

Utility Management, LLC

P.O. Box 43823

Birmingham, Alabama 35243

Phone: (205) 967-9968 Fax: (205) 967-8178

February 3 2014

Mr. Walter Thomas, Secretary
Alabama Public Service Commission
100 North Union Street, Suite 850
Montgomery, AL 36104



**RE: Utility Management, LLC
Wastewater Tariff Modification
Request for Increase in Residential, Recreational Vehicle,
Commercial, and Vacant Lot Utility Rates; Implementation of a
monthly Rate Rider and Implementation of a monthly Reserve
Rider for All Utility Management, LLC Rate Payers**

Dear Mr. Thomas:

Utility Management, Limited Liability Company, a Winston County Alabama limited liability company is herewith filing an electronic copy and the enclosed original and one copy of our proposed Request to amend our Tariff to reflect modification in our monthly rates, and the implementation of a uniform Rate Rider and Reserve Rider. These changes will affect each of our Customers. These changes are integral parts of a four year plan to strengthen the company and position ourselves for excellence in system services.

Utility Management, LLC was founded in 2005 and has been operating pursuant to its original monthly Tariff Rates as follows: Residential \$44.07, Recreational Vehicle Lot \$25.00, Vacant Lot \$10.00 and Commercial customers as calculated and approved on an individual basis, plus the applicable taxes and other applicable governmental fees for each rate, except that some customers assumed from Pure Flow, Inc were at a lower rate but this Honorable Commission approved the present uniform rates.

No Rate Riders or Reserve Riders have ever been previously charged to our customers.

Utility Management, LLC hereby requests that the following be approved as submitted:

Utility Management, LLC

<u>Customer</u>	<u>Current</u>	<u>Requested</u>
Residential	\$ 44.07	\$ 51.22
RV	\$ 25.00	\$ 29.06
Commercial (1)	\$155.00	\$180.16
Commercial (2)	\$148.00	\$172.03
Vacant Lots	\$ 10.00	\$ 11.62
Rate Rider	\$ -0-	\$ 9.81
(all customers for 12 months)		
Reserve Rider	\$ -0-	\$ 1.00
(all customers indefinitely)		

The above Rate Rider and Reserve Rider will apply to each Customer.

Additionally, Utility Management, LLC humbly requests that its Tariff be modified to reflect these changes, as well as approving the addition of the following paragraph:

"In the case of Unoccupied Residential Lots, the Company may revoke future accessibility to the sewer system and forfeiture of designated system capacity for any lot if payment delinquency reaches an amount equal to (or exceeding) six regularly scheduled monthly billings. In such cases, the Company, in its sole discretion, may require payment of 150% of the entire delinquency before capacity and/or accessibility will be restored."

BASIS OF NEED FOR RATE RELIEF INCREASE

The reason for this request to increase our approved Tariff Rates is based on the following issues.

- (1) It has always been the policy of Utility Management, LLC to accept all wastewater systems no matter the size. This is in the best interest of the industry and the public health. Other Wastewater Management Entities have only wanted large systems and some have actually referred the smaller ones to Utility Management, LLC. The Utility Management, LLC original rate was based on an average system serving 30 customers. However, the average Utility Management, LLC system is presently twenty-four (24) customers.
- (2) Many of the subdivisions that Utility Management, LLC has on its Certified List were never built and others have been foreclosed on. This has resulted in far less revenue than was originally anticipated, even as recently as the 2009 renewal of the Certification of Financial Viability.
- (3) This Tariff Rate relief is necessary due to inflation, some high cost system repairs, advanced technological requirements and the distance from the Utility Management, LLC's office in Birmingham to Mobile County and other systems statewide which results in added cost to all operations and

Utility Management, LLC

maintenance to the company. Repairs at that distance require that a service person be dispatched from Birmingham which represents an average round trip of 300 miles or the repairs must be contracted to outside companies at a substantially higher cost. The pro forma 2014 expenses are forecast to exceed currently approved pro forma revenue by \$63,055.

- (4) In 2012 and 2013, a spate of very costly replacements and repairs at two managed systems (River Point and Waterford) severely depleted liquidity. The direct costs of replacement and repairs exceeded \$40,000 because of faulty original construction of the sewer plants. (These faults were unknown at the times of establishing management agreements.) Utility Management, LLC anticipates that an additional \$5,000 will be required to complete the restoration at River Point and another \$5,000.00 to upgrade and repair the Highland Lakes systems.
- (5) Because Utility Management, LLC has never requested comprehensive Rate Increases, Rate Riders, or Reserve Riders, it has accumulated \$64,498 of imbedded Vendor Payables, which it cannot foresee paying without approval of this comprehensive request.
- (6) No owner of Utility Management, LLC has ever received any compensation since 2009, as either a salary for company duties or as a profit dividend. This request contemplates a \$30,000 annual salary for one of the two owners who is the full time manager of the company.

PRESENT REVENUE

Utility Management, LLC serves 827 customers. Total Net Revenues for 2013 were \$332,060. The requested Rate change would effectively increase potential revenues by \$58,333 annually, or \$4,861.08 per month, the amount needed to equal anticipated monthly expenses. The requested increase represents a uniform 16.235% increase to each customer.

The requested Rate Rider (\$9.81 per customer per month), over the requested twelve (12) month period is anticipated to generate \$98,186. This would allow Utility Management, LLC to pay the previously mentioned Vendor Payables of \$64,498 plus generate cash equal to one month of pro forma 2014 expenses (\$33,688).

The requested Reserve Rider (\$1.00 per customer per month) will generate \$827 per month, or \$9,924 annually. These funds would be segregated and used for major repairs only with prior Commission approval (except in the case of an emergency). The company anticipates a maximum accumulation of approximately \$50,000 over the next several years.

TARIFF RATE IMPLEMENTATION

Utility Management, LLC

Utility Management, LLC is proposing that the increase in rates be approved as soon as possible with an effective date of April 1, 2014.

Wherefore, Utility Management, LLC respectfully and humbly requests this Honorable Alabama Public Service Commission to approve the proposed Rate Changes, Rate Rider, and Reserve Rider.

Sincerely;

A handwritten signature in black ink, appearing to read 'DONALD N. GUTHRIE', with a long horizontal stroke extending to the right.

DONALD N. GUTHRIE
Manager/Member
Utility Management, LLC
dnglaw@bellsouth.net

Enclosures

UTILITY MANAGEMENT, LLC

TARIFF

FOR

SEWER SERVICES IN

THE STATE OF ALABAMA

PRESENT WASTEWATER TARIFF DOCKET 31187

UTILITY MANAGEMENT, LLC.
SEWER SERVICE TARIFF & RATES
STATE OF ALABAMA

INDEX TO TARIFF

SEWER SERVICE RATES.....	1
Utility Management, LLC Residential Sewer Service.....	1
Recreational Vehicle Lot.....	2
Commercial	3
Vacant Lot	4
Local and State Revenue-Based Taxes and Fees	5
Acquired Pure Flow Customers Residential	6
RULES AND REGULATIONS	7
Definition of Terms	7
I. Required of Consumer	8
1. Notify Company of Need of Service.....	8
2. Consumer's Responsibility before Connection to the Collection System.....	9
3. Consumer's Responsibility after Connection to the Collection System.....	9
4. Provide Suitable Place to Install Company Equipment.....	9
5. Provide Access to Company Equipment	9
6. Deposit or Guarantee	10
7. What Can Go Through the Pipe or System	10
II. Obligation of the Company in Furnishing Service	11
8. Provide Sewer	11
9. Right to Disconnect Service.....	11
10. Cost of Repair.....	11
III. Requirements After Service Has Been Supplied.....	11
11. Notification of Company of Defect or Trouble.....	11
12. Company Access to Equipment.....	12
13. Condition of Customer's Equipment	12
14. Copies of Rates, Rules and Regulations	12
15. Connection Fee	12
16. Reconnection Fee	12
17. Billing.....	12
18. Authorized Representative of the Company	14
19. Conflict of Rules	14

UTILITY MANAGEMENT, LLC
SERVICE RULES AND REGULATIONS
STATE OF ALABAMA

SEWER SERVICE RATES

Utility Management, LLC Residential

(Class of Service)

Availability:

Sewer service is available to each single family residence located within the service area Certified by either the Alabama Public Service Commission (or the Alabama Department of Public Health prior to 5/22/09).

Single Family Residence Cost:

Single Family Residence. \$51.22 per month plus applicable local government and state government imposed revenue-based fees.

Rate Rider:

The amount calculated at the above rate will be increased by applying the effective Rate Rider RR charge of \$9.81 per month for twelve (12) months, beginning April 1, 2014. Such Rate Rider has been approved in advance by the Alabama Public Service Commission.

Reserve Rider:

The amount calculated at the above rate will be increased by applying the Effective Reserve Rider charge of \$1.00 per month, indefinitely, beginning ~~March~~April 1, 2014. Such Reserve Rider has been approved in advance by

the

Alabama Public Service Commission.

Late Fee:

A five percent (5%) or five dollar (\$5.00) late fee, whichever is greater, plus cost of collection shall be applicable.

UTILITY MANAGEMENT, LLC
SERVICE RULES AND REGULATIONS
STATE OF ALABAMA

Recreational Vehicle Lot

(Class of Service)

Availability:

Sewer service is available to each recreational vehicle lot located within the service area Certified by the Alabama Public Service Commission.

Cost:

Recreational Vehicle \$29.06 per month plus applicable local government and state government imposed revenue-based fees.

Rate Rider:

The amount calculated at the above rate will be increased by applying the effective Rate Rider RR charge of \$9.81 per month for twelve (12) months, beginning April 1, 2014. Such Rate Rider has been approved in advance by the Alabama Public Service Commission.

Reserve Rider:

The amount calculated at the above rate will be increased by applying the Effective Reserve Rider charge of \$1.00 per month, indefinitely, beginning April 1, 2014. Such Reserve Rider has been approved in advance by the Alabama Public Service Commission.

Late Fee:

A five percent (5%) or five dollar (\$5.00) late fee, whichever is greater, plus cost of collection shall be applicable.

UTILITY MANAGEMENT, LLC
SERVICE RULES AND REGULATIONS
STATE OF ALABAMA

Commercial

(Class of Service)

Availability:

Sewer service is available to each commercial installation located within the service area Certified by the Alabama Public Service Commission. Commercial rates will be based on the strength contents of the wastewater placed in the collection lines as it relates to volume and strength of a residence.

Cost:

Commercial rates are calculated for each Individual Applicant subject to Alabama Public Service Commission approval.

Rate Rider:

The amount calculated at the above rate will be increased by applying the effective Rate Rider RR charge of \$9.81 per month for twelve (12) months, beginning April 1, 2014. Such Rate Rider has been approved in advance by the Alabama Public Service Commission.

Reserve Rider:

The amount calculated at the above rate will be increased by applying the Effective Reserve Rider charge of \$1.00 per month, indefinitely, beginning April 1, 2014. Such Reserve Rider has been approved in advance by the Alabama Public Service Commission

Late Fee:

A five percent (5%) or five dollar (\$5.00) late fee, whichever is greater, plus cost of collection shall be applicable.

Present Commercial Customers:

Number 1 - McConnell Commercial Park – Mobile Co. - \$172.03 for Kenworth plus applicable local government and state government imposed fees.

McConnell Commercial Park has a potential of eight (8) Customers, for which each shall have its own rate plus applicable local government and state government imposed fees.

Number 2 – Creek Side Lodge & Conference Center \$180.16 plus the electricity and applicable local government and state government imposed fees.

UTILITY MANAGEMENT, LLC
SERVICE RULES AND REGULATIONS
STATE OF ALABAMA

Vacant Lots

(Class of Service)

Availability:

Sewer service is available to each vacant lot located within the service area Certified by either the Alabama Public Service Commission.

Cost:

Vacant Lot Fee \$11.62 per month plus applicable local government and state government imposed revenue-based fees.

Rate Rider:

The amount calculated at the above rate will be increased by applying the effective Rate Rider RR charge of \$9.81 per month for twelve (12) months, beginning April 1, 2014. Such Rate Rider has been approved in advance by the Alabama Public Service Commission.

Reserve Rider:

The amount calculated at the above rate will be increased by applying the Effective Reserve Rider charge of \$1.00 per month, indefinitely, beginning April 1, 2014. Such Reserve Rider has been approved in advance by the Alabama Public Service Commission

Late Fee:

A five percent (5%) or five dollar (\$5.00) late fee, whichever is greater, plus cost of collection shall be applicable.

UTILITY MANAGEMENT, LLC SERVICE RULES AND REGULATIONS STATE OF ALABAMA
--

Local and State Revenue-Based Taxes and Fees
WITHIN UTILITY MANAGEMENT, LLC'S SYSTEM SERVICE AREAS

Cherokee County – only applies to premises within their jurisdiction – (Presently not being collected but may soon commence.)	4%
Permitting Authority – applies to all Customers –	4%
State License Fee – applies to all Customers –	2.2%

UTILITY MANAGEMENT, LLC
SERVICE RULES AND REGULATIONS
STATE OF ALABAMA

CUSTOMER ACCOUNTS ACQUIRED FROM PURE FLOW, INC.

All customer accounts acquired from Pure Flow, Inc shall have the same rate as set forth above.

UTILITY MANAGEMENT, LLC
SERVICE RULES AND REGULATIONS
STATE OF ALABAMA

RULES AND REGULATIONS

Definition of Terms

- | | |
|--------------------------------|---|
| 1. The Company | UTILITY MANAGEMENT, LLC. |
| 2. Consumer | The purchaser of service. This is understood to mean one class of service furnished to one consumer at a named location. |
| 3. Month | One-twelfth (1/12) of a calendar year. |
| 4. Sanitary Lateral | The sewer pipe that collects and conveys sewage from the interior plumbing system of a building and terminates outside the building at the Connection Point of the Collection System. The Sanitary Lateral is the responsibility of the customer. |
| 5. Septic Tank | An underground vessel either concrete, fiberglass or plastic that collects and treats the Consumer's sewage. Pumping is the responsibility of the Management Entity. |
| 6. Collection System | The mechanical and electrical facilities, including but not limited to common pipe, valves, fittings, devices, structures, tanks and pumps, between the Connection Point and the Treatment Facilities. Such Collection System may be either by gravity flow or under pressure from one or more pumps. |
| 7. Connection Point | The point where the plane of the street Right-of-Way or Sewer Easement crosses the Sanitary Lateral. |
| 8. Lock-out Water Valve | The lockable water valve installed on the water service to the Premises, on the Premises side of the water meter box. The Lot Owner is responsible for the cost of and installation of the Lock out water valve. Once installed, the Lock-out water valves shall be owned by the Company and shall be closed for customer failure to comply with any of the provisions of the Company's rate schedules, tariff or any of its rules and regulations on file with, and approved by, the Alabama Public Services Commission. |
| 9. Lot Equipment | The laterals, septic tank, other tanks, pumps, filters, controls and any other component of a collection system |

UTILITY MANAGEMENT, LLC
SERVICE RULES AND REGULATIONS
STATE OF ALABAMA

located on the lot, and which is owned by the lot owner but will be maintained according to the Sewer Customer Service Agreement.

- 10. Treatment Facilities** The mechanical and electrical facilities, including but not limited to pipe, valves, fittings, pumps, tanks, ponds, etc., that process and treat sewage to produce and discharge effluent through an outfall to a specified location and with a specified quality that collectively are defined by one or more governmental regulatory agencies with the jurisdiction to issue mandatory permits for the design, construction and operation of such Treatment Facilities.
- 11. System Access Fee** A monthly fee paid to the Company by the lot owner of each unoccupied lot in the area served by the sewer system as a fee for the Company standing ready to provide sewer service to the vacant lot at a future date when the lot becomes occupied.

I. Required of Consumer

1. Notify Company of Need of Service

The Consumer must contact the Company in writing and indicate that they desire to be connected to the collection system. The Consumer should reveal to the Company the earliest date sewer service shall be required. The connection point which the Consumer's sanitary lateral shall connect to the collection system shall be determined by the Company and shall be conveyed to the Consumer. If something unknown to the Company will prevent the location of the connect point at the indicated location, the Consumer shall immediately notify the Company of the conflict so that an acceptable connection point can be located. In no way will the Company be held responsible for any delay in the building construction due to the conflict. The Consumer shall also obtain the necessary permits from the public authorities, where applicable. The Consumer shall, at its sole cost, provide the required Lock out water valve

2. Consumer's Responsibility before Connection to the Collection System

Beginning when company-provided sewer service is available and until such time that a residence or other structure requiring service is constructed and lot is occupied, a monthly System Access Fee of \$10.00 (ten dollars) is to be paid to the Company by the lot owner of the unoccupied lot for the Company standing ready to provide sewer service to the unoccupied lot when the lot becomes occupied.

At Consumer's cost the Consumer shall install the lot components from the building plumbing to the connection point of the collection system. It is the responsibility of the Consumers that the lot components be installed and

UTILITY MANAGEMENT, LLC
SERVICE RULES AND REGULATIONS
STATE OF ALABAMA

inspected to the requirements of the Company and all governmental authorities with jurisdiction.

The Consumer shall notify the Company 48 hours in advance of the date the sanitary lateral is to be installed. The Consumer through his plumber shall connect into the collection system only with an approved connection fitting. The lateral shall be pressure tested to 36 Pounds per square foot ("PSI") before sewage usage is permitted.

3. Consumers Responsibility after Connection to the Collection System

Prompt notification of any difficulty with the sewer service is imperative in order that prompt attention may be given so as to alleviate conditions that may be detrimental to health.

The Sanitary Lateral and lot equipment from the building plumbing to the Connection Point is the responsibility of the customer, except that the Company will pump the septic tank as needed per the Property Owner Contract for Sewer Service. Any necessary repairs shall be done by the Company at the Company's expense after the Connection Point, except in case of misuse by the Consumer as outlined in the Property Owner Contract for Sewer Service, to any equipment after the Connection Point. Any service call which results in any repairs or damages to the Collection System caused by the Customer will be at the Customer's expense (labor and materials) to be paid by the consumer within (30) days. Any unavoidable damage done to driveways, landscaping, etc. that is the result of necessary repairs shall be repaired by the Company's expense unless otherwise set forth in the Property Owner Contract for Sewer Service.

4. Provide Suitable Place to Install Company Equipment

The Consumer shall provide, where required, free of expense to the Company, a suitable waterproof septic tank, or Advanced Treatment Unit, pipes, pumps and other appliances necessary for providing the sewer service and connection of the building to the Company Collection System

5. Provide Access to Company Equipment

Access to any Lock out water valve, septic tank or pump tank, its openings and its associated piping for inspection, repair, pumping, or other component on the lot-owner's property, or other purposes shall be furnished to authorized agents of the Company at all reasonable hours.

6. Deposit or Guarantee

A deposit or suitable guarantee or security to insure payment of the final bill, other indebtedness or damage to the Company property may be required of any Consumer before service will be supplied. This deposit may be retained by the Company until termination of service except in the case of a Consumer whose account is considered in good standing, such deposit may be returned to the customer by the Company.

UTILITY MANAGEMENT, LLC
SERVICE RULES AND REGULATIONS
STATE OF ALABAMA

7. What Can Go Through the Pipe or System

Only domestic or similar sewage consistent with the requirements and limits of the system permit issued by the Alabama Department of Environmental Management or the Alabama Department of Public Health will be allowed to be discharged into the system unless the property owner installs special necessary equipment approved by the Company and Alabama Department of Environmental Management or the Alabama Department of Public Health according to their jurisdiction.

The Consumer shall not allow the following prohibited materials from entering the Sewer System: Coffee grinds, dental floss, kitty litter, tampons, disposable diapers, sanitary napkins, cigarette butts, condoms, fats, grease or oil, paper towels, paints, varnishes, thinners, motor oil, pesticides, fuels, or photographic solutions.

General:

No storm water from pavements, area roads and ways, roof runoff water, foundation drains, subsurface drains, water from springs, cooling water, basement sump pump discharge, photographic developing or processing chemicals, unpolluted industrial or commercial process water, or other sources shall be admitted to the Company's sewer system.

The discharge of non-food waste garbage to the Company's sewer system is expressly prohibited. Properly shredded garbage from the kitchen may be discharged into the Company's sewer system when expressly authorized by the Company.

Prohibited Discharges

No person shall cause or permit to be discharged into the Company's wastewater sewer system any toxic substance or waste having any of the following characteristics.

Waste containing any gasoline, naphtha, fuel, oil or other liquids, solids or gases which by reason of their nature or quality may cause fire or explosion or be in any other way injurious to persons, the structures of the wastewater sewage system or its operation.

Wastewater containing any photographic developing or processing fluids or chemicals.

Washes having a pH lower than 6.0 or higher than 9.0 having any corrosive property capable of causing damage or hazards to structures, components, equipment or Personnel of the wastewater sewage system.

Waste having a temperature in excess of 120 degrees Fahrenheit or lower than 20 degrees Fahrenheit.

Waste containing any noxious or malodorous gas substance that either singly or by interaction with sewage or other waste is likely, in the opinion of the appropriate governmental authority or the Utility, to create a public nuisance or hazard to life or prevent entry to sewers for their maintenance or repair.

Waste containing ashes, cinders, sand, mud, straw, shavings, metal, paint, glass, rags, feathers, tar, plastic, wood, cotton or other fibers, lime, slurry or any other solid or viscous material of such character or in such quantity as in the opinion of the Utility may

UTILITY MANAGEMENT, LLC
SERVICE RULES AND REGULATIONS
STATE OF ALABAMA

cause an obstruction to the flow in sewers or otherwise interfere with the proper operation of the sewer system.

II. Obligation of the Company in Furnishing Service

8. Provide Sewer

Sewer service is available in the service areas which have been permitted by the state or county regulatory agencies. The Company will use all reasonable diligence to provide an uninterrupted flow of the collection system, but in case flow should be interrupted or fail:

- (a) By reason of accident, strike, legal process, governmental order, fire, extraordinary repairs or other causes beyond the control of the Company, or
- (b) By action of the Company when, in the sole judgment of the Company, such interruption will prevent or alleviate an emergency threatening the integrity of the system or aid in the restoration of its service in such an emergency.
- (c) Then Company is not responsible for customer damages as a result of disconnection of sewer service or sewer system outages and the Consumer shall make no claim for such damages.

9. Right to Disconnect Service

The Company reserves the right to disconnect its services upon twenty (20) days written notice, should the Consumer fail to comply with any of the provisions of the Company's approved rate schedules or any of its rules and regulations on file with and approved by the Alabama Public Service Commission. For safety and environmental protection, a lock-out water shut-off valve will be used to disconnect the sewer service for non payment or other breach of contract.

In the case of Unoccupied Residential Lots, the Company may revoke future accessibility to the sewer system and forfeiture of designated system capacity for any lot if payment delinquency reaches an amount equal to (or exceeding) six regularly scheduled monthly billings. In such cases, the Company, in its sole discretion, may require payment of 150% of the entire delinquency before capacity and/or accessibility will be restored.

10. Cost of Repair

The Consumer shall exercise proper care to protect the property of the Company located on his premises and in the event of loss or damage to the equipment arising from neglect of the Consumer to properly protect said equipment, the cost of necessary repairs or replacement shall be paid by the Consumer.

III. Requirements After Service Has Been Supplied

11. Notification of Company of Defect or Trouble

The Consumer shall notify the Company promptly of any defect in service or any

UTILITY MANAGEMENT, LLC
SERVICE RULES AND REGULATIONS
STATE OF ALABAMA

trouble or accident to the collection system

12. Company Access to Equipment

The authorized agents of the Company shall have free access to the equipment of the Company, situated on the Consumer's premises, as is necessary from time to time. The Consumer shall use reasonable diligence to protect the equipment of the Company and shall reimburse the Company for injury or damage suffered by it, resulting from actions or negligence of the Consumer.

13. Condition of Customer's Equipment

The Company, in accepting the application of the Consumer and in supplying sewer service, does not assume any obligation or responsibility as to the Consumer's plumbing system, lot components, or any other of his apparatus except periodic pumping of the consumer's septic system as deemed necessary by the Company to protect the Company collection system at no additional expense to the consumer.

14. Copies of Rates, Rules and Regulation

A copy of the rates, rules and regulations under which sewer service will be provided is on file with the Alabama Public Service Commission and is open to inspection at offices of the Company.

15. Connection Fee

A sewer service connection fee will usually not be required for residential lots if the equipment, land and leases were conveyed by a gift in the aid of construction.

16. Reconnection Fee

A fee for reconnection of sewer service of \$250.00 will be applicable in case the sewer service is cut off for the reason of non-payment or otherwise. When the ownership changes, each new owner (or applicant for service) will be required to pay a transfer fee of \$50.00, which is a non-refundable charge.

17. Billing

The amount of one-month's billing in advance will be collected from each customer prior to rendering services to the premises. All bills for service shall be payable in advance. Bills for sewer service will be issued monthly and will be payable at offices of the Company within ten (10) days from the due date.

(a) Delinquent Bill and Collection Fee

Any such bill that is not paid within ten (10) days from the due date shall then be deemed delinquent. A monthly late payment penalty of five dollars or five percent (5%) of the delinquent bill whichever is greater.

(b) Twenty (20) Days Notice to Disconnect Service

At any time after a Consumer's account has become delinquent, the Company may give to the Consumer written notice of the Company's intention to

UTILITY MANAGEMENT, LLC
SERVICE RULES AND REGULATIONS
STATE OF ALABAMA

disconnect service if his account is not paid. At the same time as the Consumer is written of the notice to disconnect, a copy of the letter will be mailed to the local health department. After the elapse of twenty (20) days from the written notice if the account has not been paid in full, the Company may then disconnect service without further notice, subject to the following provisions:

1. The Consumer shall have the right of paying such a delinquent account at any time prior to the actual disconnect of his services.
2. Payment by the Consumer, as set out in (1) above, at the offices of the Company, shall not affect the Company's right during the day such payment is received to disconnect service for nonpayment, if such payment was unknown to the employee disconnecting the service.
3. No service shall be disconnected for nonpayment after 3:30 P.M. on any day immediately preceding a day or days when the Company's office will be closed.

(c) How Notice Can Be Delivered

Notice of the Company's intention to discontinue service as required in paragraph (b) Twenty (20) Days Notice to Disconnect Service, shall be considered to be given to Consumer when a copy of such notice is left with such Consumer, left at the premises where service is rendered, or posted in the United States mail, addressed to the Consumer's last known post office address.

(d) Reconnect Fee

Whenever sewer service is disconnected for nonpayment and Consumer requests that service be restored, a reconnect fee in the amount of two hundred and fifty dollars (\$250.00), paid during regular office hours (before 5:00 P.M.) shall be added to Consumer's account and shall become due and payable, and can be required by the Company to be paid before the service is reconnected. The Company shall mail out customer bills at least five (5) days prior to the due date indicated on the billing statements.

(e) Extension of Time to Pay

The Company may extend at any time and from time to time upon terms satisfactory to it, the time for payment of any delinquent account, or any part thereof, and its action in so doing, shall be without prejudice to its rights to disconnect service.

(f) Consumer's Responsibility to Notify of Special Conditions

It is the responsibility of the Consumer to notify the Company regarding existing conditions that might require special consideration prior to the termination of services for nonpayment of a delinquent bill.

(g) Returned Check Policy

An administrative charge of thirty-five dollars (\$35.00) will be billed to each Consumer for which payment for sewer service is made by check and it is subsequently returned due to being dishonored for insufficient funds Consumer's

UTILITY MANAGEMENT, LLC
SERVICE RULES AND REGULATIONS
STATE OF ALABAMA

by the Consumer's financial institution. Such charge shall become a part of the total amount owed by the Consumer for which sewer service may be disconnected by the Company.

(h) Indebtedness to Company

The Company may decline to serve an applicant or may disconnect a Consumer who is indebted to the Company for similar sewer service at a former location.

(i) The Consumer shall pay all collection cost including but not limited to court costs and Attorney Fees.

18. Authorized Representative of the Company

It is understood that no statement or representative of any employee or officer of the Company shall bind the Company, unless the same be in writing and approved by the signature of an authorized representative of the Company. No employee or officer of the Company is authorized to waive this condition.

19. Conflict of Rules

These rules shall be construed together with the Rules of the State Board of Health Chapter 420-3 and the Rules of the Alabama Department of Environmental Management Chapter 335-6, but if there is a conflict, State Regulations cited above will prevail.

UTILITY MANAGEMENT, LLC
RATE INCREASE REQUEST
JANUARY 15, 2014

			ACTUAL	ACTUAL			ACTUAL	ACTUAL			PRO FORMA	PRO FORMA		PRO FORMA
			2012	2012			2013	2013			2014	2014		2014
			FIXED	VARIABLE			FIXED	VARIABLE			FIXED	VARIABLE		KNOWN &
														MEASURABLE
														CHANGES
PSC #														
1 SEWER REVENUES			287,580				335,615							
2 MISC REVENUES			<u>5,502</u>				<u>-3,555</u>							
3 TOTAL REVENUES			293,082				332,060				341,197			
4 OWNER SALARIES			0	0			0	0			0	0		22,500
5 OFFICER SALARIES			0	0			0	0			0	0		22,500
6 MAINTENANCE LABOR														
	M. MILLER		8,727				26,403							
	BLUE CROSS		3,600				12,000							
	WEBB PAYROLL		<u>2,500</u>				<u>7,201</u>							
	SUBTOTAL		14,827				45,604				46,516	0		912
7 OTHER SALARIES														
	F. ASHER		8,497				24,953							
	N. GUTHRIE						5,717							6,283
	ADJUSTMENT						-102							
	BLUE CROSS		1,191				8,195							
	WEBB PAYROLL		<u>2,500</u>				<u>8,801</u>							
	SUBTOTAL		<u>12,188</u>				<u>47,564</u>				<u>48,515</u>	0		<u>-5,332</u>

UTILITY MANAGEMENT, LLC
RATE INCREASE REQUEST
JANUARY 15, 2014

			ACTUAL	ACTUAL			ACTUAL	ACTUAL			PRO FORMA	PRO FORMA		PRO FORMA
			2012	2012			2013	2013			2014	2014		2014
			FIXED	VARIABLE			FIXED	VARIABLE			FIXED	VARIABLE		KNOWN &
														MEASURABLE
														CHANGES
8 TOTAL SALARIES			27,015	0			93,168	0			95,031	0		46,864
9 MATERIALS														
& 3RD PARTY					***				***		***			
	ADVANCE PLUMBING			25,897	R			13,000	R		M=	Maintenance		
	ALTERNATIVE WASTE			1,200	ENG						SM=	Service and Maintenance		
	ATKINS ENGINEERING			2,200	PAV						R=	Repair		
	CARLTON MILLER			550	R			1,300	CL		EQP=	Equipment		
	CENTRAL SUPPLY							1,807	EQP, P, T, R		ENG=	Engineering		
	CHAD ALEXANDER	1,125			M						T=	Tools		
	CHUCK MILLER, INC.			910							PAV=	Paving		
	CLEARBROOK			6,869	R			2,223	R		SV=	Service		
	COMMUNICATION SE			-500	R						ER=	Equipment Rental		
	CONSOLIDATED PIPE							413	R		CL=	Contract Labor		
	COUNTRY GARDENS	9,353			M		12,146	2,165	M, SM, ER, P, R					
	CR MANAGEMENT	5,550			M		4,950		M, SM					
	DALES SEPTIC	2,400		200	M, SM, R		2,400		M, SM, R					
	DNG TRUST ACCT			-214	R									
	D SANDLIN	2,747		315	M, SM, R		13,838	508	M, SM, R, P					
	DYKES & SON			1,400	R									
	ELIJAH PARKS							400	CL					
	FAYETTE DRAIN			1,327	R									

UTILITY MANAGEMENT, LLC
RATE INCREASE REQUEST
JANUARY 15, 2014

			ACTUAL	ACTUAL			ACTUAL	ACTUAL			PRO FORMA	PRO FORMA		PRO FORMA
			2012	2012			2013	2013			2014	2014		2014
			FIXED	VARIABLE			FIXED	VARIABLE			FIXED	VARIABLE		KNOWN &
														MEASURABLE
														CHANGES
	GPM			845	R									
	GULF COAST PUMP			6,151	R			3,627	EQP, P					
	HAWKINS & ASSO							2,156	EQP,P					
	HCP PUMPS			942	EQP									
	HOME DEPOT							374	ER					
	J STEVENS		2,638		M, SM		2,351		M, SM					
	JOHNNIE JOHNSTON			728	EQP									
	KINGS DOMINION			1,032	R									
	LARRY SATTERWHITE		300		SM		1,150	118	SM, P					
	LYONS, VIRGINIA REIMB							-9	R					
	MIKE MILLER			553	R			447	CL, P					
	MITCHELL CONCRETE			5,000	R			1,400	R		***			
	MOSS ENTERPRISES			600	ENG						M= Maintenance			
	PRUITT TOWING							700	R		SM= Service and Maintenance			
	RICKY HILL TRUCKING			798	R			774	R		R= Repair			
	R STEVENS			600	R		1,000	1,750	CL,SM		EQP= Equipment			
	ROGERS SEPTIC TANK		1,200		M		1,140		M, SM		ENG= Engineering			
	SEWAGE EQUIPMENT		22,044	12,909	SM, R, SV		1,344	8,263	SM/R/SV/ER/M/P/T		T= Tools			
	SOUTHERN REWIND			2,201	R						PAV= Paving			
	STEVE MCDONALD		4,672	1,200	EQP, SM		5,000	11,509	EQP, SM, R		SV= Service			
	THOMPSON SUPPLY			903	EQP, R			1,435	EQP, R, P		ER= Equipment Rental			
	TOMMY BRIGHT			333	T			443	R		CL= Contract Labor			

UTILITY MANAGEMENT, LLC
RATE INCREASE REQUEST
JANUARY 15, 2014

			ACTUAL	ACTUAL			ACTUAL	ACTUAL			PRO FORMA	PRO FORMA		PRO FORMA
			2012	2012			2013	2013			2014	2014		2014
			FIXED	VARIABLE			FIXED	VARIABLE			FIXED	VARIABLE		KNOWN &
														MEASURABLE
														CHANGES
	USA BLUEBOOK							202	T					
	MISC PARTS/EQUIP			5,332	SM, R			20,887	SM/R/EQP/ER/P/T					
	SUBTOTAL		52029	80,281			45,319	75,892			46,225	77,410		
10 AUTO EXPENSES														
	PURCHASE PAYMENTS		756				6,876							
	INSURANCE													
		AUTO OWNERS	168				1,509							
		BEST INS	566				387							
		GREENHALGH					476							
		STATE FARM					-7,514							
	REPAIRS						3,335							
	TRAVIS HULSEY (TAG)		<u>182</u>				<u>649</u>							
	SUBTOTAL		1672	0			5,718	0			5,832	0		
11 OFFICE EXPENSES														
	APPRAISAL RESEARCH						8							
	ATT MOBILITY (CELL)		186				477							
	ATT TELEPHONE		1,439				2,193							
	BANK SERVICE CHARGES		2,673				1,343							
	BRUCE OFFICE SUPPLY		465				141							

UTILITY MANAGEMENT, LLC
RATE INCREASE REQUEST
JANUARY 15, 2014

			ACTUAL	ACTUAL			ACTUAL	ACTUAL			PRO FORMA	PRO FORMA		PRO FORMA
			2012	2012			2013	2013			2014	2014		2014
			FIXED	VARIABLE			FIXED	VARIABLE			FIXED	VARIABLE		KNOWN &
														MEASURABLE
														CHANGES
	BUSINESS CARD		2,032											
	CUSTOM SIGN		27											
	DELUXE CHECKS		510				187							
	FILING FEES		300				443							
	HARBOR FREIGHT TOOLS		17											
	HVAC (ELIJAH PARKS)						638							
	INTEREST/FEES USB VISA						95							
	LARRY SATTERWHITE			15										
	LEGAL FEES OTHER						48							
	MELISSA KENNY (JANITOR		42				118							
	MISC						429							
	MISC REIMBURSEMENT						-34							
	MISC SUPPLIES						197							
	NEBS						57							
	OFFICE EQUIPMENT						903							
	OFFICE RENT & ADMIN		29,000				11,000							1,000
	PITNEY BOWES		783				345							
	PITNEY BOWES GLOBAL						587							
	POSTMASTER (PO BOX)		86				88							
	POSTAGE VARIOUS		1,853				2,275							148
	QUILL		279				633							
	RECONCILIATION		-86				38							

UTILITY MANAGEMENT, LLC
RATE INCREASE REQUEST
JANUARY 15, 2014

			ACTUAL	ACTUAL			ACTUAL	ACTUAL			PRO FORMA	PRO FORMA		PRO FORMA
			2012	2012			2013	2013			2014	2014		2014
			FIXED	VARIABLE			FIXED	VARIABLE			FIXED	VARIABLE		KNOWN &
														MEASURABLE
														CHANGES
	STAPLES		73				596							
	STORAGE UNIT (GLEN)						51							
	TRAVEL		1,974				10,005							
	ULCH & ASSO		650				1,872							
	UNION ST BANK		-3,000				0							
	WAYNE SATTERWHITE						2,182							
	SUBTOTAL		39,303	15			36,915	0			37,653	0		1148
12 COMPUTER EXPENSE														
	STAPLES						301							
	SUBTOTAL		0	0			301	0			307	0		
13 MISC EXPENSE														
	PURE FLOW PAYMENT		3,276				3,036							
	SUBTOTAL		3,276	0			3,036	0			3312	0		
14 TAX (OTHER THAN INCOME)														
	AL DEPT REV		100				100							
	CHEROKEE COUNTY		215				31							
	DEBRA LAMBERTH						73							

UTILITY MANAGEMENT, LLC
RATE INCREASE REQUEST
JANUARY 15, 2014

			ACTUAL	ACTUAL			ACTUAL	ACTUAL			PRO FORMA	PRO FORMA		PRO FORMA
			2012	2012			2013	2013			2014	2014		2014
			FIXED	VARIABLE			FIXED	VARIABLE			FIXED	VARIABLE		KNOWN &
														MEASURABLE
														CHANGES
	J. T. SMALLWOOD		146				135							
	JOHN ROBERTS		210				210							
	LINDA HARRIS						1,520							
	SALES TAX ADJUSTMENT		<u>859</u>				99							
	SHELBY CO SANITATION						10							
	TALLAPOOSA CTY						<u>1,751</u>							
	SUBTOTAL		1530	0			3929	0			4008			
15 INCOME TAX														
16 LISCENSES/FEES														
	AL PUBLIC SERVICE		600				600							
	ADEM		1,500				500							
	ALTERNATIVE WASTE		340											
	CITY OF CLAY		160				162							
	CULLMAN COUNTY		455											
	TAX TRUST VI		863											
	TUSCALOOSA COUNTY		934											
	GREENHALGH													
	SUBSCRIP/ASSOC DUES		1,624											
	FIRE DUES		<u>53</u>				<u>86</u>							
	SUBTOTAL		6,529	0			1,348	0			6,790			

UTILITY MANAGEMENT, LLC
RATE INCREASE REQUEST
JANUARY 15, 2014

			ACTUAL	ACTUAL			ACTUAL	ACTUAL			PRO FORMA	PRO FORMA		PRO FORMA
			2012	2012			2013	2013			2014	2014		2014
			FIXED	VARIABLE			FIXED	VARIABLE			FIXED	VARIABLE		KNOWN &
														MEASURABLE
														CHANGES
17 TESTING														
	ANALYTICAL & ENVIRON													
	ANALYTICAL CHEMICAL		5,120				5,400							
	ENVIRONMENTAL RES		16,991				19,070							
	GUARDIAN SYSTEMS		147				195							
	TECHNICAL MICRONICS		1,365				1,260							
	TTL		<u>2,467</u>				<u>1,841</u>							
	SUBTOTAL		26090	0			27,766	0			28,321			
18 UTILITY														
	AL POWER		29,552				30,693							
	CEW & SA		568				445							
	CHEROKEE ELECTRIC		383				518							
	CR MANAGEMENT						1,650							
	CULLMAN ELECTRIC		4,427				5,987							
	HARTSELLE UTILITIES						778							
	HUNTSVILLE UTILITIES		763				923							
	JOE WHEELER EMC		1,978				1,821							
	WALNUT HILL WATER		<u>317</u>				<u>321</u>							
	SUBTOTAL		37,988	0			43,136	0			43,999			

UTILITY MANAGEMENT, LLC
RATE INCREASE REQUEST
JANUARY 15, 2014

			ACTUAL	ACTUAL			ACTUAL	ACTUAL			PRO FORMA	PRO FORMA		PRO FORMA
			2012	2012			2013	2013			2014	2014		2014
			FIXED	VARIABLE			FIXED	VARIABLE			FIXED	VARIABLE		KNOWN &
														MEASURABLE
														CHANGES
19 INSURANCE & BOND														
	BANCORP SOUTH BOND						3,235							
	GREENHALGH COML LIAB		3,763				<u>3,972</u>							
	WALKER AGY BOND		<u>3,000</u>											
	SUBTOTAL		6,763	0			7,207	0			7351			
20 TOTAL OPERATING														
EXPENSES														
	FIXED		202,195				267,843				278,830			
	VARIABLE		80,296				75,892				77,410			
	CHANGES		0				0				48,012			
	TOTAL		282,491				343,735				404,252			
21 NET OPERATING			10,591				-11,675				(63,055)			
INCOME														

UTILITY MANAGEMENT, LLC

RATE INCREASE REQUEST

JANUARY 15, 2014

[illegible]

UTILITY MANAGEMENT, LLC
RATE RIDER REQUEST
JANUARY 15, 2014

			2012	2012		2013	2013		2014	2014
			FIXED	VARIABLE		FIXED	VARIABLE		FIXED	VARIABLE
RATE RIDER FUNDS NEEDED			NONE	NONE		NONE	NONE		NONE	98,186
CASH	\$33,688									33,688
PAYABLES	\$64,498									64,498
SUBTOTAL	\$98,186									98,186
				1/1/2014		PRO FORMA		2014		
				CUSTOMER		12/31/2014		AVERAGE		
				BASE		CUSTOMER				
						BASE				
			RESIDENTIAL	595		605				
			RV	50		53				
			COMMERCIA	2		4				
			INDUSTRIAL	0		0				
			LOTS	<u>180</u>		<u>180</u>				
			TOTAL	827		842				
RATE RIDER CALCULATION										
	AMONG ALL CUSTOMERS			9.89		9.72		9.81		

UTILITY MANAGEMENT, LLC
MAJOR REPAIR RESERVE RIDER REQUEST
JANUARY 15, 2014

RESERVE RIDER						
\$1 PER CUSTOMER PER MONTH						
			1/1/2014			PRO FORMA
			CUSTOMER			12/31/2014
			BASE			CUSTOMER
						BASE
			RESIDENTIAL	595		605
			RV	50		53
			COMMERCIAL	2		4
			INDUSTRIAL	0		0
			LOTS	<u>180</u>		<u>180</u>
			TOTAL	827		842
ANNUAL RESERVE ACCUMULATION				\$9,924		\$10,104

UTILITY MANAGEMENT, LLC
 CERTIFIED WASTEWATER ME
 JANUARY 15, 2014

CERTIFIED WASTEWATER ME			# SYSTEMS	APPROX. #	AVG. #	APPROVED
				CUSTOMERS	CUSTOMERS	RESIDENTIAL
					PER SYSTEM	RATES
	ALABAMA WASTEWATER		4	400	100	\$ 51.11
	*O'BRIEN ENVIRONMENTAL SERVICE		1	NA	NA	\$ 24.00
	ARBOR UTILITY MANAGEMENT		1	NA	NA	\$ 47.00
	INTEGRA WATERSOUND		2	NA	NA	\$ 45.00
	BIO-FLOW		3	400	133	\$ 50.73
	CANAAN SYSTEMS		20	1,600	80	\$ 51.89
	INTEGRATED WASTEWATER		9	300	33	\$ 48.50
	UTILITY MANAGEMENT		34	827	24	\$ 44.07
	* RV LOTS ONLY					
Note that SouthWest Water Company recently raised monthly residential sewer rates to \$93.04.						

Utility Management, LLC

An Alabama Public Service Commission Certified Wastewater Management Entity

P.O. Box 43823

Birmingham, Alabama 35243

Phone: (205) 967-9968 - Fax: (205) 967-8178

February 3, 2014

GOALS ANALYSIS

The primary goal of Utility Management, LLC (“UMLLC”) is to provide quality wastewater sewer service to each of its customers at an equitable cost. In order to accomplish this goal, UMLLC has determined that its most pressing issue is to maintain each sewer facility in optimum working condition.

UMLLC has historically accepted the management of small sewer systems with a limited customer base, even when other Management Entities (“ME”) refused to do so. By doing so, UMLLC and the Alabama Public Service Commission (“PSC”) realize that the “per user” cost would ultimately be higher than average because it would be maintaining and managing more systems supported by fewer ratepayers.

Unfortunately, recent major replacements, repairs and other operating expenses have severely affected the financial capacity of UMLLC, thereby potentially stressing the future ability of UMLLC to replace and/or repair systems properly in a timely manner without substantial increase in the present contributions by its Members. To rectify this situation, UMLLC has chosen an intermediate term plan to stabilize its financial condition.

This plan, as outlined herein, will require many internal changes. The changes will include but are not limited to: (1) establishing and funding a “Replacement/Repair Reserve” to only be used to directly benefit sewer plant(s) requiring a major repair or upgrade; (2) identifying efficient, effective staff and/or third party contractors for each known or expected project; (3) pay existing contractors for completed work; (4) establish and maintain at least one month of normal expenses in cash; (5) establish paid management position(s); provide a reasonable return to shareholders; and (6) seek other like-companies to acquire and/or with which UMLLC might merge.

Each of the above changes has already begun internally. However, additional funding will be required through a combination of increases in Sewer Rates and the addition of Sewer Rate Riders. (Attachments provide support for these Rates and Riders.)

REPLACEMENT/REPAIR RESERVE

In 2012 and 2013, a spate of very costly replacements and repairs at two managed systems (River Point and Waterford) severely depleted UMLLC liquidity. The direct costs of replacement and repairs exceeded \$40,000 because of faulty original construction of the sewer plants. (These faults were unknown at the times of establishing management

Utility Management, LLC

An Alabama Public Service Commission Certified Wastewater Management Entity

agreements.) UMLLC anticipates that an additional \$5,000 will be required to complete the restoration at River Point and Highland Lakes. Over the next 12-24 months, UMLLC intends to calculate the replacement cost and estimated useful life for each significant component of each system under management. A useful life of components schedule will be generated to determine appropriate reserve levels for each year. However, until this can be effectuated, UMLLC, after consultation with the PSC staff, believes that a \$50,000 reserve is a prudent, reasonable level to fund future large situations such as those experienced in 2012 and 2013.

STAFFING AND THIRD PARTY CONTRACTORS

Late in 2012, UMLLC hired its first two full-time employees. These employees receive salaries and health insurance. The first, Mike Miller, was hired to maintain and repair most managed systems. He is “on call” 24/7. He routinely visits each system at least monthly, and constantly has a backlog of (usually) small, required repairs. His hiring displaced the expensive contractors whose availability was uncertain. The second hire was Fay Asher. She is the company’s secretary/bookkeeper and personally generates all invoices and statements, records all receipts, books all invoices, and generates all checks for UMLLC.

In 2013, UMLLC has hired, on a part-time basis, Nancy Guthrie (spouse of a part-owner) to assist Ms. Asher with bookkeeping, billing, etc. Mrs. Guthrie’s current pay of \$12.50 per hour will not exceed \$1,000 per month and does not include any benefits.

In 2014, UMLLC intends to hire (part-time) John Nicholson, a retired banker with over thirty years experience, to manage the financial and accounting system requirements of companies like UMLLC. His work on this request package has been insightful and invaluable. Also in 2014, UMLLC intends to hire Donald N. Guthrie, an attorney who is a 50% owner of UMLLC and has been the de facto manager for the last two years and who has never received any compensation for his work since his becoming a Member of UMLLC in 2005.

By 2016, UMLLC plans to have identified, trained and hired a full-time manager to make all daily decisions regarding the company.

REPAY EXISTING CONTRACTORS

Unfortunately, the combination of depleted liquidity and the additions to staff with the existing UMLLC Rate Structure has prevented UMLLC from being able to timely pay legitimate invoices when they are submitted. Fortunately, these contractors have been patient and have agreed to accept payments over time. By March 31, 2014, non-current Accounts Payable are expected to exceed \$75,000. Embedded in the Payables is \$42,000 to Sewage Equipment Sales & Service, Inc. (owned by Johnnie Johnston, the other 50% owner who has borrowed from a bank to finance repairs, maintenance, and equipment replacement for UMLLC), and \$17,500 to John Nicholson, a financial consultant hired to prepare this package and work with the Commission to accumulate other data as required.

Utility Management, LLC

An Alabama Public Service Commission Certified Wastewater Management Entity

In addition to the debt to Sewage Equipment Sales & Service, Inc. Member/Owner Donald N. Guthrie had to refinance a parcel of income property to cover the \$100,000.00 Letter of Credit that replaced the Bond when the Bonding Company ceased issuing the needed bonds.

REPLENISH CASH

As previously mentioned, corporate liquidity has been severely depleted since 2012. Prudent financial theory dictates that cash should equal one month's expected expenses at a minimum. UMLLC currently experiences approximately \$25,000 per month in routine expenses. Under this proposed plan which anticipates an increase in customers and systems, those routine expenses will likely increase to \$30,000 per month or more.

PROFESSIONAL MANAGEMENT, RETURN TO MEMBERS/OWNERS

For UMLLC to accomplish its long-term goals, it will require dedicated, forward thinking management. UMLLC believes that providing key management with an ownership interest in the company will provide additional incentive for making prudent business decisions. Obviously, the near-term value of company ownership would be periodic distributions to members/owners. Since 2008, no owner salaries or distributions have been realized.

ACQUIRE/MERGE

UMLLC believes that economies of scale will enable it to provide a more uniform maintenance and repair schedule, ultimately at a more favorable cost to the customers. With the addition of more systems and ratepayers, it could better dictate terms with third party contractors, or alternatively, replace the contractors with full-time staff as dictated by the anticipated company growth. Also, a larger ratepayer base would necessarily dilute all "backroom costs" such as management and bookkeeping to each individual customer. Obviously, this would result in a more efficiently run operation which would ultimately benefit the customers.

A financially profitable company opens the prospects for the acquisition of or merger with other Management Entities to create an even more stable company.