

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of C.C.T., INC.)	DOCKET NO. 890864-SU
for a staff-assisted rate case in)	ORDER NO. 22568
Lee County)	ISSUED: 2-19-90
_____)	

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

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 are preliminary, except for the setting of temporary rates in the event of protest, 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.

BACKGROUND

C. C. T., Inc. (C.C.T. or utility) is a Class C wastewater utility serving approximately 196 residential customers near Bonita Springs in Lee County. The utility is owned by Curtis Tomlinson, who purchased the utility from Manna Christian Missions, Inc. on January 11, 1983, and was granted Certificate No. 352-S by Order No. 13119, issued March 22, 1984. The utility began service in 1971. This is the utility's first rate case. The test year is the year ended December 31, 1988.

DOCUMENT NUMBER-DATE

01533 FEB 19 1990

FPSC-RECORDS/REPORTING

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UNAUTHORIZED RATE INCREASE

In January, 1989, the utility increased its monthly flat rate from \$14 to \$17 without authorization from the Commission. In April, 1989, a customer informed Commission staff of the increase. On May 18, 1989, staff informed the utility by letter that the increase was illegal and that a refund must be made according to Rule 25-30.360, Florida Administrative Code. Claiming it did not have sufficient funds to operate the utility or make a refund, the utility applied for a staff assisted rate case on June 19, 1989. In a letter dated July 19, 1989, staff warned the utility that a refund must be made and that the utility must revert to charging its authorized rate. On July 26, 1989, the utility stated in a letter to staff that it would make the refund by September 30, 1989 and that it would revert to charging its authorized rate.

Staff has verified that the refund has been made correctly.

CUSTOMER MEETING

As part of our Staff's investigation, a customer meeting was held on December 20, 1989 in Bonita Springs to afford customers the opportunity to present testimony on the quality of service provided by the utility and to voice their concerns about other issues as well. Approximately 30 customers attended. Their primary concern was the retention of the flat rate structure. While generally satisfied with the service provided, there was concern about the lift station having to be pumped out and that there was no phone number on the lift station so a customer could know where to call when there was a problem.

Two customers questioned whether staff had reviewed a rate increase which they alleged occurred when Mr. Tomlinson bought the utility in January, 1983. The order which approved the transfer to Mr. Tomlinson, Order No. 12119, dated March 1984, stated that the utility's present rate of \$14 per month was supported by a cost study and appeared reasonable.

QUALITY OF SERVICE

To determine a utility's quality of service, we look at the following factors: compliance with the regulations of the Department of Environmental Regulation (DER) and other regulatory agencies; operation and maintenance of the system; and overall customer satisfaction with the service.

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On August 29, 1989, the staff engineer conducted a field investigation of the sewage treatment plant and service areas. The engineer noted and reported the following problems to the utility:

1. Heavy scum accumulation in the plant's clarifier.
2. Moderately heavy floc and sludge solids were discharging into the percolation pond.
3. Vegetation in the pond's berms and around the plant site needed cutting.
4. No emergency telephone numbers were displayed at the plant site or lift stations.
5. No maintenance logs were maintained.
6. These deficiencies were similar to those noted in 1985, when the same staff engineer inspected the facilities.

At the time of this inspection, DER had no outstanding complaints or citations against the utility. However, in December, 1989, several of the utility's customers called the Commission's Division of Consumer Affairs to report that sewage was backing-up onto the street from one of the utility's lift stations. This incident prompted inspections from the Health Department and DER.

On January 12, 1990, the staff engineer re-inspected the utility's plant site and service area. Here again, the focus was to determine if the noted deficiencies had been corrected and to finally review the quality of service. The engineer met with a field representative of DER and the contract operator for the utility.

DER conducted several tests, including chlorine residual, and found the results did not meet DER standards. DER explained that several follow-up inspections had found similar infractions and that the agency intended to submit a formal Notice of Violations against C.C.T.

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The staff engineer noted that the heavy scum accumulation on the clarifier and some of the vegetation on the pond's berms, observed during the August investigation, had cleared. However, floc was still evident on the chlorine chamber's tank; vegetation around the plant still needed cutting; the surface of the pond was covered with duck weed; no emergency telephone numbers were posted; no maintenance logs were displayed; and the hypochlorinator was empty or not working. The utility indicated it changed contract operators on December 15, 1989, hoping to improve conditions. Yet, almost a month after the new operator was hired, the utility had not implemented the most basic component of operations, a maintenance log.

Upon consideration of these findings, we find the quality of service to be unsatisfactory. However, we will not reduce the utility's return on equity as a penalty for providing poor quality of service. Our goal is to get the utility into compliance. We note that C.C.T. provides wastewater service only. With few exceptions, most customers experience no problem with this service. However, the deficiencies, although ultimately the responsibility of management appear to be due to the contract operator. The utility has changed operators with the hope of correcting the noted deficiencies.

Lastly, as previously indicated, this is C.C.T.'s first rate case. The utility was unfamiliar with the standards and methods used by the Commission. While a utility is held to know the rules under which it must operate, we will not fine C.C.T. at this time. However, C.C.T. shall correct all deficiencies noted herein within 120 days from the effective date of this order. If the utility is in compliance within 120 days, no further action will be necessary. If the utility is not in compliance, a Show Cause proceeding can be instituted in a separate docket.

RATE BASE

Our calculation of the utility's rate base is attached to this Order as Schedule No. 1(a), with adjustments to the rate base shown on Schedule No. 1(b). Those adjustments essentially mechanical in nature are shown on the schedule without further explanation in the text of this Order. The major components of the utility's rate base and adjustments thereto are discussed below.

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Used and Useful

The utility had allocated approximately 2.15 acres for the treatment site. The site now occupies less than 1 acre. Hence, the site is 45 percent used and useful.

The normal capacity of the wastewater treatment plant is 50,000 gallons per day (GPD). The average wastewater production during the peak housing period was 29,850 GPD. If we allow a margin reserve of approximately 2,285 GPD, the wastewater treatment plant is considered 65 percent used and useful.

C.C.T.'s service area has a capacity to serve 319 connections. During the test year the utility provided service to 196 connections. A straight ratio of the capacity of the number of existing connections, plus a margin reserve, renders a 66 percent used and useful rate. However, an analysis of the service area's three subdivisions shows no less than three-quarters of the collection system is needed to provide service. Based on this, the collection system is considered to be 75 percent used and useful.

Original Cost of Plant and Land

The utility could not provide original cost source documents since the original owner was no longer affiliated with the utility. The staff auditor could not otherwise verify an amount for utility plant. In cases in which the original cost source documents have been lost or discarded, Commission policy is to allow reasonable estimates of original cost. Using system maps and construction year prices of the components, we have estimated the original cost of the plant and land to be \$163,440 and \$23,722, respectively. Schedule No. 4 presents a breakdown of the estimated original cost of the plant and land.

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

Since documentation was not available to establish the original cost of the plant or th amount of CIAC, pursuant to Rule 25-30.570(2), Florida Administrative Code, we have imputed the original cost of the water wastewater collection lines as CIAC. The amount is \$88,579. Based on the existing capacity charge of \$500 and 15 margin reserve equivalent residential

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connections, (ERCs), \$7,500 of CIAC has been imputed for the margin reserve. Based on these two imputations, we find that the appropriate amount of CIAC is \$96,079.

Working Capital

Our preferred method in calculating a working capital allowance is the balance sheet approach which nets current assets and deferred debits with current liabilities and deferred credits. However, due to the small size of this utility, the cost of maintaining records to support the balance sheet approach would have a significant impact on rates. Accordingly, we find it appropriate to utilize the 1/8 of operation and maintenance expenses method because it provides a close approximation of the utility's working capital needs and does not require extensive bookkeeping. Use of this method results in a working capital allowance of \$3,887.

Rate Base

Based on all of our adjustments, we find the appropriate thirteen-month average rate base to be \$42,532.

CAPITAL STRUCTURE

The utility's capital structure is assumed to be all equity since we have found no debt for the utility. We have calculated the cost of equity using the leverage formula set forth in Order No. 21775, issued August 23, 1989. This results in a return on equity of 11.76 percent. The overall rate of return is thus 11.76 percent.

Attached to this Order as Schedule No. 2 is the utility's capital structure and the calculation of the overall rate of return.

NET OPERATING INCOME

Attached as Schedules Nos. 3(a) and 3(b), respectively, are the schedules of wastewater operating income and our adjustments thereto. 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.

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Operating Expenses

Our review indicates that the utility's books were not in compliance with Commission standards. The utility lacked invoices and other documentation to support many expense items. For those items for which invoices were available, we made several adjustments to match expenses with invoice amounts. We also made several adjustments to reclassify adjustments.

Regulatory assessment fees, as a percent of a utility's gross intrastate revenue, have increased from 2.5 percent to 4.5 percent, pursuant to Section 367.145, Florida Statutes. C.C.T. is a small utility, not likely to have frequent rate proceedings before the Commission. Though the higher regulatory assessment fee percentage will not become effective until July 1, 1990, we believe the rate set for C.C.T. in this staff assisted rate case should reflect the higher percentage since it is a known increase in costs and since making allowance for the higher percentage now will eliminate the necessity for such a change in the near future.

We have based the \$720 allowance for chemicals on the utility's change to gas chlorination. Routine monthly testing and annual sludge analysis are covered by the \$244 allowance for testing expense. We calculated an annual allowance for office rent based on an estimated monthly expense of \$180. The allowance for transportation expense, \$572, is based on 50 miles per week at \$.22 per mile. Other expense items were reviewed for reasonableness and adjusted as noted on Schedule 3(c).

Depreciation Expense

Pursuant to Rule 25-30.140, Florida Administrative Code, the appropriate composite depreciation rate for the test year is 3.64 percent. The allowed depreciation expense of \$691 is based on this rate and is a net amount in that no depreciation on CIAC or non-used and useful plant is included.

Net Operating Income

Based on the adjustments shown on the schedules and those discussed above, the appropriate net operating income for C.C.T. is \$5,002.

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REVENUE REQUIREMENT

To give the utility the opportunity to earn an 11.76 percent overall rate of return, the appropriate annual revenue requirement is \$41,524. This represents a \$8,596 increase (26.11%) in annual revenue.

RATES AND RATE STRUCTURE

Presently, the utility charges a flat wastewater rate on a monthly basis. The base facility charge is the Commission's preferred rate structure because of its ability to track costs and give customers some control over their wastewater bills. However, we will retain the flat rate structure for C.C.T. because at least 22 of its customers obtain their water from private wells, thereby making the calculation of rates based on water consumption impractical.

The new rate, which we find to be fair, just and reasonable, and which is designed to achieve the authorized revenue requirement, is set forth below. The existing rate and the new rate are shown below for comparison.

CURRENT AND APPROVED MONTHLY WASTEWATER RATE

	<u>Current Monthly Rate</u>	<u>Commission Approved Rate</u>
Residential and General Service	\$ 14.00	\$ 17.65 per ERC

The new rates will be effective for service rendered on or after the stamped approval date on the revised tariff sheets. The initial bills at the new rate may be prorated, but in no event shall the rate be effective for service rendered prior to the stamped approval date on the tariff sheets.

The revised tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision, that the protest period has expired and that the proposed customer notice is adequate. The utility will render monthly bills.

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SERVICE AVAILABILITY CHARGES

The utility's current \$500 per ERC service availability charge is within Commission guidelines as stated in Rule 25-30.580, Florida Administrative Code. Thus, we will make no changes to this charge.

MISCELLANEOUS SERVICE CHARGES

Miscellaneous service charges are designed to place the responsibility for the costs associated with miscellaneous services on those persons creating those costs, rather than on the general body of ratepayers. Currently, the utility has no miscellaneous service charges. We believe it is appropriate for the utility to implement the following miscellaneous service charges for the four services described below.

Miscellaneous Service Charges

<u>Type of Service</u>	<u>Sewer</u>
Initial Connection	\$ 15.00
Normal Connection	\$ 15.00
Violation Reconnection	Actual Cost
Premises Visit	\$ 10.00

Initial Connection - This charge would be levied for service initiation at a location where service did not exist previously.

Normal Reconnect - This charge would be levied for transfer of service to a new customer account at a previously served location, or reinstatement of service subsequent to a customer-requested termination.

Violation Reconnection - This charge would be levied prior to reconnection of an existing customer after disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including delinquency in bill payment.

Premises Visit (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.

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These charges should be effective for service rendered on or after the stamped approval date on the tariff sheet.

RATES IN THE EVENT OF PROTEST

This Order proposes an increase in wastewater rates. A timely protest could delay what may be a justified rate increase, 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 service rates approved herein, on a temporary basis, subject to refund, provided that it furnishes security for such a potential refund. The security should either be a bond or letter of credit in the amount of \$2,000 or the utility may establish another 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 must keep an accurate account, in detail, of all monies received by said increase, 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 amount of revenues that would have been collected under the prior rates. Should a refund be required, the refund would be with interest, pursuant to Rule 25-30.360, Florida Administrative Code.

The utility would be authorized to implement the temporary rates only after providing the above discussed security and Staff's approval of the revised tariff sheets and customer notice.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of C. C. T., Inc., for an increase in its wastewater rates for its customers in Lee County is approved as set forth in the body of this Order. It is further

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ORDERED that all matters contained herein or attached hereto, whether in the form of discourse or schedules, are by this reference, specifically made integral parts of this Order. It is further

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

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final unless an appropriate petition in the form provided by Rule 25-22.035, 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.

ORDERED that the utility is authorized to charge the new rates and charges as set forth in the body of this Order, 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 customer of the increased wastewater 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 the utility shall make the required improvements set forth in the body of this Order within 120 days of the effective date of this Order. 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 rates herein approved on a temporary basis under the terms and conditions set forth in the body of this Order. The temporary rate portion of this Order is not issued as proposed agency action. It is further.

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

By ORDER of the Florida Public Service Commission
this 19th day of FEBRUARY, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

NSD

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 actions herein, except for the setting of temporary rates in the event of 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

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Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on March 12, 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.

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.

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C.C.T., INC.
 SEWER RATE BASE
 TEST YEAR ENDED 12/31/88

SCHEDULE NO. 1(a)
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	TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION
	-----	-----	-----
UTILITY PLANT IN SERVICE	\$ 0	\$ 163,440	\$ 163,440
LAND/NON-DEPRECIABLE ASSETS	0	23,722	23,722
PLANT HELD FOR FUTURE USE	0	0	0
NON-USED AND USEFUL PLANT	0	(31,344)	(31,344)
CUSTOMER ADVANCES	0	0	0
C.I.A.C.	0	(96,079)	(96,079)
ACCUMULATED DEPRECIATION	0	(46,573)	(46,573)
NET ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF C.I.A.C.	0	25,479	25,479
WORKING CAPITAL ALLOWANCE	0	3,887	3,887
	-----	-----	-----
RATE BASE	\$0	\$42,532	\$42,532
	=====	=====	=====

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SCHEDULE NO. 1(b)
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C.C.T., INC.
TEST YEAR ENDS 12/31/88
ADJUSTMENTS TO RATE BASE

	SEWER

1. UTILITY PLANT IN SERVICE	
Includes original cost per staff engineer	\$163,440
	=====
2. LAND	
Includes original cost of land	\$23,722
	=====
3. NON-USED AND USEFUL PLANT	
Reflects used and useful adjustment per staff engineer	(\$31,344)
	=====
4. CONTRIBUTIONS IN AID OF CONSTRUCTION	
a.) Imputes original cost of collection system as CIAC	(88,579)
b.) Imputes CIAC for margin reserve	(7,500)

TOTAL ADJUSTMENT	(\$96,079)
	=====
5. ACCUMULATED DEPRECIATION	
a.) Includes accumulated depreciation for original cost	(\$49,679)
b.) Reflects average balance	3,106

TOTAL ADJUSTMENT	(\$46,573)
	=====
6. ACCUMULATED AMORTIZATION OF CIAC	
a.) Includes accumulated amortization for imputed CIAC	\$27,162
b.) Reflects average balance	(1,683)

TOTAL ADJUSTMENT	\$25,479
	=====
7. WORKING CAPITAL	
Includes 1/8 of O & M expenses as an allowance for working capital	\$3,887
	=====

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C.C.T., INC.
CAPITAL STRUCTURE
TEST YEAR ENDED 12/31/88

SCHEDULE NO. 2
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	TEST YEAR BALANCES	COMMISSION ADJUSTMENTS TO BAL.	BALANCE PER COMMISSION	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%
COMMON EQUITY	0	42,532	\$42,532	100.00%	11.76%	11.76%
CUSTOMER DEPOSITS	0	0	\$0	0.00%	0.00%	0.00%
TOTAL	\$0	\$42,532	\$42,532	100.00%		11.76%

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C.C.T., INC.
 SEWER OPERATING STATEMENT
 TEST YEAR ENDING 12/31/88

SCHEDULE NO.3(a)
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	TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS TO UTIL.BAL.	COMMISSION ADJUSTED TEST YEAR	COMMISSION ADJUSTMENT FOR INCREASE	BALANCE PER COMMISSION
OPERATING REVENUES	\$31,531	\$1,397	\$32,928	\$8,596	\$41,524
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	44,823	(13,725)	31,098	0	31,098
DEPRECIATION	0	691	691	0	691
AMORTIZATION	0	0	0	0	0
TAXES OTHER THAN INCOME	2,805	136	2,941	1,046	3,987
INCOME TAXES	0	0	0	746	746
TOTAL OPERATING EXPENSES	\$47,628	(\$12,898)	\$34,730	\$1,792	\$36,522
OPERATING INCOME/(LOSS)	(\$16,097)	\$14,295	(\$1,802)	\$6,804	\$5,002
RATE BASE	\$0		\$42,532		\$42,532
RATE OF RETURN	0.00%		-4.24%		11.76%

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SCHEDULE NO. 3(b)

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C.C.T., INC.

TEST YEAR ENDS 12/31/88

ADJUSTMENTS TO OPERATING STATEMENT

	SEWER

1. OPERATING REVENUE	
States annual revenue at present rates	\$1,397
	=====
2. OPERATING AND MAINTENANCE EXPENSES	
a.) Reflects test year purchased power	(1,214)
b.) Adds chemical expense per engineer	720
c.) Reflects contractual services per invoices	(6,335)
d.) Includes expenses improperly capitalized	723
e.) Includes testing per engineer	244
f.) Reduces rent to staff-calculated amount	(3,312)
g.) Reduces transportation to staff-calculated amount	(3,083)
h.) Removes Regulatory Assessment Fees	(966)
i.) Reduces telephone expense	(612)
j.) Allows additional billing expense	110

TOTAL ADJUSTMENT	(\$13,725)
	=====
3. DEPRECIATION	
Reflects depreciation at 3.64% rate	\$691
	=====
4. TAXES, OTHER	
a.) Reflects used and useful property taxes	(326)
b.) Removes non-utility taxes	(\$361)
c.) Reflects Regulatory Assessment Fees on annualized revenue	823

	\$136
	=====
5. OPERATING REVENUE	
Increases revenue to allow a 11.76% return on rate base	\$8,596
	=====
6. TAXES, OTHER	
Matches Regulatory Assessment Fees to increase in revenue	\$1,046
	=====
7. INCOME TAXES	
Includes income tax allowance	\$746
	=====

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 C.C.T., INC.
 TEST YEAR ENDS 12/31/88
 SEWER O & M EXPENSES

SCHEDULE NO. 3(C)
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	UTILITY BALANCE	COMMISSION ADJUSTMENTS	COMMISSION BALANCE
	-----	-----	-----
SALARIES & WAGES	10,741	0	10,741
PURCHASED POWER	5,754	(1,214)	4,540
MATERIALS & SUPPLIES	728	720	1,448
CONTRACTUAL SERVICES	16,197	(5,368)	10,829
OFFICE RENT	5,472	(3,312)	2,160
TRANSPORTATION EXPENSE	3,655	(3,083)	572
REGULATORY COMMISSION EXP	966	(966)	0
MISCELLANEOUS EXPENSE	1,310	(502)	808
	-----	-----	-----
TOTAL O & M EXPENSES	\$44,823	(\$13,725)	\$31,098
	=====	=====	=====

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 C.C.T., INC.
 SEWER PLANT
 TEST YEAR ENDS 12/31/88

SCHEDULE NO. 4
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ACCOUNT NO. -----		ORIGINAL COST -----
353	LAND	23,722
360	COLLECTION SEWERS- FORCE	937
360	COLLECTION SEWERS- FORCE	13,629
361	COLLECTION SEWERS- GRAVITY	65,857
363	SERVICES	8,156
370	RECIEVING WELLS	54,816
380	OXIDATION LAGOON	422
380	TREATMENT PLANT	19,623
	TOTAL PLANT AND LAND	----- \$187,162 =====