

State of Florida



Public Service Commission

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

DATE: October 31, 2000
TO: Division of Economic Regulation (Fitch)
FROM: Division of Regulatory Oversight (Vandiver)
RE: Docket No. 000584-WS; Laniger Enterprises of America, Inc.
Audit Report; Staff-assisted Rate Case
Audit Control No. 00-171-3-2

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, they should send it to the Division of Records and Reporting. There are no confidential work papers associated with this audit.

DNV/sp

Attachment

cc: Division of Regulatory Oversight (Hoppe/Harvey/File Folder)
Orlando District Office (Winston)
Division of Records and Reporting
Division of Legal Services

Reginald J. Burge
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FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING SERVICES*

Orlando District Office

**LANIGER ENTERPRISES OF AMERICA, INC.
STAFF-ASSISTED RATE CASE**

PERIOD ENDED JUNE 30, 2000

**DOCKET NO. 000584-WS
AUDIT CONTROL NO. 00-171-3-2**

A handwritten signature in cursive script, reading "Robert F. Dodrill Sr.", positioned above a horizontal line.

Robert F. Dodrill Sr., Audit Manager

A handwritten signature in cursive script, reading "Charleston J. Winston", positioned above a horizontal line.

Charleston J. Winston, District Audit Supervisor

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**DIVISION OF REGULATORY OVERSIGHT
AUDITOR'S REPORT**

OCTOBER 6, 2000

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to prepare schedules of Rate Base, Net Operating Income, and Capital Structure for the historical 12-month period ended June 30, 2000, for Laniger Enterprises of America, Inc. The attached schedules were prepared by the auditor pursuant to the utility's application for a Staff-Assisted Rate Case in Docket No. 000584-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 FINDINGS

Laniger Enterprises of America, Inc. (Laniger or utility) does not use the 1996 NARUC Uniform System of Accounts to maintain its books and records.

The utility should adjust its records to reflect one vendor's overbilling by \$39,146 for meter installation and other plant additions during 1997. The utility failed to retire various water and wastewater plant items taken out of service in the amounts of \$14,117 and \$17,701, respectively. The utility booked \$4,650 of CIAC to nonutility income in 1998.

The utility booked out-of-period legal expense payments in the amounts of \$6,024 and \$9,036 to the water and the wastewater utilities, respectively.

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 errors or inconsistency.

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

Verified - The items were tested for accuracy, and compared to the substantiating documentation.

RATE BASE: Verified 100 percent of the utility general ledger plant additions from July 1995 to June 2000. Reconciled rate base balances authorized in Commission Order No. PSC-96-0629-FOF-WS, issued May 10, 1996, to the utility beginning June 30, 1995 general ledger balance. Verified contributions-in-aid-of-construction (CIAC) additions. Scanned income accounts for CIAC misclassifications. Tested additions to accumulated depreciation and accumulated amortization for proper rates and calculations. Calculated working capital allowance balances using the one-eighth O&M balance per Rule 25-30.433 (4), Florida Administrative Code (F.A.C.), for the period ended June 30, 2000.

NET OPERATING INCOME: Verified 100 percent of utility-provided documents to support operations and maintenance expenses and year ending general journal entries. Compiled operation and maintenance (O&M) account balances. Recalculated depreciation expense. Chose a judgmental sample of utility billing records to verify the existing rates, miscellaneous service charges, and service availability fee charged by the utility. Confirmed the rental relationship for office space for the utility. Verified support for taxes other than income and income taxes.

CAPITAL STRUCTURE: Scanned the utility's debt agreement. Confirmed note payable general ledger balance with bank documents.

Exception No. 1

Subject: Noncompliance with the NARUC Uniform System of Accounts

Statement of Fact: Laniger's general ledger is maintained on a cash basis.

Rule 25-30.115 (1), F.A.C., requires all water and wastewater utilities to maintain their accounts and records in conformity with the 1996 NARUC Uniform System of Accounts (USOA).

NARUC, Class C, Accounting Instruction 2. A., requires all water and wastewater utilities to maintain their accounts on an accrual basis.

Recommendation: Laniger's general ledger accounting system indicates the utility is not following the 1996 NARUC Uniform System of Accounts. There is no maintenance of a customer accounts receivable due to the use of the cash accounting system.

At year-end, the utility makes an effort to book expenses that have been accumulating during the period. This practice is opposed to the accrual method of matching the expenses with the revenue in the appropriate accounting period.

The Commission should require the utility to conform to the current USOA and Commission rules cited above.

Exception No. 2

Subject: Utility-Plant-in-Service

Statement of Fact: Laniger's previous staff-assisted rate case (Docket No. 950515-WS) was finalized with Order No. PSC-96-0629-FOF-WS. These ordered plant subaccount balances provided the beginning points for this rate case.

Recommendation: The utility has adequately supported plant additions for the water and wastewater utilities from July 1, 1995 through the year-ended June 30, 2000. The utility plant additions contained items that were improperly capitalized.

Water Plant Reductions

During 1997, a contractor overbilled the utility for meter installations and other water system improvements, and the utility booked the entire amount of these invoices. The utility only paid a portion of the bills rendered. The following reductions should be made to the associated plant accounts to account for this adjustment as well as miscellaneous other corrections.

<u>Year</u>	<u>Account</u>	<u>Amount</u>
1997	309	(\$19,776)
1997	311	(5,737)
1997	334	<u>(13,633)</u>
	Subtotal	(39,146)
Various	See Schedule I	<u>(15,623)</u>
	Total	(\$54,769)

Wastewater Plant Reductions

Various	See Schedule II	(\$28,118)
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The audit staff has determined from the schedules on the following pages that the water and wastewater depreciable plant balances as found in the utility's June 30, 2000 general ledger should be decreased by \$54,769 and \$28,118, respectively.

Exception No. 2, contd.

Schedule I - Miscellaneous Water Plant Adjustments

<u>Description</u>	<u>Year</u>	<u>Account</u>	<u>Amount</u>
Permit expense	1995	307	(\$1,540)
Retire structure	1996	304	(1,579)
Reclass new Regal unit	1998	304	(3,455)
Reclass new Regal unit	1998	320	3,455
Retire old Regal unit	1998	320	(2,591)
Reclass controls	1988	304	(1,154)
Reclass controls	1988	330	1,154
Retire controls	1998	330	(866)
Undocumented	1999	309	(978)
Retire white GMC truck	1999	341	(8,837)
Undocumented	1999	341	(913)
Add utility trailer	1999	341	600
Remove work order upcharge	1999	340	(410)
Cap threshold violations	1999	343	(144)
Capitalize check valve	1999	309	722
Capitalize meter	1999	334	325
Retire meter	1999	334	(244)
Capitalize signs	1999	347	137
Capitalize check valve	1999	309	<u>695</u>
		Total	(\$15,623)

Exception No. 2, contd.

Schedule II - Miscellaneous Wastewater Plant Adjustments

<u>Description</u>	<u>Year</u>	<u>Account</u>	<u>Amount</u>
Remove repair	1996	354	(\$1,688)
Remove double billing	1997	354	(1,540)
Remove double booking	1997	354	(815)
Reclass STP components	1997	354	(4,096)
Reclass STP components	1997	380	4,096
Retire STP components	1997	380	(3,072)
Remove repair	1998	354	(500)
Reclass walkway bracing	1998	354	(1,831)
Reclass walkway bracing	1998	380	1,831
Retire walkway bracing	1998	380	(1,372)
Retire 1997 white GMC truck	1999	391	(13,256)
Remove undocumented plant	1999	391	(1,370)
Remove tank painting	1999	354	(5,069)
Add trailer purchase	1999	391	600
Remove work order upcharge	1999	390	(615)
Cap threshold violations	1999	393	(216)
Capitalize plant signs	1999	397	200
Capitalize regulator	1999	380	<u>595</u>
		Total	(\$28,118)

Exception No. 3

Subject: Accumulated Depreciation

Statement of Fact: Laniger's general ledger for the water and wastewater utilities has accumulated depreciation accounts, as of June 30, 2000, totaling \$150,216 and \$290,070, respectively.

The 1996 Class C NARUC Uniform System of Accounts requires utilities to reduce accumulated depreciation for plant retirements. The Wastewater Accounting Instruction No. 5. D. states, in part:

When an item of plant is retired, account 108 - Accumulated Depreciation and Amortization of Utility Plant in Service, shall be charged and the appropriate plant account shall be credited with the entire recorded original cost of the plant retired

Recommendation: Audit work disclosed the need for the following reductions to accumulated depreciation due to plant retirements.

<u>Account</u>	<u>Description</u>	<u>Water</u>	<u>Wastewater</u>
304	Retire structure roof 1996	\$1,579	\$0
354	Retire STP components 1997	0	3,072
380	Retire walkway bracing 1998	0	1,373
320	Retire Regal unit 1998	2,591	0
330	Retire tank controls 1998	866	0
334	Retire meter 1999	244	0
341	Retire 1997 GMC Truck 1999	<u>8,837</u>	<u>13,256</u>
		\$14,117	\$17,701

The above retirements and the resulting recalculations yielded water and wastewater accumulated depreciation totals to be \$123,923 and \$272,827, respectively.

	<u>Description</u>	<u>Water</u>	<u>Wastewater</u>
	A/Depreciation per company	\$150,216	\$290,070
Less	A/Depreciation per audit	<u>123,923</u>	<u>272,827</u>
	Proposed reduction	\$26,293	\$17,243

The water and wastewater accumulated depreciation accounts should be decreased by \$26,293 and \$17,243, respectively.

Exception No. 4

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

Statement of Fact: Rule 25-30.140 8 (a), F.A.C., requires the utility to maintain adequate records to account for CIAC and amortization of CIAC.

Recommendation: The utility violated Rule 25-30.140 8 (a), F.A.C., by crediting \$4,650 collected from Palm Circle Park, a utility customer, to the nonutility income account in its 1998 general ledger. This money was collected to offset construction costs.

The Commission should increase the wastewater CIAC by \$4,650 as of June 10, 1998.

The audit staff recalculated the amortization of CIAC using the audited balances and the composite depreciation rates per plant schedules. The company balances for amortization of CIAC are from its general ledger.

<u>Description</u>	<u>Water</u>	<u>Wastewater</u>
Company balances	\$279	\$186,396
Per audit	<u>392</u>	<u>177,910</u>
Adjustment	\$113	(\$8,486)

The Commission should change the water and wastewater accumulated amortization of CIAC balances by \$113 and (\$8,486), respectively.

Exception No. 5

Subject: Operating and Maintenance (O&M) Expenses

Statement of Fact: Laniger accumulated test year water and wastewater O&M expenses in its 600 and 700 accounts in the amounts of \$63,507 and \$114,047, respectively.

Recommendation: The utility provided documentation which indicated that the total amounts charged to water and wastewater for legal services, including out-of-period bills were \$8,030 and \$12,045, respectively. The amounts recorded in the test year appear to be nonrepresentative of the utility's "normal" yearly legal expense. Therefore, audit staff reviewed the legal expense for a five-year period to determine what an "average" expense would be. This review indicated an average legal expense of \$2,006 and \$3,009 for water and wastewater, respectively. The water and wastewater respective reductions of \$6,024 (\$8,030 - \$2,006) and \$9,036 (\$12,045 - \$3,009) adjust the test year legal expense down to the five-year average.

The Commission should reduce the utility water and wastewater O and M expense by \$10,158 and \$13,913, respectively. See the following page for details.

The year ending O&M balances are calculated below.

	<u>Description</u>	<u>Water</u>	<u>Wastewater</u>
O&M per utility		\$63,507	\$114,047
Reduction		<u>(10,158)</u>	<u>(13,913)</u>
Balance per audit		\$53,349	\$100,134

Working Capital Allowance

	<u>Description</u>	<u>Water</u>	<u>Wastewater</u>
O&M per audit		\$53,349	\$100,134
1 / 8 O&M balance		\$6,669	\$12,517

The working capital allowance is calculated per Rule 25-30.443 (4), F.A.C., as one-eighth of the O&M balance or \$6,669 (\$53,349 / 8) and \$12,517 (\$100,134 / 8), respectively, for the water and wastewater rate bases.

Exception No. 5, contd.

The legal expense normalization and other expense adjustments, including year-end accounts payable accrual are scheduled below.

<u>Description</u>	<u>Water</u>	<u>Wastewater</u>
Five-year average legal bill	2,006	3,009
Less legal bills charged to test year	<u>(8,030)</u>	<u>(12,045)</u>
Recommended legal adjustment subtotal	(6,024)	(9,036)
Capitalize and reclass from Accts. 630 and 730	(1,769)	(3,990)
Amortize tank painting over 5 years	0	1,014
Remove trailer purchase	0	(1,200)
Reclass T/Y Contract Operator to Accts. 618 / 718, Chemicals	(1,665)	(2,170)
Reclass T/Y Contract Operator to Accts. 635 / 735, Testing	(3,091)	(295)
Amortize 5-year water permit	308	0
Reclass expense Acct. 730 to Acct. 630	171	(171)
Capitalize and reclass expenses	<u>0</u>	<u>(1,219)</u>
Total Accts. 630 / 730 including the legal adjustment	(12,070)	(17,067)
Reclass RAF Fees to Acct. 408 from Accts. 665/765	(5,295)	(5,123)
Expense items below cap threshold Accts. 675 / 775	144	216
Reclass N/P to Insurance Expense, Accts. 655 / 755	1,148	1,722
Reclass T/Y Contract Operator to Accts. 618 / 718, Chemicals	1,665	2,170
Reclass T/Y Contract Operator to Accts, 635 / 735, Testing	3,091	295
Accounts Payable	<u>1,159</u>	<u>3,874</u>
Total	1,912	3,154
Total O&M Exception	<u>(10,158)</u>	<u>(13,913)</u>

Exception No. 6

Subject: Amortization of Acquisition Adjustment

Statement of Fact: The previous Order No. PSC-96-0629-FOF-WS for Laniger Enterprises of America established the water and wastewater negative acquisition adjustment balances of \$28,574 and \$66,743, respectively.

The accumulated amortization balances were set at \$6,710 and \$18,270 for water and wastewater, respectively.

The utility was amortizing its acquisition adjustment balances at \$1,106 and \$3,060 per year for water and wastewater, respectively. Its accumulated amortization balances as of June 30, 2000, are \$12,147 and \$33,310.

Recommendation: The audit staff recalculated the amortization using \$987 and \$2,808 per year, respectively, for water and wastewater which is consistent with Order No. PSC-96-0629-FOF-WS.

Amortization of Acquisition Adjustment

The audit staff recalculated the accumulated amortization of acquisition adjustment balances to be \$11,643 and \$30,905, respectively. The adjustments of (\$504) and (\$2,405) are calculated in the table below.

	<u>Water</u>	<u>Wastewater</u>
Audit balances	\$11,643	\$32,310
Company balances	<u>(12,147)</u>	<u>(33,310)</u>
Adjustment	(\$504)	(\$1,000)

Amortization of Acquisition Adjustment Expense

The audit staff used the expense totals from the above Order to calculate the amortization expense adjustments of (\$119) and (\$252) for water and wastewater, respectively, as calculated below.

<u>Description</u>	<u>Water</u>	<u>Wastewater</u>
Audit balances	\$987	\$2,808
Company balances	<u>(1,106)</u>	<u>(3,060)</u>
Adjustment	(\$119)	(\$252)

Exception No. 7

Subject: Depreciation Expense

Statement of Fact: The previous Order No. 96-0629-FOF-WS for Laniger Enterprises of America established rates by which the water and wastewater plant subaccounts were to be depreciated. The audit staff depreciated the plant balances for the test year and netted these amounts with amortization of CIAC expense to obtain net depreciation expense below.

The utility's depreciation expense and its amortization of CIAC were extracted from its test year general ledger to arrive at the utility's net depreciation expense balance.

Recommendation: The utility per audit net depreciation expenses were calculated to be \$17,788 and \$13,275 for water and wastewater, respectively, as shown below.

Net Depreciation Expense

	<u>Water</u>	<u>Wastewater</u>
Depreciation expense	\$17,904	\$25,724
Amortization of CIAC	(116)	(12,449)
Net depreciation expense	\$17,788	\$13,275

The respective water and wastewater adjustments to the company totals are calculated below to be \$715 and \$4,310.

Net Depreciation Expense Adjustment

	<u>Water</u>	<u>Wastewater</u>
Audit balances	\$17,788	\$13,275
Less Company balances	(17,073)	(8,965)
Adjustment	\$715	\$4,310

Exception No. 8

Subject: Taxes Other Than Income

Statement of Fact: Laniger Enterprises of America pays Martin County Real Estate Tax and Tangible Property Tax as well as Regulatory Assessment Fees to the Florida Public Service Commission.

Recommendation: The utility charged its Regulatory Assessment Fees to operations and maintenance expense. (See Exception No. 5.) The utility also split its property tax payment in a 40 percent water allocation with the remaining 60 percent being the wastewater portion, which is its usual allocation method for expenses. The water portion was booked into the wastewater account. The wastewater portion was booked into the water account which required a reversing entry. The total adjustment for the taxes other than income account is computed below.

<u>Description</u>	<u>Water</u>	<u>Wastewater</u>
Property Tax		
Usual 40/60 allocation	\$2,696	\$4,045
Less booked Tangible Tax	<u>(4,045)</u>	<u>(2,696)</u>
Reversing adjustment	(\$1,349)	\$1,349
1999 Real Estate Taxes (1)	30	674
Reclass note payments (2)	281	422
RAF addition (1)	<u>5,295</u>	<u>5,122</u>
Total adjustment	\$4,257	\$7,567

NOTE:

- (1) Utility did not record these items in the taxes other than income account.
- (2) See Exception No. 9.

<u>Description</u>	<u>Water</u>	<u>Wastewater</u>
Account balances	\$4,045	\$2,696
Adjustment	<u>4,257</u>	<u>7,567</u>
Ending balance	\$8,302	\$10,263

The Commission should increase the taxes other than income account balances for water and wastewater, respectively, by \$4,257 and \$7,567.

Exception No. 9

Subject: Long-term Debt

Statement of Fact: Laniger's general ledger for June 30, 2000, contains a Note Payable - Fidelity Federal Account No. 224.7 with a balance of \$549,212.44.

Recommendation: The utility charged the entire note payment each month to the above account. The note principal balance was verified with Fidelity Federal and was found to be \$590,546.83 as of June 30, 2000.

The difference in the balances was \$41,334.39 (\$590,546.83 - \$549,212.44) and consists of taxes, insurance, and interest.

The monthly payments of approximately \$5,641 included amounts for interest, taxes, and insurance for which the company provided detail. The audit staff determined the test year water and wastewater portions for taxes and insurance as indicated below.

	<u>Monthly</u>	<u>Annual</u>	<u>Water</u>	<u>Wastewater</u>
Principal	\$1,004.60		@40%	@60%
Interest	4,339.27			
Taxes	58.55	\$703	\$281	\$422
Insurance	<u>239.14</u>	2,870	1,148	1,722
	\$5,641.56			

The Commission should increase the utility note payable balance by \$41,334.39. The taxes and insurance additions to test year expense have already been included in the O & M and Taxes Other, Exceptions Nos. 5 and 8, respectively.

Disclosure No. 1

Subject: Pro Forma Additions

Statement of Fact: The utility was allowed pro forma plant additions in Docket No. 950515-WS which was its most recent rate case. In the current proceeding, the utility has several plant additions in the planning stage and requests that they also be included as pro forma additions.

Recommendation: The following is a schedule of proposed pro forma additions.

<u>Description</u>	<u>Water</u>	<u>Wastewater</u>
Cement pad for wastewater plant		\$2,800
Driveways to plants	\$2,500	2,500
Backhoe/tractor 40/60 split	12,780	19,170
Hydrant Testing Program (1)	1,501	0
Fencing completion	<u>0</u>	<u>10,900</u>
	\$16,781	\$35,370

NOTE:

- (1) The utility is proposing a pro forma hydrant testing program. This program was requested by Martin County and a customer group. It will require one-time capital additions of \$1,501 and annual expenses of \$3,575.

EXHIBIT I**LANIGER ENTERPRISES OF AMERICA, INC.
DOCKET NO. 000584-WS
WATER RATE BASE
AS OF JUNE 30, 2000**

(a)	(b)	(c)	(d)	(e)
DESCRIPTION	PER COMPANY	AUDIT EXCEPTION(1)	REFER TO(2)	PER AUDIT
UTILITY-PLANT-IN-SERVICE	\$436,406	(\$54,769)	E-2	\$381,637
LAND	5,000	0		5,000
ACCUMULATED DEPRECIATION	(150,216)	26,293	E-3	(123,923)
ACQUISITION ADJUSTMENT	(28,574)	0		(28,574)
CIAC	(2,482)	0		(2,482)
AMORTIZATION OF CIAC	279	113	E-4	392
AMORTIZATION OF ACQUISITION ADJUSTMENT	12,147	(504)	E-6	11,643
WORKING CAPITAL(3)	0	6,669	E-5	6,669
TOTAL	\$272,560	(\$22,198)		\$250,362

REQUIRED FOOTNOTES:

- (1) Small differences are due to rounding.
- (2) Audit adjustments do not include audit disclosures.
- (3) Working Capital was calculated at 1/8 O&M expense per Commission policy.

EXHIBIT II

LANIGER ENTERPRISES OF AMERICA, INC.
DOCKET NO. 000584-WS
WASTEWATER RATE BASE
AS OF JUNE 30, 2000

(a)	(b)	(c)	(d)	(e)
DESCRIPTION	PER COMPANY	AUDIT EXCEPTION(1)	REFER TO(2)	PER AUDIT
UTILITY-PLANT-IN-SERVICE	\$580,426	(\$28,118)	E-2	\$552,308
LAND	94,580	0		94,580
ACCUMULATED DEPRECIATION	(290,070)	17,243	E-3	(272,827)
ACQUISITION ADJUSTMENT	(66,743)	0		(66,743)
CIAC	(262,503)	(4,650)	E-4	(267,153)
AMORTIZATION OF CIAC	186,396	(8,486)	E-4	177,910
AMORTIZATION OF ACQUISITION ADJUSTMENT	33,310	(1,000)	E-6	32,310
WORKING CAPITAL(3)	0	12,517	E-5	12,517
TOTAL	\$275,396	(\$12,494)		\$262,902

REQUIRED FOOTNOTES:

- (1) Small differences are due to rounding.
- (2) Audit adjustments do not include audit disclosures.
- (3) Working Capital was calculated at 1/8 O&M expense per Commission policy.

EXHIBIT III

LANIGER ENTERPRISES OF AMERICA, INC.
DOCKET NO. 000584-WS
WATER NET OPERATING INCOME
PERIOD ENDED JUNE 30, 2000

(a)	(b)	(c)	(d)	(e)
DESCRIPTION	PER COMPANY	AUDIT EXCEPTION(1)	REFER TO(2)	PER AUDIT
OPERATING REVENUES	\$115,277	\$0		\$115,277
OPERATING EXPENSES:				
O&M EXPENSE	63,507	(10,158)	E-5	53,349
DEPRECIATION EXPENSE	17,073	715	E-7	17,788
AMORTIZATION	(1,106)	119	E-6	(987)
TAXES OTHER THAN INCOME	4,045	4,257	E-8	8,302
INCOME TAXES	0	0		0
TOTAL OPERATING EXPENSE	\$83,519	(\$5,067)		\$78,452
NET OPERATING INCOME(LOSS)	\$31,758	\$5,067		\$36,825

REQUIRED FOOTNOTES:

- (1) Small differences are due to rounding.
- (2) Audit adjustments do not include audit disclosures.

EXHIBIT IV**LANIGER ENTERPRISES OF AMERICA, INC.
DOCKET NO. 000584-WS
WASTEWATER NET OPERATING INCOME
PERIOD ENDED JUNE 30, 2000**

(a)	(b)	(c)	(d)	(e)
DESCRIPTION	PER COMPANY	AUDIT EXCEPTION(1)	REFER TO(2)	PER AUDIT
OPERATING REVENUES	\$111,614	\$0		\$111,614
OPERATING EXPENSES:				
O&M EXPENSE	114,047	(13,913)	E-5	100,134
DEPRECIATION EXPENSE	8,965	4,310	E-7	13,275
AMORTIZATION	(3,060)	252	E-6	(2,808)
TAXES OTHER THAN INCOME	2,696	7,567	E-8	10,263
INCOME TAXES	0	0		0
TOTAL OPERATING EXPENSE	\$122,648	(\$1,784)		\$120,864
NET OPERATING INCOME(LOSS)	(\$11,034)	\$1,784		(\$9,250)

REQUIRED FOOTNOTES:

- (1) Small differences are due to rounding.
- (2) Audit adjustments do not include audit disclosures.

EXHIBIT V

**LANIGER ENTERPRISES OF AMERICA, INC.
DOCKET NO. 000584-WS
CAPITAL STRUCTURE
AS OF JUNE 30, 2000**

(a) DESCRIPTION	(b) PER COMPANY	(c) AUDIT EXCEPTION(1)	(d) REFER TO(2)	(e) PER AUDIT	(f) RATIO	(g) COST RATE (3)	(h) WEIGHTED COST OF CAPITAL
COMMON EQUITY	(147,963)	0		(147,963)	-31.957%	9.940%	-3.177%
PREFERRED STOCK	0	0		0	0.000%	0.000%	0.000%
LONG-TERM DEBT	549,212	41,335	E-9	590,547	127.548%	8.875%	11.320%
LONG-TERM DEBT - TRUCK	20,417	0		20,417	4.410%	7.490%	0.330%
CUSTOMER DEPOSITS	0	0		0	0.000%	0.000%	0.000%
ITC	0	0		0	0.000%	0.000%	0.000%
TOTAL	\$421,666	\$41,335		\$463,001	100.000%		8.474%

REQUIRED FOOTNOTES:

- (1) Small differences are due to rounding.
- (2) Audit adjustments do not include audit disclosures.

- (3) Cost rate for common equity established in Order No. PSC-00-1162-PAA-WS issued June 26, 2000