



3015 (02-09-04)

ANNUAL REPORT

OF

Name: TOWN OF PENCE MUNICIPAL WATER DEPARTMENT

Principal Office: C/O 220 HEMLOCK STREET
PENCE, WI 54550

For the Year Ended: DECEMBER 31, 2002

WATER, ELECTRIC, OR JOINT UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 266-3766

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

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IDENTIFICATION AND OWNERSHIP

Exact Utility Name: TOWN OF PENCE MUNICIPAL WATER DEPARTMENT

Utility Address: C/O 220 HEMLOCK STREET
PENCE, WI 54550

When was utility organized? 3/31/1931

Report any change in name:

Effective Date:

Utility Web Site:

Utility employee in charge of correspondence concerning this report:

Name: PAULA MANZANARES

Title: TOWN CLERK

Office Address:

220 HEMLOCK STREET
PENCE, WI 54550

Telephone: (715) 561 - 5754

Fax Number:

E-mail Address: manz@centurytel.net

Individual or firm, if other than utility employee, preparing this report:

Name: DAVID TRACZYK CPA

Title: ACCOUNTANT

Office Address: DAVID TRACZYK CPA

327 SILVER STREET
HURLEY, WI 54534-1255

Telephone: (715) 561 - 3299 EXT

Fax Number: (715) 561 - 4099

E-mail Address: bkky@portup.com

President, chairman, or head of utility commission/board or committee:

Name: DAN SWETKOVICH

Title: CHAIRMAN

Office Address:

12160 N MAPLE
PENCE, WI 54550

Telephone: (715) 561 - 2567

Fax Number:

E-mail Address:

Are records of utility audited by individuals or firms, other than utility employee? NO

IDENTIFICATION AND OWNERSHIP

Individual or firm, if other than utility employee, auditing utility records:

Name:

Title:

Office Address:

Telephone:

Fax Number:

E-mail Address:

Date of most recent audit report:

Period covered by most recent audit:

Names and titles of utility management including manager or superintendent:

Name: DAN DWETKOVICH

Title: TOWN CHAIRMAN

Office Address:

12160 N MAPLE
PENCE, WI 54550

Telephone: (715) 561 - 2567

Fax Number:

E-mail Address:

Name: GARY LAGUNA

Title: WATER DEPARTMENT ATTENDANT

Office Address:

27 PENNSYLVANNIA AVE
GILE, WI 54525

Telephone: (715) 561 - 5567

Fax Number: () -

E-mail Address:

Name of utility commission/committee: pence town board

Names of members of utility commission/committee:

- MRS PAULA MANZANARES, TOWN CLERK
- MR ROBERT OLSON, SUPERVISOR
- MR MICHAEL PATERNOSTER, SUPERVISOR
- MR DAN SWETKOVICH, CHAIRMAN

Is sewer service rendered by the utility? NO

If "yes," has the municipality, by ordinance, combined the water and sewer service into a single public utility, as provided by Wis. Stat. § 66.0819 of the Wisconsin Statutes?NO

Date of Ordinance:

Are any of the utility administrative or operational functions under contract or agreement with an outside provider for the year covered by this annual report and/or current year (i.e., operation

IDENTIFICATION AND OWNERSHIP

of water or sewer treatment plant)? NO

Provide the following information regarding the provider(s) of contract services:

Firm Name:

Contact Person:

Title:

Telephone:

Fax Number:

E-mail Address:

Contract/Agreement beginning-ending dates:

Provide a brief description of the nature of Contract Operations being provided:

INCOME STATEMENT

Particulars (a)	This Year (b)	Last Year (c)	
UTILITY OPERATING INCOME			
Operating Revenues (400)	11,659	7,243	1
Operating Expenses:			
Operation and Maintenance Expense (401)	17,768	4,371	2
Depreciation Expense (403)	785	785	3
Amortization Expense (404)	0	0	4
Taxes (408)	208	141	5
Total Operating Expenses	18,761	5,297	
Net Operating Income	(7,102)	1,946	
Income from Utility Plant Leased to Others (412-413)	0	0	6
Utility Operating Income	(7,102)	1,946	
OTHER INCOME			
Income from Merchandising, Jobbing and Contract Work (415-416)	0	775	7
Nonoperating Rental Income (418)	0	0	8
Interest and Dividend Income (419)	43	190	9
Miscellaneous Nonoperating Income (421)	12,000	4,303	10
Total Other Income	12,043	5,268	
Total Income	4,941	7,214	
MISCELLANEOUS INCOME DEDUCTIONS			
Miscellaneous Amortization (425)	0	0	11
Other Income Deductions (426)	0	0	12
Total Miscellaneous Income Deductions	0	0	
Income Before Interest Charges	4,941	7,214	
INTEREST CHARGES			
Interest on Long-Term Debt (427)	7,098	2,798	13
Amortization of Debt Discount and Expense (428)			14
Amortization of Premium on Debt--Cr. (429)			15
Interest on Debt to Municipality (430)	0	0	16
Other Interest Expense (431)	0	0	17
Interest Charged to Construction--Cr. (432)	7,098	2,798	18
Total Interest Charges	0	0	
Net Income	4,941	7,214	
EARNED SURPLUS			
Unappropriated Earned Surplus (Beginning of Year) (216)	11,068	(8,146)	19
Balance Transferred from Income (433)	4,941	7,214	20
Miscellaneous Credits to Surplus (434)	0	12,000	21
Miscellaneous Debits to Surplus--Debit (435)	0	0	22
Appropriations of Surplus--Debit (436)	0	0	23
Appropriations of Income to Municipal Funds--Debit (439)	0	0	24
Total Unappropriated Earned Surplus End of Year (216)	16,009	11,068	

INCOME STATEMENT ACCOUNT DETAILS

1. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.
 2. Nonregulated sewer income should be reported as Miscellaneous Nonoperating Income, Account 421.

Description of Item (a)	Amount (b)	
Revenues from Utility Plant Leased to Others (412):		
NONE		1
Total (Acct. 412):	0	
Expenses of Utility Plant Leased to Others (413):		
NONE		2
Total (Acct. 413):	0	
Nonoperating Rental Income (418):		
NONE		3
Total (Acct. 418):	0	
Interest and Dividend Income (419):		
INTEREST EARNED ON BANK DEPOSITS	43	4
Total (Acct. 419):	43	
Miscellaneous Nonoperating Income (421):		
OPERATING TRANSFER FROM MUNICIPALITY	12,000	5
Total (Acct. 421):	12,000	
Miscellaneous Amortization (425):		
NONE		6
Total (Acct. 425):	0	
Other Income Deductions (426):		
NONE		7
Total (Acct. 426):	0	
Miscellaneous Credits to Surplus (434):		
NONE		8
Total (Acct. 434):	0	
Miscellaneous Debits to Surplus (435):		
NONE		9
Total (Acct. 435)--Debit:	0	
Appropriations of Surplus (436):		
Detail appropriations to (from) account 215		10
Total (Acct. 436)--Debit:	0	
Appropriations of Income to Municipal Funds (439):		
NONE		11
Total (Acct. 439)--Debit:	0	

INCOME FROM MERCHANDISING, JOBBING & CONTRACT WORK (ACCTS. 415-416)

Particulars (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)	
Revenues (account 415)	177				177	1
Costs and Expenses of Merchandising, Jobbing and Contract Work (416):						
Cost of merchandise sold	177				177	2
Payroll					0	3
Materials					0	4
Taxes					0	5
Other (list by major classes):						
NONE					0	6
Total costs and expenses	177	0	0	0	177	
Net income (or loss)	0	0	0	0	0	

REVENUES SUBJECT TO WISCONSIN REMAINDER ASSESSMENT

1. Report data necessary to calculate revenue subject to Wisconsin remainder assessment pursuant to Wis. Stat. § 196.85(2) and Wis. Admin. Code Ch. PSC 5.
2. If the sewer department is not regulated by the PSC, do not report sewer department data in column (d).

Description (a)	Water Utility (b)	Electric Utility (c)	Sewer Utility (Regulated Only) (d)	Gas Utility (e)	Total (f)	
Total operating revenues	11,659	0	0	0	11,659	1
Less: interdepartmental sales	0		0	0	0	2
Less: interdepartmental rents					0	3
Less: return on net investment in meters charged to regulated sewer department. (Do not report if nonregulated sewer.)	0				0	4
Less: uncollectibles directly expensed as reported in water acct. 904 (690 class D), sewer acct. 843, and electric acct. 904 (590 class D) -or- Net write-offs when Accumulated Provision for Uncollectible Accounts (acct. 144) is maintained					0	5
Other Increases or (Decreases) to Operating Revenues - Specify:						
NONE					0	6
Revenues subject to Wisconsin Remainder Assessment	11,659	0	0	0	11,659	

BALANCE SHEET

Assets and Other Debits (a)	Balance End of Year (b)	Balance First of Year (c)	
UTILITY PLANT			
Utility Plant (100)	368,515	304,900	1
Less: Accumulated Provision for Depreciation and Amortization of Utility Plant (110)	27,009	26,224	2
Net Utility Plant	341,506	278,676	
OTHER PROPERTY AND INVESTMENTS			
Nonutility Property (121)	0	0	3
Less: Accumulated Provision for Depreciation and Amortization of Nonutility Property (122)	0	0	4
Net Nonutility Property	0	0	
Investment in Municipality (123)	0	0	5
Other Investments (124)	0	0	6
Special Funds (125)	1,597	1,364	7
Total Other Property and Investments	1,597	1,364	
CURRENT AND ACCRUED ASSETS			
Cash and Working Funds (131)	3,489	40,686	8
Temporary Cash Investments (132)			9
Notes Receivable (141)	0	0	10
Customer Accounts Receivable (142)	5,459	1,283	11
Other Accounts Receivable (143)	0	0	12
Accumulated Provision for Uncollectible Accounts- -Cr. (144)	0	0	13
Receivables from Municipality (145)	0	0	14
Materials and Supplies (150)	3,935	3,935	15
Prepayments (165)	0	0	16
Other Current and Accrued Assets (170)			17
Total Current and Accrued Assets	12,883	45,904	
DEFERRED DEBITS			
Unamortized Debt Discount and Expense (181)	0	0	18
Extraordinary Property Losses (182)	0	0	19
Other Deferred Debits (183)	0	0	20
Total Deferred Debits	0	0	
Total Assets and Other Debits	355,986	325,944	

BALANCE SHEET

Liabilities and Other Credits (a)	Balance End of Year (b)	Balance First of Year (c)	
PROPRIETARY CAPITAL			
Capital Paid in by Municipality (200)	15,666	15,666	21
Appropriated Earned Surplus (215)			22
Unappropriated Earned Surplus (216)	16,009	11,068	23
Total Proprietary Capital	31,675	26,734	
LONG-TERM DEBT			
Bonds (221)	0	0	24
Advances from Municipality (223)	12,000	12,000	25
Other long-Term Debt (224)	128,250	135,000	26
Total Long-Term Debt	140,250	147,000	
CURRENT AND ACCRUED LIABILITIES			
Notes Payable (231)	0	0	27
Accounts Payable (232)			28
Payables to Municipality (233)	0	0	29
Customer Deposits (235)			30
Taxes Accrued (236)	114	113	31
Interest Accrued (237)	752	791	32
Other Current and Accrued Liabilities (238)			33
Total Current and Accrued Liabilities	866	904	
DEFERRED CREDITS			
Unamortized Premium on Debt (251)	0	0	34
Customer Advances for Construction (252)			35
Other Deferred Credits (253)	0	0	36
Total Deferred Credits	0	0	
OPERATING RESERVES			
Miscellaneous Operating Reserves (265)			37
Total Operating Reserves	0	0	
CONTRIBUTIONS IN AID OF CONSTRUCTION			
Contributions in Aid of Construction (271)	183,195	151,306	38
Total Liabilities and Other Credits	355,986	325,944	

NET UTILITY PLANT

Report utility plant accounts and related accumulated provisions for depreciation and amortization after allocation of common plant accounts and related provisions for depreciation and amortization to utility departments as of December 31.

Particulars (a)	Water (b)	Sewer (c)	Gas (d)	Electric (e)	
Plant Accounts:					
Utility Plant in Service (100)	41,738	0	0	0	1
Utility Plant Purchased or Sold (391)					2
Utility Plant in Process of Reclassification (392)					3
Utility Plant Leased to Others (393)					4
Property Held for Future Use (394)					5
Construction Work in Progress (395)	326,777				6
Utility Plant Acquisition Adjustments (396)					7
Other Utility Plant Adjustments (397)					8
Total Utility Plant	368,515	0	0	0	
Accumulated Provision for Depreciation and Amortization:					
Accumulated Provision for Depreciation of Utility Plant in Service (110)	27,009	0	0	0	9
Total Accumulated Provision	27,009	0	0	0	
Net Utility Plant	341,506	0	0	0	

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT (ACCT. 110)

Depreciation Accruals (Credits) during the year:

1. Report the amounts charged in the operating sections to Depreciation Expense (403).
2. If sewer operations are nonregulated, do not report sewer depreciation on this schedule.
3. Report the Depreciation Expense on Meters charged to sewer operations as an addition in the Water column.
If the sewer is also a regulated utility by the PSC, report an equal amount as a reduction in the Sewer column.
4. Report all other accruals charged to other accounts, such as to clearing accounts.

Particulars (a)	Water (b)	(c)	(d)	(e)	Total (f)	
Balance first of year	26,224				26,224	1
Credits During Year						2
Accruals:						3
Charged depreciation expense (403)	785				785	4
Depreciation expense on meters						5
charged to sewer (see Note 3)					0	6
Accruals charged other						7
accounts (specify):						8
					0	9
Salvage					0	10
Other credits (specify):						11
					0	12
Total credits	785	0	0	0	785	13
Debits during year						14
Book cost of plant retired	0				0	15
Cost of removal					0	16
Other debits (specify):						17
					0	18
Total debits	0	0	0	0	0	19
Balance End of Year	27,009	0	0	0	27,009	20
Composite Depreciation Rate?	Yes					21
If yes, what is the rate?	1.88%					22

NET NONUTILITY PROPERTY (ACCTS. 121 & 122)

1. Report separately each item of property with a book cost of \$5,000 or more included in account 121.
2. Other items may be grouped by classes of property.
3. Describe in detail any investment in sewer department carried in this account.

Description (a)	Balance First of Year (b)	Additions During Year (c)	Deductions During Year (d)	Balance End of Year (e)	
Nonregulated sewer plant	0			0	1
Other (specify):					
NONE	0			0	2
Total Nonutility Property (121)	0	0	0	0	
Less accum. prov. depr. & amort. (122)	0			0	3
Net Nonutility Property	0	0	0	0	

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS-CR. (ACCT. 144)

Particulars (a)	Amount (b)
Balance first of year	0 1
Additions:	
Provision for uncollectibles during year	2
Collection of accounts previously written off: Utility Customers	3
Collection of accounts previously written off: Others	4
Total Additions	<u>0</u>
Deductions:	
Accounts written off during the year: Utility Customers	5
Accounts written off during the year: Others	6
Total accounts written off	<u>0</u>
Balance end of year	<u><u>0</u></u>

MATERIALS AND SUPPLIES

Account (a)	Generation (b)	Transmission (c)	Distribution (d)	Other (e)	Total End of Year (f)	Amount Prior Year (g)
Electric Utility						
Fuel for generation					0	0 1
Other					0	0 2
Total Electric Utility					0	0

Account	Total End of Year	Amount Prior Year
Electric utility total	0	0 1
Water utility	3,935	3,935 2
Sewer utility		0 3
Gas utility		0 4
Merchandise		0 5
Other materials & supplies		0 6
Total Materials and Supplies	3,935	3,935

**UNAMORTIZED DEBT DISCOUNT & EXPENSE & PREMIUM ON DEBT
(ACCTS. 181 AND 251)**

Report net discount and expense or premium separately for each security issue.

Debt Issue to Which Related (a)	Written Off During Year		Balance End of Year (d)	
	Amount (b)	Account Charged or Credited (c)		
Unamortized debt discount & expense (181)				
0				1
Total			<u>0</u>	
Unamortized premium on debt (251)				
0				2
Total			<u>0</u>	

CAPITAL PAID IN BY MUNICIPALITY (ACCT. 200)

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D, sewer and privates) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Amount (b)	
Balance first of year	15,666	1
Changes during year (explain):		2
Balance end of year	<u><u>15,666</u></u>	

BONDS (ACCT. 221)

- 1. Report hereunder information required for each separate issue of bonds.
- 2. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.
- 3. Proceeds advanced by the municipality from sale of general obligation bonds, if repayable by utility, should be included in account 223.

Description of Issue (a)	Date of Issue (b)	Final Maturity Date (c)	Interest Rate (d)	Principal Amount End of Year (e)
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NONE

NOTES PAYABLE & MISCELLANEOUS LONG-TERM DEBT

1. Report each class of debt included in Accounts 223, 224 and 231.
2. Proceeds of general obligation issues, if subject to repayment by the utility, should be included in Account 223.
3. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.

Account and Description of Obligation (a and b)	Date of Issue (c)	Final Maturity Date (d)	Interest Rate (e)	Principal Amount End of Year (f)	
Advances (223)					
ADVANCE FROM MUNICIPALITY	04/19/1999	12/31/2002	0.00%	12,000	1
Total for Account 223				12,000	
Other Long-Term Debt (224)					
PAYABLE TO ASSOCIATED BANK	06/12/2001	05/21/2006	5.35%	128,250	2
Total for Account 224				128,250	

TAXES ACCRUED (ACCT. 236)

Particulars (a)	Amount (b)	
Balance first of year	113	1
Accruals:		
Charged water department expense	208	2
Charged electric department expense		3
Charged sewer department expense		4
Other (explain):		
NONE		5
Total Accruals and other credits	208	
Taxes paid during year:		
County, state and local taxes		6
Social Security taxes	148	7
PSC Remainder Assessment	59	8
Other (explain):		
NONE		9
Total payments and other debits	207	
Balance end of year	114	

INTEREST ACCRUED (ACCT. 237)

1. Report below interest accrued on each utility obligation.
 2. Report Customer Deposits under Account 231.

Description of Issue (a)	Interest Accrued Balance First of Year (b)	Interest Accrued During Year (c)	Interest Paid During Year (d)	Interest Accrued Balance End of Year (e)	
Bonds (221)					
NONE	0			0	1
Subtotal	0	0	0	0	
Advances from Municipality (223)					
NONE	0			0	2
Subtotal	0	0	0	0	
Other long-Term Debt (224)					
NOTE PAYABLE TO ASSOCIATED BANK	791	7,098	7,137	752	3
Subtotal	791	7,098	7,137	752	
Notes Payable (231)					
NONE	0			0	4
Subtotal	0	0	0	0	
Total	791	7,098	7,137	752	

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

Particulars (a)	Water (b)	Electric		Sewer (e)	Gas (f)	Total (g)	
		Distribution (c)	Other (d)				
Balance First of Year	151,306	0	0	0	0	151,306	1
Add credits during year:							
For Services						0	2
For Mains						0	3
Other (specify):							
CONSTRUCTION	31,889					31,889	4
Deduct charges (specify):							
NONE						0	5
Balance End of Year	183,195	0	0	0	0	183,195	
Amount of federal and state grants in aid received for utility construction included in End of Year totals	177,429					177,429	6

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)	
Investment in Municipality (123):		
NONE		1
Total (Acct. 123):	0	
Other Investments (124):		
NONE		2
Total (Acct. 124):	0	
Special Funds (125):		
CONSTRUCTION CHECKING ACCOUNTS	1,597	3
Total (Acct. 125):	1,597	
Notes Receivable (141):		
NONE		4
Total (Acct. 141):	0	
Customer Accounts Receivable (142):		
Water	5,459	5
Electric		6
Sewer (Regulated)		7
Other (specify):		
NONE		8
Total (Acct. 142):	5,459	
Other Accounts Receivable (143):		
Sewer (Non-regulated)		9
Merchandising, jobbing and contract work		10
Other (specify):		
NONE		11
Total (Acct. 143):	0	
Receivables from Municipality (145):		
NONE		12
Total (Acct. 145):	0	
Prepayments (165):		
NONE		13
Total (Acct. 165):	0	
Extraordinary Property Losses (182):		
NONE		14
Total (Acct. 182):	0	
Other Deferred Debits (183):		
NONE		15
Total (Acct. 183):	0	

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)
<hr/>	
Payables to Municipality (233):	
NONE	16
Total (Acct. 233):	0
<hr/>	
Other Deferred Credits (253):	
NONE	17
Total (Acct. 253):	0

RETURN ON RATE BASE COMPUTATION

1. The data used in calculating rate base are averages.
2. Calculate those averages by summing the first-of-year and the end-of-year figures for each account and then dividing the sum by two.
3. Note: Do not include property held for future use or construction work in progress with utility plant in service. These are not rate base components.

Average Rate Base (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)	
Add Average:						
Utility Plant in Service	41,738	0	0	0	41,738	1
Materials and Supplies	3,935	0	0	0	3,935	2
Other (specify):						
NONE					0	3
Less Average:						
Reserve for Depreciation	26,616	0	0	0	26,616	4
Customer Advances for Construction					0	5
Contributions in Aid of Construction	167,250	0	0	0	167,250	6
Other (specify):						
NONE					0	7
Average Net Rate Base	(148,193)	0	0	0	(148,193)	
Net Operating Income	(7,102)	0	0	0	(7,102)	8
Net Operating Income as a percent of Average Net Rate Base	N/A	N/A	N/A	N/A	N/A	N/A

RETURN ON PROPRIETARY CAPITAL COMPUTATION

1. The data used in calculating proprietary capital are averages.
2. Calculate those averages by summing the first-of-year and end-of-year figures for each account and then dividing by two.

Description (a)	Amount (b)	
Average Proprietary Capital		
Capital Paid in by Municipality	15,666	1
Appropriated Earned Surplus	0	2
Unappropriated Earned Surplus	13,538	3
Other (Specify):		
NONE		4
Total Average Proprietary Capital	29,204	
Net Income		
Net Income	4,941	5
Percent Return on Proprietary Capital	16.92%	

IMPORTANT CHANGES DURING THE YEAR

Report changes of any of the following types:

1. Acquisitions.

the utility is constructing mains, hydrants, and pumping equipment to connect to Montreal Municipal Water Utility. The project will be completed in 2003. Funding is from a bank note and CEBG.

2. Leaseholder changes.

3. Extensions of service.

4. Estimated changes in revenues due to rate changes.

Revenues are expected to increase 400%

5. Obligations incurred or assumed, excluding commercial paper.

6. Formal proceedings with the Public Service Commission.

The PSC approved new rates effective 9/30/2002.

7. Any additional matters.

FINANCIAL SECTION FOOTNOTES

Signature Page (Page ii)

DAVID TRACZYK
CERTIFIED PUBLIC ACCOUNTANT
327 SILVER STREET
HURLEY WI 54534

BOARD OF COMMISSIONERS
TOWN OF PENCE MUNICIPAL WATER DEPARTMENT
PENCE WISONSIN

I have compiled the accompanying balance sheet, statement of income and retained earnings, and statistical data of the Town of Pence Municipal Water Department for the year ended December 31, 2002, included in the accompanying prescribed form, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

My compilation was limited to presenting in the form prescribed by the Wisconsin Public Service Commission information that is the representation of management. I have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

April 13, 2003

FINANCIAL SECTION FOOTNOTES

Identification and Ownership - Contacts (Page iv)

no response; review 2003
9/15/03 email:
Dear Ms. Manzanares:

The Public Service Commission (Commission) staff has completed its analytical review of your utility's 2002 annual report. The primary purpose of the analytical review is to detect possible reporting or accounting related errors and also to identify significant fluctuations from prior years' data that are not sufficiently explained in the annual report. The analytical review did identify the following issue:

On Page F-2, \$12,000 is reported in Account 421 described as "OPERATING TRANSFER FROM MUNICIPALITY". Please provide more detail to explain this amount.

Responding to the questions posed from the analytical review does not preclude you from possibly receiving other inquiries from our office regarding your annual report in the future: for instance, during a rate case, construction authorization, or other Commission reviews.

We appreciate your cooperation in providing the above information. If you have any questions, please feel free to contact me at (608) 266-3768. Please respond within 30 days of this letter. We prefer that you respond by e-mail if it is convenient for you to do so. My e-mail address is elaine.engelke@psc.state.wi.us. If we have no questions regarding your response, you can consider the review closed.

Sincerely,

Elaine Engelke
Financial Specialist
Division of Water, Compliance, and Consumer Affairs

WATER OPERATING REVENUES & EXPENSES

Particulars (a)	Amounts (b)	
Operating Revenues		
Sales of Water		
Sales of Water (460-467)	11,659	1
Total Sales of Water	11,659	
Other Operating Revenues		
Forfeited Discounts (470)	0	2
Other Water Revenues (474)	0	3
Amortization of Construction Grants (475)	0	4
Total Other Operating Revenues	0	
Total Operating Revenues	11,659	
Operation and Maintenance Expenses		
Plant Operation and Maintenance Expenses (600-660)	14,954	5
General Operating Expenses (680-690)	2,814	6
Total Operation and Maintenance Expenses	17,768	
Other Operating Expenses		
Depreciation Expense (403)	785	7
Amortization Expense (404)		8
Taxes (408)	208	9
Total Other Operating Expenses	993	
Total Operating Expenses	18,761	
NET OPERATING INCOME	(7,102)	

WATER OPERATING REVENUES - SALES OF WATER

1. Where customer meters record cubic feet, multiply by 7.48 to obtain number of gallons.
2. Report estimated gallons for unmetered sales.
3. Sales to multiple dwelling buildings through a single meter serving 3 or more family units should be classified commercial.
4. Account 460, Unmetered Sales to General Customers - Gallons of Water Sold should not include in any way quantity of water, i.e. metered, or measured by tank or pool volume. The quantity should be estimated based on size of pipe, flow, foot of frontage, etc. Bulk water sales should be Account 460 if the quantity is estimated and should be Account 461 if metered or measured by volume. Water related to construction should be a measured sale of water (either Account 461 or Account 464).
5. Other accounts: see application Help files for details.

Particulars (a)	Average No. Customers (b)	Thousands of Gallons of Water Sold (c)	Amounts (d)	
Operating Revenues				
Sales of Water				
Unmetered Sales to General Customers (460)				
Residential				1
Commercial				2
Industrial				3
Total Unmetered Sales to General Customers (460)	0	0	0	
Metered Sales to General Customers (461)				
Residential	90	2,856	8,917	4
Commercial	2	150	330	5
Industrial				6
Total Metered Sales to General Customers (461)	92	3,006	9,247	
Private Fire Protection Service (462)				7
Public Fire Protection Service (463)	1		2,363	8
Other Sales to Public Authorities (464)	1	5	49	9
Sales to Irrigation Customers (465)				10
Sales for Resale (466)		0	0	11
Interdepartmental Sales (467)				12
Total Sales of Water	94	3,011	11,659	

SALES FOR RESALE (ACCT. 466)

Use a separate line for each delivery point.

Customer Name (a)	Point of Delivery (b)	Thousands of Gallons Sold (c)	Revenues (d)
------------------------------	----------------------------------	--	-------------------------

NONE

OTHER OPERATING REVENUES (WATER)

1. Report revenues relating to each account and fully describe each item using other than the account title.
2. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D and privates) and all other lesser amounts grouped as Miscellaneous.
3. For a combined utility which also provides sewer service that is based upon water readings, report the return on net investment in meters charged to sewer department in Other Water Revenues (474).

Particulars (a)	Amount (b)	
Public Fire Protection Service (463):		
Amount billed (usually per rate schedule F-1 or Fd-1)	2,363	1
Wholesale fire protection billed		2
Amount billed for fighting fires outside utility's service areas (usually per rate schedule F-2 or BW-1)		3
Other (specify): NONE		4
Total Public Fire Protection Service (463)	2,363	
Forfeited Discounts (470):		
Customer late payment charges		5
Other (specify): NONE		6
Total Forfeited Discounts (470)	0	
Other Water Revenues (474):		
Return on net investment in meters charged to sewer department		7
Other (specify): NONE		8
Total Other Water Revenues (474)	0	
Amortization of Construction Grants (475):		
NONE		9
Total Amortization of Construction Grants (475)	0	

WATER OPERATION & MAINTENANCE EXPENSES

Each expense account that has an increase or a decrease when compared to the previous year of greater than 30 percent, but not less than \$2,000, shall be fully explained in the schedule footnotes.

Particulars (a)	Amount (b)	
PLANT OPERATION AND MAINTENANCE EXPENSES		
Salaries and Wages (600)	1,562	1
Purchased Water (610)	6,725	2
Fuel or Power Purchased for Pumping (620)	1,415	3
Chemicals (630)	286	4
Supplies and Expenses (640)	2,476	5
Repairs of Water Plant (650)	2,490	6
Transportation Expenses (660)		7
Total Plant Operation and Maintenance Expenses	14,954	
GENERAL OPERATING EXPENSES		
Administrative and General Salaries (680)	400	8
Office Supplies and Expenses (681)	229	9
Outside Services Employed (682)	2,057	10
Insurance Expense (684)		11
Employees Pensions and Benefits (686)		12
Regulatory Commission Expenses (688)		13
Miscellaneous General Expenses (689)	128	14
Uncollectible Accounts (690)		15
Total General Operating Expenses	2,814	
Total Operation and Maintenance Expenses	17,768	

TAXES (ACCT. 408 - WATER)

When allocation of taxes is made between departments, explain method used.
--

Description of Tax (a)	Method Used to Allocate Between Departments (b)	Amount (c)	
Property Tax Equivalent		0	1
Less: Local and School Tax Equivalent on Meters Charged to Sewer Department			2
Net property tax equivalent		0	
Social Security		149	3
PSC Remainder Assessment		59	4
Other (specify): NONE			5
Total tax expense		208	

PROPERTY TAX EQUIVALENT (WATER)

1. No property tax equivalent shall be determined for sewer utilities or town sanitary district water utilities.
2. Tax rates are those issued in November (usually) of the year being reported and are available from the municipal treasurer. Report the tax rates in mills to six (6) decimal places.
3. The assessment ratio is available from the municipal treasurer. Report the ratio as a decimal to six (6) places.
4. The utility plant balance first of year should include the gross book values of plant in service, property held for future use and construction work in progress.
5. An "other tax rate" is included in the "Net Local and School Tax Rate Calculation" to the extent that it is local. An example is a local library tax. Fully explain the rate in the Property Tax Equivalent schedule footnotes.
6. The Property Tax Equivalent to be reported for the year is determined pursuant to Wis. Stat § 66.0811(2). Report the higher of the current year calculation or the tax equivalent reported in the 1994 PSC annual report, unless, the municipality has authorized a lower amount, then that amount is reported as the property tax equivalent.
7. If the municipality has authorized a lower amount, the authorization description and date of the authorization must be reported in the Property Tax Equivalent schedule footnotes.

Particulars (a)	Units (b)	Total (c)	County A (d)	County B (e)	County C (f)	County D (g)	
County name			Iron				1
SUMMARY OF TAX RATES							
State tax rate	mills		0.286917				3
County tax rate	mills		7.595847				4
Local tax rate	mills		1.418870				5
School tax rate	mills		13.853487				6
Voc. school tax rate	mills		1.759407				7
Other tax rate - Local	mills		0.000000				8
Other tax rate - Non-Local	mills		0.000000				9
Total tax rate	mills		24.914528				10
Less: state credit	mills		2.055230				11
Net tax rate	mills		22.859298				12
PROPERTY TAX EQUIVALENT CALCULATION							
Local Tax Rate	mills		1.418870				14
Combined School Tax Rate	mills		15.612894				15
Other Tax Rate - Local	mills		0.000000				16
Total Local & School Tax	mills		17.031764				17
Total Tax Rate	mills		24.914528				18
Ratio of Local and School Tax to Total	dec.		0.683608				19
Total tax net of state credit	mills		22.859298				20
Net Local and School Tax Rate	mills		15.626793				21
Utility Plant, Jan. 1	\$	304,900	304,900				22
Materials & Supplies	\$	3,935	3,935				23
Subtotal	\$	308,835	308,835				24
Less: Plant Outside Limits	\$	0	0				25
Taxable Assets	\$	308,835	308,835				26
Assessment Ratio	dec.		0.800200				27
Assessed Value	\$	247,130	247,130				28
Net Local & School Rate	mills		15.626793				29
Tax Equiv. Computed for Current Year	\$	3,862	3,862				30
Tax Equivalent per 1994 PSC Report	\$	879					31
Any lower tax equivalent as authorized by municipality (see note 6)	\$	0					33
Tax equiv. for current year (see note 6)	\$	0					34

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	
INTANGIBLE PLANT			
Organization (301)	0		1
Franchises and Consents (302)	0		2
Miscellaneous Intangible Plant (303)	0		3
Total Intangible Plant	0	0	
SOURCE OF SUPPLY PLANT			
Land and Land Rights (310)	0		4
Structures and Improvements (311)	200		5
Collecting and Impounding Reservoirs (312)	1,000		6
Lake, River and Other Intakes (313)	0		7
Wells and Springs (314)	736		8
Infiltration Galleries and Tunnels (315)	0		9
Supply Mains (316)	1,405		10
Other Water Source Plant (317)	0		11
Total Source of Supply Plant	3,341	0	
PUMPING PLANT			
Land and Land Rights (320)	0		12
Structures and Improvements (321)	1,485		13
Boiler Plant Equipment (322)	0		14
Other Power Production Equipment (323)	0		15
Steam Pumping Equipment (324)	0		16
Electric Pumping Equipment (325)	1,816		17
Diesel Pumping Equipment (326)	0		18
Hydraulic Pumping Equipment (327)	0		19
Other Pumping Equipment (328)	0		20
Total Pumping Plant	3,301	0	
WATER TREATMENT PLANT			
Land and Land Rights (330)	340		21
Structures and Improvements (331)	0		22
Water Treatment Equipment (332)	0		23
Total Water Treatment Plant	340	0	
TRANSMISSION AND DISTRIBUTION PLANT			
Land and Land Rights (340)	0		24
Structures and Improvements (341)	0		25

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)
INTANGIBLE PLANT			
Organization (301)			0 1
Franchises and Consents (302)			0 2
Miscellaneous Intangible Plant (303)			0 3
Total Intangible Plant	0	0	0
SOURCE OF SUPPLY PLANT			
Land and Land Rights (310)			0 4
Structures and Improvements (311)			200 5
Collecting and Impounding Reservoirs (312)			1,000 6
Lake, River and Other Intakes (313)			0 7
Wells and Springs (314)			736 8
Infiltration Galleries and Tunnels (315)			0 9
Supply Mains (316)			1,405 10
Other Water Source Plant (317)			0 11
Total Source of Supply Plant	0	0	3,341
PUMPING PLANT			
Land and Land Rights (320)			0 12
Structures and Improvements (321)			1,485 13
Boiler Plant Equipment (322)			0 14
Other Power Production Equipment (323)			0 15
Steam Pumping Equipment (324)			0 16
Electric Pumping Equipment (325)			1,816 17
Diesel Pumping Equipment (326)			0 18
Hydraulic Pumping Equipment (327)			0 19
Other Pumping Equipment (328)			0 20
Total Pumping Plant	0	0	3,301
WATER TREATMENT PLANT			
Land and Land Rights (330)			340 21
Structures and Improvements (331)			0 22
Water Treatment Equipment (332)			0 23
Total Water Treatment Plant	0	0	340
TRANSMISSION AND DISTRIBUTION PLANT			
Land and Land Rights (340)			0 24
Structures and Improvements (341)			0 25

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	
TRANSMISSION AND DISTRIBUTION PLANT			
Distribution Reservoirs and Standpipes (342)	5,472		26
Transmission and Distribution Mains (343)	10,620		27
Fire Mains (344)	0		28
Services (345)	3,330		29
Meters (346)	14,039		30
Hydrants (348)	1,295		31
Other Transmission and Distribution Plant (349)	0		32
Total Transmission and Distribution Plant	34,756	0	
GENERAL PLANT			
Land and Land Rights (370)	0		33
Structures and Improvements (371)	0		34
Office Furniture and Equipment (372)	0		35
Computer Equipment (372.1)	0		36
Transportation Equipment (373)	0		37
Other General Equipment (379)	0		38
Other Tangible Property (390)	0		39
Total General Plant	0	0	
Total utility plant in service directly assignable	41,738	0	
Common Utility Plant Allocated to Water Department	0		40
Total utility plant in service	41,738	0	

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)
TRANSMISSION AND DISTRIBUTION PLANT			
Distribution Reservoirs and Standpipes (342)			5,472 26
Transmission and Distribution Mains (343)			10,620 27
Fire Mains (344)			0 28
Services (345)			3,330 29
Meters (346)			14,039 30
Hydrants (348)			1,295 31
Other Transmission and Distribution Plant (349)			0 32
Total Transmission and Distribution Plant	0	0	34,756
GENERAL PLANT			
Land and Land Rights (370)			0 33
Structures and Improvements (371)			0 34
Office Furniture and Equipment (372)			0 35
Computer Equipment (372.1)			0 36
Transportation Equipment (373)			0 37
Other General Equipment (379)			0 38
Other Tangible Property (390)			0 39
Total General Plant	0	0	0
Total utility plant in service directly assignable	0	0	41,738
Common Utility Plant Allocated to Water Department			0 40
Total utility plant in service	0	0	41,738

SOURCE OF SUPPLY, PUMPING AND PURCHASED WATER STATISTICS

Expanded definitions of the three types of accounted-for water reported on this schedule are included in the schedule Help and in the Reference Manual Schedule Reference Sheet.

Sources of Water Supply					
Month	Purchased Water Gallons (000's)	Surface Water Gallons (000's)	Ground Water Gallons (000's)	Total Gallons All Methods (000's)	
(a)	(b)	(c)	(d)	(e)	
January			679	679	1
February			620	620	2
March			693	693	3
April	616			616	4
May	687			687	5
June	656			656	6
July	694			694	7
August	658			658	8
September	658			658	9
October	643			643	10
November	588			588	11
December	600			600	12
Total annual pumpage	5,800	0	1,992	7,792	
Less: Water sold				3,011	13
Volume pumped but not sold				4,781	14
Volume sold as a percent of volume pumped				39%	15
Volume used for water production, water quality and system maintenance				2,500	16
Volume related to equipment/system malfunction				500	17
Non-utility volume NOT included in water sales					18
Total volume not sold but accounted for				3,000	19
Volume pumped but unaccounted for				1,781	20
Percent of water lost				23%	21
If more than 25%, indicate causes and state what action has been taken to reduce water loss:					22
Maximum gallons pumped by all methods in any one day during reporting year (000 gal.)				27	23
Date of maximum: 5/19/2002					24
Cause of maximum: flushing					25
Minimum gallons pumped by all methods in any one day during reporting year (000 gal.)				15	26
Date of minimum: 10/30/2002					27
Total KWH used for pumping for the year				15,797	28
If water is purchased: Vendor Name: CITY OF MONTREAL					29
Point of Delivery: CITY LIMIT / TOWN LINE					30

SOURCES OF WATER SUPPLY - GROUND WATERS

Location (a)	Identification Number (b)	Depth in feet (c)	Well Diameter in inches (d)	Yield Per Day in gallons (e)	Currently In Service? (f)	
1 WEST	1	2	2	72,000	No	1

SOURCES OF WATER SUPPLY - SURFACE WATERS

Location (a)	Intakes			
	Identification Number (b)	Distance From Shore in feet (c)	Depth Below Surface in feet (d)	Diameter in inches (e)
NONE				

PUMPING & POWER EQUIPMENT

1. Use a separate column for each pump.
2. Indicate purpose of pump by: P for primary (from source to reservoir, treatment or distribution system), B for booster (from reservoir or treatment to distribution system, or within distribution system), or S for standby pumping equipment.
3. Indicate destination (of water pumped) by: R for reservoir, T for treatment or D for distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)	
Identification	UNIT D	UNIT E		1
Location	50	50		2
Purpose	P	P		3
Destination	R	R		4
Pump Manufacturer	GE	GE		5
Year Installed	1978	1978		6
Type	CENTRIFUGAL	CENTRIFUGAL		7
Actual Capacity (gpm)	50	50		8
Pump Motor or Standby Engine Mfr	GE	GE		10
Year Installed	1978	1978		11
Type	ELECTRIC	ELECTRIC		12
Horsepower	5	5		13

Particulars (a)	Unit D (b)	Unit E (c)	Unit F (d)	
Identification				14
Location				15
Purpose				16
Destination				17
Pump Manufacturer				18
Year Installed				19
Type				20
Actual Capacity (gpm)				21
Pump Motor or Standby Engine Mfr				22
Year Installed				23
Type				24
Horsepower				25
				26

RESERVOIRS, STANDPIPES & WATER TREATMENT

1. Identify as R (reservoir), S (standpipe) & ET (elevated tank).
2. Use a separate column for each using additional copies if necessary.
3. Enter elevation difference between highest water level in S or ET, (or R only on an elevated site) and the water main where the connection to the storage begins branching into the distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)
Identification number or name	GE		1
RESERVOIRS, STANDPIPES OR ELEVATED TANKS			2
Type: R (reservoir), S (standpipe) or ET (elevated tank)	R		3
Year constructed	1978		4
Primary material (earthen, steel, concrete, other)	CONCRETE		5
Elevation difference in feet (See Headnote 3.)	1		6
Total capacity in gallons (actual)	60,000		7
WATER TREATMENT PLANT			8
Disinfection, type of equipment (gas, liquid, powder, other)	OTHER		9
Points of application (wellhouse, central facilities, booster station, other)	OTHER		10
Filters, type (gravity, pressure, other, none)	OTHER		11
Rated capacity of filter plant (m.g.d.) (note: 1,200,000 gal/day = 1.2 m.g.d.)	0.0000		12
Is a corrosion control chemical used (yes, no)?	Y		13
Is water fluoridated (yes, no)?	N		14

WATER MAINS

1. Report mains separately by pipe material, function, diameter and either within or outside the municipal boundaries.
2. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement), or P (Plastic for plastic and all other non-metal excluding asbestos-cement).
3. Identify function as: T (Transmission), D (Distribution) or S (Supply).
4. Explain all reported adjustments as a schedule footnote.
5. For main additions reported in column (e), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If the assessments are deferred, explain.

Number of Feet								
Pipe Material (a)	Main Function (b)	Diameter in Inches (c)	First of Year (d)	Added During Year (e)	Retired During Year (f)	Adjustments Increase or (Decrease) (g)	End of Year (h)	
M	D	0.750	300	0	0	0	300	1
M	D	2.000	4,200	0	0	0	4,200	2
M	D	4.000	4,700	0	0	0	4,700	3
M	S	4.000	1,600	0	0	0	1,600	4
Total Within Municipality			10,800	0	0	0	10,800	
Total Utility			10,800	0	0	0	10,800	

WATER SERVICES

1. Explain all reported adjustments as a schedule footnote.
2. Report in column (h) the number of utility-owned services included in columns (c) through (g) which are temporarily shut off at the curb box or otherwise not in use at end of year.
3. For services added during the year in column (d), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If installed by a property owner or developer, explain the basis of recording the cost of the additions, the total amount and the number of services recorded under this method.
 - d. If any were financed by application of Cz-1, provide the total amount recorded and the number of services recorded under this method.
4. Report services separately by pipe material and diameter.
5. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement) or P (Plastic for plastic and all other non-metal excluding asbestos-cement).

Pipe Material (a)	Diameter in Inches (b)	First of Year (c)	Added During Year (d)	Removed or Permanently Disconnected During Year (e)	Adjustments Increase or (Decrease) (f)	End of Year (g)	Utility Owned Services Not In Use at End of Year (h)	
M	0.750	93	0	0	0	93		1
M	1.000	1	0	0	0	1		2
Total Utility		94	0	0	0	94	0	

METERS

1. Include in Columns (b), (c), (d), (e) and (f) meters in stock as well as those in service.
2. Report in Column (c) all meters purchased during the year and in Column (d) all meters junked, sold or otherwise permanently retired during the year.
3. Use Column (e) to show correction to previously reported meter count because of inventory or property record corrections.
4. Totals by size in Column (f) should equal same size totals in Column (o).
5. Explain all reported adjustments as a schedule footnote.

Number of Utility-Owned Meters

Size of Meter (a)	First of Year (b)	Added During Year (c)	Retired During Year (d)	Adjustments Increase or (Decrease) (e)	End of Year (f)	Tested During Year (g)	
0.625	100	0	0	0	100	0	1
Total:	100	0	0	0	100	0	

Classification of All Meters at End of Year by Customers

Size of Meter (h)	Residential (i)	Commercial (j)	Industrial (k)	Public Authority (l)	Wholesale, Inter-Department or Utility Use (m)	In Stock and Deduct Meters (n)	Total (o)	
0.625	90	2	0	1	0	7	100	1
Total:	90	2	0	1	0	7	100	

HYDRANTS AND DISTRIBUTION SYSTEM VALVES

1. Distinguish between fire and flushing hydrants by lead size.
 - a. Fire hydrants normally have a lead size of 6 inches or greater.
 - b. Record as a flushing hydrant where the lead size is less than 6 inches or if pressure is inadequate to provide fire flow.
2. Explain all reported adjustments in the schedule footnotes.
3. Report fire hydrants as within or outside the municipal boundaries.

Hydrant Type (a)	Number In Service First of Year (b)	Added During Year (c)	Removed During Year (d)	Adjustments Increase or (Decrease) (e)	Number In Service End of Year (f)	
Fire Hydrants						
Outside of Municipality	0				0	1
Within Municipality	16				16	2
Total Fire Hydrants	16	0	0	0	16	
Flushing Hydrants						
	0				0	3
Total Flushing Hydrants	0	0	0	0	0	

NR811.08(5) recommends that a schedule shall be adopted and followed for operating each system valve and hydrant at least once each two years. Please provide the number operated during the year

Number of hydrants operated during year:	16
Number of distribution system valves end of year:	8
Number of distribution valves operated during year:	7

WATER OPERATING SECTION FOOTNOTES

Water Operation & Maintenance Expenses (Page W-05)

610 - water purchased

the utility began purchasing all water from Montreal on April 1, 2002.

640 - supplies

supplies increased primarily because of the cost of operating a new meter facility to monitor the water purchased.

650 - repairs

these costs increased because we repaired a couple of watermain leaks.

68 - outside services

these costs increased to cover the cost of accounting assistance to help account for the construction project and correct psc reports.

Property Tax Equivalent (Water) (Page W-07)

municipality authorized a '0' tax rate

Meters (Page W-17)

all meters were new within the past 4 years so none were tested in 2002
