

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on May 16, 2007

COMMISSIONERS PRESENT:

Patricia L. Acampora, Chairwoman
Maureen F. Harris
Robert E. Curry, Jr.
Cheryl A. Buley

Case 06-W-1584 - Minor Rate Filing of Emerald Green Lake Louise
Marie Water Company, Inc. to Increase Its Annual
Revenues by \$56,227, or 17.9%, and to Establish
an Annual \$12 per Customer Surcharge.

ORDER AUTHORIZING ANNUAL BASE RATE INCREASE

(Issued and Effective May 25, 2007)

BY THE COMMISSION:

INTRODUCTION

Emerald Green Lake Louise Marie Water Company, Inc.
(Emerald Green) provides un-metered water service to 797
residential customers in the Town of Thompson, Sullivan County.
Fire protection service is not provided. The company has been
billing all customers at an annual base rate of \$394 per
customer since January 1, 2006.

By petition filed on January 12, 2007, Emerald Green
requested permission to increase the annual base rate for water
service to \$464 per customer which would produce an increase in
annual revenues of \$56,227, or 17.9%. The company also
requested permission to implement an annual surcharge of \$12 per
customer for ten years to cover a portion of the costs to repair

the dam that controls the level of water in Lake Louise Marie, the company's major source of supply. On January 16, 2007, proposed tariff amendments (see Appendix A), bearing an effective date of May 1, 2007, were filed as revisions to Emerald Green's electronic tariff schedule to reflect the company's request.¹

We authorize the company to increase its annual base rate, effective June 1, 2007, from \$394 to \$454, or 15.2%, and postpone the effective date of the proposed surcharge to January 1, 2008.

BACKGROUND

Emerald Green obtains almost all of its water from a surface water source, Lake Louise Marie.² Raw surface water enters the company's pump house where it is treated to remove turbidity, suspended solids, iron, color, odor, and other impurities. Finished water is then chlorinated and pumped into the distribution system. The system has a 7,500 gallon hydro pneumatic tank in the pump house and 100,000 gallons of storage capacity located adjacent to the pump house.

In recent years, the population served by the system has increased. By 2004, demand on the water system had increased to the point where it approached the capacity of the existing two filtration units, approximately one million gallons per day. In the spring of 2004, a building moratorium was imposed on the system until filtration capacity was increased.

¹ On March 20, 2007, Emerald Green filed Supplement No.3 to its tariff schedule postponing the effective date of the amendments to June 1, 2007.

² Emerald Green also has two wells that can be used in an emergency, but the wells are unreliable and cannot provide adequate supply to the entire system.

In April 2006, the company completed an expansion of the pump house and began operation of a third filtration. These actions resulted in the lifting of the building moratorium.

The pump house expansion was designed to house a fourth filtration unit, which will be installed when the system demand approaches the capacity of the three existing units, approximately 1.5 million gallons per day. In 2006, the company's maximum production was approximately 900,000 gallons per day. The cost of the pump house expansion and installation of the third filtration unit was approximately \$523,000. The cost of installing the fourth unit is estimated to be approximately \$300,000. Currently, there are no immediate plans to install the fourth filtration unit.

To finance the pump house expansion and the installation of the third filtration unit, Emerald Green obtained a \$500,000 line of credit from the Community Bank of Sullivan County. Additionally, we authorized Emerald Green to collect a Capital Reserve Fee (CRF) of \$4,000 per new house connected to the system.³ Monies collected through the CRF are to be used to offset the capital cost of the project. To date, the company has collected the CRF from 60 new homes and is currently in debt for approximately \$270,000.

In addition to increased filtration capacity, the New York State Department of Health (DOH) has indicated that additional storage capacity is needed. The existing 100,000 gallon storage capacity is inadequate for a system the size of Emerald Green. To meet the anticipated demand of the community at full development, approximately 1,300 homes, the company's engineer determined a one-million gallon elevated storage

³ Case 04-W-0349, Emerald Green Lake Louise Marie Water Company, Inc. - Capital Reserve Fee, Order Approving Capital Reserve Fee (issued March 31, 2005).

facility is required. The cost of the additional storage is estimated to be \$1.7 million. Construction of new homes in the area has subsided and, due to the prohibitive cost of the elevated storage facility, the company does not plan to construct the elevated storage facility in the immediate future.

On March 29, 2007, Staff of the Water Rates Section inspected the system and found it to be in good operating condition. In 2006, the pump house and storage facility were painted, the interior of the storage facility was inspected and cleaned, and the emergency back-up generator was repaired, tested and is currently in good working order.

PUBLIC COMMENT AND CUSTOMER NOTIFICATION

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), notice of the proposed amendments was published in the State Register on February 7, 2007. No comments were received.

The company published a notice of the proposed base rate increase and ten-year surcharge in the Times-Herald Record on March 16, 23, and 30, 2007 and April 6, 2007. No comments have been received.

COMPANY FILING

Base Rate Increase

The company requested permission to increase the annual base rate for water service from \$394 to \$464 per customer using a forecasted income statement for the rate year ending June 30, 2008, based on an analysis of 2006 historic operating data. The current rate is based on 2005 operating and

maintenance costs.⁴ According to Emerald Green, the current base rates produced a negative rate of return for the 2006 period and will also produce a negative rate of return for the projected rate year.

Emerald Green identified several areas where, it asserts, the current base rate is inadequate to meet projected operating and maintenance costs in the rate year. The primary factors contributing to the need for rate relief are:

- a. additional payroll and associated increases in payroll taxes;
- b. increased cost of health benefits;
- c. locating, excavating and backfilling costs associated with repairing leaks in the distribution system;
- d. material and supplies;
- e. pump house repairs and maintenance; and,
- f. property taxes.

The company is also requesting the capital costs of the pump house expansion and installation of the third filtration unit, net of monies collected to date through the CRF or \$240,000, be collected through the base rate. The company has, accordingly, increased rate base to reflect an additional \$270,000 for Water Plant in Service and included an increase of \$10,800 to the annual depreciation accrual. In addition, the company estimates the additional cost of fuel to heat the expanded pump house to be \$5,200. Due to customer expansion,

⁴ Case 04-W-0349, Emerald Green Lake Louise Marie Water Company, Inc. - Rates, Order Reducing Rate Base and Directing Refunds of Excessive Earnings (issued December 23, 2005).

however, the above increased costs are offset by an additional \$44,500 in operating revenues.⁵

Appendix B sets forth a comparison between the allowances authorized by the Commission in Emerald Green's most recent rate case and the company's projected rate year forecast.

Surcharge for Repair of Lake Louise Marie Dam

The Emerald Green Property Owners Association (POA) maintains the Lake Louise Marie Dam (the dam) that controls the water level in Lake Louise Marie. The POA recently contracted with an engineer to inspect the dam. The engineer's report recommended that certain maintenance, monitoring, remedial repairs, and further analysis be done to assure continued safe operations of the dam. The POA has informed Emerald Green that the cost of the engineer's report and recommended repairs will amount to \$162,000 in addition to \$5,000 in routine annual maintenance.⁶ The POA proposes to obtain financing and charge the water company to recover 50% of the cost. Accordingly, Emerald Green requests permission for the water company to be allowed to surcharge its customers to recover costs associated with repairing the dam. Specifically, Emerald Green proposes to surcharge each customer \$12 per year for ten years.

DISCUSSION

As explained below, we authorize the company to increase its annual base rate from \$394 to \$454. Appendix C, page 1, sets forth the company's pro forma income statement for the rate year,

⁵ Additional revenues are from 113 additional customers. Of these customers, 71 were required to pay the CRF. Of the 71 customers, 60 have paid the CRF and it is anticipated that 11 will pay by the end of the rate year.

⁶ The POA does not charge the water company for any costs associated with maintaining the dam.

our adjustments, and our pro forma income statement for the rate year. Appendix C, page 2, sets forth an explanation of our adjustments.

Emerald Green's historic financial data for calendar year 2006 were examined, and, where possible, the expense adjustment was grouped into three categories. The first category (Category I) consists of items that are expected to remain at levels similar to past experience into the future. Items in the second category (Category II) are forecasted by considering historic data in the context of anticipated future needs. For items in the third category (Category III), historic data levels were unavailable or not indicative of costs necessary to meet anticipated future needs.

Category I

A. Materials and Supplies

During 2006, the company painted the pump house and storage facility. We made a negative adjustment of \$3,000 to the requested allowance of \$14,000 to reflect the elimination of non-recurring painting cost.

B. Inflation

Using the Gross Domestic Product escalator, we find an inflation allowance, for the period from 2006 to the rate year, of \$3,312, resulting in a negative adjustment of \$2,144 to the requested allowance of \$5,456.

C. Property Taxes

The most recent actual property tax bills amount to \$12,610. It is, therefore, appropriate to make a positive adjustment of \$1,489 to the requested allowance of \$11,121.

D. General Insurance

The most recent actual insurance premium amounts to \$17,388. Therefore, we made a negative adjustment of \$662 to the requested allowance of \$18,050.

E. Conclusion

Adjustments for Category I expenses total \$4,317. The company's revenue requirement is reduced accordingly.

Category II

A. Office Salary and Payroll Taxes

Prior to 2007, Emerald Green employed a bookkeeper to maintain the company records and work in the office. Beginning on January 1, 2007, Spinnaker Management was hired to replace the bookkeeper and provide management service. The management fee is to be based on a charge of \$2 per customer per month, which is projected to be \$19,104 for the rate year. The company's filing includes an allowance that reflects the bookkeeper's salary of \$14,616. The company's requested allowance based on the bookkeeper's salary is, therefore, eliminated and replaced with the projected management fee of \$19,104, for a net positive adjustment of \$4,488. We also decrease the amount for payroll taxes by \$829.

B. Conclusion

Adjustments for Category II expenses total \$3,659. The company's revenue requirement is increased accordingly.

Category III

A. Health Insurance

Health care coverage for two full time employees, the Plant Manager and Plant Operator, amounts to \$7,608 for the rate year. Therefore, a positive adjustment of \$24 to the requested allowance of \$7,584 is appropriate.

B. Conclusion

Adjustment for the Category III expense area totals \$24. The company's revenue requirement is increased accordingly.

Depreciation

During 2006, the only capital improvement made by Emerald Green was the addition of the pump house expansion and installation of the third filtration unit. The company proposes to increase the historic depreciation accrual of \$9,207 to reflect the cost of the addition, net of monies collected through the CRF, to the original cost of water plant. However, a review of monies collected through the CRF indicates that the proper offset should be \$284,000 (from 71 customers) rather than the \$240,000 (from 60 customers) proposed by the company. The company applied a 4% depreciation rate to the net cost to determine the additional annual depreciation accrual resulting in an annual depreciation accrual of \$20,007. It would be more appropriate to apply separate depreciation rates of 2.5% to the net cost of the pump house expansion and 6% to the net cost installation of the third filtration unit. The estimated net cost of the pump house expansion is \$137,094 and the estimate for installation of the third filtration unit is \$101,906. The following table sets forth the calculation of the annual depreciation accrual for the pump house expansion and third filtration unit.

| | <u>Total Cost</u> | <u>CRF Offset</u> | <u>Net Cost</u> | <u>Rate</u> | <u>Accrual</u> |
|----------------------|-------------------|-------------------|------------------|-------------|----------------|
| Pump House Expansion | \$300,000 | \$162,906 | \$137,094 | 2.5% | \$3,427 |
| Filtration Unit | <u>223,000</u> | <u>121,094</u> | <u>101,906</u> | 6.0% | <u>6,114</u> |
| | <u>\$523,000</u> | <u>\$284,000</u> | <u>\$239,000</u> | | <u>\$9,542</u> |

Accordingly, we approve an additional accrual of \$9,542 for the pump house expansion and third filtration unit and an annual depreciation accrual of \$18,749. This results in a negative adjustment of \$1,258 to the company's requested allowance of \$20,007.

Rate Base

Emerald Green's historic rate base consists of the value of the water plant, land and organization costs associated with Emerald Green's acquisition of the system depreciated through December 31, 2005. The total cost to acquire the system was \$240,179 which the Commission set as the original cost of the water plant.⁷ The historic balance in the depreciation reserve was calculated to reflect annual depreciation accrual from the time Emerald Green acquired the system and the mid-point of 2005, or \$18,414. The company has requested that the cost of the pump house expansion and installation of the third filtration unit, net of proceeds collected through the CRF, be added to the original cost.

We have reviewed the company's request and find that including the net cost of the pump house expansion and installation of the third filtration unit is reasonable. New home construction in the area has subsided. Recovery of the net cost through the base rate will allow the company to obtain long-term financing and help maintain financial stability. To compute the forecasted rate base, the original cost was updated to reflect the net cost of the pump house expansion and installation of the third filtration unit. The historic depreciation reserve was adjusted to reflect additional annual depreciation accruals of the acquisition costs and depreciation accruals on the net cost from the time the third filtration unit went into operation. The forecasted rate base is as follows:

⁷ Case 04-W-0349, supra.

Average Rate Base at December 31, 2007

| | |
|------------------------|-------------------|
| Acquisition Costs | \$240,179 |
| Pump House Expansion | 137,094 |
| Third Filtration Unit | <u>101,906</u> |
| Water Plant in Service | \$479,179 |
| Depreciation Reserve | (<u>57,335</u>) |
| Forecasted Rate Base | \$421,844 |

Rate of Return

The company requested a pre-tax rate of return of 11.0%. The Office of Accounting, Finance, and Economics advises that, at present, the reasonable pre-tax rate of return for small water companies such as Emerald Green is between 10.5% and 11.5%. Emerald Green has maintained its water plant in good condition and service has generally been safe and adequate. However, the company has not adequately accounted for the monies collected through the CRF, and should take the corrective measures set out below. We set the pre-tax rate of return for Emerald Green at 10.5%, which is in the range of returns that have recently been granted for water companies of this size.

Surcharge for Dam Repairs

At this time, there is not enough information to recommend implementation of the surcharge for dam repairs. The POA has applied for a permit from the New York State Department of Environmental Conservation (DEC) to make the dam repairs. DEC has deemed the status of the application as incomplete and is requiring submission of more information. Therefore, we direct that the effective date of the proposed surcharge be postponed to January 1, 2008 to give us additional time to review the company's request and determine more accurate cost estimates.

Capital Reserve Account

As previously discussed, the CRF was established to fund the pump house expansion, installation of a third and fourth filtration unit, and construction of an elevated storage facility. With the net cost of the expansion of the pump house and the installation of the third filtration unit being recovered through the base rate, no funds collected through the CRF in the future should be used to offset these capital costs without Commission review and approval. The company should collect the CRF funds as previously directed.

As mentioned above, we do not believe the company adequately accounted for monies collected through the CRF to date. One of the terms that implementation of the CRF is conditioned upon is "a complete accounting of the revenues and expenditures for the account must be submitted to the Secretary of the Commission by March 1st of each year."⁸ The company's submissions filed to date have been deficient. The 2007 submission provided an itemized listing of the cost of the pump house expansion and installation of the third filtration unit, total monies collected through the CRF, and interest earned, but failed to include all of the required information. The submissions must contain the following information:

1. For each CRF payment collected:
 - a) Name of developer/builder/customer who paid the CRF.
 - b) Lot number associated with house connected to the system.
 - c) Date that house was connected to system.
 - d) Date the CRF was deposited into the bank account.

⁸ Case 04-W-0349, supra.

2. Capital Expenditures:

- a) Names of capital projects.
- b) Names of vendors.
- c) Service rendered by vendor.
- d) Total cost of service rendered.
- e) Dates of payments for service rendered.
- f) Check number used for payment.

The company should also resubmit the 2007 filing to account for the revenues and expenditures to the CRF account with the above information included and that all future submissions also contain the above information.

CONCLUSION

We authorize Emerald Green, effective June 1, 2007, to increase the annual base rate for water service from \$394 to \$454, which would increase annual revenue by \$47,843 (15.2%) and postpone the effective date of the proposed annual surcharge of \$12 to January 1, 2008. In addition, the company must continue to maintain a Capital Reserve Account but not use any future funds collected through the CRF to pay for the pump house expansion and third filter unit until our further review and approval.

The Commission orders:

1. Emerald Green Lake Louise Marie Water Company, Inc. is directed to file a consecutively numbered supplement, on not less than one day's notice, to become effective May 31, 2007 announcing that Leaf 12, Revision 2, is cancelled.

2. Emerald Green Lake Louise Marie Water Company, Inc. is authorized to file Leaf 12, Revision 3, effective June

1, 2007, as an amendment to its tariff schedule, P.S.C. No. 2 - Water, setting forth an annual base rate of \$454 per customer.

3. Emerald Green Lake Louise Marie Water Company, Inc. is directed to file a consecutively numbered supplement, on not less than one day's notice, to become effective May 31, 2007, announcing that Water Source Surcharge Statement No. 1 is postponed to January 1, 2008.

4. Emerald Green Lake Louise Marie Water Company, Inc. is directed to continue to maintain a Capital Reserve Account but not use any future funds collected through the Capital Reserve Fee to pay for the pump house expansion and third filter unit until so authorized by the Commission.

5. Emerald Green Lake Louise Marie Water Company, Inc. is directed to notify its customers, by no later than June 30, 2007, of the Commission's decision and file a copy of the notification with the Secretary to the Commission by July 31, 2007.

6. Emerald Green Lake Louise Marie Water Company, Inc. is directed to resubmit, within 30 days of the issuance of this Order, the 2007 filing to account for the revenues and expenditures to the Capital Reserve Account in accordance with the discussion in the body of this Order.

7. Emerald Green Lake Louise Marie Water Company, Inc. is directed to provide the Secretary to the Commission, within 15 days of the issuance of this Order, a letter stating whether or not it accepts all aspects of this Order; and

8. This proceeding is continued.

By the Commission,

(SIGNED)

JACLYN A. BRILLING
Secretary

Appendix A

FILING BY: Emerald Green Lake Louise Marie Water
Company, Inc.

SUBJECT: Request filed by Emerald Green Lake Louise
Marie Water Company, Inc. to increase revenues by
\$56,227, or 17.9%, and establish an annual surcharge
of \$12 per customer for ten years.

Schedule P.S.C. No 1 - Water

Leaf 12, Revision 2

Water Source Surcharge Statement No. 1

ISSUED: January 16, 2007 EFFECTIVE: May 1, 2007*

* Postponed to and including June 1, 2007

SAPA NO.: 06W1584SA1

STATE REGISTER: February 7, 2007

NEWSPAPER PUBLICATION: Waived, customers notified
individually

NUMBER OF CUSTOMERS: 797

TERRITORY SERVED: Rock Hill, Town of Thompson,
Sullivan County

Emerald Green Lake Louise Marie Water CompanyComparative Income Statements

| | Case 04-W-0349 12 Months Ended <u>12/31/2005</u> (per Commission) | Case 06-W-1584 12 Months Ending <u>6/30/2008</u> (per Company) | <u>Difference</u> |
|--------------------------------|--|---|-------------------|
| Operating Revenue | \$ 269,267 | \$ 314,113 | \$ 44,846 |
| Operation & Maintenance | | | |
| Salary - Plant Operations | 64,935 | 87,567 | 22,632 |
| Salary - Office Personal | 13,716 | 14,616 | 900 |
| Repairs and Maintenance | 25,883 | 41,000 | 15,117 |
| Electric | 33,000 | 31,800 | (1,200) |
| General Insurance | 15,766 | 18,050 | 2,284 |
| Health Insurance | 3,636 | 7,584 | 3,948 |
| Supplies | 9,000 | 14,000 | 5,000 |
| Auto Expense | 9,555 | 10,780 | 1,225 |
| Gas | 9,500 | 14,749 | 5,249 |
| Water Testing & Chemicals | 10,569 | 10,520 | (49) |
| Accounting | 2,915 | 3,500 | 585 |
| Legal | 5,000 | 2,000 | (3,000) |
| Engineering | 1,500 | - | (1,500) |
| Telephone | 4,496 | 5,548 | 1,052 |
| Office Expense | 3,879 | 3,400 | (479) |
| Miscellaneous | 2,421 | 4,080 | 1,659 |
| Rent | 3,600 | 3,600 | - |
| Inflation | <u>3,082</u> | <u>5,456</u> | <u>2,374</u> |
| Total Operation & Maintenance | \$ 222,453 | \$ 278,250 | \$ 55,797 |
| Depreciation | 9,207 | 20,007 | 10,800 |
| Operating Taxes | | | |
| Property Taxes | 8,789 | 11,121 | 2,332 |
| Revenue Taxes | - | - | - |
| Payroll Taxes | <u>7,732</u> | <u>10,176</u> | <u>2,444</u> |
| Total Operating Taxes | \$ 16,521 | \$ 21,297 | \$ 4,776 |
| Total Oper. Revenue Deductions | <u>\$ 248,181</u> | <u>\$ 319,554</u> | <u>\$ 71,373</u> |
| Utility Operating Income | 21,086 | (5,441) | (26,527) |
| Rate Base | \$ 191,690 | \$ 461,690 | \$ 270,000 |
| Rate of Return (pre-tax) | 11.0% | -1.2% | |

Emerald Green Lake Louise Marie Water Company, Inc.Income Statement and Rate of Return Computation
For the Rate Year Ending June 30, 2008

| | Pro Forma Rate Year per Company | Commission Adjustments | Pro Forma Rate Year per Commission | Rate Increase | Rate Year After Increase in Rates |
|--------------------------------|---------------------------------------|---------------------------|--|------------------|---|
| Operating Revenue | \$ 314,113 | | \$ 314,113 | \$ 47,843 | \$ 361,956 |
| Operation & Maintenance | | | | | |
| Salary - Plant Operation | 87,567 | | 87,567 | | 87,567 |
| Salary - Office | 14,616 | (14,616) (1) | - | | - |
| Management Fee | - | 19,104 (2) | 19,104 | | 19,104 |
| Repairs and Maintenance | 41,000 | | 41,000 | | 41,000 |
| Electric | 31,800 | | 31,800 | | 31,800 |
| General Insurance | 18,050 | (662) (3) | 17,388 | | 17,388 |
| Health Insurance | 7,584 | 24 (4) | 7,608 | | 7,608 |
| Supplies | 14,000 | (3,000) (5) | 11,000 | | 11,000 |
| Transportation | 10,780 | | 10,780 | | 10,780 |
| Gas | 14,749 | | 14,749 | | 14,749 |
| Water Testing and Chemicals | 10,520 | | 10,520 | | 10,520 |
| Accounting | 3,500 | | 3,500 | | 3,500 |
| Legal | 2,000 | | 2,000 | | 2,000 |
| Telephone | 5,548 | | 5,548 | | 5,548 |
| Office Expense | 3,400 | | 3,400 | | 3,400 |
| Miscellaneous | 4,080 | | 4,080 | | 4,080 |
| Rent | 3,600 | | 3,600 | | 3,600 |
| Inflation | 5,456 | (2,144) (6) | 3,312 | | 3,312 |
| Total Operation & Maintenance | \$ 278,250 | \$ (1,294) | 276,956 | | 276,956 |
| Depreciation | 20,007 | (1,258) (7) | 18,749 | | 18,749 |
| Operating Taxes | | | | | |
| Property Taxes | 11,121 | 1,489 (8) | 12,610 | | 12,610 |
| Revenue Taxes | - | | - | | - |
| Payroll Taxes | 10,176 | (829) (9) | 9,347 | | 9,347 |
| Total Operating Taxes | \$ 21,297 | \$ 660 | 21,957 | | 21,957 |
| Total Oper. Revenue Deductions | \$ 319,554 | \$ (1,892) | 317,662 | | 317,662 |
| Utility Operating Income | (5,441) | 1,892 | (3,549) | 47,843 | 44,294 |
| Rate Base | \$ 461,690 | (39,846) (10) | 421,844 | | 421,844 |
| Rate of Return (pre-tax) | -1.2% | | -0.8% | | 10.5% |

Emerald Green Lake Louise Marie Water Company, Inc.Explanation of Commission Adjustments
For the Rate Year Ending June 30, 2008

1. Office Payroll
Adjust payroll to reflect hiring of a management
Company to replace bookkeeper (\$14,616)
2. Management Fee
Adjust to reflect hiring of Spinnaker Management
Co. on 12/8/06 to manage water company which
includes bookkeeping services. The contract
states the company pay management fee of \$2.00
per customer per month. Company invoiced for
796 customers on 1/1/07. \$19,104
3. General Insurance
Adjust to reflect actual premium paid for
Insurance coverage from 7/23/06 to 7/23/07. (\$662)
4. Health Insurance
Adjust to reflect single coverage for health
Insurance for two full-time employees. \$24
5. Supplies
Eliminate one-time charges for painting supplies
purchased in 2006. (\$3,000)
6. Depreciation
Adjust to reflect Commission calculation of
depreciation (\$1,258)
7. Inflation
Adjust to reflect use of GDP escalation rate (\$2,144)
8. Property Taxes
Adjust to reflect most recent actual tax bills. \$1,489
9. Payroll Taxes
Adjust to track Commission payroll adjustment (\$829)
- Total Adjustments to Revenue Deductions (\$1,892)
10. Rate Base
Adjust to reflect Commission calculation
of Rate Base (\$39,846)