

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a) DOCKET NO. 920417-WU
staff-assisted rate case in) ORDER NO. PSC-93-0012-FOF-WU
Pasco County by CRESTRIDGE) ISSUED: 01/05/93
UTILITY CORPORATION)
_____)

The following Commissioners participated in the disposition of this matter:

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

ORDER GRANTING TEMPORARY RATES
IN THE EVENT OF PROTEST

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING RATES AND CHARGES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein, except for the granting of temporary rates subject to refund, in the event of a protest, is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Crestridge Utility Corporation (Crestridge or utility) is a Class C water utility located in Pasco County, Florida. The utility provides water service to the Crestridge Gardens subdivision. Created in the 1960's, buildout for this subdivision is approximately 620 connections.

On May 11, 1992, Crestridge applied for staff assistance. The utility paid the appropriate filing fee. The official filing date is July 10, 1992. The test year for this case is the historical test year ended March 31, 1992. The utility served 612 water customers during the test year.

DOCUMENT NUMBER-DATE

00057 JAN-58

FPSC-RECORDS/REPORTING

QUALITY OF SERVICE

A customer meeting was held on October 15, 1992, at the Orangewood Village Civic Association, in Holiday, Florida. No customers attended the customer meeting; therefore, no quality of service comments were presented.

The utility recently has been cited by the Department of Environmental Regulation (DER) for lacking an operational emergency power source with automatic start up capabilities. There have been no water outages as a result of this deficiency, so this problem is not considered an immediate health risk to the customers. The utility is currently in the process of determining what it will take to comply with DER's request. If auxiliary power is required, a significant capital expenditure will be necessary at some future date.

It appears that the utility is addressing the situation. Time will be required to explore possible options. Therefore, we find that the quality of service is satisfactory.

RATE BASE

Our calculations of the appropriate rate base for the purpose of this proceeding is depicted on Schedule No. 1, and our adjustments are itemized on Schedule No. 1-A. Those adjustments which are self-explanatory or essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Used and Useful

The water treatment plants are considered to be 100% used and useful for several reasons: (1) the system is built out; (2) the area's groundwater is prone to saltwater intrusion and, therefore, pumping at its rated capacity is not recommended; and (3) 100% used and useful was allowed in a previous rate case (Docket No. 890170-WU).

In addition, during the test year there was an average of 612 customers. Buildout for the Crestridge subdivision is approximately 620 residential connections. Therefore, the service area is at design connection capacity.

Plant-in-Service

During our audit of the books and records of this utility, the utility's books reflected a balance of \$101,464 for plant-in-service at the end of the test year. This amount has been adjusted by \$58,400 to reconcile the utility's plant balance at December 31, 1988 with plant balances established by Order No. 21919. Plant also has been adjusted by \$2,729 to reflect pro forma plant additions as requested by the utility and approved by the staff engineer. An averaging adjustment of (\$2,213) was made for this utility. The total adjustment for plant-in-service is \$58,916.

Based on the foregoing, we find the appropriate average utility plant-in-service is \$160,380.

Land Value

In Order No. 21919, the Commission established the value of the land in rate base to be \$6,000. This amount was correctly booked by the utility. Therefore, no adjustment is necessary.

Plant Held for Future Use

Plant held for future use was established by the Commission in Order No. 21919 in the amount of (\$9,190). This amount included inactive wells and related plant of (\$17,752), land of (\$2,400), and accumulated depreciation of \$10,962, which resulted in (\$9,190). There has been no change in plant and land totals since the prior rate case. To reflect average plant held for future use net of accumulated depreciation, we have reconciled the utility's total with that amount established by Order No. 21919 and updated the accumulated depreciation on the inactive wells and plant through March 31, 1992. Therefore, we find that the appropriate amount of plant held for future use to include in rate base is (\$7,823).

Contributions-in-Aid-of-Construction (CIAC)

In Order No. 21919, the Commission set Contributions-in-Aid-of-Construction (CIAC) of \$86,055 at December 31, 1988. The utility has not recorded this CIAC on its books. Therefore, we have adjusted the utility's CIAC balance by (\$86,055) to reflect the CIAC established by Order No. 21919. The utility has not collected any CIAC since 1988 because the customer base has remained constant.

Accumulated Depreciation

The utility's books reflected a balance of (\$95,573) in accumulated depreciation at the end of the test period. We have adjusted accumulated depreciation by \$6,967 to adjust the utility's balance at December, 1988, to the amount established by Order No. 21919. We also have adjusted accumulated depreciation by (\$18,896) to update depreciation on plant through March 31, 1992. An averaging adjustment of \$3,478 also was made. The total adjustment for accumulated depreciation is (\$8,451). Thus, the appropriate amount of accumulated depreciation is (\$104,024).

Accumulated Amortization

The utility's books did not reflect any record of accumulated amortization of CIAC at the end of the test period. Order No. 21919 established accumulated amortization of CIAC at \$51,130. We have adjusted the utility's total to the amount established by Order No. 21919. We also have adjusted accumulated amortization of CIAC by \$9,618. To update amortization through March 31, 1992, an averaging adjustment of (\$1,131) also was made. Therefore, accumulated amortization of CIAC for this utility is \$59,617.

Working Capital

We find it appropriate to use the formula method in calculating the working capital allowance for this utility, or one-eighth of operation and maintenance expenses. In a later section of this order, we find that the appropriate operation and maintenance expenses are \$52,087. Therefore, we have included one-eighth of that amount, \$6,511, in rate base as the utility's working capital allowance.

Test Year Rate Base

Based on the foregoing, we find the appropriate test year rate base to be \$34,606.

CAPITAL STRUCTURE

The utility's capital structure is composed of 100% equity. Applying the leverage formula approved in Order No. PSC-92-0686-FOF-WS, issued July 31, 1992, we established the return on equity for future purposes to be 10.44%. The overall rate of return is 10.44%. The capital structure is shown on Schedule No. 2.

NET OPERATING INCOME

Our calculations of net operating income are depicted on Schedule No. 3 and our adjustments are itemized on Schedule No. 3-A. Those adjustments that are self-explanatory or essentially mechanical in nature are shown on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Test Year Operating Revenues

The utility recorded revenues of \$51,403 during the test period. A revenue check based on test year bills and consumption times the utility's authorized rates during the test year does not agree with revenue recorded by the utility. The utility's recorded test year revenue has been adjusted by \$2,766 to reflect test year revenue based on test year number of customers, consumption, and those rates that were in effect during the year.

On June 22, 1992, the Commission granted the utility a rate adjustment through the price index application. We have annualized revenues based on test year number of customers, consumption, and the existing rates. Revenue has been adjusted by \$3,286 to reflect test year annualized revenue. The total adjustment for test year revenue is \$6,052. Therefore, the appropriate test year operating revenue is \$57,455.

Operation and Maintenance Expense (O&M)

The components of the utility's operating expenses include operation and maintenance expenses, depreciation expense, and taxes other than income taxes.

The utility recorded test year operating expenses of \$58,174. These expenses include operation and maintenance expense of \$49,839, depreciation expense of \$2,688, and taxes other than income of \$5,647.

We have reviewed the utility's expense accounts for proper amounts, periods, and classifications. The utility's test year operating expenses have been traced to invoices. All expenses allocated by the parent company, Holiday Gulf Homes, Inc., have been tested for reasonableness and adjustments have been made accordingly. We find that the appropriate amount of operation and maintenance expenses is \$52,087. A summary of adjustments that correspond to Schedule No. 3 follows.

A. Operation and Maintenance Expense

- 1) Salaries and Wages - Employees (601) - The utility recorded \$9,032 as salary expense for its clerk/office manager. The utility has requested a pro-forma salary adjustment of \$265 for this expense. We find this to be reasonable and have adjusted this expense by \$265.
- 2) Employee Pensions and Benefits - The utility recorded \$1,411 in this expense for group insurance. We have adjusted this amount by \$259 to reflect the appropriate test year total per audit.
- 3) Contractual Services - The utility recorded \$17,091 in this expense account. We have adjusted this amount by \$890.

The utility has provided the Commission with documentation of DER-required water testing expense of \$4,878. Our staff engineer has verified the cost of the testing with the contractual vendor. These tests are required every three years. Therefore, the appropriate annual expense for DER-required water testing is \$1,626 ($\$4,878/3$). The utility recorded \$1,378 in contractual services for DER-required water testing. We have adjusted this expense by \$248 to reflect the appropriate annual allowance for DER-required water testing.

Meter reading charges will increase by \$.01 per meter resulting in an adjustment of \$74. We find this amount to be reasonable. This expense also has been adjusted by \$300 to reflect the cost of painting hydropneumatic tanks ($\$900/3$ years) and by \$268 to reflect the cost of rebuilding a motor ($\$1338/5$ years). The total adjustments for contractual services expenses equals \$890.

- 4) Transportation Expenses - The utility requested a yearly allocated expense of \$51 be included for the use of an employee's private vehicle in the pursuit of utility business. We find that an allowance of \$51 is appropriate.
- 5) Insurance Expense - The utility recorded \$1,043 in this expense.

We have adjusted this expense by \$364 to reflect test year amount per audit.

- 6) Regulatory Commission Expense - This expense has been adjusted by \$225 ($\$900/4$) to allow the utility's rate case filing fee amortized over four years.
- 7) Miscellaneous Expense - The utility recorded \$7,143 in this expense. We have adjusted this expense by (\$822) to reflect the proper allocated amount of postage expense, by (\$10) to adjust travel expense to test year audited total, by \$186 to reflect pro forma corporate filing fee, by \$19 to reflect a new ten-year public use permit (\$185 amortized over ten years), and by \$821 to reflect various miscellaneous expenses per our staff audit.

B. Depreciation Expense - Test year depreciation expense has been calculated using rates prescribed by Rule 25-30.140, Florida Administrative Code. We have adjusted the utility's test year depreciation expense by \$3,662 to reflect the calculated test year depreciation expense net of non-used and useful depreciation. Applying the prescribed depreciation rates to the appropriate used and useful plant-in-service account balances results in a depreciation expense of \$6,350. Applying the depreciation rates to the appropriate CIAC account balances offsets depreciation expense by \$2,263.

C. Taxes Other than Income Taxes - The utility recorded taxes other than income of \$5,647. This expense has been adjusted by (\$134) to reflect the appropriate payroll taxes per audit, by (\$457) to reflect the test year real estate taxes per audit, by \$14 to reflect test year tangible taxes per audit, and by \$239 to reflect test year regulatory assessment fees at 4.5% applicable to test year revenues.

D. Operating Revenues - Revenue has been adjusted by \$8,002 to reflect the increase in revenue required to cover expenses and allow the Commission approved rate of return on investment.

E. Taxes Other Than Income Taxes - This expense has been increased by an additional \$361 to reflect the regulatory assessment fee of 4.5% on the increase in revenue.

Operating Expenses Summary

Based on the foregoing, the appropriate amount of operating expenses is \$61,844.

Test Year Operating Loss

The appropriate test year operating revenue for Crestridge is \$57,455, while the corresponding test year operating expenses equal \$61,483. Therefore, the test year operating loss is \$4,028.

Test year operating expenses and loss are shown on Schedule No. 3. Adjustments are shown on Schedule No. 3-A and the Analysis of Water Operation and Maintenance expenses is shown on Schedule No. 3-B.

REVENUE REQUIREMENT

Based on our review of the utility's books and records and the adjustments made herein, we find that the appropriate annual revenue requirement is \$65,457. Accordingly, we find it appropriate to approve an annual increase in revenue of \$8,002 (13.93 percent). These revenue requirements will allow the utility the opportunity to recover its operating expenses and allow it the opportunity to earn a 10.44 percent return on its investment.

RATES AND RATE STRUCTURE

We have calculated new water rates for the utility that are designed to achieve the revenue requirement approved herein. We find these new rates to be fair, just, and reasonable. The utility's existing rates and the rates we hereby approve are set forth below. The utility currently employs the base facility charge rate structure. The base facility charge rate structure is an appropriate rate structure for this utility for conservation purposes. The utility's customer usage is very low and no additional rate structure conservation measures are necessary. We find that the existing rate structure should be retained.

Based on the test year billing analysis, the utility provided water service to approximately 612 residential metered customers. The utility's average water usage is approximately 4,263 gallons per month per customer. Rates have been calculated based on test year customers and consumption.

WATER
Monthly Rates
Residential and General Service

<u>Base Facility Charge</u>	<u>Existing</u>	<u>Approved</u>
<u>Meter Sizes:</u>		
5/8" x 3/4"	\$ 4.20	\$ 4.88
3/4"	6.30	7.32
1"	10.48	12.20
1 1/2"	20.98	24.40
2"	33.57	39.04
3"	67.13	78.08
4"	104.91	122.00
6"	209.84	244.00
<u>Gallonage Charge</u>		
Per 1,000 Gallons	\$.85	\$.95

Effective Date

The approved monthly metered rates shall be effective for meter readings on or after 30 days from the stamped approval date on the revised tariff sheets. Tariff sheets will not be approved until Staff verifies that the tariff sheets are consistent with this Commission's decision and that the proposed customer notice is adequate, and that no protest has been filed.

Statutory Rate Reduction and Recovery Period

The appropriate recovery period for rate case expense is four years. The appropriate annual rate reduction at the end of that period is \$236.

Section 367.0816, Florida Statutes, entitled "Recovery of Rate Case Expenses" states that:

The amount of rate case expense determined by the Commission pursuant to the provisions of this chapter to be recovered through a public utilities rate shall be apportioned for recovery over a period of 4 years. At the conclusion of the recovery period, the rate of the public utility shall be reduced immediately by the amount of rate case expense previously included in rates.

The rate case expense incurred by the utility for this case totaled \$900. Based on the above-mentioned statute, the

appropriate recovery period for this expense is four years, which allows the utility to recover \$225 per year through its rates. Once the annual Regulatory Commission Expense recovery is grossed up to reflect regulatory assessment fees, the annual recovery increases to \$236.

At the end of four years, the utility's rates should be reduced by \$236 annually. Using current revenues, expenses, capital structure, and customer base, the rate reduction is \$.02 in the base facility charge for a 5/8" x 3/4" meter.

The utility shall file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. The utility shall also file a proposed customer notice setting forth the lower rates and the reason for the reduction. If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

The four year rate case expense reductions are shown on Schedule No. 4.

Temporary Rates in the Event of Protest

This Order proposes an increase in water rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the utility. Therefore, in the event of a protest filed by a party other than the utility, we hereby authorize the utility to collect the rates approved herein, on a temporary basis, subject to refund, provided that the utility first furnish and have approved by Commission Staff, adequate security for a potential refund through a bond, letter of credit in the amount of \$5,465, or an escrow agreement, as well as a proposed customer notice and revised tariff sheets.

If the utility chooses a bond as security, the bond should contain wording to the effect that it will be terminated only under the following conditions:

- 1) The Commission approves the rate increase; or
- 2) If the Commission denies the increase, the utility shall refund the amount collected that is attributable to the increase.

If the utility chooses a letter of credit as security, it should contain the following conditions:

- 1) The letter of credit is irrevocable for the period it is in effect.
- 2) The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions should be part of the agreement:

- 1) No funds in the escrow account may be withdrawn by the utility without the express approval of the Commission.
- 2) The escrow account shall be an interest bearing account.
- 3) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
- 4) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the utility.
- 5) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
- 6) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
- 7) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to Consentino v. Elson, 263 So.2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
- 8) The Director of Records and Reporting must be a signatory to the escrow agreement.

In no instance should the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and should be borne by, the utility.

ORDER NO. PSC-93-0012-FOF-WU
DOCKET NO. 920417-WU
PAGE 12

Irrespective of the form of security chosen by the utility, an account of all monies received as result of the rate increase shall be maintained by the utility. This account must specify by whom and on whose behalf such monies were paid. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

The utility shall maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, the utility shall file reports with the Division of Water and Wastewater no later than 20 days after each monthly billing. These reports shall indicate the amount of revenue collected under the increased rates.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the application of Crestridge Utility Corporation for an increase in its water rates in Pasco County is approved as set forth in the body of this Order. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

ORDERED that all matters contained in the schedules attached hereto are by reference incorporated herein. It is further

ORDERED that all of the provisions of this Order, except for the granting of temporary rates in the event of protest, subject to refund, are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-222.029, Florida Administrative Code, is received by the Director 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 Crestridge Utility Corporation is authorized to charge the new rates and charges as set forth in the body of this Order. It is further

ORDERED that the rates approved herein shall be effective for meter readings taken on or after 30 days after the stamped approval date on the revised tariff pages. It is further

ORDER NO. PSC-93-0012-FOF-WU
DOCKET NO. 920417-WU
PAGE 13

ORDERED that prior to its implementation of the rates and charges approved herein, Crestridge Utility Corporation shall submit and have approved a proposed notice to its customers of the increased rates and charges and the reasons therefor. The notice will be approved upon Staff's verification that it is consistent with our decision herein. It is further


ORDERED that prior to its implementation of the rates approved herein, Crestridge Utility Corporation shall submit and have approved revised tariff pages. The revised tariff pages will be approved upon our Staff's verification that they are consistent with our decision herein and that the protest period has expired. It is further

ORDERED that in the event of a protest by any substantially affected person other than the utility, Crestridge Utility Corporation is authorized to collect the rates approved herein on a temporary basis, subject to refund, in accordance with Rule 25-30.360, Florida Administrative Code, provided that Crestridge Utility Corporation has furnished satisfactory security for any potential refund and provided that it has submitted and Staff has approved revised tariff pages and a proposed customer notice. It is further

ORDERED that, in the event of a protest, prior to its implementation of the rates and charges approved herein on a temporary basis, subject to refund, Crestridge Utility Corporation shall submit and have approved a bond or letter of credit in the amount of \$5,465 or an escrow agreement as a guarantee of any potential refund of revenues collected on a temporary basis. It is further

ORDERED that this docket shall be closed if no timely protest is received from a substantially affected person by the expiration of the protest period.

By ORDER of the Florida Public Service Commission, this 5th day of January, 1993.



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.

As identified in the body of this order, our action, except for the granting of temporary rates, subject to refund, in the event of a protest, is 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 January 26, 1993. 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.

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 wastewater 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.

ORDER NO. PSC-93-0012-FOF-WU
DOCKET NO. 920417-WU
PAGE 15

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 wastewater 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.

CRESTRIDGE UTILITIES, INC.
 SCHEDULE OF WATER RATE BASE
 TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 1
 DOCKET NO. 920417-WU

		TEST YEAR PER UTILITY	COMM. ADJUST. TO UTIL. BAL.	BALANCE PER COMM.
		-----	-----	-----
UTILITY PLANT IN SERVICE	\$	101,464 A \$	58,916 \$	160,380
LAND/NON-DEPRECIABLE ASSETS		6,000	0	6,000
PLANT HELD FOR FUTURE USE		0 B	(7,823)	(7,823)
ACQUISITION ADJUSTMENT		0	0	0
C.W.I.P.		0	0	0
C.I.A.C.		0 C	(86,055)	(86,055)
ACCUMULATED DEPRECIATION		(95,573) D	(8,451)	(104,024)
AMORTIZATION OF ACQUISITION ADJUSTMENT		0	0	0
AMORTIZATION OF C.I.A.C.		0 E	59,617	59,617
WORKING CAPITAL ALLOWANCE		6,337 F	174	6,511
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WATER RATE BASE	\$	18,228 \$	16,378 \$	34,606
		=====	=====	=====

CRESTRIDGE UTILITIES, INC.
DOCKET NO. 920417-WU
TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 1-A
ADJUSTMENTS TO
RATE BASE
PAGE 1 OF 2

	WATER

A. UTILITY PLANT IN SERVICE	

1. To adjust the utility's plant total at 12-31-88 to agree with totals established by Order No. 21919	58,400
2. To reflect pro forma plant additions	2,729
3. To reflect averaging adjustment	(2,213)

Subtotal	58,916
	=====
B. PLANT HELD FOR FUTURE USE	

1. To reflect two inactive wells and associated plant	(17,752)
2. To reflect non-used and useful land on which the inactive wells are located	(2,400)
3. To reflect the accumulated depreciation associated with the inactive wells and plant through 3-31-92	12,632
4. To reflect the averaging adjustment to accumulated depreciation associated with the inactive plant	(303)

	(7,823)
	=====
C. CONTRIBUTIONS IN AID OF CONSTRUCTION	

1. To adjust utility's CIAC balance to agree with totals established by Order No. 21919	(86,055)
	=====
D. ACCUMULATED DEPRECIATION	

1. To adjust the utility's total at December 31, 1983 to that amount established by Order No. 21919	6,967
2. To reflect staff's calculated accumulated depreciation on plant additions through March 31, 1992	(18,896)
2. To reflect averaging adjustment	3,478

Subtotal	(8,451)
	=====

CRESTRIDGE UTILITIES, INC.
DOCKET NO. 920417-WJ
TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 1-A
ADJUSTMENTS TO
RATE BASE
PAGE 2 OF 2

WATER

E. ACCUMULATED AMORTIZATION OF CIAC

1. To adjust the utility's balance at December 31, 1988 to that amount established by Order No. 21919	51,130
2. To reflect amortization expense from January 1, 1989 through March 31, 1992	9,618
3. To reflect average adjustment	(1,131)
Subtotal	59,617

F. WORKING CAPITAL ALLOWANCE

1. To reflect working capital allowance based on one-eighth of O&M expenses	174
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CRESTRIDGE UTILITIES, INC.
 SCHEDULE OF CAPITAL STRUCTURE
 TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 2
 DOCKET NO. 920417-WU

	BALANCE PER UTILITY	COMM. ADJUST. TO UTIL. BAL.	BALANCE PER COMM.	PERCENT OF TOTAL	COST	WEIGHTED COST
	-----	-----	-----	-----	-----	-----
LONG-TERM DEBT	\$ 0	\$ 0	\$ 0	0.00%	0.00%	0.00%
SHORT-TERM DEBT	0	0	0	0.00%	0.00%	0.00%
PREFERRED EQUITY	0	0	0	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	0	0	0	0.00%	0.00%	0.00%
COMMON EQUITY	177,480	(142,874)	34,606	100.00%	10.44%	10.44%
INVESTMENT TAX CREDITS	0	0	0	0.00%	0.00%	0.00%
DEFERRED TAXES	0	0	0	0.00%	0.00%	0.00%
OTHER	0	0	0	0.00%	0.00%	0.00%
TOTAL	\$ 177,480	\$ (142,874)	\$ 34,606	100.00%		10.44%
	=====	=====	=====	=====		=====
RANGE OF REASONABLENESS	LOW	HIGH				
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RETURN ON EQUITY	9.44%	11.44%				
OVERALL RATE OF RETURN	9.44%	11.44%				

CRESTRIDGE UTILITIES, INC.
 SCHEDULE OF WATER OPERATING INCOME
 TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO.3
 DOCKET NO.920417-WJ

	TEST YEAR PER UTILITY	COMM. ADJUST. TO UTIL. BAL.	COMM. ADJUST TEST YEAR	COMM. ADJUST FOR INCREASE	BALANCE PER COMM.
OPERATING REVENUES	\$ 51,403 A	6,052 \$	57,455 F \$	8,002 \$	65,457
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	49,839 B	2,248	52,087	0	52,087
DEPRECIATION(NET)	2,688 C	3,662	6,350	0	6,350
AMORTIZATION	0 D	(2,263)	(2,263)	0	(2,263)
TAXES OTHER THAN INCOME TAXES	5,647 E	(338)	5,309 G	361	5,670
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 58,174 \$	3,309 \$	61,483 \$	361 \$	61,844
OPERATING INCOME/(LOSS)	\$ (6,771) \$	2,743 \$	(4,028) \$	7,641 \$	3,613
WATER RATE BASE	\$ 18,228		\$ 34,606		\$ 34,606
RATE OF RETURN	-37.15%		-11.64%		10.44%

CRESTRIDGE UTILITIES, INC.
 DOCKET NO. 920417-WU
 TEST YEAR ENDED MARCH 31, 1992

A. OPERATING REVENUES	WATER

1. To reflect the utility's test year revenues based on the billing analysis and existing rates during the test year	2,766
2. To reflect annualized revenue	3,286

	6,052
	=====
B. OPERATION AND MAINTENANCE EXPENSES:	

1. Salaries and Wages - Employees	
A. To adjust Office Manager's salary as recommended by engineer and requested by utility	265
	=====
2. Employee Pensions and Benefits	
A. To reflect appropriate test year total per audit	259
	=====
3. Contractual Services	
A. To reflect an increase in meter reading costs	74
B. To reflect DER required water testing recommended by staff engineer	248
C. To reflect cost of painting hydropneumatic tank	300
D. To reflect the cost of rebuilding a motor amortized over five years (\$1,338/5)	268

Subtotal	890
	=====
4. Transportation Expense	
A. To adjust transportation expense to pro forma amount	51
	=====
5. Insurance Expense	
A. To reflect staff's calculated allocation of insurance expense	364
	=====
6. Regulatory Commission Expense	
A. To reflect rate case filing fee amortized over four years	225
	=====

CRESTRIDGE UTILITIES, INC.
 DOCKET NO. 920417-WU
 TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 3A
 ADJUSTMENTS TO
 OPERATING INCOME
 PAGE 2 OF 3

	WATER

7. Miscellaneous Expenses	
A. To reflect appropriate test year postage amount per audit	(822)
B. To reflect pro forma Corporate filing fee per audit	186
C. To reflect pro forma Water Management Permit fee	19
D. To reflect appropriate travel expense	(10)
E. To reflect various miscellaneous expenses per staff audit	821

Subtotal	194
	=====
Total O&M Adjustments	2,248
	=====

C. DEPRECIATION EXPENSE:

1. To reflect staff's calculated test year depreciation expense net of non-used and useful depreciation expense	3,662
	=====

D. AMORTIZATION EXPENSE

1. To reflect utility's amortization of CIAC	(2,263)
	=====

E. TAXES OTHER THAN INCOME:

1. To reflect payroll taxes (test year) per audit	(134)
2. To reflect test year tangible taxes per audit	14
3. To reflect test year real estate taxes per audit	(457)
4. To reflect test year regulatory assessment fees at 4.5% based on annualized revenue	239

	(338)
	=====

CRESTRIDGE UTILITIES, INC.
DOCKET NO. 920417-WU
TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 3A
ADJUSTMENTS TO
OPERATING INCOME
PAGE 3 OF 3

WATER

F. OPERATING REVENUES

1. To reflect the increase in revenue required to cover expenses and allow staff's recommended rate of return

8,002
=====

G. TAXES OTHER THAN INCOME TAXES

1. To reflect the regulatory assessment fee of 4.5% on the increase in revenue

361
=====

ORDER NO. PSC-93-0012-FOF-WU
 DOCKET NO. 920417-WU
 PAGE 24

CRESTRIDGE UTILITIES, INC.
 TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 4
 RATE REDUCTION AFTER
 RECOVERY OF RATE CASE EXPENSE

Residential, Multi-residential, and General Service

Monthly Rates

<u>Meter Size</u>	BASE FACILITY CHARGE	
	<u>Comm. Approved Rates</u>	<u>Comm. Approved Decrease</u>
5/8" x 3/4"	\$ 4.88	\$ 0.02
3/4"	7.32	0.03
1"	12.20	0.04
1-1/2"	24.40	0.05
2"	39.04	0.09
3"	78.08	0.16
4"	122.00	0.28
6"	244.00	0.88
<u>Gallonage Charge</u> (Per 1,000 gallons)	.95	.00