Exhibit No.:
Issue: Depreciation
Witness: Guy C. Gilbert
Type of Exhibit: Direct Testimony
Sponsoring Party: MO PSC Staff
Case No.: WR-95-145

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

COPY

ST. LOUIS COUNTY WATER COMPANY

CASE NO. WR-95-145

DIRECT TESTIMONY

OF

GUY C. GILBERT

JEFFERSON CITY, MISSOURI

APRIL 1995

DIRECT TESTIMONY

OF

GUY C. GILBERT

ST. LOUIS COUNTY WATER COMPANY

CASE NO. WR-95-145

Q. Please state your name and business address.

A. Guy C. Gilbert, P.O. Box 360, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (Commission) as an Engineer IV in the Depreciation Department.

Q. What is the purpose of your testimony in this docket?

A. To present the Commission Staff's (Staff's) position and methods supporting the depreciation rate schedule for St. Louis County Water Company (SLCWC or Company) in this docket attached as Schedule 1 to this testimony. In addition, I will address the amortization issue involving the theoretical reserve difference currently affecting the accumulated reserve balances of SLCWC.

WITNESS INTRODUCTION

Q. Would you please state briefly your qualifications, educational background and experience.

A. I received a Bachelor of Science degree in Mining Engineering and a Bachelor of Science degree in

Economics, both from the University of Missouri - Rolla. Since my graduation I have held numerous titles in private industry and government as Mining Engineer, Assistant Superintendent, Economic Analyst, Management Analyst, Mechanical Engineer, Project Engineer and Environmental Consultant. In addition I hold and have held federal and state certifications: in wastewater treatment, both public and industrial; refuse impoundments; high, medium and low voltage electrical cards, both, surface and underground; noise, dust, hoisting engineer; mine manager; mine examiner; mine rescue and emergency medical technician.

I have been employed as a Depreciation Department engineer since joining the Staff in 1994. My responsibilities in this position cover all assigned depreciation related matters which the Staff must address, including: submission of evidence as an expert witness; the preparation of depreciation, life and salvage studies; examination of plant property records; and review of property sales.

DEPRECIATION SCHEDULE SUPPORT

Q. What process was employed to calculate depreciation rates for SLCWC?

A. The depreciation rates I am recommending were formulated on the basis of traditional depreciation methods.

Q. Are you recommending that the Commission approve the depreciation rates reflected in your attached

Schedule 1?

A. Yes.

Q. Why are you recommending that the Commission approve these depreciation rates?

A. I believe that certain useful life and salvage factors are in need of updating. The new factors are reasonable in light of construction experience unique to the Company's service area. This recent history has proven a need for revised depreciation factors and rates.

Q. Mr. Gilbert, in your opinion, what is the purpose of depreciation?

A. To recover the original cost of fixed capital assets, less net salvage, from the consumers over the useful life of the property.

Q. How is the annual accrual for depreciation calculated?

A. The original cost of the Company's assets are maintained in plant accounts according to the Uniform System of Accounts for Class A Water Utilities as defined by the National Association of Regulatory Utility Commissioners. Depreciation rates are approved by the Commission for each plant account. The rates, when applied to the average plant balance for each account in a period, result in depreciation expense for the period. The sum of this expense for a year is the annual accrual for depreciation.

Q. Mr. Gilbert, on what basis were the

depreciation rates shown on Schedule 1 determined?

A. The straight line broad group whole life procedure was employed, which is also the basis of the currently approved rates. Under this method, the depreciation rate for each account is calculated by subtracting the average net salvage percent from one (1.0) and dividing the result by the calculated average service life.

SCHEDULE 1 EXPLANATION

Q. Please discuss the account items displayed in bold type on Schedule 1.

A. The plant accounts in bold type are those with depreciation rates revised from those currently approved. Non-bolded accounts have no recommended changes from the existing rates.

NET SALVAGE DISCUSSION

Q. In general, how is the net salvage determined for each plant account?

A. Net salvage simply means the salvage value of the retired property after deducting the cost of retiring and removing it from service. It is also expressed as the gross salvage less cost of removal.

Net salvage may be positive, such as in the case of vehicles, for example. Companies such as SLCWC reasonably expect to be able to sell nearly all of its vehicle fleet for some dollar amount with little to no cost

of removing them from service.

Net salvage can also be negative, as in the case of water mains. Mains are usually abandoned in place, yet the Company experiences costs to disconnect the sections from service.

Q. How is the net salvage percent, discussed in the aforementioned depreciation rate formula, derived?

A. The net salvage dollars realized due to retirements of plant items, positive or negative, are divided by the original plant cost of those same items.

Q. On what information did you base your net salvage percent calculations?

A. For each plant account, SLCWC furnished approximately 30 years of historical data through year end 1993. The data enumerates plant retirements, gross salvage and cost of removal for each retirement year. Five, seven, ten and twenty year band analyses were conducted to identify trends and exclude anomalies in percent salvage over time. Details of these analyses by account are discussed later in my testimony.

AVERAGE SERVICE LIFE DISCUSSION

Q. How are the average service lives determined that you use in your depreciation rate calculations?

A. The survivor curve method.

Q. To which accounts is this method applicable?

A. This method is applicable to most of the

plant consisting of many relatively small but easily identifiable items. While these "mass" property units are similar to one another, the life of each item is not dependent upon the lives of the others.

Any "mass" property accounts for which sufficient vintage accounting records are available may be studied using the survivor curve method. The data available must include the original cost of plant additions by vintage; and, either all subsequent retirement amounts for every vintage by year, or surviving dollar amounts for every vintage by year to the current time.

The survivor curve method is typically applied to all general plant accounts.

Q. Please discuss the application of the survivor curve method.

A. The survivor curve method is a study of mortality data by using actuarial methods. It is a statistical method in which the underlying assumption is that if history does tend to repeat itself, the service life of the new unit will be reflected in the history of the retired units.

Historical mortality data for an account is plotted and the resultant curve representing dollars surviving is compared to the known shape of a set of Iowa curves. Survivor curve models, such as the Iowa curves, are widely used to simplify life analysis and forecasting. The

purpose of this study is to generalize the attrition of units of physical property into curves representing expected trends by the Iowa curves.

The area calculated under the chosen Iowa curve is the average service life.

Q. For those accounts for which you employed the survivor curve method, on what information did you base your average service life calculations?

A. SLCWC furnished historical data through year end 1993 which enumerates plant additions, retirements and adjustments for each vintage by plant account.

ACCOUNT 311

Q. Please describe what may be found in Account 311.

A. Plant contained in Account 311, Source of Supply, Structures and Improvements is that plant which is used to intake water to the mains which supply the water treatment facilities.

Q. Mr. Gilbert, please explain your approach to the determination of depreciation and salvage rates for Account 311.

A. The survivor curve method was used against the available data to choose an appropriate Iowa curve and I have adopted the most recent five year band analysis for determination of the salvage rate.

ACCOUNTS 321.1, 321.2 & 341

Q. Please describe and explain what is in accounts 321.1, 321.2 and 341.

A. Account 321.1, Pumping Plant, Structures and Improvements-Plants, Account 321.2 Pumping Plant, Structures and Improvements-Boosters and Account 341, Transmission and Distribution Structures and Improvements, are all quite similar in that they are accounts that contain the buildings and improvements that are used to house pumps and equipment associated with dispersion of water throughout the SLCWC water system.

Q. Please describe your review of these accounts.

A. In these three accounts, the survivor curve method was used against the available data to choose an appropriate Iowa curve.

Q. How did you determine the net salvage percent for these accounts?

A. The most recent 30 years of retirements, gross salvage and cost of removal were studied for each account in moving band analyses. These bands group the salvage experience into a significant number of years for study. By studying the moving bands, trends in salvage are identified.

I have adopted the most recent five year band analysis for determination of the salvage rate.

ACCOUNTS 342.11 & 342.12

Q. Please describe and explain what is in accounts 342.11 and 342.12.

A. Account 342.11, Distribution Reservoirs and Standpipes-ground level and Account 342.12, Distribution Reservoirs and Standpipes-elevated are both quite similar. Both accounts contain the distribution reservoirs that are used to maintain supply to meet peak system demand throughout the SLCWC water system.

Q. Please describe your review of these accounts.

A. In these two accounts, the survivor curve method was used against the available data to choose an appropriate Iowa curve.

Q. How did you determine the net salvage percent for these accounts?

A. The most recent 30 years of retirements, gross salvage and cost of removal were studied for each account in moving band analyses.

These bands group the salvage experience into a significant number of years for study. By studying moving bands, trends in salvage are identified.

GENERAL PLANT ACCOUNTS 390 THROUGH 398, EXCEPT 396

Q. How did you calculate the recommended depreciation rates for accounts 390 through 398, except Account 396?

A. In all but one instance the Iowa curve representing the average service life which best fits the historical data and net salvage from a band analysis were used. The one exception is the net salvage determination for Account 394.1, Shop Equipment. In this instance there had been some recent environmental remediation expense. It is expected that this account will not experience such a large cost of removal for the foreseeable future. I have removed this one time event from consideration and have made my recommendation accordingly.

DEPRECIATION RESERVE

Q. What is the purpose of the depreciation reserve and its objectives?

A. The depreciation reserve is a requirement of the Uniform System of Accounts adopted by rulemaking by the Commission and is opposite to the plant accounts. Simply stated, additions to the depreciation reserve are deductions from rate base. The objective of the depreciation reserve is to provide to the company a measure of investment recovered through cost of service and provides a measure of consumed usefulness. Lastly, observation of the depreciation reserve provides a system of checks and balances regarding under or over accrual of the depreciation expense.

In whole life studies, significant deficiencies in the reserve accrual may be recovered through an amortization

over some period where recovery is deemed appropriate. These deficiencies are caused by incorrect life estimation or misjudged salvage rates in the past.

Q. What is the theoretical reserve for depreciation?

A. The theoretical reserve for depreciation is the result of a test to determine the historical adequacy of the reserve for depreciation, part of the checks and balances as mentioned in response to the previous question.

Q. How was the theoretical reserve deficiency calculated?

A. The prospective method for determining the reserve requirement was used. In this method the reserve requirement as of the date of study is equal to the net plant balance minus the future accruals (at current or projected depreciation rates) minus the future net salvage. This method involved the tabulation of investment balances by plant account. The average life, remaining life expectancy, retirement dispersion and net salvage values by plant account were used to determine the theoretical reserve. Finally, the book depreciation by plant account at the date of study was compared to the computed theoretical reserve. The resultant summation of the differences between the book amount of depreciation and the computed theoretical reserve for depreciation yields a $36.3 million existing reserve difference. The attached Schedule 2 details a

breakdown by account of the theoretical reserve differences.

Q. How do you recommend that this deficiency in the theoretical reserve be recovered?

A. I recognize the Company's desire to avoid rate shock by implementation of a phased amortization. The Company and I agree that the identified reserve deficiency should be recovered over a ten year period, and that the amount should be phased in.

Q. How do you recommend the annual amortization amounts be calculated?

A. A straight line ten year amortization would be $3.63 million annually. Instead, the Company and I agree that the first year amount should be phased in at 50 percent and the second year amount at 75 percent of the straight line level. The amount remaining to recover would then be collected evenly over the remaining eight years.

The following table provides the amortization amount by year:

Year	Amortization
1	$1.815 million
2	$2.723 million
3-10	$3.970 million

These amounts would be applied to each account identified on Schedule 2 according to the percent deficiency of each account to the total deficiency.

Q. Why was a reserve deficiency of this magnitude not addressed earlier?

A. It has only recently come to Staff's and SLCWC's attention the impact of environmental and other regulatory mandates associated with proper disposal of various types of water plant. In some instances retired plant will have asbestos, lead or petrochemical remediation costs associated with the retirement. In other instances, such as very large mains now running under Interstate highways, filling the abandoned pipe is required. As these costs have become known and escalated recently the Company has focused more closely on estimating costs of removal.

Q. Do you have a recommendation regarding how the Company may better prepare for currently unforeseen retirement costs?

A. Yes, I recommend that SLCWC garner the expertise to facilitate determination of environmental and other regulatory remediation requirements that are likely to affect SLCWC salvage costs in the future. In addition this facilitator should also possess the ability to determine future disposal of assets that may prove beneficial to both ratepayers and equity holders of SLCWC. An example of this may be to use retired transmission and distribution pipe as conduits for fiber optic cable. The objective of this recommendation is for SLCWC to properly consider all identifiable costs of removal and potential remediation costs as practicable so such costs can be borne by the appropriate customer group receiving service and benefit

from those plant items.

SUMMARY

Q. Would you please summarize your testimony?

A. I recommend the depreciation rates on my Schedule 1 be approved by the Commission. My testimony describes the methods used to arrive at the depreciation rates and underlying life and salvage parameters.

I also recommend that the Commission approve a 10 year phased amortization for recovery of the $36.3 million theoretical reserve difference to become effective as of the effective date of the Commission's Report and Order in this docket.

Q. Does this conclude your testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the application of St. Louis County Water Company's tariff revisions designed to increase rates for water service provided to customers in the Missouri service area of the company.	))))))	CASE NO. WR-95-145

AFFIDAVIT OF GUY C. GILBERT

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Guy C. Gilbert, of lawful age, on his oath states: that he has participated in the preparation of the foregoing written testimony in question and answer form; consisting of 14 pages and two schedules to be presented in this case; that the answers in the foregoing testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

G. C. Gilbert

Guy C. Gilbert

Subscribed and sworn to before me this 11th day of April, 1995.

ROSEMARIE RIEDL
NOTARY PUBLIC STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXPIRES JUNE 1, 1997

Rosemarie Riedl
Notary Public

My commission expires _____

ST. LOUIS COUNTY WATER COMPANY
SUMMARY OF ANNUAL AVERAGE LIFE DEPRECIATION RATES
CASE NO. WR-95-145

Account Number	DESCRIPTION	Curve Type	% Net Salvage	Average Life	Average Life Rate
	Intangible Plant				
301	Organization				
302	Franchises & Consents				
	Source of Supply Plant				
310	Land & Rights				
311	**Structures & Improvements**	**R3-45**	**-35**	**45.0**	**3.00%**
316.1	Supply Mains - North Plant	SQ-100	-25	T/D	3.00%
316.2	Supply Mains - Central Plant	L4-45	-25	T/D	3.14%
316.3	Supply Mains - South Plant	L 2-150	-25	T/D	2.23%
316.4	Supply Mains - Meramec Plant	L 2-150	-25	T/D	2.31%
	Pumping Plant				
320	Land & Land Rights				0.00%
321.1	**Structures & Improvements-Plant**	**R3-75**	**-46**	**75.0**	**1.95%**
321.2	**Structures & Improvements-Boosters**	**R2-75**	**-36**	**75.0**	**1.81%**
325.1	Electric Pumping Equipment-Prior 1-1-46	Fully Depreciated			
325.2	Electric Pumping Equipment-Post 1-1-46	R1.5-40	-12	40.0	2.80%
325.3	Electric Pumping Equipment-Boosters	L 1-24	-4	24.0	4.33%
326.1	Diesel Pumping (Stratmann & Lackland)	Fully Depreciated			
326.2	Diesel Pumping (Central Plant)	SQ-100	0	28.6	3.50%
	Water Treatment				
330	Land & Land Rights				
331.1	Structures & Improvements - North Plant	L 2-150	-45	T/D	2.66%
331.2	Structures & Improvements - Central 1 & 2	R 3-70	-45	T/D	4.64%
331.3	Structures & Improvements - Central 3	L 3-100	-45	T/D	3.06%
331.4	Structures & Improvements - South Plant	L 2-150	-45	T/D	3.42%
331.5	Structures & Improvements - Meramec Plant	L 2-150	-45	T/D	2.74%
332.1	Water Treatment Equipment - North Plant	R 2-50	-22	T/D	3.34%
332.2	Water Treatment Equipment - Central 1&2	R 0.5-65	-22	T/D	3.50%
332.3	Water Treatment Equipment - Central 3	R 2-40	-22	T/D	3.47%
332.4	Water Treatment Equipment - South Plant	R 2-50	-22	T/D	3.43%
332.5	Water Treatment Equipment - Meramec Plant	R 3-40	-22	T/D	3.09%

T/D - Termination date established for this group of plant in service

SCHEDULE 1-1

ST. LOUIS COUNTY WATER COMPANY
SUMMARY OF ANNUAL AVERAGE LIFE DEPRECIATION RATES
CASE NO. WR-95-145

Account Number	DESCRIPTION	Curve Type	% Net Salvage	Average Life	Average Life Rate
	Transmission & Distribution				
340	Land & Land Rights				
341	**Structures & Improvements**	**R4-30**	**-18**	**30.0**	**3.93%**
342.11	**Dist. Reservoirs & Standpipes (ground)**	**S1.5-45**	**-24**	**45.0**	**2.76%**
342.12	**Dist. Reservoirs & Standpipes (elevated)**	**S0.5-55**	**-24**	**55.0**	**2.25%**
343.11	Transmission Mains - Ductile (Wrap & Unwrap)	L0.5-80	-2	80.0	1.28%
343.12	Transmission Mains - Lock Joint	R1-125	-410	125.0	4.08%
343.13	Transmission Mains - Cast Iron	L1.5-95	-13	95.0	1.19%
343.21	Distr. Mains - Cast Iron <=10" (1900-1928)	L 2 -155	-314	155.0	2.67%
343.22	Distr. Mians - Cast Iron <=10" (1929-1956)	R 3-80	-154	80.0	3.18%
343.23	Distr. Mains - Cast Iron <=10" (1957-1993)	R 3-85	-70	85.0	2.00%
343.24	Distr. Mains - Asbestos Cement	R 2-90	-185	90.0	3.17%
343.25	Distr. Mains - Duct/Pltc (Wrap & Unwrap) <=10"	L 2-45	-21	45.0	2.69%
343.26	Distr. Mains - 12" Ductile Iron (Wrap & Unwrap)	L 0.5-50	-9	50.0	2.18%
343.27	Distr. Mains 12" Cast Iron	R1.5-105	-21	105.0	1.15%
343.03	Distr. Mains-Galv	L1-43	-15	44.1	2.61%
345	Services	R3-55	-15	55.5	2.07%
346.1	Meters	S4-50	22	50.0	1.56%
346.2	Meters-ARB Equipment	SQ-20	0	20.0	5.00%
347.1	Meter Installation	S4-50	0	50.0	2.00%
347.2	Meter Installations-ARB Equipment	SQ-20	0	20.0	5.00%
348	Fire Hydrants	R2-60	-52	60.0	2.53%
	General Plant				
390	**Structures & Improvements**	**S2-50**	**0**	**50.0**	**2.00%**
391.11	**Office Furniture**	**SC-45**	**3**	**45.0**	**2.16%**
391.12	**Office Equipment**	**L1-17**	**1**	**17.0**	**5.86%**
392.01	**Transportation Equipment-Autos**	**R4-3.5**	**37**	**3.5**	**17.98%**
392.02	**Transportation Equipment-Trucks**	**L1.5-7**	**17**	**7.0**	**11.86%**
393	**Stores Equipment**	**L1-33**	**0**	**33.0**	**3.03%**
394.1	**Shop Equipment**	**L0-25**	**- 54**	**25.0**	**6.16%**
394.2	**Tools**	**L0.5-14**	**4**	**14.0**	**6.86%**
395.1	**Laboratory Furniture**	**R5-39**	**0**	**39.0**	**2.56%**
395.2	**Laboratory Equipment**	**L0.5-19**	**-1**	**19.0**	**5.32%**
396	Power Operated Equipment				***
397	**Communication Equipment**	**L2-16**	**-2**	**16.0**	**6.38%**
398	**Miscellaneous Equipment**	**L1-30**	**0**	**30.0**	**3.33%**
399	Other Tangible Property				4.75%

*** - To be determined annually based on equipment hours of use.

SCHEDULE 1-2

ST. LOUIS COUNTY WATER COMPANY
SUMMARY OF RESERVE BALANCES BY ACTIVE ACCOUNT
CASE NO. WR-95-145

Account Number	Description	Plant Balance a	Actual Reserve Balance b	Theoretical Reserve c	Reserve Difference (d=b-c)	Difference as % of Actual Reserve (e=-d/b)
	Source of Supply Plant					
311	Structures & Improvements	4,598,706	486,070	919,895	(433,825)	89.25%
316.1	Supply Mains - North Plant	247,379	34,417	68,794	(34,377)	99.88%
316.2	Supply Mains - Central Plant	3,865,232	396,655	794,918	(398,263)	100.41%
316.3	Supply Mains - South Plant	354,511	138,068	276,969	(138,901)	100.60%
316.4	Supply Mains - Meramec Plant	1,298,778	137,106	274,769	(137,663)	100.41%
	Pumping Plant					
321.1	Structures & Improvements-Plant	5,034,803	1,109,009	1,403,027	(294,018)	26.51%
321.2	Structures & Improvements-Boosters	690,425	348,935	152,551	196,384	-56.28%
325.2	Electric Pumping Equipment-Post 1-1-46	18,886,065	6,386,025	5,077,442	1,308,583	-20.49%
325.3	Electric Pumping Equipment-Boosters	836,596	198,902	179,059	19,843	-9.98%
	Water Treatment					
331.1	Structures & Improvements - North Plant	2,168,221	985,394	1,574,078	(588,684)	59.74%
331.2	Structures & Improvements - Central 1 & 2	2,724,360	1,448,904	2,314,493	(865,589)	59.74%
331.3	Structures & Improvements - Central 3	14,248,745	2,342,918	3,742,599	(1,399,681)	59.74%
331.4	Structures & Improvements - South Plant	1,172,972	423,573	676,619	(253,046)	59.74%
331.5	Structures & Improvements - Meramec Plant	7,085,982	1,118,737	1,787,080	(668,343)	59.74%
332.1	Water Treatment Equipment - North Plant	4,037,347	1,314,817	1,276,877	37,940	-2.89%
332.2	Water Treatment Equipment - Central 1&2	2,737,672	2,282,415	2,216,553	65,862	-2.89%
332.3	Water Treatment Equipment - Central 3	13,728,555	1,802,440	1,750,429	52,011	-2.89%
332.4	Water Treatment Equipment - South Plant	1,923,542	798,972	775,917	23,055	-2.89%
332.5	Water Treatment Equipment - Meramec Plant	6,877,644	1,833,178	1,780,280	52,898	-2.89%

ST. LOUIS COUNTY WATER COMPANY
SUMMARY OF RESERVE BALANCES BY ACTIVE ACCOUNT
CASE NO. WR-95-145

Account Number	Description	Plant Balance a	Actual Reserve Balance b	Theoretical Reserve c	Reserve Difference (d=b-c)	Difference as % of Actual Reserve (e=-d/b)
	Transmission & Distribution					
341	Structures & Improvements	2,356,997	598,361	1,336,291	(737,930)	123.33%
342.11	Dist. Reservoirs & Standpipes (ground)	6,284,027	2,221,132	2,768,768	(547,636)	24.66%
342.12	Dist. Reservoirs & Standpipes (elevated)	719,862	(11,032)	122,954	(133,986)	-1214.52%
343.11	Transmission Mains - Ductile (Wrap & Unwrap)	50,919,302	2,806,944	3,771,207	(964,263)	34.35%
343.12	Transmission Mains - Lock Joint	3,770,420	3,059,249	4,110,186	(1,050,937)	34.35%
343.13	Transmission Mains - Cast Iron	16,319,832	3,919,870	5,266,453	(1,346,583)	34.35%
343.21	Distr. Mains - Cast Iron <=10" (1900-1928)	1,706,417	1,296,033	2,894,289	(1,598,256)	123.32%
343.22	Distr. Mians - Cast Iron <=10" (1929-1956)	10,958,619	6,216,976	13,883,692	(7,666,716)	123.32%
343.23	Distr. Mains - Cast Iron <=10" (1957-1993)	41,913,038	8,357,878	18,664,733	(10,306,855)	123.32%
343.24	Distr. Mains - Asbestos Cement	1,029,076	467,967	1,045,060	(577,093)	123.32%
343.25	Distr. Mains - Duct/Pitc (Wrap & Unwrap) <=10"	62,669,691	4,199,904	9,379,185	(5,179,281)	123.32%
343.26	Distr. Mains - 12" Ductile Iron (Wrap & Unwrap)	19,237,025	941,876	2,103,388	(1,161,512)	123.32%
343.27	Distr. Mains 12" Cast Iron	10,667,021	1,243,016	2,775,891	(1,532,875)	123.32%
343.03	Distr. Mains-Galv	56,047	(84,966)	N/A	(84,966)	-100.00%
345	Services	62,644	48,311	N/A	48,311	-100.00%
346.1	Meters	8,449,320	3,665,162	2,602,294	1,062,868	-29.00%
346.2	Meters-ARB Equipment	1,769,105	626,016	588,104	37,912	-6.06%
347.1	Meter Installation	2,300,005	980,120	858,323	121,797	-12.43%
347.2	Meter Installations-ARB Equipment	2,899,319	945,782	805,339	140,443	-14.85%
348	Fire Hydrants	21,664,683	5,097,509	6,902,984	(1,805,475)	35.42%
	General Plant					
390	Structures & Improvements	172,637	(21,315)	47,525	(68,840)	-322.97%
391.11	Office Furniture	853,730	384,727	96,777	287,950	-74.85%
391.12	Office Equipment	124,780	(32,894)	39,876	(72,770)	-221.23%
392.01	Transportation Equipment-Autos	378,682	178,077	101,794	76,283	-42.84%
392.02	Transportation Equipment-Trucks	2,841,745	1,021,434	864,496	- 156,938	-15.36%
393	Stores Equipment	64,973	(537,874)	17,083	(554,957)	-103.18%
394.1	Shop Equipment	592,260	661,979	148,565	513,414	-77.56%
394.2	Tools	1,588,332	220,002	343,840	(123,838)	56.29%
395.1	Laboratory Furniture	277,621	75,202	53,412	21,790	-28.98%
395.2	Laboratory Equipment	508,562	125,545	96,663	28,882	-23.01%
396	Power Operated Equipment	1,383,292	671,992	N/A	N/A	N/A
397	Communication Equipment	281,646	134,484	61,747	72,737	-54.09%
398	Miscellaneous Equipment	21,334	29,777	4,904	24,873	-83.53%
399	Other Tangible Property	36,140	27,517	N/A	27,517	-100.00%
	TOTAL				($36,348,868)	

SCHEDULE 2-2