

Cause No. 45210

**1. Please confirm the balance (dollar amount) in BCW's Debt Service Reserve ("DSR") Account as of December 31, 2018, based on BCW's 2018 Annual Report. If BCW has multiple DSR Accounts, please identify each such account and its balance as of said date.**

As of December 31, 2018, the balances in BCW's Debt Service Reserve accounts were as follows:

	Per GL	Deposit in Transit	Per Bank (confirmed)
GL 1034 - USDA RD DSR	\$ 95,434.08	\$ 1,954.00	\$ 93,480.08
GL 1096 - DSR 2016 (SRF)	\$ 277,511.25	\$ 8,278.33	\$ 269,232.92

**2. Please state the balance in BCW's DSR Account(s) as of September 30, 2019.**

As of September 30, 2019, the balances in BCW's Debt Service Reserve accounts were as follows:

	Per GL	Deposit in Transit	Per Bank
GL 1034 - USDA RD DSR	\$ 113,188.77	\$ 1,954.00	\$ 111,234.77
GL 1096 - DSR 2016 (SRF)	\$ 356,991.43	\$ 8,278.33	\$ 348,713.10

**3. Please compute and identify the deficit (or surplus) in the DSR Account as of December 31, 2018 calculated as follows: Balance in DSR Account minus Amount of DSR to be fully funded and provided the above calculation.**

The following is a computation of the deficit for each DSR account as of December 31, 2018.

GL 1034 - USDA RD DSR	
Balance 12/31/18	\$ 95,434.08
DSR Fully Funded	234,397.00
Deficit	<u>\$ (138,962.92)</u>

GL 1096 - DSR 2016 (SRF)	
Balance 12/31/18	\$ 277,511.25
DSR Fully Funded	496,700.00
Deficit	<u>\$ (219,188.75)</u>

**4. As of September 30, 2019, please compute and identify the deficit (or surplus) in the DSR Account calculated as follows: Balance in DSR Account minus Amount of DSR to be fully funded and provide the above calculation.**

The following is a computation of the deficit for each DSR account as of September 31, 2019.

GL 1034 - USDA RD DSR	
Balance 9/30/19	\$ 113,188.77
DSR Fully Funded	234,397.00
Deficit	<u>\$ (121,208.23)</u>

GL 1096 - DSR 2016 (SRF)

Balance 9/30/19	\$ 356,991.43
DSR Fully Funded	<u>496,700.00</u>
Deficit	<u>\$ (139,708.57)</u>

**5. Using the balance in the DSR Account as of September 30, 2019, and the \$120,898 in DSR that has been included in BCW's revenue requirement, after five years what is the deficit (or surplus) in the DSR Account calculated as follows: Balance in DSR Account minus Amount of DSR to be fully funded and provide the above calculation.**

Beginning with the September 30, 2019 balances in the DSR accounts, the expected balance after five years for each account is as follows:

Balance as of September 30, 2019	113,188.77	356,991.43	470,180.20
Transfers:			
2019	5,859.99	24,364.50	30,224.49
2020	23,440.00	97,458.00	120,898.00
2021	23,440.00	17,886.07	41,326.07
2022	23,440.00	-	23,440.00
2023	23,440.00	-	23,440.00
2024	<u>21,588.24</u>	<u>-</u>	<u>21,588.24</u>
Expected Balance in DSR Account	234,397.00	496,700.00	731,097.00
DSR Fully Funded	234,397.00	496,700.00	731,097.00

**6. Mr. Foley states on page 13 of his direct testimony that BCW borrowed funds from its accumulated DSR to pay operating expenses and will reimburse the DSR once normal cash flow is restored. Please state: (a) the dollar amount BCW has borrowed from the DSR fund and the associated time period; (b) the amount, if any, of this borrowing that has been repaid to date; and (c) identify the timeframe, if any, that Rural Development has given BCW, -as a result of said borrowing, by when the DSR must now be fully funded. Please provide a copy of the documentation from Rural Development confirming the timeline stated.**

6a. BCW withdrew funds amounting to \$100,000 from GL 1034 - USDA RD DSR during 2018.

6b. As of September 30, 2019, BCW has continued to make monthly transfers in the amount of \$1,954. None of the transfers made are specific to refunding the amounts withdrawn in 2018.

6c. Refunding amounts withdrawn was not required Rural Development. The only requirement was to continue making the scheduled monthly transfers until such a time the account is fully funded. This in essence extended the time period over which the DSR is to be funded. Funding of the RD DSR began in January 2011 and was expected to be fully funded by December 2021. The withdrawn funds have extended the funding schedule to November 2024. Attached is the letter approving the withdraw of the funds and the conditions of the loan.

**7. As of the date BCW responds to this Docket Entry, please state when the DSR fund for the State Revolving Fund loan is required to be fully funded and provide a copy of the documentation confirming this timeline.**

The DSR for the 2016 SRF borrowing is to be fully funded within 5 years after the closing of the loan. For this borrowing, that would be March 2021. This requirement is expected to be met. See response to 5 above and DSR funding schedule (attached) from 2016 loan documents.

**8. Please clarify whether, in determining the DSR revenue requirement agreed upon in this Cause, BCW deducted the actual balance in the DSR Account from the DSR requirement. If not and the DSR requirement was computed in another manner, please provide this calculation and fully explain why it was used.**

In determining the DSR requirements, BCW did not deduct the actual balance in the DSR accounts from the DSR requirements. This rate petition does not change the amount or timing of the DSR transfers. Such requirements are dictated by the loan documents.

For the purposes of this petition, BCW used the maximum annual debt service over the remaining term of each loan to determine the amount to include in the revenue requirement divided by the applicable funding period. Actual DSR funding, as required by the loan agreements, will be slightly higher.

DSR Funding Included in Current Revenue Requirement:

	Maximum Debt Service	Funding Period	Annual Transfer
USDA Rural Development	\$ 234,397	10	\$ 23,440
2016 SRF	\$ 487,292	5	97,458
			<u>\$ 120,898</u>

DSR Funding As Required by Loan Agreements:

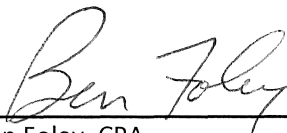
	Maximum Debt Service	Funding Period	Annual Transfer
USDA Rural Development	\$ 234,397	10	\$ 23,440
2016 SRF	\$ 496,700	5	99,340
			<u>\$ 122,780</u>

**9. Please provide an accounting showing the deposits into and the expenditures made from BCW's restricted asset accounts for tank maintenance and for well maintenance from January 1, 2016, through June 30, 2019, identifying with specificity the amounts and services performed that are associated with each expenditure/deduction from this account during the referenced period.**

See attached detail for both the Well/Pump Maintenance Account and the Tank Maintenance Account from 1/1/16-9/30/19.

**VERIFICATION**

I hereby affirm, under the penalties of perjury, that the foregoing statements, are true and correct to the best of my knowledge and belief.

  
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Ben Foley, CPA  
Date: 10/23/19