

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** December 15, 2005  
**TO:** Nina L. Merta, Professional Accountant Specialist, Division of Economic Regulation  
**FROM:** Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance & Consumer Assistance  
**RE:** **Docket No:** 050587-WS; **Company Name:** MSM Utilities, LLC  
**Audit Request:** Audit of Staff Assisted Rate Case; **Audit Control No:** 05-279-4-1

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Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to the Division of Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

DNV:sbj  
Attachments

Copy: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)  
Division of Commission Clerk & Administrative Services (2)  
Division of Competitive Markets and Enforcement (Harvey)  
General Counsel  
Office of Public Counsel

Mr. Ben J. Maltese, Managing Partner  
9696 Bonita Beach Road, Suite 210  
Bonita Springs, FL 34135-8504

Ms. Nancy Krawezk  
9696 Bonita Beach Road, Suite 210  
Bonita Springs, FL 34135-8504

DOCUMENT NUMBER-DATE  
11700 DEC 19 05  
FPSC-COMMISSION CLERK

M E M O R A N D U M

DATE: December 13, 2005

TO: DENISE VANDIVER, BUREAU CHIEF  
DIVISION OF AUDITING AND SAFETY

FROM: KATHY L. WELCH, REGULATORY ANALYST SUPERVISOR  
MIAMI DISTRICT *KW*

RE: COMPLETED AUDIT SUMMARY REPORT

ORIGINATOR Sam Merta .  
COMPANY MSM Utilities, LLC .  
AUS CONTROL # 05-279-4-1 DOCKET# 050587-WS .  
PURPOSE OF AUDIT: Staff Assisted Rate Case .

AUDITORS	AUDIT	TRAVEL
ASSIGNED <u>Yen Ngo</u>	HRS <u>10.5</u>	HRS _____
	AUDIT	TRAVEL
<u>Gabby Leon</u>	HRS. <u>4</u>	HRS _____

AUDIT	AUDIT	TRAVEL
MANAGER <u>Kathy Welch</u>	HRS <u>117</u>	HRS _____

DATE FIELD WORK BEGAN 10/6/05 FIELD WORK ENDED 12/12/05 .

ESTIMATED FIELD AUDIT SUPERVISOR  
HOURS 122 1/2 HOURS (INC. TRAVEL) 6 .

ESTIMATED TRAVEL HOURS \_\_\_\_\_ TOTAL HOURS CHARGED 136 1/2 .

TOTAL DOLLARS AUDITED: INVESTMENT  
REVENUE \_\_\_\_\_  
EXPENSE \_\_\_\_\_

FOR THE FOLLOWING ITEM, USE PAPER AS NECESSARY BE SPECIFIC  
RECOMMENDATIONS FOR NEXT AUDIT:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



FLORIDA PUBLIC SERVICE COMMISSION  
DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE

*Miami District Office*

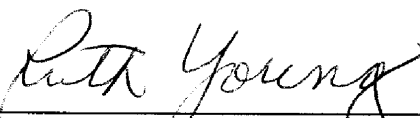
MSM UTILITIES, LLC

STAFF ASSISTED RATE CASE

HISTORICAL PARTIAL YEAR ENDED OCTOBER 31, 2005

DOCKET NO. 050587-WS  
AUDIT CONTROL NO. 05-279-4-1

  
\_\_\_\_\_  
Kathy L. Welch  
Audit Manager

  
\_\_\_\_\_  
Ruth Young  
Professional Accountant Specialist

**DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE  
AUDITOR'S REPORT**

**December 12, 2005**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED  
PARTIES**

We have applied the procedures described later in this report to prepare the accompanying schedules of Rate Base, Net Operating Income, and Capital Structure, for the historical 10-month period ended October 31, 2005 for MSM Utilities, LLC. These schedules were prepared by staff as part of MSM Utilities petition for rate relief in Docket No. 050587-WS.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

## SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report.

**Scanned** - The documents or accounts were read quickly looking for obvious errors.

**Compiled** - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

**Reviewed** - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

**Examined** - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

**Confirmed** - Evidential matter supporting an account balance, transaction, or other information was obtained directly from an independent third party.

**Verified** - The item was tested for accuracy and compared to the substantiating documentation.

**RATE BASE:** Prepared rate base. Performed a record search for all deeds related to the land sales. Tested plant additions to invoices. Reviewed invoices for unrecorded plant. Toured the plant and new land. Reviewed for unrecorded Contributions in Aid of Construction through cash receipts and tariff. Recalculated Depreciation and Amortization.

**COST OF CAPITAL:** Examined Cost of Capital. Recalculated cost of capital using the equity order.

**NET OPERATING INCOME:** Examined revenue. Prepared a billing analysis using the usage report. Adjusted revenue to actual usage.

Examined expenses. Traced general ledger expenses to invoices and reclassified them to the proper accounts. Obtained supporting documentation for taxes other than income taxes. Prepared a management fee using information from Maltese Development.

**AUDIT EXCEPTION NO. 1**

**SUBJECT: GENERAL LEDGER**

**STATEMENT OF FACT:** The utility has not properly allocated several invoices or charged them to the appropriate accounts. Each invoice for January thru October 2005 was reviewed and charged to the appropriate account. The adjusting entries attached to this report correct the company entries to the appropriate accounts. In addition, the company has not recorded depreciation or amortization expense.

**AUDIT EXCEPTION NO. 2**

**SUBJECT: DEPRECIATION AND AMORTIZATION**

**STATEMENT OF FACT:** The utility has not recorded depreciation or amortization since the transfer at December 31, 2004. The attached schedules compute the depreciation and amortization using the revised plant based on adjustments from Exception One and rates from rule 25-30.140, F.A.C.

**OPINION:** The depreciation expense as of October 31, 2005 for water is \$11,022.65 and for wastewater is \$3,056.97. The amortization expense as of October 31, 2005 for water is \$3,084.94 and for wastewater is \$2,223.65. The entries to record depreciation and amortization are on the attached list of adjusting entries (entry 20 and 21).

MSM UTILITIES  
DEPRECIATION AND  
AMORTIZATION EXPENSE  
October 31, 2005

ACCT. NO.	ACCOUNT	12/31/04 PLANT BAL.	ADD. IN 05	BALANCE AT 10/31/05	RATE	DEP. FOR ONE YEAR 1/2 YR. CONV.	DEP. AS OF 10/31/05	BALANCE ACC. DEP. 12/04	BALANCE ACC. DEP. 10/05
304.00	STRUCTURES BLDG.	105,120.00	3,800.00	108,920.00	3.70%	3,959.74	3,299.78	87,593.00	90,892.71
304.00	STRUCTURES ELECTRICAL	26,600.00		26,600.00	3.70%	984.20	820.17	22,163.00	22,983.17
307.00	WELLS	13,070.00		13,070.00	3.70%	483.59	402.99	10,890.00	11,292.99
309.00	SUPPLY MAINS	10,025.00		10,025.00	3.13%	313.78	261.49	7,043.00	7,304.49
334.00	FLOW METERS	1,550.00		1,550.00	5.88%	91.14		1,550.00	1,550.00
311.00	PUMPING EQUIPMENT	4,000.00		4,000.00	5.88%	235.20		4,000.00	4,000.00
320.00	WATER TREATMENT ORIG.	46,518.00	2,140.00	48,658.00	5.88%	62.92	52.43	46,518.00	46,570.43
320.00	WATER TREATMENT REPLACE	85,683.00		85,683.00	5.88%	5,038.16	4,198.47	22,680.00	26,878.47
330.00	DISTRIBUTION RESERVOIRS	23,500.00		23,500.00	3.03%	712.05	593.38	16,020.00	16,613.38
331.00	DISTRIBUTION LINES	35,107.00		35,107.00	2.63%	923.31	769.43	20,790.00	21,559.43
333.00	SERVICES	11,425.00		11,425.00	2.86%	326.76	272.30	7,335.00	7,607.30
334.00	METERS AND INSTALLATION	4,613.00	747.91	5,360.91	5.88%	293.23	244.36	2,609.00	2,853.36
335.00	HYDRANTS	2,800.00		2,800.00	2.50%	70.00	58.33	1,575.00	1,633.33
339.00	MISC. EQUIPMENT	1,000.00	19.99	1,019.99	5.00%	50.50	42.08	737.00	779.08
343.00	EQUIPMENT		267.98	267.98	6.67%	8.94	7.45		7.45
	TOTAL WATER	371,011.00	6,975.88	377,986.88		13,553.52	11,022.65	251,503.00	262,525.65
361.00	COLLECTION SEWER GRAVITY	62,241.00		62,241.00	2.50%	1,556.03	1,296.69	35,010.00	36,306.69
361.00	COLLECTION SEWER MANHOLES	16,915.00		16,915.00	3.70%	625.86	521.55	14,085.00	14,606.55
363.00	COLLECTION SERVICES	17,010.00		17,010.00	2.86%	486.49	405.41	10,935.00	11,340.41
370.00	RECEIVING WELLS	25,000.00		25,000.00	4.00%	1,000.00	833.33	1,000.00	1,833.33
380.00	TREATMENT AND DISPOSAL EQ.	30,000.00		30,000.00	6.67%	2,001.00		30,000.00	30,000.00
380.00	PONDS	37,200.00		37,200.00	6.67%	2,481.24		37,200.00	37,200.00
	TOTAL WASTEWATER	188,366.00	0.00	188,366.00		8,150.61	3,056.97	128,230.00	131,286.97
		<b>559,377.00</b>	<b>6,975.88</b>	<b>566,352.88</b>		<b>21,704.12</b>	<b>14,079.62</b>	<b>379,733.00</b>	<b>393,812.62</b>



CIAC AMORTIZATION

ACCT. NO.	ACCOUNT	12/31/04 CIAC BALANCE	^2005 ADD.	BALANCE AT 10/31/05	AMT. RATE	AMORT. FOR ONE YEAR 1/2 YR. CONV.	AMORT. AS OF OCT. 31, 2005	BALANCE ACC. AMORT. 12/04	BALANCE ACC. AMORT. 10/05
320.00	TREATMENT EQUIPMENT	35,895.00		35,895.00	5.88%	2,110.63	1,758.86	4,257.00	6,015.86
331.00	DISTRIBUTION LINES	35,107.00		35,107.00	2.63%	923.31	769.43	20,790.00	21,559.43
333.00	SERVICES	11,425.00		11,425.00	2.86%	326.76	272.30	7,335.00	7,607.30
334.00	METERS AND INSTALLATION	4,613.00		4,613.00	5.88%	271.24	226.04	2,609.00	2,835.04
335.00	HYDRANTS	2,800.00		2,800.00	2.50%	70.00	58.33	1,575.00	1,633.33
		89,840.00	0.00	89,840.00		3,701.94	3,084.95	36,566.00	39,650.95
361.00	COLLECTION SEWER GRAVITY	62,241.00		62,241.00	2.50%	1,556.03	1,296.69	35,010.00	36,306.69
361.00	COLLECTION SEWER MANHOLES	16,915.00		16,915.00	3.70%	625.86	521.55	14,085.00	14,606.55
363.00	COLLECTION SERVICES	17,010.00		17,010.00	2.86%	486.49	405.41	10,935.00	11,340.41
		96,166.00	0.00	96,166.00		2,668.37	2,223.64	60,030.00	62,253.64
		<b>186,006.00</b>	<b>0.00</b>	<b>186,006.00</b>		<b>6,370.31</b>	<b>5,308.59</b>	<b>96,596.00</b>	<b>101,904.59</b>

**AUDIT EXCEPTION NO. 3**

**SUBJECT: REVENUE**

**STATEMENT OF FACT:** The utility recently changed its billing program. As a result, the program changed or deleted some of the records and therefore, the revenue recorded by the system changed. Revenue was re-computed using the actual meter readings and was compared to the booked revenue. Revenue needs to be increased by \$601.14 for water and \$84.09 for wastewater. The following schedule details the re-computation.

	JAN. TO OCT. 2005	CHARGE WATER	CHARGE WASTEWATER	REVENUE ESTIMATED WATER	REVENUE ESTIMATED WASTEWATER
GALLONS RESIDENTIAL	951,360				
0-5000	684,230	3.25		2,223.75	
5001-8000	106,710	4.88		520.74	
8001-UP	160,420	7.32		1,174.27	
GALLONS GENERAL SERVICE	205,180				
0-5000	5,440	3.25		17.68	
5001-8000	0	4.88		0.00	
8001-UP	233,760	7.32		1,711.12	
# OF BILLS RESIDENTIAL	542	10.50		5,691.00	
# OF BILLS GENERAL SERVICE	9	10.50		94.50	
# OF BILLS RESIDENTIAL	533		6.50		3,464.50
# OF BILLS GENERAL SERVICE	9		6.50		58.50
GALLONS 0-10000 RESIDENTIAL	769,770		2.50		1,924.43
#OF BILLS OVER 10000 GAL	5		25.00		125.00
GALLONS 1-10000 GEN SERV	5,440		2.50		13.60
#OF BILLS OVER 10000 GAL	5		25.00		125.00
				<u>11,433.07</u>	<u>5,711.03</u>
PER GL				10,831.93	5,626.94
TO CORRECT G/L				601.14	84.09

The regulatory assessment fee does not get paid until the end of the year. This will be included in the December costs. The tax to date is \$514.49 for water and \$257 for wastewater. These amounts are not included in the attached schedules.

## **AUDIT DISCLOSURE NO. 1**

### **SUBJECT: MANAGEMENT FEE**

**STATEMENT OF FACT:** The utility billed some hours for some employees but not the costs related to those employees such as taxes, insurance, office space, and telephone. In addition, one of the employees' work was for the future additions and not on normal and re-occurring operations. Estimates of the time spent on utility business were determined by each employee and allocated to the utility based on the actual payroll rates. The common office costs were allocated based on the percent of time spent on the utility by the employees. In the company computation of management fees, it used a rate of \$100 for Ben Maltese, the managing partner. The actual rate using his salary and commissions is \$98.63. The following schedule shows the actual costs using this rate. This schedule reduces the actual costs billed by \$3,659.22 for water and \$17,003.31 for wastewater. The resulting management fee for the 10 months is \$23,838.78 for water and \$10,494.68 for wastewater.

Another schedule has been prepared using only Mr. Maltese's salary without the commissions. This would further reduce the management fee by \$13,989.48 for water and \$4,461.35 for wastewater. The resulting management fee will be \$9,849.40 for water and \$6,033.34 for wastewater.

	POSITION	% OF TOTAL HOURS	MONTHLY ESTIMATED TIME	PER RATE HOUR	PER MONTH UTILITY PAY	PER MONTH ALLOCATION WATER (B)	PER MONTH ALLOCATION WASTEWATER (B)	PLANT HELD FOR FUTURE USE
BEN MALTESE	MANAGING PARTNER	12.98%	22.5	98.63	2,219.17	1,664.38	554.79	
PEGGY RAY	PROJECT MANAGER	12.98%	22.5	17.79	400.24			400.24
NANCY KAMYCK	BOOKKEEPER	17.31%	30	20.00	600.00	300.00	300.00	
ELVIRA LAUER	ADMINISTRATIVE ASST.	1.15%	2	15.63	31.25	15.63	15.63	
		<b>11.11%</b>	<b>77</b>	<b>152.04</b>	<b>3,250.66</b>	<b>1,980.00</b>	<b>870.42</b>	<b>400.24</b>
		Note A				60.91%	26.78%	12.31%
BENEFITS:								
INSURANCE								
BEN	620 PER MONTH				80.48	60.36	20.12	
NANCY	200 PER MONTH				25.96	12.98	12.98	
PEGGY	200 PER MONTH				25.96			25.96
ELVIRA	200 PER MONTH				2.31	1.15	1.15	
TAXES	FOR NON CONTRACT EMPLOYEES				202.78	123.51	54.30	24.97
OFFICE RENT	1694.63 PER MONTH AT 11.11%				188.27	114.68	50.41	23.18
PHONE RENTAL	68.90 PER MONTH AT 11.11%				7.65	4.66	2.05	0.94
PHONE USAGE	AVERAGE 9 MTHS TO PORTER GROUP AT 11.11%				22.06	13.44	5.91	2.72
FPL OFFICE	AVERAGE 120 PER MONTH				120.00	73.09	32.13	14.78
TOTAL NON PAYROLL					<b>675.47</b>	<b>403.87</b>	<b>179.05</b>	<b>92.54</b>
TOTAL MONTHLY MANAGEMENT FEE					3,926.13	2,383.88	1,049.47	492.78
AT 10 MONTHS PER REVISED GENERAL LEDGER DIFFERENCE					39,261.31	23,838.78	10,494.69	4,927.84
					54,996.00	27,498.00	27,498.00	
					(15,734.69)	(3,659.22)	(17,003.31)	4,927.84

Note A: Average of all four employees hours

Note B: Allocation of individual hours based on employee estimates.

EXCLUDING COMMISSION	POSITION	% OF TOTAL HOURS	MONTHLY ESTIMATED TIME	PER HOUR RATE	PER MONTH UTILITY PAY	PER MONTH ALLOCATION WATER	PER MONTH ALLOCATION WASTEWATER	PLANT HELD FOR FUTURE USE
BEN MALTESE	MANAGING PARTNER	12.98%	22.5	24.04	540.87	405.65	135.22	
PEGGY RAY	PROJECT MANAGER	12.98%	22.5	17.79	400.24			400.24
NANCY KAMYCK	BOOKKEEPER	17.31%	30	20.00	600.00	300.00	300.00	
ELVIRA LAUER	ADMINISTRATIVE ASST.	1.15%	2	15.63	31.25	15.63	15.63	
		<b>11.11%</b>	<b>77</b>	<b>77.45</b>	<b>1,572.36</b>	<b>721.27</b>	<b>450.84</b>	<b>400.24</b>
						45.87%	28.67%	25.45%
BENEFITS:								
INSURANCE								
BEN	620 PER MONTH				80.48	60.36	20.12	
NANCY	200 PER MONTH				25.96	12.98	12.98	
PEGGY	200 PER MONTH				25.96			25.96
ELVIRA	200 PER MONTH				2.31	1.15	1.15	
TAXES	FOR NON CONTRACT EMPLOYEES				74.39	34.12	21.33	18.93
OFFICE RENT	1694.63 PER MONTH AT 11.11%				188.27	86.37	53.98	47.92
PHONE RENTAL	68.90 PER MONTH AT 11.11%				7.65	3.51	2.19	1.95
PHONE USAGE	AVERAGE 9 MTHS TO PORTER GROUP AT 11.11%				22.06	10.12	6.33	5.62
FPL OFFICE	AVERAGE 120 PER MONTH				120.00	55.05	34.41	30.55
TOTAL NON PAYROLL					<b>547.08</b>	<b>263.66</b>	<b>152.49</b>	<b>130.93</b>
TOTAL MONTHLY MANAGEMENT FEE					<b>2,119.44</b>	<b>984.93</b>	<b>603.33</b>	<b>531.17</b>
AT 10 MONTHS					21,194.36	9,849.30	6,033.34	5,311.71
REVISED BASED ON STAFF CALCULATION DIFFERENCE					39,261.31	23,838.78	10,494.69	
					<b>(18,066.96)</b>	<b>(13,989.48)</b>	<b>(4,461.35)</b>	<b>5,311.71</b>

## **AUDIT DISCLOSURE NO. 2**

### **SUBJECT: CONTRACT LABOR**

**STATEMENT OF FACT:** The utility paid \$1,400 each month for a monthly maintenance service for both water and wastewater. It pays \$1,500 for service of the reverse osmosis water plant each year for a yearly service. The utility has paid two contract laborers to perform work at the utility plant. From January 1, 2005 to October 31, 2005, they were paid \$7,462.29 for work at the water plant and \$838.60 for wastewater. During this period it paid \$310 for a blower repair and \$680 for repair of two water main breaks.

**OPINION:** According to the contractor, when the utility was purchased the plants were in a state of disrepair. Therefore, some of the costs for the contract labor may be for work to bring the plant up to standards and may not be re-occurring. The staff engineer should determine if these costs are reasonable.

## AUDIT DISCLOSURE NO. 3

### SUBJECT: GENERAL SERVICE CUSTOMERS

**STATEMENT OF FACT:** When the current owners took over operating the utility, they could not find some of the meters. The clubhouse was not billed until February 2005. A boat dock was metered but the meter was not read until October 2005. The water and wastewater treatment plant was not read until September 2005. This was a new meter. The clubhouse had a leak in the line that went to the pool that was fixed in September. The usage went from the 30,000 to 50,000 gallon range to 11,590 in September to 3,160 in October.

The transfer order and the tariff did not specify a general service rate. General Service rates do not usually contain a cap on the number of gallons used by wastewater customers.

**OPINION:** Not having readings for several months for the general service customers causes difficulty in annualizing future revenue. Having two more months data when this case is completed will provide more accurate information since the leak in the clubhouse was repaired. The usage since the repair needs to be annualized and a reasonable annualization of revenue for the year should be imputed. In addition, if there were no cap on wastewater gallons for the clubhouse using the existing usage would have increased wastewater revenue by \$458.07 for the months actually recorded. General Service revenue needs to be determined after more readings are obtained and after a determination of whether a cap will be used. The following schedules show the usage for these customers that was recorded, the revenue that should have been billed for the months actually recorded using the rates without a cap, and a schedule of the revenue without a cap.





<u>Owner</u>	January	February	March	April	May	June	July	August	September	October	Total
<b>REVENUE USING RESIDENTIAL RATES WATER</b>											
Clubhouse		265.75	278.92	259.53	310.03	350.95	224.10	265.75	95.34	20.77	2,071.14
New Meter (09/06/05) RO Treatment Plant									13.75	14.66	28.41
Boat Dock between L 137-138										10.50	10.50
	0.00	265.75	278.92	259.53	310.03	350.95	224.10	265.75	109.09	45.93	2,110.05

<b>REVENUE USING RESIDENTIAL RATES WASTEWATER</b>											
Clubhouse		31.50	31.50	31.50	31.50	31.50	31.50	31.50	31.50	14.40	266.40
New Meter (09/06/05) RO Treatment Plant									9.00	9.70	18.70
Boat Dock between L 137-138										6.50	6.50
	0.00	31.50	31.50	31.50	31.50	31.50	31.50	31.50	40.50	30.60	291.60



## AUDIT DISCLOSURE NO. 3

### SUBJECT: LAND

**STATEMENT OF FACT:** The utility sits on several parcels of land owned by Waterfront Homes of Charlotte. In December 2004, Waterfront Homes did an assignment of the lease from the MacLachlan family trust. The actual lease allows rent of \$3,600 a year and will increase with CPI after September 2006. The lease requires the lessee to pay the property tax. The total property tax in 2005 was \$7,491.39. \$725.13 of this was for water and \$6,766.26 was for wastewater.

The spray field is parcel 0070968-000100-4 and property taxes were \$2,850.74 for 2005. The south spray field is parcel 0070966-000000-5 and property taxes were \$2,839.44 for 2005. The south portion of the ponds for the wastewater plant is parcel 0070973-000000-6 and property taxes were \$333.44 for 2005. The water and wastewater plant is parcel 0070972-000100-6 and the property taxes were \$1,450.25 for 2005. The lift station is parcel 0086591-000384-0 and the tax is \$17.52.

The new owners did not transfer the land to the utility because they are planning on abandoning the existing plant and putting a larger plant on the new parcels purchased.

In the utilities certificate transfer Order PSC-05-0147-PAA-WS p. 4 states: "We find that the term of the lease meets the requirements of the rule with respect to continued use of the land, however, we take no position on the prudence of the cost of the lease until it is reviewed in a future rate proceeding."

Waterfront Homes purchased the land in December 2004 from the MacLachlan's as part of a larger parcel. Several deeds were found in 1974 and 1977 when the MacLachlan's purchased the land. The plant was built in 1982. The two parcels that make up the spray fields were purchased in 1989 for \$39,000. The land that the pond sits on was purchased in 1979 from Alma and Doras Lisby. The deed states the price was \$10. The documentary stamps were for the minimum 30 cents which would agree with the \$10 price. The treatment plant land was purchased for \$10 in 1974 from Terry and Diana Correll. Again, the 30 cents in documentary stamps supports this minimal price. The property tax assessor has currently assessed each of these two parcels at \$18,190.

A letter from Olmsted and Wilson, PA. to George MacFarlane showed the amount originally paid for the properties to be \$35,000 for the plant and the ponds and \$39,000 for the spray fields.

The utility has purchased \$287,000 of land that is currently in account 103-property held for future use. Through October MSM has spent \$18,129.72 to clear, survey, and perform environmental studies of this land. These amounts were expensed but transferred by staff to the 103 account. The cost was verified through the documentary

stamps. The company has a contract for engineering of the plant expansion of \$175,000.

The utility did have a land lease for a discharge pipe. This lease is no longer in effect because they have switched to a spray irrigation field. The land lease was retired in the adjusting entries.

**OPINION:** The engineer should review the description of these parcels during her visit and determine if any of the property is non-utility. Based on the size of the property, it needs to be determined if the lease cost is reasonable.

**STAFF PREPARED EXHIBITS**

ADJUSTING JOURNAL ENTRIES

RATE BASE

COST OF CAPITAL

NET OPERATING INCOME

TRIAL BALANCE

**COMPANY: MSM UTILITIES**  
**TITLE: ADJUSTING JOURNAL ENTRIES**  
**TEST YEAR: October 31, 2005**

ACCOUNT NUMBER	ACCOUNT TITLE	DEBIT	CREDIT
ENTRY 1			
618.00	CHEMICALS WATER	522.53	
718.00	CHEMICALS WASTEWATER	624.07	
618.00	CHEMICALS WATER		1,039.14
655.20	EPA SURCHARGE		42.00
675.10	MISCELLANEOUS WATER		65.46
	TO CORRECT CODING OF CHEMICAL EXPENSES		
ENTRY 2			
650.00	TRANSPORTATION WATER	1,404.00	
750.00	TRANSPORTATION WASTEWATER	468.00	
675.13	MISCELLANEOUS WATER		1,752.00
750.00	TRANSPORTATION WASTEWATER		120.00
	TO CORRECT CODING OF MILEAGE FOR BEN MALTESE BASED ON HIS TIME ALLOCATION		
ENTRY 3			
755.00	INSURANCE WASTEWATER	6,599.70	
655.00	INSURANCE WATER		6,599.70
	TO ALLOCATE INSURANCE BASED ON THE INSURED VALUES		
ENTRY 4			
675.00	MISCELLANEOUS WATER	690.57	
775.00	MISCELLANEOUS WASTEWATER	489.11	
620.00	MAINTENANCE EXPENSE		98.43
631.30	MANAGEMENT FEE		276.09
675.00	MISCELLANEOUS WATER		174.35
675.14	MISCELLANEOUS WATER		100.00
675.20	MISCELLANEOUS WATER		151.47
675.40	MISCELLANEOUS WATER		279.34
775.20	MISCELLANEOUS WASTEWATER		100.00
	TO ALLOCATE MISCELLANEOUS EXPENSE		
ENTRY 5			
233.00	ACCOUNTS PAYABLE MALTESE DEVELOPMENT	333.85	
675.10	MISCELLANEOUS WATER	590.07	
675.00	MISCELLANEOUS WATER		125.92
636.10	CASUAL LABOR		348.00
631.30	CONSULTING FEES		450.00
	TO REMOVE ITEMS WITHOUT SUPPORT THAT APPEAR TO BE NON-UTILITY RELATED		
ENTRY 6			
615.00	ELECTRIC EXPENSE WATER	1,822.91	
715.00	ELECTRIC EXPENSE WASTEWATER	1,822.91	
615.00	ELECTRIC EXPENSE WATER		2,751.27
615.10	ELECTRIC EXPENSE WATER		125.92
233.00	ACCOUNT PAYABLE MALTESE DEVELOPMENT		768.63
	TO RECORD ELECTRIC BASED ON ACTUAL BILLS-SOME WERE PAID BY PARENT		

ENTRY 7			
103.00	PROPERTY HELD FOR FUTURE USE	18,129.72	
620.00	MATERIALS AND SUPPLIES		176.09
620.00	CONTRACT SERV. PROFESSIONAL		933.33
631.10	CONSULTING FEES		2,726.67
631.40	SURVEYING		4,932.50
636.00	CONTRACT SERVICES		316.00
636.10	CASUAL LABOR		420.00
636.30	CASUAL LABOR		675.00
636.50	TRASH REMOVAL		94.48
636.60	SITE CLEARING		5,300.00
675.70	MISCELLANEOUS EXPENSE WATER		84.57
675.80	MISCELLANEOUS EXPENSE WATER		38.58
731.10	CONTRACT SERVICES PROFESSIONAL		600.00
731.10	CONSULTING FEES		707.50
736.20	SUBCONTRACTOR		180.00
731.10	CONSULTING FEES		247.50
631.10	CONSULTING FEES		247.50
631.20	LEGAL FEES		450.00
	TO TRANSFER SURVEY, ENVIRONMENTAL, ENGINEERING, AND CLEARING FOR LAND FOR EXPANSION		
ENTRY 8			
334.00	METERS	102.85	
320.00	WATER EQUIPMENT	2,140.00	
675.70	MISCELLANEOUS EXPENSE WATER		102.85
636.00	CONTRACT SERVICES OTHER CAPITALIZE ADDITIONS		2,140.00
ENTRY 9			
620.00	MATERIALS AND SUPPLIES WATER	2,937.19	
720.00	MATERIALS AND SUPPLIES WASTEWATER	1,181.92	
618.00	CHEMICALS		96.45
620.00	MATERIALS AND SUPPLIES		1,614.18
675.50	MISCELLANEOUS EXPENSE WATER		302.30
675.80	MISCELLANEOUS EXPENSE WATER		10.60
675.90	MISCELLANEOUS EXPENSE WATER		66.02
720.00	MAINTENANCE EXPENSE WASTEWATER		281.43
675.10	MISCELLANEOUS EXPENSE WATER		153.03
675.70	MISCELLANEOUS EXPENSE WATER		606.10
720.00	MAINTENANCE EXPENSE WASTEWATER		186.74
775.00	MISCELLANEOUS EXPENSE WASTEWATER		15.28
775.30	MISCELLANEOUS EXPENSE WASTEWATER		192.04
620.00	MAINTENANCE EXPENSE WATER		421.61
675.90	MISCELLANEOUS EXPENSE WATER		173.33
	CORRECT MAINTENANCE EXPENSE		
ENTRY 10			
630.00	CONTRACT LABOR WATER	7,462.29	
730.00	CONTRACT LABOR WASTEWATER	838.60	
620.00	CONTRACT LABOR WATER		596.64
636.10	CASUAL LABOR		2,148.00
634.40	SUBCONTRACTOR OTHER		180.00
636.30	SUBCONTRACTOR ROBBINS		4,561.25
736.10	CASUAL LABOR		495.00
736.20	SUBCONTRACTOR		120.00
736.10	CASUAL LABOR		100.00
640.00	RENT		100.00
	CORRECT CONTRACT LABOR		

ENTRY 11			
630.00	OUTSIDE CONTRACTOR REPAIRS WATER	2,665.00	
730.00	OUTSIDE CONTRACTOR REPAIRS WASTEWATER	50.00	
635.00	CONTRACT SERVICE TESTING		1,500.00
636.00	CONTRACT SERVICE		385.00
675.90	REPAIRS		780.00
736.20	SUBCONTRACTOR		50.00
	TO RECORD OUTSIDE CONTRACTOR REPAIRS		
ENTRY 12			
630.00	OPERATOR FEES WATER	7,000.00	
730.00	OPERATOR FEES WASTEWATER	7,000.00	
635.00	CONTRACT SERVICE TESTING		11,741.80
735.00	CONTRACT SERVICE TESTING		1,400.00
736.20	SUBCONTRACTOR		700.00
233.00	ACCOUNTS PAYABLE		158.20
	RECORD OPERATOR FEES AT 700/MONTH EACH		
ENTRY 13			
630.00	LEGAL WATER	145.00	
730.00	LEGAL WASTEWATER	145.00	
631.10	CONSULTING FEES		202.50
631.20	LEGAL FEES		37.50
731.10	CONSULTING FEES		50.00
	TO RECORD LEGAL EXPENSES		
ENTRY 14			
630.00	TESTING EXPENSE WATER	617.50	
730.00	TESTING EXPENSE WASTEWATER	1,802.00	
618.00	CHEMICALS		162.00
635.00	CONTRACT SERVICE TESTING		1,501.00
735.00	CONTRACT SERVICE TESTING		756.50
	TO RECORD LAB TESTING		
ENTRY 15			
103.00	PROPERTY HELD FOR FUTURE USE	4,927.84	
630.00	MANAGEMENT FEE WATER	23,838.80	
730.00	MANAGEMENT FEE WASTEWATER	10,494.70	
601.00	CONTRACT LABOR		360.00
630.20	CONTRACT SERVICES BILLING		5,985.00
631.30	MANAGEMENT FEE		18,860.00
701.00	CONTRACT LABOR		360.00
731.00	CONTRACT SERVICES		925.00
736.20	SUBCONTRACTOR		1,008.00
233.00	ACCOUNTS PAYABLE MALTESE DEVELOPMENT		11,763.34
	TO RECORD MANAGEMENT FEE WITH RENT, TELEPHONE, ELECTRIC AND ESTIMATED HOURS		
ENTRY 16			
711.00	SLUDGE HAULING	100.00	
675.14	MISCELLANEOUS WATER		100.00
	TO RECORD SLUDGE HAULING		
ENTRY 17			
186.00	DEFERRED RATE CASE AND EXPANSION	3,250.00	
186.00	DEFERRED MAINTENANCE	2,621.00	
631.10	CONSULTING FEES		550.00
675.14	LICENSES		700.00
775.20	PERMITS		2,000.00
630.10	MIKE MCTIGHE		165.00
636.00	CONTRACT SERVICES		476.20
636.30	SUBCONTRACTOR ROBBINS		647.71



620.00	MATERIALS AND SUPPLIES		555.11
634.40	SUBCONTRACTOR OTHER		400.00
636.30	SUBCONTRACTOR ROBBINS TO RECORD DEFERRED COSTS		376.98
ENTRY 18			
665.00	AMORTIZATION WATER RATE CASE EXPENSES	325.00	
765.00	AMORTIZATION WASTEWATER RATE CASE EXP.	325.00	
630.00	AMORTIZATION WATER MAINTENANCE	525.12	
186.00	DEFERRED RATE CASE		650.00
186.00	DEFERRED MAINTENANCE TO RECORD AMORTIZATION OF DEFERRED COSTS		525.12
ENTRY 19			
640.00	RENT WATER LAND	1,800.00	
740.00	RENT WASTEWATER LAND	1,800.00	
233.00	ACCOUNTS PAYABLE RECORD LAND LEASE		3,600.00
ENTRY 20			
	DEPRECIATION EXPENSE	14,079.62	
108.304	STRUCTURES BLDG.		3,299.76
108.304	STRUCTURES ELECTRICAL		820.17
108.307	WELLS		402.99
108.309	SUPPLY MAINS		261.49
108.320	WATER TREATMENT ORIG.		52.43
108.320	WATER TREATMENT REPLACE		4,198.47
108.330	DISTRIBUTION RESERVOIRS		593.38
108.331	DISTRIBUTION LINES		769.43
108.333	SERVICES		272.30
108.334	METERS AND INSTALLATION		244.36
108.335	HYDRANTS		58.33
108.339	MISC. EQUIPMENT		42.08
108.343	EQUIPMENT		7.45
108.361	COLLECTION SEWER GRAVITY		1,296.69
108.361	COLLECTION SEWER MANHOLES		521.55
108.363	COLLECTION SERVICES		405.41
108.370	RECEIVING WELLS		833.33
	RECORD DEPRECIATION EXPENSE THRU OCT. 2005		
ENTRY 21			
272.000	ACCUMULATED AMORTIZATION CIAC WATER	3,084.94	
272.000	ACCUMULATED AMORTIZATION CIAC WWATER	2,223.65	
403.000	AMORTIZATION EXPENSE WATER		3,084.94
403.000	AMORTIZATION EXPENSE WASTEWATER TO RECORD AMORTIZATION CIAC THRU OCT 2005		2,223.65
ENTRY 22			
408.000	PROPERTY TAX WATER	725.13	
408.000	PROPERTY TAX WASTEWATER	6,766.26	
231.000	ACCOUNTS PAYABLE TO ACCRUE PROPERTY TAX		7,491.39
ENTRY 23			
114.000	PLANT ACQUISITION ADJUSTMENT	12,698.00	
101.303	LAND EASEMENT TO REMOVE EASEMENT THAT IS NO LONGER IN EFFECT.		12,698.00

ENTRY 24

141.000 ACCOUNTS RECEIVABLE  
461.000 WATER REVENUE  
474.000 WASTEWATER REVENUE

685.23

601.14  
84.09

TO RECORD REVENUE BASED ON METERED  
USAGE

COMPANY:  
TITLE:  
TEST YEAR:

MSM UTILITIES  
RATE BASE  
October 31, 2005

	PER COMPANY AS OF OCTOBER 31, 2005	STAFF ADJUSTMENTS	ADJUSTED AS OF OCTOBER 31, 2005
<b>WATER</b>			
LAND	12,698.00	(12,698.00)	0.00
PLANT IN SERVICE	375,744.03	2,242.85	377,986.88
ACCUMULATED DEPRECIATION	(251,503.00)	(11,022.66)	(262,525.66)
CIAC	(89,840.00)	0.00	(89,840.00)
AMORTIZATION OF CIAC	36,566.00	3,084.94	39,650.94
WORKING CAPITAL			6,817.47
<b>TOTAL RATE BASE</b>	<b>83,665.03</b>	<b>(18,392.87)</b>	<b>72,089.63</b>

	PER COMPANY AS OF OCTOBER 31, 2005	STAFF ADJUSTMENTS	ADJUSTED AS OF OCTOBER 31, 2005
<b>WASTEWATER</b>			
LAND			0.00
PLANT IN SERVICE	188,366.00	0.00	188,366.00
ACCUMULATED DEPRECIATION	(128,230.00)	(3,056.98)	(131,286.98)
CIAC	(96,166.00)	0.00	(96,166.00)
AMORTIZATION OF CIAC	60,030.00	2,223.65	62,253.65
WORKING CAPITAL			4,275.38
<b>TOTAL RATE BASE</b>	<b>24,000.00</b>	<b>(833.33)</b>	<b>27,442.05</b>

**COMPANY:** MSM UTILITIES, LLC  
**TITLE:** COST OF CAPITAL  
**TEST YEAR:** AS OF OCTOBER 31, 2005  
**AUDITOR:** KATHY L. WELCH

		STAFF ADJUSTED BALANCES	% OF EQUITY AND DEBT	COST RATE	WEIGHTED COST
218.110	CAPITAL CONTRIBUTION BEN MALTESE	(183,000.04)			
218.120	CAPITAL CONTRIBUTION GG MANSOUR	(91,500.03)			
218.130	CAPITAL CONTRIBUTION GJ MANSOUR	(91,500.03)			
218.140	CAPITAL CONTRIBUTION GM SAAB	(91,500.03)			
218.150	CAPTIAL CONTRIBUTION K SAAB	(152,500.04)			
	<b>TOTAL EQUITY</b>	<u>(610,000.17)</u>	100.00%	8.88%	8.88%
	<b>DEBT</b>				
	CUSTOMER DEPOSITS				
	DEFERRED TAXES				
	<b>TOTAL DEBT AND EQUITY</b>	<u>(610,000.17)</u>	100.00%	8.88%	8.88%

RATE PER ORDER PSC-05-0680-PAA-  
 WS.  
 MSM Land Investments is the parent  
 company and also shows only equity in its  
 statement of net worth.

COMPANY: MSM UTILITIES  
 TITLE: NET OPERATING INCOME  
 TEST YEAR: OCTOBER 31, 2005

	PER COMPANY AS OF OCTOBER 31, 2005	STAFF ADJUSTMENTS	ADJUSTED AS OF OCTOBER 31, 2005
<b>WATER</b>			
REVENUE	(10,831.93)	(601.14)	(11,433.07)
OPERATION AND MAINTENANCE EXPENSE	91,725.73	(37,185.98)	54,539.75
DEPRECIATION		7,937.71	7,937.71
TAXES OTHER THAN INCOME		725.13	725.13
TOTAL EXPENSES	91,725.73	(28,523.14)	63,202.59
<b>NET OPERATING LOSS (INCOME)</b>	<b>80,893.80</b>	<b>(29,124.28)</b>	<b>51,769.52</b>

	PER COMPANY AS OF OCTOBER 31, 2005	STAFF ADJUSTMENTS	ADJUSTED AS OF OCTOBER 31, 2005
<b>WASTEWATER</b>			
REVENUE	(5,626.94)	(84.09)	(5,711.03)
OPERATION AND MAINTENANCE EXPENSE	11,056.99	23,146.01	34,203.00
DEPRECIATION		833.32	833.32
TAXES OTHER THAN INCOME		6,766.26	6,766.26
TOTAL EXPENSES	11,056.99	30,745.59	41,802.58
<b>NET OPERATING LOSS (INCOME)</b>	<b>5,430.05</b>	<b>30,661.50</b>	<b>36,091.55</b>

COMPANY: MSM UTILITIES  
 TITLE: TRIAL BALANCE  
 TEST YEAR: AS OF OCTOBER 31, 2005

		COMPANY BALANCE	STAFF ADJUSTMENT	ENTRY NUMBER	STAFF ADJUSTED BALANCES
101.303	LAND EASEMENT	12,698.00	(12,698.00)	23	0.00
101.304	STRUCTURES AND IMPROVEMENTS	26,600.00			26,600.00
101.304	STRUCTURES AND IMPROVEMENTS	108,920.00			108,920.00
101.307	WELLS AND SPRINGS	13,070.00			13,070.00
101.309	SUPPLY MAINS	10,025.00			10,025.00
101.311	PUMPING EQUIPMENT	4,000.00			4,000.00
101.320	WATER TREATMENT EQUIP REPLACED	85,683.00	2,140.00	8	87,823.00
101.320	WATER TREATMENT EQUIP ORIGINAL	46,518.00			46,518.00
101.330	DISTRIBUTION RESEVOIRS	23,500.00			23,500.00
101.331	TRANSMISSION AND DISTRIBUTION	35,107.00			35,107.00
101.333	SERVICES	11,425.00			11,425.00
101.334	FLOW METER	1,550.00			1,550.00
101.334	METER INSTALLATION OTHER	5,258.06	102.85	8	5,360.91
101.335	HYDRANTS	2,800.00			2,800.00
101.339	OTHER PLANT MISC. EQUIP	1,019.99			1,019.99
101.343	WATER PLANT EQUIPMENT	267.98			267.98
101.361	COLLECTION SEWERS GRAVITY	62,241.00			62,241.00
101.362	SPECIAL COLLECTION STRUCTURES	16,915.00			16,915.00
101.363	COLLECTION SEWERS SERVICE	17,010.00			17,010.00
101.370	RECEIVING WELLS	25,000.00			25,000.00
101.380	TREATMENT AND DISPOSAL EQUIP.	30,000.00			30,000.00
101.380	PONDS	37,200.00			37,200.00
103.000	PLANT HELD FOR FUTURE USE	287,000.00	23,057.56	7	310,057.56
108.304	ACC. DEP. STRUCTURES AND IMP. BLDG.	(87,593.00)	(3,299.78)	20	(90,892.78)
108.304	ACC. DEP. STRUCTURES AND IMP. ELECTRIC	(22,163.00)	(820.17)	20	(22,983.17)
108.307	ACC. DEP. WELLS	(10,890.00)	(402.99)	20	(11,292.99)
108.309	ACC. DEP. SUPPLY MAINS	(7,043.00)	(261.49)	20	(7,304.49)
108.310	ACC. DEP. HS PUMPING EQUIPMENT	(4,000.00)		20	(4,000.00)
108.320	ACC. DEP. WATER TREAT. EQUIP. REP.	(22,680.00)		20	(22,680.00)
108.320	ACC. DEP. WATER TREAT. EQUIP. ORIGINAL	(46,518.00)	(52.43)	20	(46,570.43)
108.330	ACC. DEP. DIST. RESEVOIRS	(16,020.00)	(4,198.47)	20	(20,218.47)
108.331	ACC. DEP. DIST. LINES	(20,790.00)	(593.38)	20	(21,383.38)
108.333	ACC. DEP. SERVICES	(7,335.00)	(769.43)	20	(8,104.43)
108.334	ACC. DEP. METERS AND INSTALL	(2,609.00)	(272.30)	20	(2,881.30)
108.334	ACC. DEP. FLOW METERS	(1,550.00)	(244.36)	20	(1,794.36)
108.335	ACC. DEP. HYDRANTS	(1,575.00)	(58.33)	20	(1,633.33)
108.339	ACC. DEP. MISC. EQUIPMENT WATER	(737.00)	(42.08)	20	(779.08)
108.343	ACC. DEP. EQUIPMENT		(7.45)	20	(7.45)
108.361	ACC. DEP. COLLECTION SEWER SERVICES	(35,010.00)	(1,296.69)	20	(36,306.69)
108.362	ACC. DEP. MANHOLES	(14,085.00)	(521.55)	20	(14,606.55)
108.363	ACC. DEP. COLLECTION SEWER SERVICES	(10,935.00)	(405.41)	20	(11,340.41)
108.370	ACC. DEP. RECEIVING WELLS	(1,000.00)	(833.33)	20	(1,833.33)
108.380	ACC. DEP. PONDS	(37,200.00)			(37,200.00)
108.380	ACC. DEP. T & D EQUIPMENT	(30,000.00)			(30,000.00)
114.000	PLANT ACQUISITION ADJUSTMENT	126,068.00	12,698.00	23	138,766.00
131.000	AMSOUTH CHECKING	1,704.69			1,704.69
131.100	UNDEPOSITED FUNDS	17.00			17.00
141.000	CUSTOMER ACCOUNTS RECEIVABLE	4,107.70	685.23	24	4,792.93
174.100	DEPOSITS FPL	810.00			810.00
186.000	DEFERRED RATE CASE		2,600.00	17, 18	2,600.00
186.000	DEFERRED MAINTENANCE		2,095.88	17,18	2,095.88
200.000	OPENING BALANCE EQUITY	94.25			94.25
218.110	CAPITAL CONTRIBUTION BEN MALTESE	(183,000.04)			(183,000.04)
218.120	CAPITAL CONTRIBUTION GG MANSOUR	(91,500.03)			(91,500.03)

		<b>COMPANY</b>	<b>STAFF</b>	<b>ENTRY</b>	<b>STAFF</b>
		<b>BALANCE</b>	<b>ADJUSTMENT</b>	<b>NUMBER</b>	<b>ADJUSTED</b>
					<b>BALANCES</b>
218.130	CAPITAL CONTRIBUTION GJ MANSOUR	(91,500.03)			(91,500.03)
218.140	CAPITAL CONTRIBUTION GM SAAB	(91,500.03)			(91,500.03)
218.150	CAPTIAL CONTRIBUTION K SAAB	(152,500.04)			(152,500.04)
231.000	ACCOUNTS PAYABLE	(3,790.35)	(7,491.39)	22	(11,281.74)
233.000	PAYABLE TO AFFILIATE COMPANIES		(15,956.32)	5,6,12,15,19	(15,956.32)
271.100	CIAC WATER	(89,840.00)			(89,840.00)
271.200	CIAC WASTEWATER	(96,166.00)			(96,166.00)
272.100	ACC. AMORTIZATION CIAC WATER	36,566.00	3,084.94	21	39,650.94
272.200	ACC. AMORTIZATION CIAC WASTEWATER	60,030.00	2,223.65	21	62,253.65
403.000	DEPRECIATION EXPENSE WATER		11,022.65		11,022.65
403.000	DEPRECIATION EXPENSE WASTEWATER		3,056.97		3,056.97
403.000	AMORTIZATION EXPENSE WATER		(3,084.94)		(3,084.94)
403.000	AMORTIZATION EXPENSE WASTEWATER		(2,223.65)		(2,223.65)
408.000	TAXES OTHER THAN INCOME TAX WATER		725.13	22	725.13
408.000	TAXES OTHER THAN INCOME TAX WWATER		6,766.26	22	6,766.26
461.100	RESIDENTIAL BASE USAGE REVENUE	(5,628.00)	(601.14)	24	(6,229.14)
461.200	RESIDENTIAL WATER USAGE REVENUE	(2,810.25)			(2,810.25)
461.300	RESIDENTIAL WATER USAGE REVENUE	(357.48)			(357.48)
461.400	RESIDENTIAL WATER USAGE REVENUE	(2,036.20)			(2,036.20)
474.100	SEWER USAGE BASE RATE REVENUE	(3,419.00)	(84.09)	24	(3,503.09)
474.200	SEWER USAGE REVENUE	(2,207.94)			(2,207.94)
601.000	SALARIES	360.00	(360.00)	15	0.00
615.000	PURCHASED POWER	2,751.25	(928.36)	6	1,822.89
615.100	WATER ELECTRIC	125.92	(125.92)	6	0.00
618.000	CHEMICALS	1,297.59	(775.06)	1,9,14	522.53
620.000	MATERIAL AND SUPPLIES	3,447.08	(524.87)	9,10,17	2,922.21
630.000	CONTRACT LABOR WATER		7,462.29	10	7,462.29
630.000	OUTSIDE CONTRACTOR REPAIRS WATER		2,665.00	11	2,665.00
630.000	OPERATOR FEES WATER		7,000.00	12	7,000.00
630.000	LEGAL WATER		145.00	13	145.00
630.000	TESTING EXPENSE WATER		617.50	14	617.50
630.000	MANAGEMENT FEE WATER		23,838.80	14	23,838.80
630.000	AMORTIZATION WATER MAINTENANCE		525.12	18	525.12
630.100	MIKE MCTIGHE	165.00	(165.00)	17	0.00
630.200	CONTRACT SERVICES BILLING	5,985.00	(5,985.00)	15	0.00
631.000	CONTRACT SERVICES PROF.	933.33	(933.33)	7	0.00
631.100	CONTACT SERVICES PROF.	3,726.67	(3,726.67)	7,13,17	0.00
631.200	LEGAL	487.50	(487.50)	7,13	0.00
631.300	MANAGEMENT FEES	19,586.08	(19,586.08)	4,5,15	0.00
631.400	SURVEYING & MAPPING	4,932.50	(4,932.50)	7	0.00
634.400	SUBCONTRACTOR OTHER	580.00	(580.00)	10,17	0.00
635.000	CONTRACT SERVICES TESTING	14,742.80	(14,742.80)	11,12,14	0.00
636.000	CONTRACT SERVICES OTHER	3,317.29	(3,317.20)	7,8,11,17	0.09
636.100	CASUAL LABOR MICHAEL MCTIGHE	2,936.00	(2,916.00)	5,7,10	20.00
636.300	CASUAL LABOR ROBBINS	6,211.25	(6,260.94)	7,10,17	(49.69)
636.500	TRASH REMOVAL	94.48	(94.48)	7	0.00
636.600	SITE CLEARING	5,300.00	(5,300.00)	7	0.00
640.000	RENTS	100.00	1,700.00	10,19	1,800.00
650.000	TRANSPORTATION EXPENSE		1,404.00	2	1,404.00
655.000	INSURANCE	9,428.14	(6,599.70)	3	2,828.44
655.200	EPA SURCHARGE	42.00	(42.00)	1	0.00
665.000	RATE CASE AMORTIZATION		325.00	18	325.00
675.000	MISCELLANEOUS EXPENSE	300.27	390.30	4,5	690.57
675.100	ACCOUNT CORRECTION	(371.58)	371.58	1,5,9	0.00
675.130	TRAVEL	1,752.00	(1,752.00)	2	0.00
675.140	LICENSE & PERMITS	900.00	(900.00)	4,16,17	0.00
675.200	DUES/SUBSCRIPTION	151.47	(151.47)	4	0.00
675.400	BANK SERVICE CHARGE	279.34	(279.34)	4	0.00
675.500	EQUIPMENT RENTAL	302.30	(302.30)	9	0.00
675.700	POSTAGE	793.52	(793.52)	7,8,9	0.00

		<b>COMPANY</b>	<b>STAFF</b>	<b>ENTRY</b>	<b>STAFF</b>
		<b>BALANCE</b>	<b>ADJUSTMENT</b>	<b>NUMBER</b>	<b>ADJUSTED</b>
					<b>BALANCES</b>
675.700	PRINTING	49.18	(49.18)	7,9	0.00
675.900	REPAIR & MAINTENANCE	1,019.35	(1,019.35)	9,11	0.00
701.000	SALARIES	360.00	(360.00)	15	0.00
711.000	SLUDGE REMOVAL EXPENSE	462.00	100.00	16	562.00
715.000	ELECTRIC EXPENSE WASTEWATER		1,822.90	6	1,822.90
718.000	CHEMICALS WASTEWATER		624.07	1	624.07
720.000	MATERIAL AND SUPPLIES	468.17	713.75	9	1,181.92
730.000	CONTRACT LABOR WASTEWATER		838.60	10	838.60
730.000	OUTSIDE CONTRACTOR REPAIRS WW		50.00	11	50.00
730.000	OPERATOR FEES WASTEWATER		7,000.00	12	7,000.00
730.000	LEGAL WASTEWATER		145.00	13	145.00
730.000	TESTING EXPENSE WASTEWATER		1,802.00	14	1,802.00
730.000	MANAGEMENT FEES WASTEWATER		10,494.70	15	10,494.70
731.000	CONTRACTUAL SERVICES PROFESSIONAL	925.00	(925.00)	15	0.00
731.100	CONSULTING FEES	1,605.00	(1,605.00)	7,13	0.00
735.000	CONTRACT SERVICES TESTING	2,156.50	(2,156.50)	12,14	0.00
736.100	CASUAL LABOR MICHAEL MCTIGHE	595.00	(595.00)	10	0.00
736.200	LARRY ROBBINS SUBCONTRACTOR	2,058.00	(2,058.00)	7,10,11,12,15	0.00
740.000	RENT WASTEWATER LAND		1,800.00	19	1,800.00
750.000	TRANSPORTATION EXPENSE	120.00	348.00	2	468.00
755.000	INSURANCE WASTEWATER		6,599.70	3	6,599.70
765.000	AMORTIZATION WASTEWATER RATE CASE		325.00	18	325.00
775.000	MISC. EXPENSE	15.28	473.83	4,9	489.11
775.200	PERMIT FEES	2,100.00	(2,100.00)	4,17	0.00
775.300	POSTAGE	192.04	(192.04)	9	0.00
	<b>BALANCE</b>	<b>(0.00)</b>	<b>(0.02)</b>		<b>(0.02)</b>