70	Manholes	2.00%	862,643	862,643	862,643	17,253
360.80	Cleanouts	2.00%	25,018	25,018	25,018	500
361.11	Cast & Ductile Iron, 16" & greater	1.00%	731	731	731	7
361.30	ABS, 6-8"	1.25%	2,399	2,399	2,399	30
361.31	ABS, 10-15"	1.11%	101,841	101,841	101,841	1,130
361.32	ABS, 16" & greater	1.00%	29,563	29,563	29,563	296
361.35	Plastic Mains, 10-14"	1.25%	2,370	2,370	2,370	30
361.40	Concrete 16" & greater	1.00%	13,339	13,339	13,339	133
361.50	Srubs & Caps	2.00%	2,296	2,296	2,296	46
363.0	Services	2.00%	994,126	994,126	994,126	19,883
364.0	Flow Measuring Device	10.00%	3,217	3,217	3,217	322
371.0	Pumping Equipment	2.86%	104,192	104,192	104,192	2,980
380.4	T&D Equipment	2.49%	830,879	830,879	830,879	20,689
381.0	Plant Sewer	2.00%	5,163	5,163	5,163	103
382.0	Outfall Sewer	2.00%	5,163	5,163	5,163	103
389.0	Other Plant & Misc Equipment	5.00%	3,473	3,473	3,473	174
390.1	Office Furniture	4.00%	1,545	1,545	1,545	62
390.2	Office Equipment	10.00%	2,650	2,650	2,650	265
391.0	Transportation Equipment	10.95%	49,716	49,716	49,716	5,444
		Fully Deprec	58,529	58,529	58,529	-
393.0	Tools & Shop	6.05%	41,679	41,679	41,679	2,522
394.0	Laboratory Equipment	5.00%	15,723	15,723	15,723	786
395.0	Power Operated Equipment	10.00%	108,566	108,566	108,566	10,857
			<u>\$ 7,647,167</u>	<u>\$ 7,647,167</u>		<u>\$ 147,789</u>
CIAC	Land-Pumping	0.00%	(4,759)	(4,759)	(4,759)	-
CIAC	Land-T&D	0.00%	(12,000)	(12,000)	(12,000)	-
CIAC	Structures & Improvements-Pumping	1.67%	(111,164)	(111,164)	(111,164)	(1,856)
CIAC	Structures & Improvements-T&D	1.67%	(56,827)	(56,827)	(56,827)	(949)
CIAC	Structures & Improvements-General	1.67%	(14,637)	(14,637)	(14,637)	(244)
CIAC	Cast & Ductile Iron, 6-8"	1.25%	(21,225)	(21,225)	(21,225)	(265)
CIAC	Cast & Ductile Iron, 16" & greater	1.00%	(1,131)	(1,131)	(1,131)	(11)
CIAC	Asbestos Cement, 16" & greater	1.00%	(72,108)	(72,108)	(72,108)	(721)
CIAC	ABS, 6-8"	1.25%	(213,488)	(213,488)	(213,488)	(2,669)
CIAC	ABS, 10-15"	1.11%	(495,687)	(495,687)	(495,687)	(5,502)
CIAC	Plastic Mains & Valves, 4" & less	2.00%	(20,073)	(20,073)	(20,073)	(401)
CIAC	Plastic Mains & Valves, 6-8"	1.54%	(604,955)	(604,955)	(604,955)	(9,316)
CIAC	Plastic Mains, 10-14"	1.25%	(22,254)	(22,254)	(22,254)	(278)
CIAC	Air Release Valves	1.54%	(1,190)	(1,190)	(1,190)	(18)
CIAC	Manholes	2.00%	(334,973)	(334,973)	(334,973)	(6,699)
CIAC	Cleanouts	2.00%	(3,036)	(3,036)	(3,036)	(61)
CIAC	Cast & Ductile Iron, 16" & greater	1.00%	(731)	(731)	(731)	(7)
CIAC	ABS, 6-8"	1.25%	(967)	(967)	(967)	(12)
CIAC	ABS, 10-15"	1.11%	(56,823)	(56,823)	(56,823)	(631)
CIAC	ABS, 16" & greater	1.00%	(8,798)	(8,798)	(8,798)	(88)
CIAC	Concrete 16" & greater	1.00%	(13,339)	(13,339)	(13,339)	(133)
CIAC	Srubs & Caps	2.00%	(1,390)	(1,390)	(1,390)	(28)
CIAC	Services	2.00%	(74,643)	(74,643)	(74,643)	(1,493)
CIAC	T&D Equipment	2.49%	(229,645)	(229,645)	(229,645)	(5,718)
CIAC	Plant Sewer	2.00%	(1,537)	(1,537)	(1,537)	(31)
CIAC	Outfall Sewer	2.00%	(1,537)	(1,537)	(1,537)	(31)
CIAC	Office Furniture	4.00%	(275)	(275)	(275)	(11)
CIAC	Tools & Shop	6.05%	(0)	(0)	(0)	-
CIAC	Laboratory Equipment	Fully Amort	(4,449)	(4,449)	(4,449)	-
		Fully Amort	(1,363)	(1,363)	(1,363)	-
			<u>\$ (2,383,641)</u>	<u>\$ (2,383,641)</u>		<u>\$ (37,176)</u>
	Net Plant		<u>\$ 5,263,526</u>	<u>\$ 5,263,526</u>		<u>\$ 110,614</u>

Total Environmental Solutions, Inc.
Treasure Lake Division

Capital Synchronized to Rate Base - Sewer System

	Amount	Ratio	Cost Rate	Weighted Cost	Return Required
Long-Term Debt	\$ 1,645,210	55.0%	6.26%	3.44%	102,900
Common Equity	<u>1,346,081</u>	45.0%	11.00%	<u>4.95%</u>	<u>148,069</u>
	\$ 2,991,290			8.39%	\$ 250,969

Note: This schedule reflects a hypothetical Capital Structure assuming the same Debt:Equity ratio as established in last PUC Order.

Total Environmental Solutions, Inc.
Treasure Lake Division

Test Year Billing Analysis - Sewer System

Metered Sales

	Monthly Rate	Residential			Commercial			Developer			Total Annual	
		Bills	Avg Customers	Revenue	Bills	Avg Customers	Revenue	Bills	Avg Customers	Revenue	Bills	Revenue
5/8"x3/4"	\$ 19.40	20,333	1,694.4	394,460	408	34.0	7,915	-	-	-	20,741	402,375
5/8" w/Pump Credit	\$ 18.40	4,032	336.0	74,189	-	-	-	-	-	-	4,032	74,189
1"	\$ 36.64	24	2.0	879	36	3.0	1,319	-	-	-	60	2,198
1 1/2"	\$ 45.51	-	-	-	-	-	-	-	-	-	-	-
2"	\$ 60.67	-	-	-	132	11.0	8,008	-	-	-	132	8,008
3"	\$ 126.40	-	-	-	12	1.0	1,517	-	-	-	12	1,517
4"	\$ 252.79	-	-	-	12	1.0	3,033	-	-	-	12	3,033
6"	\$ 505.57	-	-	-	24	2.0	12,134	-	-	-	24	12,134
		24,389	2,032.4	\$ 469,528	624	52.0	\$ 33,927	-	-	\$ -	25,013	\$ 503,455
	Rate / tg	Usage (tg)	Revenue	Usage (tg)	Revenue	Usage (tg)	Revenue	Usage (tg)	Revenue	Usage (tg)	Revenue	Revenue
0-2.0 tg	\$ -	42,680.6	-	1,163.5	-	-	-	-	-	43,844.1	-	-
over 2.0 tg	\$ 5.57	40,581.4	226,038	11,755.5	65,478	-	65,478	-	-	52,336.9	291,517	291,517
		83,262.0	226,038	12,919.0	\$ 65,478	-	\$ 65,478	-	\$ -	96,181.0	\$ 291,517	\$ 291,517

Flat Rate Sales

	Monthly Rate	Residential			Commercial			Developer			Total Annual	
		Bills	Avg Customers	Revenue	Bills	Avg Customers	Revenue	Bills	Avg Customers	Revenue	Bills	Revenue
Flat	\$ 35.88	284	23.7	10,190	24	2.0	861	-	-	-	308	11,051
Flat w/Pump Credit	\$ 34.88	168	14.0	5,860	24	2.0	837	-	-	-	192	6,697
		452	37.7	\$ 16,050	48	4.0	\$ 1,698	-	-	\$ -	500	\$ 17,748

Availability Chg.

	Rate	Residential			Commercial			Developer			Total Annual	
		Bills	Avg Customers	Revenue	Bills	Avg Customers	Revenue	Bills	Avg Customers	Revenue	Bills	Revenue
Mthly Occupied-Not Connected	\$ 4.53	-	-	-	12	1.0	54	-	-	-	12	54
Qtrly Per Vacant Tract	\$ 13.59	-	-	-	-	-	-	13,539	3,384.7	183,992	13,539	183,992
		-	-	\$ -	12	1.0	\$ 54	13,539	3,384.7	\$ 183,992	13,551	\$ 184,046

Misc. Service Revenue

\$ 41,455

Total Annual Operating Revenues

\$ 1,038,221

Test Year Revenue per Books

\$ 1,022,272

Immaterial Difference

\$ 15,948
1.560%

Total Environmental Solutions, Inc.
Treasure Lake Division

Billing Analysis for Pro Forma Rate Year at Present Rates - Sewer System
(Annualized Revenue based on Pro Forma Year-End Customers)

Metered Sales

	Monthly Rate	Residential			Commercial			Developer			Total Annual	
		Bills	Customers	Revenue	Bills	Customers	Revenue	Bills	Customers	Revenue	Bills	Revenue
5/8"x3/4"	\$ 19.40	20,580	1,715.0	399,252	408	34.0	7,915	-	-	-	20,988	407,167
5/8" w/Pump Credit	\$ 18.40	4,032	336.0	74,189	-	-	-	-	-	-	4,032	74,189
1"	\$ 36.64	24	2.0	879	36	3.0	1,319	-	-	-	60	2,198
1 1/2"	\$ 45.51	-	-	-	-	-	-	-	-	-	-	-
2"	\$ 60.67	-	-	-	132	11.0	8,008	-	-	-	132	8,008
3"	\$ 126.40	-	-	-	12	1.0	1,517	-	-	-	12	1,517
4"	\$ 252.79	-	-	-	12	1.0	3,033	-	-	-	12	3,033
6"	\$ 505.57	-	-	-	24	2.0	12,134	-	-	-	24	12,134
		<u>24,636</u>	<u>2,053.0</u>	<u>\$ 474,320</u>	<u>624</u>	<u>52.0</u>	<u>\$ 33,927</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>25,260</u>	<u>\$ 508,247</u>
	Rate / tg	Usage (tg)	Revenue	Usage (tg)	Revenue	Usage (tg)	Revenue	Usage (tg)	Revenue	Usage (tg)	Revenue	Revenue
0-2.0 tg	\$ -	43,112.8	-	1,163.5	-	-	-	-	-	44,276.3	-	-
over 2.0 tg	\$ 5.57	40,992.4	228,328	11,755.5	65,478	-	-	-	-	52,747.9	293,806	-
		<u>84,105.2</u>	<u>\$ 228,328</u>	<u>12,919.0</u>	<u>\$ 65,478</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>97,024.2</u>	<u>\$ 293,806</u>	<u>\$ 293,806</u>

Flat Rate Sales

	Monthly Rate	Residential			Commercial			Developer			Total Annual	
		Bills	Customers	Revenue	Bills	Customers	Revenue	Bills	Customers	Revenue	Bills	Revenue
Flat	\$ 35.88	276	23.0	9,903	24	2.0	861	-	-	-	300	10,764
Flat w/Pump Credit	\$ 34.88	168	14.0	5,860	24	2.0	837	-	-	-	192	6,697
		<u>444</u>	<u>37.0</u>	<u>\$ 15,763</u>	<u>48</u>	<u>4.0</u>	<u>\$ 1,698</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>492</u>	<u>\$ 17,461</u>
Total Metered & Flat		25,080	2,090.0		672	56.0		-	-			

Availability Chg.

	Rate	Residential			Commercial			Developer			Total Annual	
		Bills	Customers	Revenue	Bills	Customers	Revenue	Bills	Customers	Revenue	Bills	Revenue
Mthly Occupied-Not Connected	\$ 4.53	360	30.0	1,631	12	1.0	54	-	-	-	372	1,685
Qtrly Per Vacant Tract	\$ 13.59	-	-	-	-	-	-	13,696	3,424.0	186,129	13,696	186,129
		<u>360</u>	<u>30.0</u>	<u>\$ 1,631</u>	<u>12</u>	<u>1.0</u>	<u>\$ 54</u>	<u>13,696</u>	<u>3,424.0</u>	<u>\$ 186,129</u>	<u>14,068</u>	<u>\$ 187,814</u>

Misc. Service Revenue

\$ 41,455

Total Annual Operating Revenues

\$ 1,048,782

Total Environmental Solutions, Inc.
Treasure Lake Division

Billing Analysis Pro Forma Rate Year at Proposed Rates - Sewer System

Metered Sales

	Monthly Rate	Residential			Commercial			Developer			Total Annual	
		Bills	Customers	Revenue	Bills	Customers	Revenue	Bills	Customers	Revenue	Bills	Revenue
5/8"x3/4"	\$ 22.14	20,580	1,715.0	455,641	408	34.0	9,033	-	-	-	20,988	464,674
5/8" w/Pump Credit	\$ 21.14	4,032	336.0	85,236	-	-	-	-	-	-	4,032	85,236
1"	\$ 41.81	24	2.0	1,003	36	3.0	1,505	-	-	-	60	2,509
1 1/2"	\$ 51.94	-	-	-	-	-	-	-	-	-	-	-
2"	\$ 69.24	-	-	-	132	11.0	9,140	-	-	-	132	9,140
3"	\$ 144.25	-	-	-	12	1.0	1,731	-	-	-	12	1,731
4"	\$ 288.49	-	-	-	12	1.0	3,462	-	-	-	12	3,462
6"	\$ 576.98	-	-	-	24	2.0	13,848	-	-	-	24	13,848
		24,636	2,053.0	\$ 541,881	624	52.0	\$ 38,718	-	-	\$ -	25,260	\$ 580,599
	Rate / tg	Usage (tg)		Revenue	Usage (tg)		Revenue	Usage (tg)		Revenue	Usage (tg)	Revenue
0-2.0 tg	\$ 5.80	43,112.8		250,055	1,163.5		6,748	-		-	44,276	256,803
over 2.0 tg	\$ 5.80	40,992.4		237,756	11,755.5		68,182	-		-	52,748	305,938
		84,105.2		487,810	12,919.0		74,930	-		-	97,024.2	\$ 562,741

Flat Rate Sales

	Monthly Rate	Residential			Commercial			Developer			Total Annual	
		Bills	Customers	Revenue	Bills	Customers	Revenue	Bills	Customers	Revenue	Bills	Revenue
Flat	\$ 52.74	276	23.0	14,556	24	2.0	1,266	-	-	-	300	15,822
Flat w/Pump Credit	\$ 51.74	168	14.0	8,692	24	2.0	1,242	-	-	-	192	9,934
		444	37.0	23,249	48	4.0	2,508	-	-	-	492	\$ 25,756

Availability Chg.

	Rate	Residential			Commercial			Developer			Total Annual	
		Bills	Customers	Revenue	Bills	Customers	Revenue	Bills	Customers	Revenue	Bills	Revenue
Per Tract	\$ 2.31	360	30.0	832	12	1.0	28	-	-	-	372	859
Other	\$ 6.93	-	-	-	-	-	-	13,696	3,424.0	94,913	13,696	94,913
		360	30.0	\$ 832	12	1.0	\$ 28	13,696	3,424.0	\$ 94,913	14,068	\$ 95,773

Misc. Service Revenue

\$ 52,054

Total Annual Operating Revenues

\$ 1,316,922

Total Environmental Solutions, Inc.
Treasure Lake Division

Revenue Requirement Calculation - Sewer System

Rate Base		\$ 2,991,290
Overall Rate of Return		8.39%
Return Requirement		<u>250,969</u>
Equity Return		148,069
Income Tax Gross-Up	0.405934	<u>101,178</u>
		249,247
O & M Expenses		743,815
Depreciation Expense		110,614
Amortization Expense		78,945
Interest Expense		102,900
Property Taxes		7,029
Payroll Taxes		14,662
Other Taxes		<u>1,778</u>
		1,308,990
Assessment/Taxes		7,942
Revenue Requirement		1,316,932
Revenue at Existing Rates		1,048,782
Revenue Increase		\$ 268,150
Percentage Increase		25.6%

Total Environmental Solutions, Inc.
Treasure Lake Division

Schedule F-2(s)

Revenue Requirement Distribution - Sewer System

	Total	Availability	Balance	Distribution			Base	Flat	Usage
				Base	Flat	Usage			
Rate Base	\$ 2,991,290	\$ 831,573	\$ 2,159,717	62.0%	2.1%	35.9%	\$ 1,339,416	\$ 46,016	\$ 774,285
Overall Rate of Return	8.39%	8.39%	8.39%				8.39%	8.39%	8.39%
Return Requirement	250,969	69,769	181,200				112,377	3,861	64,963
Equity Return	148,069	41,163	106,906	62.0%	2.1%	35.9%	66,301	2,278	38,327
Income Tax Gross-Up	40.5934% 101,178	28,127	73,051	62.0%	2.1%	35.9%	45,305	1,556	26,190
	249,247	69,290	179,957				111,606	3,834	64,517
Sludge Removal, Power & Chemicals			231,769						
O & M Expenses	743,815		512,046	62.0%	2.1%	35.9%	317,561	10,910	183,575
Depreciation Expense	110,614	25,760	84,854	62.0%	2.1%	35.9%	52,625	1,808	30,421
Amortization Expense	78,945		78,945	62.0%	2.1%	35.9%	48,960	1,682	28,303
Interest Expense	102,900		102,900	62.0%	2.1%	35.9%	63,817	2,192	36,891
Property Taxes	7,029		7,029	62.0%	2.1%	35.9%	4,359	150	2,520
Payroll Taxes	14,662		14,662	62.0%	2.1%	35.9%	9,093	312	5,257
Other Taxes	1,778		1,778	62.0%	2.1%	35.9%	1,102	38	637
	1,308,990	95,050	1,213,940				609,124	26,613	578,203
Assessment/Taxes	0.603% 7,942	577	7,365	62.0%	2.1%	35.9%	3,696	161	3,508
Revenue Requirement	1,316,932	95,627	1,221,305				612,819	26,774	581,711
Less: Misc Revenue	(52,054)		(52,054)	62.0%	2.1%	35.9%	(32,283)	(1,109)	(18,662)
Rate Revenue Required	1,264,878	95,627	1,169,251				580,536	25,665	563,049
Revenue at Existing Rates	1,048,782	187,814	860,968				508,247	17,461	293,806
Less: Misc Revenue	(41,455)		(41,455)						
Rate Revenue Produced	1,007,327	187,814	819,514				508,247	17,461	293,806
Rate Revenue Increase	\$ 257,551	\$ (92,187)	\$ 349,738				\$ 72,290	\$ 8,204	\$ 269,244
Percentage Increase	25.6%	-49.1%	42.7%				14.2%	47.0%	91.6%
Availability Revenue Requirement	UPIS	Pumping	560,536	35.33%	Percentage of Bills				
		Mains	4,711,662						
		Services	994,126						
			6,266,324						
	Deprec		2,770,361						
	CIAC		2,057,977						
	Amort		915,746						
	Rate Base M, S & P		2,353,731	831,573					
	Depr Exp-M, S & P		103,105						
	Amort-M, S & P		(30,192)						
	Net		72,913	25,760					

Total Environmental Solutions, Inc.
Treasure Lake Division

Rate Design - Sewer System

Metered Sales

	Monthly Rate	Factor
5/8"x3/4"	\$ 19.40	1.000
5/8" w/Pump Credit	\$ 18.40	0.948
1"	\$ 36.64	1.889
1 1/2"	\$ 45.51	2.346
2"	\$ 60.67	3.127
3"	\$ 126.40	6.515
4"	\$ 252.79	13.030
6"	\$ 505.57	26.060

	Rate / tg
0-2.0 tg	\$ -
over 2.0 tg	\$ 5.57

Flat Rate

	Monthly Rate	Factor
Flat	\$ 35.88	1.000
Flat w/Pump Credit	\$ 34.88	0.972

Availability Charges

	Monthly Rate
Per Tract	\$ 4.53

Pro Forma Existing Rates:

			Percent of Base + Usage + Flat
Service Charge Revenue	\$ 508,246.80	50.45%	62.0%
Flat Rate Rev (Base + Usage)	17,460.96	1.73%	2.1%
Metered Usage Revenue	293,805.74	29.17%	35.9%
Availability Revenue	<u>187,813.80</u>	18.64%	
Subtotal	1,007,327.30	100.00%	100.00%
Misc Revenue	<u>41,454.61</u>		
Total Revenue	\$ 1,048,781.91		

Pro Forma Revenue Requirement:

Service Charge Revenue	\$ 580,536.43	45.90%
Flat Rate Rev (Base + Usage)	25,665.35	2.03%
Metered Usage Revenue	563,049.29	44.51%
Availability Revenue	<u>95,627.00</u>	7.56%
Subtotal	\$ 1,264,878.06	100.00%
Misc Revenue	<u>52,053.61</u>	
Total Revenue	\$ 1,316,931.67	

Service Charge Revenue	1.05	Factored	Proposed
Flat Rate Sales	Monthly Bills	Monthly Bills	Rate
Flat	300.0	300.00	\$ 52.74
Flat w/Pump Credit	192.0	186.65	\$ 51.74
		<u>486.65</u>	
		52.74	
Metered Sales			
5/8"x3/4"	20,988.0	20,988.00	\$ 22.14
5/8" w/Pump Credit	4,032.0	3,824.16	\$ 21.14
1"	60.0	113.32	\$ 41.81
1 1/2"	-	-	\$ 51.94
2"	132.0	412.81	\$ 69.24
3"	12.0	78.19	\$ 144.25
4"	12.0	156.36	\$ 288.49
6"	24.0	625.45	\$ 576.98
		<u>26,198.29</u>	
Rate per 5/8" ERC		22.14	

Availability			
Monthly	372.0	372.00	\$ 2.31
Quarterly	13,696.0	41,088.00	\$ 6.93
Monthly Rate		2.31	

Metered Usage Revenue

	TG	Factor	Factored Usage	Proposed Rate
Tier 1 Use	44,276.3	1.0000	44,276.35	\$ 5.80
Tier 2 Use	52,747.9	1.0000	52,747.89	\$ 5.80
Tier 3 Use	-	-	-	\$ -
	<u>97,024.2</u>			
Total Factored TG			97,024.24	

Total Environmental Solutions, Inc.
Treasure Lake Division

Rate Comparison - Sewer System

Metered Sales	PRESENT		PROPOSED		
		Monthly Rate	Monthly Rate	Percent Increase	
5/8"	\$	19.40	\$	22.14	14.1%
5/8" w/Pump Credit	\$	18.40	\$	21.14	14.9%
1"	\$	36.64	\$	41.81	14.1%
1 1/2"	\$	45.51	\$	51.94	14.1%
2"	\$	60.67	\$	69.24	14.1%
3"	\$	126.40	\$	144.25	14.1%
4"	\$	252.79	\$	288.49	14.1%
6"	\$	505.57	\$	576.98	14.1%
Annual Revenue	\$	508,247	\$	580,599	14.2%
		Rate / tg		Rate / tg	
0-2.0 tg	\$	-	\$	5.80	
over 2.0 tg	\$	5.57	\$	5.80	
Annual Revenue	\$	293,806	\$	562,741	91.5%

Flat Rate Sales

	PRESENT		PROPOSED		
		Monthly Rate	Monthly Rate	Percent Increase	
Flat	\$	35.88	\$	52.74	47.0%
Flat w/Pump Credit	\$	34.88	\$	51.74	48.3%
Annual Revenue	\$	17,461	\$	25,756	47.5%

Availability

	PRESENT		PROPOSED		
		Monthly Rate	Monthly Rate	Percent Increase	
Per Tract	\$	4.53	\$	2.31	-49.0%
Annual Revenue	\$	187,814	\$	95,773	-49.0%
Total Rate Revenues	\$	1,007,327	\$	1,264,869	25.6%

Typical Residential Bills

5/8" x 3/4"	tg	Present Rates	Proposed Rates	Percent Increase
With monthly usage	2.5	\$ 22.19	\$ 36.64	65.2%
With monthly usage	3.5	\$ 27.76	\$ 42.44	52.9%
With monthly usage	5.0	\$ 36.11	\$ 51.14	41.6%
With monthly usage	6.0	\$ 41.68	\$ 56.94	36.6%
With monthly usage	7.0	\$ 47.25	\$ 62.74	32.8%
With monthly usage	8.0	\$ 52.82	\$ 68.54	29.8%
With monthly usage	9.0	\$ 58.39	\$ 74.34	27.3%
With monthly usage	10.0	\$ 63.96	\$ 80.14	25.3%
The increase for the avg. residential customer using 3,500 gals./day =				52.9%

Typical Commercial Bills

5/8" x 3/4"	tg	Present Rates	Proposed Rates	Percent Increase
With monthly usage	21.0	\$ 125.23	\$ 143.94	14.9%
With monthly usage	25.0	\$ 146.51	\$ 167.14	14.1%
With monthly usage	50.0	\$ 304.00	\$ 312.14	2.7%
The increase for the avg. commercial customer using 21,000 gals./day =				14.9%