

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of J. SWIDERSKI	)	DOCKET NO. 890714-WS
UTILITIES for a staff-assisted rate	)	ORDER NO. 22426
case in Lake County.	)	ISSUED: 1-18-90
	)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman  
 BETTY EASLEY  
 GERALD L. GUNTER

ORDER SETTING TEMPORARY RATES  
IN EVENT OF PROTEST

AND

NOTICE OF PROPOSED AGENCY ACTION  
ORDER SETTING FINAL RATES AND CHARGES

BY THE COMMISSION:

Notice is hereby given by the Florida Public Service Commission that the actions discussed herein pertaining to approval of increased final rates and revised miscellaneous service charges are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code. By this Order, the Commission also authorized temporary rates in the event that a person other than this utility files a protest to the Proposed Agency Action portion of this Order.

BACKGROUND

J. Swiderski Utilities (Swiderski or utility) is a Class "C" water and sewer utility which serves approximately seventy-eight (78) customers in Lake County. The owner of the utility, Joe Swiderski, purchased the utility from Central Utilities, Ltd., and the resulting transfer was approved by the Commission in Order No. 19575, dated June 27, 1988.

DOCUMENT NUMBER-DATE

00547 JAN 18 1990

FPSC-RECORDS/REPORTING

ORDER NO. 22426  
DOCKET NO. 890714-WS  
PAGE 2

On May 24, 1989, the utility filed a request for a staff-assisted rate case pursuant to Rule 25-30.455, Florida Administrative Code. The application was subsequently approved and the test year selected was the twelve-month period ending June 30, 1989.

#### QUALITY OF SERVICE

To determine the quality of service, our Staff conducted a customer meeting in the service area; contacted the Department of Environmental Regulation (DER) to determine whether the utility was in compliance with DER standards; and performed a field inspection of the utility's facilities.

##### Customer Meeting

A customer meeting was conducted in the service area on November 14, 1989. Approximately thirty (30) customers attended the meeting, and seven (7) customers testified adversely regarding the quality of service they were receiving from the utility. Specifically, the complaints related to water outages with no prior notice to customers; periodic low water pressure; and occasional over-chlorination of the water.

Our investigation of the complaints raised at the customer meeting revealed that the unannounced outages were caused by problems relating to the construction of new homes in the service area and an electrical storm several months ago which damaged the utility's main water pump. We believe that the outages caused by new home construction were unavoidable and the utility appears to have timely responded to reported outages caused by such construction. As for the outage caused by the electrical storm, we observed that the utility has recently installed an emergency power generator with an automatic switch-over capability, therefore these type outages should be kept to a minimum in the future.

The periodic low water pressure problem appears to directly relate to the problems associated with the construction of new homes in the service area. The utility advises us that reasonable precautions will be taken to insure that future pressure problems are dealt with in a timely fashion and where possible, entirely avoided.

ORDER NO. 22426  
DOCKET NO. 890714-WS  
PAGE 3

The occasional over-chlorination problem raised at the customer meeting also appears to be related to problems associated with the construction of new homes in the service area. The Department of Environmental Regulation (DER) required the utility to install dual chlorination facilities which are cycled on with the well pumps. Immediately following an outage, pumping cycles are extended to raise water levels in the utility's storage tanks, therefore it is normal for there to be higher doses of free chlorine residuals present in the system during these post-outage periods. Further, for health reasons, county health department regulations require water plant operators to deliberately over-chlorinate water system immediately following an outage to kill any bacteria which could have infiltrated the system during the outage. Therefore, we believe that the over-chlorination problem, while unpleasant and inconvenient, is presently unavoidable until such time as the construction of new homes in the service area subsides.

#### Report from DER

DER advised that the utility is currently in compliance with DER standards and rules, and no outstanding citations, corrective orders, or unresolved complaints are on file against the utility.

#### Field Inspection of Utility's Facilities

We conducted a field inspection of the utility's plants and service area during the period July 12-14, 1989 and no significant deficiencies were noted which would adversely affect the quality of service being provided by the utility.

#### Conclusion

Upon due consideration of the above, we find the quality of service being provided by the utility to be satisfactory.

#### REVIEW OF BOOKS AND RECORDS

The results of our review of the books and records of the utility, and our approved adjustments thereto, are set forth below:

ORDER NO. 22426  
DOCKET NO. 890714-WS  
PAGE 4

#### Rate Base

The calculation of the utility's rate base is attached hereto as Schedule No. 1. Adjustments to the rate base are shown on Schedule No. 1-A. The adjustments that are mechanical in nature are shown on these schedules without further explanation herein. The major adjustments are as follows:

Used and Useful - To determine the appropriate plant used and useful percentages, we investigated and evaluated the utility's water treatment facilities, distribution facilities, wastewater collection system, and wastewater treatment plant.

During our investigation of the utility's facilities, we observed that the utility's service area contained six (6) fire hydrants which have been approved for installation based on daily volume capacities. When fire flow reserves are considered with test year flow volumes, the utility's water treatment facilities are deemed to be one hundred (100) percent used and useful.

The capacity of the utility's present distribution system and wastewater collection system is 124 Equivalent Residential Connections (ERCs). The utility's average number of connections to its aforementioned systems for the test year was 51 ERCs and its margin reserve was 9 ERCs. Therefore, the utility's water distribution and wastewater collection systems are considered to be 48.4 percent used and useful.

The capacity of the utility's wastewater treatment plant is 60,000 gallons per day (GPD). The utility's average daily flow is 20,160 GPD, with a margin reserve of 3,558 GPD. Therefore, the utility's wastewater treatment plant is 39.5 percent used and useful.

Plant-in-Service - The utility's current plant-in-service was established in Order No. 19575, dated June 27, 1988. During the test year, the utility expanded its water and sewer plants to serve a new development adjacent to the utility's service area. The utility was subsequently deeded the title to the new development's water distribution and sewage collection system. Due to the significant customer growth during the test year, we believe it is appropriate to use the year-end balances, as opposed to average plant balances, to derive a plant-in-service projected balance. Accordingly, the utility's test year plant-in-service balances are \$139,786 for water, and \$175,547 for sewer.



ORDER NO. 22426  
DOCKET NO. 890714-WS  
PAGE 5

Contributions-in-Aid-of-Construction (CIAC) - We believe that the above-discussed additions to the utility's plant should be considered CIAC, since such additions were contributed to the utility by the developer. We also believe it is appropriate to impute CIAC for nineteen (19) connections made to the utility's lines but not assessed service availability charges. The amount of CIAC for these nineteen (19) connections was calculated using the service availability charges existing at the time of connection. Further, we find that we should impute CIAC for nine (9) margin reserve connections calculated using the service availability charges approved herein. Upon due consideration, we find the appropriate CIAC amounts to be \$81,456 for water, and \$151,679 for sewer.

Allowance For Working Capital - The method we prefer in calculating working capital is the balance sheet method. This methodology allows the rate base and capital structure to be reconciled, which insures the appropriate rate of return calculation by netting debits with current liabilities and deferred credits. Notwithstanding the preceding, we believe that the balance sheet methodology is inappropriate in the instant case, due to the fact that the utility is so small in size that the additional bookkeeping necessary to employ the balance sheet methodology would negate the benefits derived from such methodology. In Order No. 21202, issued May 8, 1989, we recognized that the formula method was often more cost effective to determine working capital than the balance sheet method and directed Staff to initiate rulemaking to formalize the formula methodology. This formula methodology permits the use of one-eighth (1/8) of the utility's operation and maintenance (O & M) expenses as an appropriate amount to allow for working capital. Upon due consideration, we find that the utility's working capital allowances for water and sewer shall be \$974 and \$1,262, respectively, as derived from the above-discussed formula methodology.

#### Conclusion

Based upon our previously discussed determinations and adjustments, we find that the appropriate water and sewer rate bases to be \$39,990 and \$26,267, respectively.

#### Cost of Capital

Our calculations of this utility's cost of capital are

ORDER NO. 22426  
DOCKET NO. 890714-WS  
PAGE 6

reflected on Schedule No. 2 attached hereto.

Cost of Debt - On March 31, 1987, the owner of the utility executed a note for \$6,000.00 with Florida National Bank. The interest rate on the note was 12.50 percent per annum. Accordingly, we find that the utility's test year cost of debt should be 12.50 percent.

Cost of Equity - In Order No. 21775, issued August 23, 1989, we established a leverage formula for calculating an appropriate cost of equity. Using this formula, we find the utility's appropriate cost of equity to be 11.86 percent.

Rate of Return - Using the appropriate balances and rates for debt and equity, we find the utility's appropriate rate of return to be 11.82 percent.

Net Operating Income

Our calculations of the utility's net operating income are reflected on Schedule No. 3, with adjustments to net operating income, and a detailed summary of operating expenses, being reflected on Schedules Nos. 3A and 3B, respectively. Those adjustments essentially mechanical in nature or which are self-explanatory are shown on these Schedules without further explanation in the text of this Order.

Operating Revenues - As previously discussed, the utility experienced significant customer growth during the test year. Accordingly, we find that the test year annualized operating revenues for water and sewer should be \$8,961 and \$9,360, respectively.

Operating and Maintenance (O & M ) Expenses - During our audit, we identified several nonrecurring repair and maintenance expenses which should be amortized over the life of the repair. We also added an allowance for a management fee to cover office expenses and salaries. We did, however, adjust the management fee to reflect the fact that the utility is serving only 36 percent of its potential customers. In consideration of the above, we find that O & M expense allowances for water and sewer should be \$7,791 and \$10,093, respectively.

ORDER NO. 22426  
DOCKET NO. 890714-WS  
PAGE 7

#### Depreciation Rates/Expenses

We calculated the appropriate depreciation rates in accordance with Rule 25-30.140, Florida Administrative Code. Composite rates of 3.34 percent for water, and 4.06 percent for sewer were derived therefrom. Using these percentages, we derived depreciation expenses for water and sewer in the amounts of \$1,541 and zero, respectively. The zero amount for sewer is due to the removal of depreciation on CIAC and non-used and useful property from total depreciation expense. Upon due consideration, we find the above depreciation rates and expense amounts to be reasonable and are hereby approved.

#### Conclusion

Upon due consideration of the above, we find that the appropriate net operating incomes for water and sewer should be \$4,727 and \$3,105, respectively, as derived from the above projections and adjustments thereto.

#### Revenue Requirement

To allow the utility the opportunity to earn an 11.82 percent overall rate of return, annual operating revenues should be increased for water and sewer by \$15,397 and \$14,016, respectively. The test year revenue figures are shown on Schedule No. 3 attached hereto.

#### RATES AND RATE STRUCTURES

##### Rate Structures

The utility's water customers are presently billed for their water consumption each quarter based on a rate structure consisting of a minimum charge plus gallonage charge. We prefer a water rate structure which consists of a base facility plus gallonage charge, because we believe such structure encourages water conservation and is more fair to the general body of ratepayers. Under this structure, customer's bills reflect their actual consumption, and each customer pays his or her fair share of the utility's fixed costs of providing water service. Accordingly, we find that the utility shall convert to a base facility plus gallonage charge rate structure as shown below.

ORDER NO. 22426  
 DOCKET NO. 890714-WS  
 PAGE 8

The utility's sewer customers are presently billed for sewer service at a flat rate of \$30.00 per quarter. For the above reasons, we believe that a rate structure consisting of a base facility plus gallonage charge, as shown below, is more appropriate and is hereby approved.

Water and Sewer Rates

The new quarterly water and sewer rates, which we find to be fair, just and reasonable, and which are designed to achieve the authorized revenue requirements, are set forth below. The present quarterly water and sewer rates are shown for comparison:

WATER RATE SCHEDULE

<u>Residential and General Service</u>	<u>Present Quarterly</u>
Minimum Charge, 1st 9,000 Gallons	\$ 25.00
Gallonage Charge, per 1,000 Gallons Over Minimum	\$ 0.75
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<u>Residential and General Service</u>	<u>Approved Quarterly Rates</u>
Base Facility Charge:	
Meter Size:	
5/8" x 3/4"	\$ 22.09
1"	55.23
1-1/2"	110.45
2"	176.72
Gallonage Charge per 1,000 G.	\$ 2.11
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ORDER NO. 22426  
 DOCKET NO. 890714-WS  
 PAGE 9

SEWER RATE SCHEDULE

<u>Residential and General Service</u>	<u>Present Quarterly</u>
Flat Rate Per Quarter	\$ 30.00
-----	
<u>Residential and General Service</u>	<u>Approved Quarterly Rates</u>
Base Facility Charge:	
Meter Size:	
5/8" x 3/4"	\$ 20.22
1"	50.55
1-1/2"	101.10
2"	161.76
Gallage Charge	
per 1,000 Gallons	\$ 1.93
(30,000 gallon maximum per quarter for residential customers)	

The new quarterly water and sewer rates will be effective for service rendered on or after the stamped approval date on the utility's revised tariff sheets. The tariff sheets will be approved upon Staff's verification that the tariff revisions are consistent with our decision herein; that the proposed customer notice is adequate; and that the time for protesting this Order has expired.

MISCELLANEOUS SERVICE CHARGES

Rule 25-30.345, Florida Administrative Code, provides that a utility may charge its customers certain miscellaneous service charges. These charges are designed to place the responsibility of the costs associated with miscellaneous services on those persons receiving such services, rather than on the general body of ratepayers.

We believe it is appropriate to have four types of miscellaneous service charges, as described below, at the rate

ORDER NO. 22426  
 DOCKET NO. 890714-WS  
 PAGE 10

levels set forth below. The utility's present miscellaneous service charges are shown for comparison:

<u>Service</u>	<u>Present Charge</u>	<u>Approved Charge</u>
Initial Connection	*\$25/\$50	\$15.00
Normal Reconnection	*\$25/\$50	\$15.00
Violation Reconnection	*\$25/\$50	\$15.00
Premises Visit Charge (in lieu of disconnection)	None	\$10.00

\* During regular business hours / After business hours.

For purposes of clarification, the terms are defined below:

1) Initial Connection: This charge is to be levied for service initiation at a location where service did not exist previously.

2) Normal Reconnection: This charge is to be levied for transfer of service to a new customer account at the same location or reconnection of service subsequent to a customer requested disconnection.

3) Violation Reconnection: This charge is to be levied subsequent to disconnection of service for cause including a delinquency in bill payment.

4) Premises Visit Charge (in Lieu of Disconnection): This charge would be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

#### SERVICE AVAILABILITY CHARGES

Rule 25-30.580, Florida Administrative Code, establishes the guidelines for designing service availability charges. We find the following such charges, which were designed pursuant to the above-cited rule, and which are based on 75 percent CIAC ratio at capacity, to be reasonable and are hereby approved. The utility's existing charges are shown for comparison:

ORDER NO. 22426  
 DOCKET NO. 890714-WS  
 PAGE 11

Meter Installation Charges

<u>Meter Size</u>	<u>Present Charge</u>	<u>Approved Charge</u>
5/8"x3/4"	None	\$ 75.00
Larger Sizes	None	Actual Cost

Water Capacity Charge

[Per Equivalent Residential Connection (ERC)]

<u>Present Charge</u>	<u>Approved Charge</u>
\$ 95.00 per ERC	\$ 100.00 per ERC

Sewer Capacity Charge

[Per Equivalent Residential Connection (ERC)]

<u>Present Charge</u>	<u>Approved Charge</u>
\$ 700.00 per ERC	\$ 350.00 per ERC

Temporary Water Service Charges

Rule 25-30.255(1), Florida Administrative Code, requires that all water sold by a utility be metered, however, subsection (2) of this rule allows an exception for temporary service in those instances where usage may be reliably estimated. In the instant case, the utility has been billing a developer within its service area for temporary water service based on what we believe to be unreliable estimates of usage. Specifically, the utility has been calculating the developer's bill by subtracting the gallons metered from the total gallons pumped, and billing the entire difference to the developer. We believe this methodology to be unreliable in that there is no allocation for unaccounted-for water. Accordingly, we find that the utility shall install water meters at all connections served by the utility prior to billing such connection for water service.

RATES IN THE EVENT OF PROTEST

This Order proposes an increase in the utility's water and sewer rates. A timely protest could delay the collection by

ORDER NO. 22426  
DOCKET NO. 890714-WS  
PAGE 12

the utility of what may be justified rate increases pending a formal hearing and final Order in this case, resulting in an unrecoverable loss of revenue to the utility.

Accordingly, in the event that a timely protest is filed by anyone other than the utility, we hereby authorize the utility to collect the water and sewer rates approved herein on a temporary basis, subject to refund, provided that it furnishes security for such potential refund. The security should either be a bond or letter of credit in the amount of \$8,000, or the utility may establish an escrow account with an independent financial institution pursuant to a written agreement. Any withdrawals of funds from this escrow account are subject to the prior approval of this Commission through the Director of the Division of Records and Reporting.

The utility shall also keep an accurate account, in detail, of all monies received due to said increases, specifying by whom and on whose behalf such amounts were paid. The utility shall also file a report, no later than the twentieth day of each month that the temporary rates are in effect, showing the amount of revenues collected as a result of the temporary rates, and the amounts of revenues that would have been collected under the prior rates. Should a refund be required, the refund shall be with interest pursuant to Rule 25-30.360, Florida Administrative Code.

The utility shall be authorized to implement the interim rates approved herein only upon Staff's approval of the revised tariff sheets; the utility providing the above-discussed security; and the utility notifying each customer of the rates approved herein and explaining the reasons for said increases.

In consideration of the above, it is, therefore,

ORDERED by the Florida Public Service Commission that the application of J. Swiderski Utilities for an increase in its water and sewer rates for its customers in Lake County is approved as set forth in the body of this Order. It is further

ORDERED that each of the specific findings herein are approved in every respect. It is further

ORDERED that all matters contained herein or attached hereto, whether in the form of discourse or schedules, are by



ORDER NO. 22426  
DOCKET NO. 890714-WS  
PAGE 13

this reference, specifically made integral parts of this Order. It is further

ORDERED that the provisions of this Order granting permanent rate increases, and revising the amounts and types of miscellaneous service charges the utility may charge, are issued as proposed agency action, and as such, shall become final and effective unless an appropriate petition in the form provided by Rule 25-22.36, Florida Administrative Code, is received by the Director, Division of Records and Reporting, at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that the utility is hereby authorized to charge the new rates and charges, effective for service rendered on or after the stamped approval date on the revised tariff sheets. It is further

ORDERED that, in the event this Order becomes final, the utility shall notify each affected customer of the increased water and sewer rates, and approved miscellaneous service charges, and shall explain the reasons for such increased rates and charges. The form of this notice shall be submitted to this Commission for prior approval. It is further

ORDERED that the revised tariff sheets will be approved upon Staff's verification that the tariff sheets are consistent with our decisions herein; that the proposed customer notice is adequate; and that the time for protesting this Order has expired and no such protests were filed. It is further

ORDERED that J. Swiderski Utilities shall immediately install water meters at all connections it serves. It is further

ORDERED that in the event a substantially affected person, other than the utility, protests this proposed agency action, the utility may implement the new rates herein approved on a temporary basis under the terms and conditions set forth in the body of this Order. The temporary rates portion of this Order is not issued as proposed agency action. It is further

ORDERED that in the event no protest is timely received, this docket shall be closed.

ORDER NO. 22426  
DOCKET NO. 890714-WS  
PAGE 14

By ORDER of the Florida Public Service Commission  
this 18th day of JANUARY, 1990.

  
\_\_\_\_\_  
STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

JRF

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.

As identified in the body of this order, our action pertaining to approval of increased final rates and revised miscellaneous service charges, are preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on February 8, 1990. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

ORDER NO. 22426  
DOCKET NO. 890714-WS  
PAGE 15

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) 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 by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ORDER NO. 22426  
 DOCKET NO. 890714-WS  
 PAGE 16

J. SWIDERSKI UTILITIES  
 WATER RATE BASE  
 TEST YEAR ENDED 6/30/89

SCHEDULE NO. 1(a)  
 DOCKET NO. 890714-WS

PAGE 1 OF 2

	TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION
	-----	-----	-----
UTILITY PLANT IN SERVICE	\$ 64,502	\$ 75,284	\$ 139,786
LAND/NON-DEPRECIABLE ASSETS	6,600	0	6,600
PROPERTY HELD FOR FUTURE USE	0	0	0
NON-USED AND USEFUL PLANT	0	(8,323)	(8,323)
C.W.I.P.	0	0	0
C.I.A.C.	(1,870)	(79,586)	(81,456)
ACCUMULATED DEPRECIATION	(14,158)	(6,451)	(20,609)
NET ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF C.I.A.C.	88	2,930	3,018
WORKING CAPITAL ALLOWANCE	0	974	974
	-----	-----	-----
RATE BASE	\$ 55,162	(15,172)\$	39,990
	=====	=====	=====



ORDER NO. 22426  
 DOCKET NO. 890714-WS  
 PAGE 17

J. SWIDERSKI UTILITIES  
 SEWER RATE BASE  
 TEST YEAR ENDED 6/30/89

SCHEDULE NO. 1(a)  
 DOCKET NO. 890714-WS

PAGE 2 OF 2

	TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION
	-----	-----	-----
UTILITY PLANT IN SERVICE	\$ 61,984	\$ 112,563	\$ 174,547
LAND/NON-DEPRECIABLE ASSETS	90,925	0	90,925
PLANT HELD FOR FUTURE USE	0	0	0
NON-USED AND USEFUL PLANT	0	(71,316)	(71,316)
CUSTOMER ADVANCES	0	0	0
C.I.A.C.	(7,700)	(143,979)	(151,679)
ACCUMULATED DEPRECIATION	(15,336)	(7,708)	(23,044)
NET ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF C.I.A.C.	361	5,211	5,572
WORKING CAPITAL ALLOWANCE	0	1,262	1,262
	-----	-----	-----
RATE BASE	\$130,234	(\$103,967)	\$26,267
	=====	=====	=====

ORDER NO. 22426  
 DOCKET NO. 890714-WS  
 PAGE 18

DOCKET NO. 890714-WS

SCHEDULE NO. 1(b)

J. SWIDERSKI UTILITIES  
 TEST YEAR ENDED 6/30/89  
 ADJUSTMENTS TO RATE BASE

	WATER	SEWER
	-----	-----
1. UTILITY PLANT IN SERVICE		
a.)Records retirements	(\$1,072)	(\$14,966)
b.)Records plant additions	76,356	127,529
	-----	-----
TOTAL ADJUSTMENT	\$75,284	\$112,563
	=====	=====
2. NON-USED AND USEFUL PLANT		
Reflects net result of used and useful adjustment	(\$8,323)	(\$71,316)
	=====	=====
3. CONTRIBUTIONS IN AID OF CONSTRUCTION		
a.)Reflects plant additions as CIAC	(\$76,356)	(\$127,529)
b.)Imputes plant capacity charges for new customers as CIAC	(2,330)	(13,300)
c.)Imputes CIAC for margin reserve	(900)	(3,150)
	-----	-----
TOTAL ADJUSTMENT	(\$79,586)	(\$143,979)
	=====	=====
4. ACCUMULATED DEPRECIATION		
Updates accumulated depreciation	(\$6,451)	(\$7,708)
	=====	=====
5. ACCUMULATED AMORTIZATION OF CIAC		
Updates accumulated amortization of CIAC	\$2,930	\$5,211
	=====	=====
6. WORKING CAPITAL		
Includes 1/8 of O & M expenses as an allowance for working capital	\$974	\$1,262
	=====	=====

ORDER NO. 22426  
 DOCKET NO. 890714-WS  
 PAGE 19

J. SWIDERSKI UTILITIES  
 CAPITAL STRUCTURE  
 TEST YEAR ENDED 6/30/89

SCHEDULE NO. 2  
 DOCKET NO. 890714-WS

PAGE 1 OF 1

	TEST YEAR BALANCES	COMMISSION ADJUSTMENTS TO BAL.	BALANCE PER COMMISSION	PERCENT OF TOTAL	COST	WEIGHTED COST
	-----	-----	-----	-----	-----	-----
LONG TERM DEBT	\$6,000	(\$3,635)	\$2,365	3.78%	12.50%	0.47%
SHORT TERM DEBT	0	0	\$0	0.00%	0.00%	0.00%
COMMON EQUITY	159,226	(100,054)	\$59,172	94.51%	11.86%	11.21%
CUSTOMER DEPOSITS	2,900	(1,825)	\$1,075	1.72%	8.00%	0.14%
	-----	-----	-----	-----	-----	-----
TOTAL	\$168,126	(\$105,514)	\$62,612	100.00%		11.82%
	=====	=====	=====	=====		=====

ORDER NO. 22426  
 DOCKET NO. 890714-WS  
 PAGE 20

J. SWIDERSKI UTILITIES  
 WATER OPERATING STATEMENT  
 TEST YEAR ENDING 6/30/89

SCHEDULE NO.3(a)  
 DOCKET NO. 890714-WS

PAGE 1 OF 2

	TEST YEAR PER UTILITY	ADJUSTMENTS TO UTIL.BAL.	COMMISSION ADJUSTED TEST YEAR	COMMISSION ADJUSTMENT FOR INCREASE	BALANCE PER COMMISSION
OPERATING REVENUES	\$0	\$8,961	\$8,961	\$6,356	\$15,317
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	10,233	(2,442)	7,791	0	7,791
DEPRECIATION	0	1,541	1,541	0	1,541
AMORTIZATION	0	0	0	0	0
TAXES OTHER THAN INCOME	107	992	1,099	159	1,258
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$10,340	\$91	\$10,431	\$159	\$10,590
OPERATING INCOME/(LOSS)	(\$10,340)	\$8,870	(\$1,470)	\$6,197	\$4,727
RATE BASE	\$55,162		\$39,990		\$39,990
RATE OF RETURN	N/A		-3.68%		11.82%



ORDER NO. 22426  
 DOCKET NO. 890714-WS  
 PAGE 21

J. SWIDERSKI UTILITIES  
 SEWER OPERATING STATEMENT  
 TEST YEAR ENDING 6/30/89

SCHEDULE NO.3(a)  
 DOCKET NO. 890714-WS

PAGE 2 OF 2

	TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS TO UTIL.BAL.	COMMISSION ADJUSTED TEST YEAR	COMMISSION ADJUSTMENT FOR INCREASE	BALANCE PER COMMISSION
OPERATING REVENUES	\$0	\$9,360	\$9,360	\$4,656	\$14,016
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	9,135	958	10,093	0	10,093
DEPRECIATION	0	0	0	0	0
AMORTIZATION	0	0	0	0	0
TAXES OTHER THAN INCOME	250	452	702	116	818
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$9,385	\$1,410	\$10,795	\$116	\$10,911
OPERATING INCOME/(LOSS)	(\$9,385)	\$7,950	(\$1,435)	\$4,540	\$3,105
RATE BASE	\$130,234		\$26,267		\$26,267
RATE OF RETURN	0.00%		-5.46%		11.82%

ORDER NO. 22426  
 DOCKET NO. 890714-WS  
 PAGE 22  
 DOCKET NO. 890714-WS

SCHEDULE NO. 3(b)

J. SWIDERSKI UTILITIES  
 TEST YEAR ENDED 6/30/89  
 ADJUSTMENTS TO OPERATING STATEMENT

	WATER	SEWER
	-----	-----
1. OPERATING REVENUE		
Reflects year-end revenue per billing analysis	\$8,961	\$9,360
	=====	=====
2. OPERATING AND MAINTENANCE EXPENSES		
a.)Reflects amortization of maintenance	(3,400)	
b.)Reflects management fee	958	958
	-----	-----
	(\$2,442)	\$958
	=====	=====
3. DEPRECIATION		
Reflects depreciation on used and useful plant, net of CIAC, at 3.34% rate for water and 4.06% rate for sewer	\$1,541	\$0
	=====	=====
4. TAXES, OTHER		
a.)Reflects property taxes on used and useful plant	\$768	\$218
b.)Reflects regulatory assessment fees on year-end revenue	224	234
	-----	-----
	\$992	\$452
	=====	=====
5. OPERATING REVENUE		
Increases revenue to allow a 11.82% return on rate base	\$6,356	\$4,656
	=====	=====
6. TAXES, OTHER		
Matches regulatory assessment fees to increased revenue	\$159	\$116
	=====	=====

ORDER NO. 22426  
 DOCKET NO. 890714-WS  
 PAGE 23

## J. SWIDERSKI UTILITIES

Schedule 3(c)

Docket No. 890714-WU  
 Test Year : 6/30/89

Page 1 of 1

Water  
 O & M Expenses

	Utility Test Year	Commission Adjustments	Commission Recommended
	-----	-----	-----
Purchased Power	2,017		2,017
Maintenance Expense	7,561	(3,400)	4,161
Management Fee	0	958	958
Legal	655		655
	-----	-----	-----
TOTAL O & M EXPENSES	<u>\$10,233</u>	<u>(\$2,442)</u>	<u>\$7,791</u>

Sewer  
 O & M Expenses

	Utility Test Year	Commission Adjustments	Commission Recommended
	-----	-----	-----
Purchased Power	3,614		3,614
Maintenance Expense	4,666		4,666
Management Fee	0	958	958
Legal	655		655
Regulatory Expense	200		200
	-----	-----	-----
TOTAL O & M EXPENSES	<u>\$9,135</u>	<u>\$958</u>	<u>\$10,093</u>

ORDER NO. 22426  
DOCKET NO. 890714-WS  
PAGE 24

Schedule No. 4

RATE SCHEDULE

J. SWIDERSKI UTILITIES  
DOCKET NO. 890714-WS  
TEST YEAR: 6/30/89

WATER

Schedule of Current and Recommended Rates

	Present Quarterly
Residential and General Service	
Minimum Charge, 1st 9,000 Gallons	\$25.00
Gallage Charge, per 1,000 Gallons Over Minimum	\$0.75

	APPROVED QUARTERLY RATES
Residential and General Service	

Base Facility Charge:

Meter Size:

5/8"x3/4"

\$22.09

1"

55.23

1-1/2"

110.45

2"

176.72

Gallage Charge per 1,000 G.

\$2.11

SEWER

Schedule of Current and Recommended Rates

	Present Quarterly
Residential and General Service	
Flat Rate Per Quarter	\$30.00

	APPROVED QUARTERLY RATES
Residential and General Service	

Base Facility Charge:

Meter Size:

5/8"x3/4"

\$20.22

1"

50.55

1-1/2"

101.10

2"

161.76

Gallage Charge per 1,000 G.

\$1.93