

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate)
 increase in Pasco County by MAD)
 HATTER UTILITY, INC.)
 _____)

DOCKET NO. 910637-WS
 ORDER NO. 25589
 ISSUED: 1/09/92

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 SUSAN F. CLARK
 J. TERRY DEASON
 BETTY EASLEY

ORDER SUSPENDING PROPOSED RATES AND GRANTING
 INTERIM RATE INCREASE SUBJECT TO REFUND

BY THE COMMISSION:

Background

Mad Hatter Utility, Inc., (MHU or utility) is a class "B" utility located in Lutz, Florida. The utility has three water and wastewater systems: Linda Lakes, Foxwood and Turtle Lakes. According to the utility's 1990 Annual Report, it serves a total of about 1,234 water customers and 1,231 wastewater customers. In 1990, the three water systems had combined operating revenues of \$225,449 and a net operating loss of \$99,552. The three wastewater systems had combined operating revenues of \$265,551 and a net operating loss of \$22,753.

MHU's last rate case before this Commission was a staff-assisted rate case (SARC) culminating in Order No. 12390, issued August 19, 1983. At that time, Linda Lakes was the only systems owned by MHU. When the Foxwood systems were under prior ownership, we established rates in a SARC culminating in Order No. 10068, issued June 17, 1981. The Turtle Lakes system has not been the subject of a full rate case. The utility received a price index rate adjustment for all of its systems in 1990 and for the Foxwood system in 1991.

On October 18, 1991, the utility filed the instant application for a rate increase. That date was established as the official date of filing. The test year for interim and final rate

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determinations is the twelve-month period ended December 31, 1990. Pursuant to Section 367.081(8), Florida Statutes, the utility requested that the Commission process this case using the proposed agency action (PAA) procedure.

MHU has requested uniform final water rates for all systems, but has proposed two possible scenarios for final wastewater rates. MHU currently purchases wastewater treatment services from Pasco County for its Foxwood and Turtle Lakes systems. The Linda Lakes system treats all of its own wastewater. If the utility is successful in gaining Department of Environmental Regulation (DER) approval for drip irrigation, it will resume treating all of its wastewater in Foxwood and Turtle Lakes. In that event, MHU has requested, under what it calls the "no tie-in scenario," uniform final rates for all of its wastewater systems. If, however, drip irrigation is not permitted, MHU proposes, under the "tie-in scenario," two wastewater rates: a uniform rate for the Foxwood and Turtle Lakes systems and a stand-alone rate for Linda Lakes.

MHU's requested final water rates are designed to generate combined annual revenues of \$411,774 (76.45% increase.) Under the no tie-in option, MHU's requested final wastewater rates are designed to generate annual revenues of \$504,112 (71.03% increase.) Under the tie-in option, the utility's requested final rates for Foxwood and Turtle Lakes are designed to generate combined annual revenues of \$765,664 (167.32% increase), and its requested final rates for Linda Lakes are designed to generate annual revenues of \$18,031 (116.43% increase.)

Suspension of Proposed Rates

Pursuant to Section 367.081(6), Florida Statutes, the utility may implement its proposed rates within sixty (60) days of filing unless this Commission first acts to withhold consent to those rates. According to our initial review of the filing, the utility has made substantial plant additions since its records were last audited by the Commission. In addition, the utility has proposed numerous adjustments to rate base, capital structure, and operating statements. Upon consideration of the above, we find it reasonable and necessary to require further explanation, amplification, and corroboration of the utility's rate application. We therefore find it appropriate to suspend the utility's proposed rates.

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Interim Rates

MHU requested approval of interim rates for its water and wastewater divisions so as to recover its operating expenses and a 10.83% return on its average rate base balances. MHU's three systems currently have stand-alone rates, and MHU has requested that interim rates be granted on a stand-alone basis. The utility's requested interim water rates are designed to generate annual revenues of \$15,451 (43.56% increase) for Linda Lakes, \$223,237 (49.51% increase) for Foxwood, and \$111,313 (51.87% increase) for Turtle Lakes. These combined increases would yield a company-wide increase of 49.98%. MHU's requested interim wastewater rates are designed to generate annual revenues of \$14,877 (78.57% increase) for Linda Lakes, \$476,287 (126.59% increase) for Foxwood, and \$216,685 (184.26% increase) for Turtle Lakes. These combined increases would yield a company-wide increase of 140.15%.

We find that it is appropriate to increase MHU's rates on an interim basis as set forth below and in the schedules attached hereto, which are by reference incorporated herein.

Rate Base

Our calculation of the appropriate rate bases are depicted on Schedules Nos. 1-A for the water systems and on Schedules Nos. 1-B for the wastewater systems. Adjustments appear on Schedules Nos. 1-C. The schedules are grouped for the Linda Lakes, Foxwood, and Turtle Lakes systems. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

The utility requested an increase in the plant balances for the Foxwood system of \$8,543 to reflect improvements added after the test year to account for the interconnection of its collection facilities with Pasco County's transmission main. This equipment was not installed during the test year. The interim rate determination must, by statute, be made upon a historical basis; therefore, we have excluded it from rate base.

The utility included in rate base a working capital allowance which it calculated using the formula method, one-eighth of test year operating and maintenance expenses. Section 367.082(5)(b)1.,

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Florida Statutes, states, "The achieved rate of return shall be calculated by applying appropriate adjustments consistent with those which were used in the most recent rate case of the utility" In MHU's last rate case, the Linda Lakes SARC, we used the formula method to determine working capital. We established rate bases for the Turtle Lakes and Foxwood systems in the orders whereby we approved the transfers of those systems to MHU, so working capital for these systems was never determined. Therefore, we have adjusted the rate bases for these systems to allow working capital based on the formula method.

Capital Structure

Our calculations of the appropriate cost of capital are depicted on Schedules Nos. 2-A. Our adjustments are depicted on Schedules Nos. 2-B. The schedules are grouped for the Linda Lakes, Foxwood, and Turtle Lakes systems. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on that schedule without further discussion in the body of this Order. The major adjustments are discussed below.

The utility's requested overall cost of capital for interim purposes is 10.83% for all three systems. This weighted cost includes a return on equity of 13.11%, or the mid-point of the range of reasonableness under the current leverage formula we established in Order No. 24246, issued March 18, 1991. The utility employs this 13.11% equity return for all of its systems, including the Turtle Lakes and Foxwood systems which were acquired after MHU's last rate case. MHU argues that this 13.11% return on equity should be accepted since the floor of its last authorized return on equity was 13.38%.

We believe that two adjustments are necessary to properly state the interim cost of capital. First, we have increased the amount of long-term debt in all three capital structure calculations to show the amount of debt actually outstanding during the interim test year. In its interim rate request, MHU reduces its debt amount by \$297,458 to correspond with the abandonment of a sub-regional wastewater plant site. Since such out-of-period occurrences are not accounted for in calculating interim rates, we have reversed this pro forma adjustment in our cost of capital calculation.

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Our second adjustment concerns the return on equity. Section 367.082(5)(b), Florida Statutes, provides that an interim rate increase must be determined using the lower end of the last authorized return on equity. The Linda Lakes systems are the only ones for which we have established a rate of return under MHU's ownership, the 13.38% noted above. The weighted cost of capital for Linda Lakes is 10.83%, although it includes a larger debt component than the capital structures of the other systems. Therefore, we have used the floor of the range of reasonableness of the current leverage formula shown in Order No. 24246, issued March 18, 1991, for Foxwood and Turtle Lakes. The appropriate cost of capital for the Turtle Lakes and Foxwood systems is 10.76%.

Net Operating Income

Our calculation of net operating incomes are depicted on Schedules No. 3-A for water and Schedules Nos. 3-B for wastewater. Our adjustments are itemized on Schedules Nos. 3-C. The schedules are grouped for the Linda Lakes, Foxwood, and Turtle Lakes systems. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

The utility's operating statements include the increased costs attributable to MHU's purchasing wastewater treatment from Pasco County. According to MHU's agreement with Pasco County, the County will be treating 100% of the wastewater flow from Turtle Lakes and 80% of the flow from Foxwood. The utility requested recovery of the additional expense for purchased treatment service and other pro forma adjustments to account for savings in chemical and sludge hauling costs.

We have removed from our calculations all costs relating to MHU's agreement with Pasco County. Again, the interim rate determination must, by statute, be made upon a historical basis, so this known change cannot be allowed for interim purposes. The net adjustment is a reduction in expenses of \$228,272 for Foxwood and \$103,629 for Turtle Lakes.

Revenue Requirement

Using actual operating expenses for the year ended December 31, 1990, and our calculated cost of capital applied to an average

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rate base, we have calculated the following interim revenue requirements for the MHU systems.

	<u>Revenue Requirements</u>	<u>Increase</u>	<u>Percentage</u>
<u>Linda Lakes</u>			
Water	\$15,451	\$4,688	43.56%
Wastewater	\$14,876	\$6,545	78.57%
<u>Foxwood</u>			
Water	\$222,729	\$73,417	49.17%
Wastewater	\$231,623	\$21,431	10.20%
<u>Turtle Lakes</u>			
Water	\$111,313	\$38,020	50.62%
Wastewater	\$106,648	\$30,419	39.90%

Interim Rates

The utility's current rates, proposed interim rates, and our approved interim rates are shown below. The approved interim rates are designed to give MHU the opportunity to earn the revenue requirement determined above.

WATER Linda Lakes

Monthly Rates

<u>Residential and General Service</u>	<u>Current</u>	<u>Utility Requested Interim</u>	<u>Commission Approved Interim</u>
Base Facility Charge			
Meter Size:			
5/8"x3/4"	\$ 6.15	\$ 8.83	\$ 8.83
1"	15.37	22.07	22.07
1 1/2"	30.75	44.14	44.14
2"	49.20	70.63	70.63
3"	98.40	141.26	141.26
4"	153.75	220.72	220.72
6"	307.50	441.45	441.45
Gallonage Charge per 1,000 G.	\$ 1.26	\$ 1.81	\$ 1.81

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WATER
Foxwood

Monthly Rates

	<u>Current</u>	<u>Utility Requested Interim</u>	<u>Commission Approved Interim</u>
<u>Residential and General Service</u>			
Base Facility Charge			
Meter Size:			
5/8"x3/4"	\$ 3.66	\$ 5.47	\$ 5.46
1"	9.13	13.65	13.62
1 1/2"	18.27	27.32	27.25
2"	29.23	43.70	43.60
3"	58.53	87.51	87.31
4"	91.45	136.73	136.42
6"	182.89	273.44	272.82
Gallage Charge per 1,000 G.	\$ 1.30	\$ 1.94	\$ 1.94

WATER
Turtle Lakes

Monthly Rates

	<u>Current</u>	<u>Utility Requested Interim</u>	<u>Commission Approved Interim</u>
<u>Residential and General Service</u>			
Base Facility Charge			
Meter Size:			
5/8"x3/4" (3,000 Minimum)	\$ 5.86	\$ 8.90	\$ 8.90
1" (6,000 Minimum)	11.15	16.93	16.93
1 1/2" (9,000 Minimum)	16.73	25.41	25.41
2" (12,000 Minimum)	22.31	33.88	33.88
3" (15,000 Minimum)	28.02	42.55	42.55
4" (18,000 Minimum)	33.63	51.07	51.07
6" (21,000 Minimum)	39.23	59.58	59.58
Gallage Charge per 1,000 Gallons in Excess of the Minimum	\$.78	\$ 1.18	\$ 1.18

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	Current	Utility Requested <u>Interim</u>	Commission Approved <u>Interim</u>
<u>Multi-Residential Service</u>			
Base Facility Charge			
All Meter Sizes:			
Per Unit (3,000 Minimum)	\$ 3.90	\$ 5.92	\$ 5.92
Gallonge Charge per 1,000 Gallons			
in Excess of the Minimum	\$.78	\$ 1.18	\$ 1.18

WASTEWATER
Linda Lakes

Monthly Rates

	Current	Utility Requested <u>Interim</u>	Commission Approved <u>Interim</u>
<u>Residential Service</u>			
Base Facility Charge			
Meter Size:			
All Meter Sizes	\$ 5.24	\$ 10.98	\$ 9.36
Gallonge Charge per 1,000 G.			
(Maximum 10,000 G.)	\$ 1.47	\$ 2.25	\$ 2.62
<u>General Service</u>			
Base Facility Charge			
Meter Size:			
5/8"x3/4"	\$ 5.55	\$ 10.98	\$ 9.91
1"	13.89	27.45	24.80
1 1/2"	27.75	54.91	49.55
2"	44.40	87.86	79.29
3"	88.80	175.71	158.57
4"	138.75	274.55	247.77
6"	277.50	549.10	495.53
Gallonge Charge per 1,000 G.			
	\$ 1.47	\$ 2.25	\$ 2.62

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WASTEWATER
Foxwood

Monthly Rates

	<u>Current</u>	<u>Utility Requested Interim</u>	<u>Commission Approved Interim</u>
<u>Residential Service</u>			
Base Facility Charge			
Meter Size:			
All Meter Sizes	\$ 5.26	\$ 11.92	\$ 5.80
Gallonge Charge per 1,000 G. (Maximum 10,000 G.)	\$ 2.40	\$ 5.44	\$ 2.64
<u>General Service</u>			
Base Facility Charge			
Meter Size:			
5/8"x3/4"	\$ 5.26	\$ 11.92	\$ 5.80
1"	13.16	29.82	14.50
1 1/2"	26.30	59.60	28.98
2"	42.09	95.38	46.38
3"	84.20	190.80	92.79
4"	131.56	298.11	144.98
6"	263.13	596.25	289.97
Gallonge Charge per 1,000 G.	\$ 2.40	\$ 5.44	\$ 2.64

WASTEWATER
Turtle Lakes

Monthly Rates

	<u>Current</u>	<u>Utility Requested Interim(1)</u>	<u>Commission Approved Interim</u>
<u>Residential Service</u>			
Base Facility Charge			
Meter Size:			
All Meter Sizes	\$ 15.03	\$ 42.72	\$ 21.03
Gallonge Charge per 1,000 G. (Maximum 10,000 G.)	\$ 0.00	\$ 0.00	\$ 0.00

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WASTEWATER
Turtle Lakes

Monthly Rates

	<u>Current</u>	<u>Utility Requested Interim(1)</u>	<u>Commission Approved Interim</u>
<u>General Service</u>			
Base Facility Charge			
Meter Size:			
5/8"x3/4" (3,000 Minimum)	\$ 11.72	\$ 33.32	\$ 16.40
1" (6,000 Minimum)	22.30	63.38	31.20
1 1/2" (9,000 Minimum)	33.46	95.13	46.81
2" (12,000 Minimum)	44.62	126.84	62.42
3" (15,000 Minimum)	56.04	159.30	78.40
4" (18,000 Minimum)	67.26	191.20	94.10
6" (21,000 Minimum)	78.46	233.06	109.77
Gallorage Charge per 1,000 G.	\$ 1.56	\$ 4.42	\$ 2.18
<u>Multi-Residential Service</u>			
Base Facility Charge			
Meter Size:			
All Meter Sizes			
(Flat rate per unit)	\$ 10.02	\$ 28.48	\$ 14.02
Gallorage Charge per 1,000 G.	\$ 0.00	\$ 0.00	\$ 0.00

- (1) The Turtle Lakes system's current rate structure consists of a flat rate for residential service, a general service base facility charge including minimum gallonage, and a flat rate per unit for multi-residential service. The utility's requested interim and the Commission's approved interim rates maintain this rate structure.

The interim rates shall be effective for meters read on or after thirty days from the stamped approval date on the revised tariff sheets. The revised tariff sheets will be approved upon our staff's verification that the tariffs are consistent with our decision herein, that the proposed notice to the customers of the approved interim increase is adequate, and that the required security has been filed.

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SECURITY FOR REFUND

Pursuant to Section 367.082, Florida Statutes, the excess of interim rates over previously authorized rates shall be collected under guarantee subject to refund with interest. We believe that a bond or letter of credit in the amount of \$80,000 or an escrow agreement from MHU is needed to protect any potential refunds of water and wastewater revenues collected under interim conditions. Therefore, MHU must provide said security prior to its implementation of the interim rates approved herein. Furthermore, pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility shall provide us with a report by the 20th of each month indicating the monthly and total revenues collected subject to refund.

It is, therefore

ORDERED by the Florida Public Service Commission that the rates and schedules proposed by Mad Hatter Utility, Inc., are hereby suspended in accordance with Section 367.081(6), Florida Statutes. It is further

ORDERED that the request for an interim increase in water and wastewater rates by Mad Hatter Utility, Inc., is hereby granted in part, as set forth in the body of this Order. It is further

ORDERED that the difference between the interim rates granted herein and Mad Hatter Utility, Inc.'s previously authorized rates shall be collected subject to refund. It is further

ORDERED that Mad Hatter Utility, Inc., shall provide a bond or a letter of credit in the amount of \$80,000 or an escrow agreement as guarantee for any potential refund of interim water revenues. It is further

ORDERED that during the time that interim rates are in effect, Mad Hatter Utility, Inc., shall file a report by the twentieth (20th) day of each month indicating the monthly and total revenues collected subject to refund. It is further

ORDERED that prior to its implementation of the interim rates approved herein, Mad Hatter Utility, Inc., shall file and have approved tariff pages revised in accordance with the provisions of this Order.

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ORDERED that the rates approved herein shall become effective for meters read on or after thirty days from the stamped approval date on the revised tariff sheets for all systems. The tariff sheets will be stamped approved upon verification that they are consistent with our decision as reflected herein, that the proposed customer notice is adequate, and that the appropriate security has been provided.

By ORDER of the Florida Public Service Commission this 9th day of JANUARY, 1992.


STEVE TRIBBLE, Director,
Division of Records and Reporting

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or sewer utility. A motion for reconsideration

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shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

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MAD HATTER UTILITY, INC. - LINDA LAKES
 SCHEDULE OF WATER RATE BASE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-A
 DOCKET NO. 910637-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 39,457	\$ 0	\$ 39,457	\$ 0	39,457
2 LAND	0	0	0	0	0
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
4 CONSTRUCTION WORK IN PROGRESS	0	0	0	0	0
5 ACCUMULATED DEPRECIATION	(13,755)	0	(13,755)	0	(13,755)
6 CIAC	(27,997)	0	(27,997)	0	(27,997)
7 AMORTIZATION OF CIAC	8,400	0	8,400	0	8,400
8 ACQUISITION ADJUSTMENTS -NET	0	0	0	0	0
9 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
10 WORKING CAPITAL ALLOWANCE	0	1,588	1,588	0	1,588
RATE BASE	\$ 6,105	\$ 1,588	\$ 7,693	\$ 0	7,693

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MAD HATTER UTILITY, INC. - LINDA LAKES
SCHEDULE OF WASTEWATER RATE BASE
TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-B
DOCKET NO. 910637-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 68,184	\$ 0	\$ 68,184	\$ 0	68,184
2 LAND	0	0	0	0	0
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
4 CONSTRUCTION WORK IN PROGRESS	0	0	0	0	0
5 ACCUMULATED DEPRECIATION	(26,859)	0	(26,859)	0	(26,859)
6 CIAC	(55,785)	0	(55,785)	0	(55,785)
7 AMORTIZATION OF CIAC	16,737	0	16,737	0	16,737
8 ACQUISITION ADJUSTMENT -NET	0	0	0	0	0
9 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
10 WORKING CAPITAL ALLOWANCE	0	1,572	1,572	0	1,572
RATE BASE	\$ 2,277	\$ 1,572	\$ 3,849	\$ 0	3,849

MAD HATTER UTILITY, INC.- LINDA LAKES
CAPITAL STRUCTURE
TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 2-A
DOCKET NO. 910637-WS

DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	UTILITY WEIGHTED COST	COMMISSION RECONC. ADJ. TO UTILITY EXHIBIT	BALANCE PER COMMISSION	WEIGHT	COST	WEIGHTED COST PER COMMISSION
1 LONG TERM DEBT	\$ 858,171	85.12%	10.78%	9.18%	\$ (847,955)	\$ 10,216	88.51%	10.78%	9.54%
2 SHORT-TERM DEBT	24,988	2.48%	12.00%	0.30%	(24,767)	221	1.91%	12.00%	0.23%
3 PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
4 CUSTOMER DEPOSITS	54,495	5.41%	8.00%	0.43%	(54,013)	482	4.17%	8.00%	0.33%
5 COMMON EQUITY	70,576	7.00%	13.11%	0.92%	(69,952)	624	5.41%	13.38%	0.72%
6 ACCUM. DEFERRED INCOME TAX	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
7 OTHER (Explain)	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
8 TOTAL CAPITAL	\$ 1,008,230	100.00%		10.82%	\$ (996,688)	\$ 11,543	100.00%		10.83%

RANGE OF REASONABLENESS

LOW HIGH

RETURN ON EQUITY

13.38% 15.38%

OVERALL RATE OF RETURN

10.83% 10.94%

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MAD HATTER UTILITY, INC. - LINDA LAKES
 ADJUSTMENTS TO CAPITAL STRUCTURE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 2-B
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DESCRIPTION	SPECIFIC ADJUSTMENT (1)	SPECIFIC ADJUSTMENT (2)	PRO RATA RECONCILE	NET ADJUSTMENT
1 LONG TERM DEBT	\$ 297,458	\$	0 \$ (1,145,413)	\$ (847,955)
2 SHORT-TERM DEBT	0		(24,767)	(24,767)
3 PREFERRED STOCK	0		0	0
4 COMMON EQUITY	0		(54,013)	(54,013)
5 CUSTOMER DEPOSITS	0	0	(69,952)	(69,952)
6 ACCUM. DEFERRED INCOME TAX	0	0	0	0
7 OTHER (Explain)	0	0	0	0
8 TOTAL CAPITAL	\$ 297,458	\$	0 \$ (1,294,146)	\$ (996,688)

MAD HATTER UTILITY, INC. - LINDA LAKES
 STATEMENT OF WATER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 3-A
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DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT	
1 OPERATING REVENUES	\$ 9,876 \$	5,775 \$	15,451 \$	(4,688)\$	10,763 \$	4,688 \$	15,451	
OPERATING EXPENSES	-----						43.56%	
2 OPERATION AND MAINTENANCE	\$ 13,602 \$	(897)\$	12,705 \$	0 \$	12,705 \$	\$	12,705	
3 DEPRECIATION	310	0	310	0	310		310	
4 AMORTIZATION	0	0	0	0	0		0	
5 TAXES OTHER THAN INCOME	1,177	409	1,586	(211)	1,375	211	1,586	
6 INCOME TAXES	0	17	17	(880)	(863)	880	17	
7 TOTAL OPERATING EXPENSES	\$ 15,089 \$	(471)\$	14,618 \$	(1,091)\$	13,527 \$	1,091 \$	14,618	
8 OPERATING INCOME	\$ (5,413)\$	6,246 \$	833 \$	(3,597)\$	(2,764)\$	3,597 \$	833	
9 RATE BASE	\$ 6,105	\$ 7,693	\$ 7,693	\$ 7,693	\$ 7,693	\$ 7,693	\$ 7,693	
RATE OF RETURN	-88.67%	10.83%	10.83%	-35.93%	-35.93%	10.83%	10.83%	

MAD HATTER UTILITY, INC. - LINDA LAKES
 STATEMENT OF WASTEWATER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 3-B
 DOCKET NO. 910637 - WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT	
1 OPERATING REVENUES	\$ 7,657	\$ 7,220	\$ 14,877	(\$ 6,546)	\$ 8,331	\$ 6,545	14,876	
OPERATING EXPENSES							78.57%	
2 OPERATION AND MAINTENANCE	\$ 11,777	\$ 802	\$ 12,579	\$ 0	\$ 12,579	\$	12,579	
3 DEPRECIATION	310	0	310	0	310		310	
4 AMORTIZATION	0	0	0	0	0		0	
5 TAXES OTHER THAN INCOME	1,113	449	1,562	(295)	1,267	295	1,562	
6 INCOME TAXES	0	9	9	(1,230)	(1,221)	1,230	9	
7 TOTAL OPERATING EXPENSES	\$ 13,200	\$ 1,260	\$ 14,460	(\$ 1,525)	\$ 12,935	\$ 1,524	14,460	
8 OPERATING INCOME	\$ (5,543)	\$ 5,960	\$ 417	(\$ 5,021)	(\$ 4,604)	\$ 5,021	417	
9 RATE BASE	\$ 2,277	\$	\$ 3,849	\$	\$ 3,849	\$	\$ 3,849	
RATE OF RETURN	-243.43%		10.83%		-119.61%		10.83%	

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 DOCKET NO 910637-WS
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ORDER NO. 25589
 DOCKET NO 910637-WS
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MAD HATTER UTILITY, INC. - LINDA LAKES ADJUSTMENTS TO OPERATING STATEMENTS DOCKET NO. 910637-WS		SCHEDULE NO. 3-C DOCKET NO. 910637-WS	
EXPLANATION	WATER	SEWER	
(1) OPERATING REVENUES			

A. To remove the utility's test year revenue request.	\$ (4,688)	\$ (6,546)	
	=====	=====	
(2) TAXES OTHER THAN INCOME			

To remove RAF's associated with revenue adjustment above	\$ (211)	\$ (295)	
	=====	=====	
(3) PROVISION FOR INCOME TAXES			

To reflect adjusted income tax provision.	\$ (880)	\$ (1,230)	
	=====	=====	
(4) OPERATING REVENUES			

To reflect approved increase in revenues	\$ 4,688	\$ 6,545	
	=====	=====	
(5) TAXES OTHER THAN INCOME			

To reflect regulatory assessment fees	\$ 211	\$ 295	
	=====	=====	
(6) PROVISION FOR INCOME TAXES			

Adjustment to reflect increased income.	\$ 880	\$ 1,230	
	=====	=====	

MAD HATTER UTILITY, INC. - LINDA LAKES
CAPITAL STRUCTURE
TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 2 - A
DOCKET NO. 910637 - WS

DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	UTILITY WEIGHTED COST	COMMISSION RECONC. ADJ. TO UTILITY EXHIBIT	BALANCE PER COMMISSION	WEIGHT	COST	WEIGHTED COST PER COMMISSION
1 LONG TERM DEBT	\$ 858,171	85.12%	10.78%	9.18%	\$ -(847,955)	\$ 10,216	88.51%	10.78%	9.54%
2 SHORT - TERM DEBT	24,988	2.48%	12.00%	0.30%	(24,767)	221	1.91%	12.00%	0.23%
3 PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
4 CUSTOMER DEPOSITS	54,495	5.41%	8.00%	0.43%	(54,013)	482	4.17%	8.00%	0.33%
5 COMMON EQUITY	70,576	7.00%	13.11%	0.92%	(69,952)	624	5.41%	13.38%	0.72%
6 ACCUM. DEFERRED INCOME TAX	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
7 OTHER (Explain)	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
8 TOTAL CAPITAL	\$ 1,008,230	100.00%		10.82%	\$ (996,688)	\$ 11,543	100.00%		10.83%

RANGE OF REASONABLENESS

	LOW	HIGH
RETURN ON EQUITY	13.38%	15.38%
OVERALL RATE OF RETURN	10.83%	10.94%

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 DOCKET NO 910637-WS
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MAD HATTER UTILITY, INC. - FOXWOOD
 SCHEDULE OF WATER RATE BASE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-A
 DOCKET NO. 910637-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 785,589	\$ 0	\$ 785,589	\$ 0	785,589
2 LAND	1,050	153,662	154,712	0	154,712
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
4 CONSTRUCTION WORK IN PROGRESS	0	0	0	0	0
5 ACCUMULATED DEPRECIATION	(99,278)	0	(99,278)	0	(99,278)
6 CIAC	(557,127)	0	(557,127)	0	(557,127)
7 AMORTIZATION OF CIAC	56,120	0	56,120	0	56,120
8 ACQUISITION ADJUSTMENTS -NET	0	0	0	0	0
9 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
10 WORKING CAPITAL ALLOWANCE	0	16,967	16,967	0	16,967
RATE BASE	\$ 186,354	\$ 170,629	\$ 356,983	\$ 0	356,983

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MAD HATTER UTILITY, INC. - FOXWOOD
SCHEDULE OF WASTEWATER RATE BASE
TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-B
DOCKET NO. 910637-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 1,288,854	\$ 8,543	\$ 1,297,397	(8,543)	1,288,854
2 LAND	236,683	(153,662)	83,021	0	83,021
3 NON-USED & USEFUL COMPONENTS	(137,544)	0	(137,544)	0	(137,544)
4 CONSTRUCTION WORK IN PROGRESS	0	0	0	0	
5 ACCUMULATED DEPRECIATION	(157,431)	(475)	(157,906)	(475)	(158,381)
6 CIAC	(576,822)	0	(576,822)	0	(576,822)
7 AMORTIZATION OF CIAC	59,940	0	59,940	0	59,940
8 ACQUISITION ADJUSTMENT - NET	0	0	0	0	0
9 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
10 WORKING CAPITAL ALLOWANCE	0	42,947	42,947	(28,534)	14,413
RATE BASE	\$ 713,680	\$ (102,647)	\$ 611,033	\$ (37,552)	573,481

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 DOCKET NO 910637-WS
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MAD HATTER UTILITY, INC. - FOXWOOD
 ADJUSTMENTS TO RATE BASE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-C
 DOCKET NO. 910637-WS

EXPLANATION	WATER	WASTEWATER
(1) UTILITY PLANT IN SERVICE -----		
To remove equipment related to purchase sewage treatment.	\$ 0	\$ (8,543)
	=====	=====
(2) ACCUMULATED DEPRECIATION -----		
To remove accumulated depreciation related to purchase sewage treatment equipment.	\$ 0	\$ (475)
	=====	=====
(3) WORKING CAPITAL -----		
To reflect adjustment to working capital	\$ 0	\$ (28,534)
	=====	=====

MAD HATTER UTILITY, INC. - FOXWOOD
CAPITAL STRUCTURE
TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 2 - A
DOCKET NO. 910637-WS

DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	UTILITY WEIGHTED COST	COMMISSION RECONC. ADJ. TO UTILITY EXHIBIT	BALANCE PER COMMISSION	WEIGHT	COST	WEIGHTED COST PER COMMISSION
1 LONG TERM DEBT	\$ 858,171	85.12%	10.78%	9.18%	\$ (34,643)	\$ 823,528	88.51%	10.78%	9.54%
2 SHORT-TERM DEBT	24,988	2.48%	12.00%	0.30%	(7,181)	17,807	1.91%	12.00%	0.23%
3 PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
4 CUSTOMER DEPOSITS	54,495	5.41%	8.00%	0.43%	(15,661)	38,834	4.17%	8.00%	0.33%
5 COMMON EQUITY	70,576	7.00%	13.11%	0.92%	(20,282)	50,294	5.41%	12.11%	0.65%
6 ACCUM. DEFERRED INCOME TAX	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
7 OTHER (Explain)	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
8 TOTAL CAPITAL	\$ 1,008,230	100.00%		10.82%	\$ (77,766)	\$ 930,464	100.00%		10.76%

RANGE OF REASONABLENESS	LOW	HIGH
RETURN ON EQUITY	12.11%	14.11%
OVERALL RATE OF RETURN	10.76%	10.87%

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 DOCKET NO 910637-WS
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MAD HATTER UTILITY, INC. - FOXWOOD
 ADJUSTMENTS TO CAPITAL STRUCTURE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 2-B
 DOCKET NO. 910637-WS

DESCRIPTION	SPECIFIC ADJUSTMENT (1)	SPECIFIC ADJUSTMENT (2)	PRO RATA RECONCILE	NET ADJUSTMENT
1 LONG TERM DEBT	\$ 297,458	\$ 0	\$ (332,101)	(34,643)
2 SHORT-TERM DEBT	0		(7,181)	(7,181)
3 PREFERRED STOCK	0		0	0
4 COMMON EQUITY	0		(15,661)	(15,661)
5 CUSTOMER DEPOSITS	0	0	(20,282)	(20,282)
6 ACCUM. DEFERRED INCOME TAX	0	0	0	0
7 OTHER (Explain)	0	0	0	0
8 TOTAL CAPITAL	\$ 297,458	\$ 0	\$ (375,224)	(77,766)

MAD HATTER UTILITY, INC. - FOXWOOD
STATEMENT OF WATER OPERATIONS
TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 3-A
DOCKET NO. 910637-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT	
1 OPERATING REVENUES	\$ 142,510	\$ 80,727	\$ 223,237	\$(73,925)	\$ 149,312	\$ 73,417	222,729	
OPERATING EXPENSES							49.17%	
2 OPERATION AND MAINTENANCE	\$ 138,928	\$(3,190)	\$ 135,736	\$ 0	\$ 135,736	\$	135,736	
3 DEPRECIATION	9,486	0	9,486	0	9,486		9,486	
4 AMORTIZATION	0	0	0	0	0		0	
5 TAXES OTHER THAN INCOME	47,805	\$(9,056)	38,549	\$(3,327)	35,222	3,304	38,526	
6 INCOME TAXES	0	805	805	\$(14,027)	\$(13,222)	13,795	572	
7 TOTAL OPERATING EXPENSES	\$ 196,017	\$(11,441)	\$ 184,576	\$(17,354)	\$ 167,222	\$ 17,098	184,320	
8 OPERATING INCOME	\$ (53,507)	\$ 92,168	\$ 38,661	\$(56,571)	\$(17,910)	\$ 56,318	38,409	
9 RATE BASE	\$ 186,354		\$ 356,983		\$ 356,983		\$ 356,983	
RATE OF RETURN	-28.71%		10.83%		-5.02%		10.76%	

MAD HATTER UTILITY, INC. - FOXWOOD
 STATEMENT OF WASTEWATER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 3 - B
 DOCKET NO. 910637 - WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 183,775	\$ 292,512	\$ 476,287	\$(266,095)	\$ 210,192	\$ 21,431	\$ 231,623
OPERATING EXPENSES						10.20%	
2 OPERATION AND MAINTENANCE	\$ 113,660	\$ 229,914	\$ 343,574	\$(228,272)	\$ 115,302	\$	\$ 115,302
3 DEPRECIATION	18,631	(3,427)	15,204	(450)	14,754		14,754
4 AMORTIZATION	0	0	0	0	0		0
5 TAXES OTHER THAN INCOME	38,501	11,455	49,956	(11,974)	37,982	964	38,946
6 INCOME TAXES	0	1,378	1,378	(4,485)	(3,107)	4,027	919
7 TOTAL OPERATING EXPENSES	\$ 170,792	\$ 239,320	\$ 410,112	\$(245,181)	\$ 164,931	\$ 4,991	\$ 169,922
8 OPERATING INCOME	\$ 12,983	\$ 53,192	\$ 66,175	\$(20,914)	\$ 45,261	\$ 16,440	\$ 61,702
9 RATE BASE	\$ 713,680		\$ 611,033		\$ 573,481		\$ 573,481
RATE OF RETURN	1.82%		10.83%		7.89%		10.76%

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MAD HATTER UTILITY, INC. - FOXWOOD
ADJUSTMENTS TO OPERATING STATEMENTS
DOCKET NO. 910637-WS

SCHEDULE NO. 3-C
DOCKET NO. 910637-WS

EXPLANATION	WATER	WASTEWATER
(1) OPERATING REVENUES		
A. To remove the utility's test year revenue request.	\$ (73,925)	\$ (266,095)
(2) OPERATION AND MAINTENANCE EXPENSE		
A. To reflect removal of purchase sewage treatment cost.	\$ 0	\$ (232,986)
B. Adjustment to chemical relating to purchase treatment.	0	1,941
C. To remove sludge hauling adjustment relating to purchase treatment.		2,773
NET ADJUSTMENT	\$ 0	\$ (228,272)
(3) DEPRECIATION		
To remove equipment related to purchase sewage treatment.	\$ 0	\$ (450)
(4) TAXES OTHER THAN INCOME		
To remove RAF's associated with revenue adjustment above	\$ (3,327)	\$ (11,974)
(5) PROVISION FOR INCOME TAXES		
To reflect adjusted income tax provision.	\$ (14,027)	\$ (4,485)
(6) OPERATING REVENUES		
To reflect approved increase in revenues	\$ 73,417	\$ 21,431
(7) TAXES OTHER THAN INCOME		
To reflect regulatory assessment fees	\$ 3,304	\$ 964
(8) PROVISION FOR INCOME TAXES		
Adjustment to reflect increased income	\$ 13,795	\$ 4,027

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MAD HATTER UTILITY, INC. - TURTLE LAKES
 SCHEDULE OF WATER RATE BASE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-A
 DOCKET NO. 910637-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 234,893	\$ 0	\$ 234,893	\$ 0	234,893
2 LAND	0	0	0	0	0
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
4 CONSTRUCTION WORK IN PROGRESS	0	0	0	0	0
5 ACCUMULATED DEPRECIATION	(67,140)	0	(67,140)	0	(67,140)
6 CIAC	(213,048)	0	(213,048)	0	(213,048)
7 AMORTIZATION OF CIAC	25,091	0	25,091	0	25,091
8 ACQUISITION ADJUSTMENTS - NET	0	0	0	0	0
9 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
10 WORKING CAPITAL ALLOWANCE	0	12,281	12,281	0	12,281
RATE BASE	\$ (20,204)	\$ 12,281	(7,923)	\$ 0	(7,923)

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 DOCKET NO 910637-WS
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MAD HATTER UTILITY, INC. - TURTLE LAKES
 SCHEDULE OF WASTEWATER RATE BASE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-B
 DOCKET NO. 910637-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 354,862	\$ 0	\$ 354,862	\$ 0	354,862
2 LAND	15	0	15	0	15
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
4 CONSTRUCTION WORK IN PROGRESS	0	0	0	0	0
5 ACCUMULATED DEPRECIATION	(127,989)	0	(127,989)	0	(127,989)
6 CIAC	(267,760)	0	(267,760)	0	(267,760)
7 AMORTIZATION OF CIAC	53,442	0	53,442	0	53,442
8 ACQUISITION ADJUSTMENT -NET	0	0	0	0	0
9 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
10 WORKING CAPITAL ALLOWANCE	0	24,025	24,025	(12,954)	11,071
RATE BASE	\$ 12,570	\$ 24,025	\$ 36,595	(12,954)	\$ 23,641

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MAD HATTER UTILITY, INC. - TURTLE LAKES
SCHEDULE OF WASTEWATER RATE BASE
TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-B
DOCKET NO. 910637-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 354,862	\$ 0	\$ 354,862	\$ 0	354,862
2 LAND	15	0	15	0	15
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
4 CONSTRUCTION WORK IN PROGRESS	0	0	0	0	0
5 ACCUMULATED DEPRECIATION	(127,989)	0	(127,989)	0	(127,989)
6 CIAC	(267,760)	0	(267,760)	0	(267,760)
7 AMORTIZATION OF CIAC	53,442	0	53,442	0	53,442
8 ACQUISITION ADJUSTMENT -NET	0	0	0	0	0
9 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
10 WORKING CAPITAL ALLOWANCE	0	24,025	24,025	(12,954)	11,071
RATE BASE	\$ 12,570	\$ 24,025	\$ 36,595	(12,954)	23,641

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DOCKET NO 910637-WS
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MAD HATTER UTILITY, INC. - TURTLE LAKES
ADJUSTMENTS TO RATE BASE
TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-C
DOCKET NO. 910637-WS

EXPLANATION	WATER	WASTEWATER
(1) WORKING CAPITAL		

Adjustment to reflect use of formula approach to compute working capital provision	\$ 0	\$ (12,954)
	=====	=====

MAD HATTER UTILITY, INC. - TURTLE LAKES
CAPITAL STRUCTURE
TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 2-A
DOCKET NO. 910637-WS

DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	UTILITY WEIGHTED COST	COMMISSION RECONC. ADJ. TO UTILITY EXHIBIT	BALANCE PER COMMISSION	WEIGHT	COST	WEIGHTED COST PER COMMISSION
1 LONG TERM DEBT	\$ 858,171	85.12%	10.78%	9.18%	\$ (844,259)	\$ 13,912	88.51%	10.78%	9.54%
2 SHORT-TERM DEBT	24,988	2.48%	12.00%	0.30%	(24,687)	301	1.91%	12.00%	0.23%
3 PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
4 CUSTOMER DEPOSITS	54,495	5.41%	8.00%	0.43%	(53,839)	656	4.17%	8.00%	0.33%
5 COMMON EQUITY	70,576	7.00%	13.11%	0.92%	(69,726)	850	5.41%	12.11%	0.65%
6 ACCUM. DEFERRED INCOME TAX	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
7 OTHER (Explain)	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
8 TOTAL CAPITAL	\$ 1,008,230	100.00%		10.83%	\$ (992,512)	\$ 15,718	100.00%		10.76%

RANGE OF REASONABLENESS

LOW HIGH

RETURN ON EQUITY

12.11% 14.11%

OVERALL RATE OF RETURN

10.76% 10.87%

ORDER NO. 25589
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MAD HATTER UTILITY, INC. - TURTLE LAKES
 ADJUSTMENTS TO CAPITAL STRUCTURE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 2-B
 DOCKET NO. 910637-WS

DESCRIPTION	SPECIFIC ADJUSTMENT (1)	SPECIFIC ADJUSTMENT (2)	PRO RATA RECONCILE	NET ADJUSTMENT
1 LONG TERM DEBT	\$ 297,458	\$ 0	(1,141,717)	(844,259)
2 SHORT-TERM DEBT	0	0	(24,687)	(24,687)
3 PREFERRED STOCK	0	0	0	0
4 CUSTOMER DEPOSITS	0	0	(53,839)	(53,839)
5 COMMON EQUITY	0	0	(69,726)	(69,726)
6 ACCUM. DEFERRED INCOME TAX	0	0	0	0
7 OTHER (Explain)	0	0	0	0
8 TOTAL CAPITAL	\$ 297,458	\$ 0	(1,289,970)	(992,512)

MAD HATTER UTILITY, INC. - TURTLE LAKES
STATEMENT OF WATER OPERATIONS
TEST YEAR ENDED DECEMBER 31, 1990SCHEDULE NO. 3-A
DOCKET NO. 910637-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 73,263	\$ 38,050	\$ 111,313	\$(38,020)	\$ 73,293	\$ 38,020	\$ 111,313
OPERATING EXPENSES						51.87%	
2 OPERATION AND MAINTENANCE	\$ 100,232	\$(1,982)	\$ 98,250	\$ 0	\$ 98,250	\$ 0	\$ 98,250
3 DEPRECIATION	542	0	542	0	542	0	542
4 AMORTIZATION	0	0	0	0	0	0	0
5 TAXES OTHER THAN INCOME	9,842	2,679	12,521	\$(1,711)	10,810	1,711	12,521
6 INCOME TAXES	0	0	0	\$(6,990)	\$(6,990)	6,990	0
7 TOTAL OPERATING EXPENSES	\$ 110,616	\$ 697	\$ 111,313	\$(8,701)	\$ 102,612	\$ 8,701	\$ 111,313
8 OPERATING INCOME	\$(37,353)	\$ 37,353	\$ 0	\$(29,319)	\$(29,319)	\$ 29,319	(0)
9 RATE BASE	\$ (20,204)	\$ (7,923)	\$ (7,923)	\$ (7,923)	\$ (7,923)	\$ (7,923)	\$ (7,923)
RATE OF RETURN	184.88%		0.00%		370.05%		0.00%

MAD HATTER UTILITY, INC. - TURTLE LAKES
 STATEMENT OF WASTEWATER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 3-B
 DOCKET NO. 910637-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 74,119	\$ 142,566	\$ 216,685	(\$ 140,456)	\$ 76,229	\$ 30,419	106,648
OPERATING EXPENSES						39.90%	
2 OPERATION AND MAINTENANCE	\$ 87,553	\$ 104,650	\$ 192,203	(\$ 103,629)	\$ 88,574	\$	\$ 88,574
3 DEPRECIATION	3,160	0	3,160	0	3,160		3,160
4 AMORTIZATION	0	0	0	0	0		0
5 TAXES OTHER THAN INCOME	10,049	7,227	17,276	(6,325)	10,951	1,369	12,320
6 INCOME TAXES	0	83	83	(5,748)	(5,665)	5,716	51
7 TOTAL OPERATING EXPENSES	\$ 100,762	\$ 111,960	\$ 212,722	(\$ 115,702)	\$ 97,020	\$ 7,084	\$ 104,105
8 OPERATING INCOME	\$ (26,643)	\$ 30,606	\$ 3,963	(\$ 24,754)	(\$ 20,791)	\$ 23,335	\$ 2,543
9 RATE BASE	\$ 12,570	\$ 36,595	\$ 23,641	\$ 23,641	\$ 23,641	\$ 23,641	\$ 23,641
RATE OF RETURN	-211.96%	10.83%	-87.95%	10.76%			

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MAD HATTER UTILITY, INC. - TURTLE LAKES
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EXPLANATION	WATER	WASTEWATER
(1) OPERATING REVENUES		

A. To remove the utility's test year revenue request.	\$ (38,020)	\$ (140,456)
	=====	=====
(2) OPERATION AND MAINTENANCE EXPENSE		

A. To adjust for removal of purchased sewage treatment cost	\$ 0	\$ (108,724)
B. To remove chemical adjustment relating to purchase treatment.		1,507
C. To remove sludge hauling adjustment relating to purchase treatment.	0	3,588
	-----	-----
NET ADJUSTMENT	\$ 0	\$ (103,629)
	=====	=====
(4) TAXES OTHER THAN INCOME		

To remove RAF's associated with revenue adjustment above	\$ (1,711)	\$ (6,325)
	=====	=====
(5) PROVISION FOR INCOME TAXES		

To reflect adjusted income tax provision	\$ (6,990)	\$ (5,748)
	=====	=====
(6) OPERATING REVENUES		

To reflect approved increase in revenues	\$ 38,020	\$ 30,419
	=====	=====
(7) TAXES OTHER THAN INCOME		

To reflect regulatory assessment fees	\$ 1,711	\$ 1,369
	=====	=====
(8) PROVISION FOR INCOME TAXES		

Adjustment to reflect increased income	\$ 6,990	\$ 5,716
	=====	=====