



3015 (02-09-04)

ANNUAL REPORT

OF

Name: FOREST JUNCTION UTILITIES

Principal Office: P.O. BOX 32
FOREST JUNCTION, WI 54123

For the Year Ended: DECEMBER 31, 1997

**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: FOREST JUNCTION UTILITIES

Utility Address: P.O. BOX 32
FOREST JUNCTION, WI 54123

When was utility organized? 10/19/1979

Report any change in name:

Effective Date:

Utility Web Site:

Utility employee in charge of correspondence concerning this report:

Name: NANCY SCHLEY

Title: UTILITIES CLERK

Office Address:

P.O. BOX 32
FOREST JUNCTION, WI 54123

Telephone: (920) 989 - 1467

Fax Number:

E-mail Address:

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

Name: JONET & FOUNTAIN LLP

Title:

Office Address: JONET & FOUNTAIN LLP
200 SOUTH WASHIINGTON
P.O. BOX 1000
GREEN BAY, WI 54305-1000

Telephone: (920) 435 - 4361

Fax Number: (920) 435 - 8227

E-mail Address:

Are records of utility audited by individuals or firms, other than utility employee? YES

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

Name: JONET & FOUNTAIN LLP

Title:

Office Address: JONET & FOUNTAIN LLP
200 SOUTH WASHINGTON STREET
P.O. BOX 1000
GREEN BAY, WI 54305-1000

Telephone: (920) 435 - 4361

Fax Number: (920) 435 - 8227

E-mail Address:

Date of most recent audit report: 2/28/1998

Period covered by most recent audit: January 1 through December 31, 1997

IDENTIFICATION AND OWNERSHIP

Names and titles of utility management including manager or superintendent:

Name: NONE

Title:

Office Address:

Telephone:

Fax Number:

E-mail Address:

Name of utility commission/committee:

Names of members of utility commission/committee:

MR HARLAN OTT, PRESIDENT

MR OTTO SCHLEY, SECRETARY

MR ALLAN SCHNEIDER, COMMISSIONER

Is sewer service rendered by the utility? YES

If "yes," has the municipality, by ordinance, combined the water and sewer service into a single public utility, as provided by Wis. Stat. § 66.077 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 of water or sewer treatment plant)? YES

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

Firm Name: ROBERT E. LEE & ASSOCIATES

P.O. BOX 2100

GREEN BAY, WI 54306-2100

Contact Person:

Title:

Telephone: (920) 336 - 6338

Fax Number:

E-mail Address:

Contract/Agreement beginning-ending dates: 1/1/1997 12/31/1997

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

All operational services.

INCOME STATEMENT

Particulars (a)	This Year (b)	Last Year (c)	
UTILITY OPERATING INCOME			
Operating Revenues (400)	49,210	49,350	1
Operating Expenses:			
Operation and Maintenance Expense (401)	20,764	17,279	2
Depreciation Expense (403)	13,028	12,843	3
Amortization Expense (404)	0		4
Taxes (408)	225	224	5
Total Operating Expenses	34,017	30,346	
Net Operating Income	15,193	19,004	
Income from Utility Plant Leased to Others (412-413)	0		6
Utility Operating Income	15,193	19,004	
OTHER INCOME			
Income from Merchandising, Jobbing and Contract Work (415-416)	0		7
Nonoperating Rental Income (418)	0		8
Interest and Dividend Income (419)	8,978	12,322	9
Miscellaneous Nonoperating Income (421)	30,916	27,165	10
Total Other Income	39,894	39,487	
Total Income	55,087	58,491	
MISCELLANEOUS INCOME DEDUCTIONS			
Miscellaneous Amortization (425)	0		11
Other Income Deductions (426)	0		12
Total Miscellaneous Income Deductions	0	0	
Income Before Interest Charges	55,087	58,491	
INTEREST CHARGES			
Interest on Long-Term Debt (427)	14,584	14,784	13
Amortization of Debt Discount and Expense (428)			14
Amortization of Premium on Debt--Cr. (429)			15
Interest on Debt to Municipality (430)	0		16
Other Interest Expense (431)	436	2,393	17
Interest Charged to Construction--Cr. (432)			18
Total Interest Charges	15,020	17,177	
Net Income	40,067	41,314	
EARNED SURPLUS			
Unappropriated Earned Surplus (Beginning of Year) (216)	192,147	155,446	19
Balance Transferred from Income (433)	40,067	41,314	20
Miscellaneous Credits to Surplus (434)	0		21
Miscellaneous Debits to Surplus--Debit (435)	0		22
Appropriations of Surplus--Debit (436)	4,666	4,613	23
Appropriations of Income to Municipal Funds--Debit (439)	0		24
Total Unappropriated Earned Surplus End of Year (216)	227,548	192,147	

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 on cash and investments	5,885	4
Interest on special investments	3,093	5
Total (Acct. 419):	8,978	
Miscellaneous Nonoperating Income (421):		
Property tax subsidy	9,984	6
Mobile home fees	3,379	7
Non-regulated Sewer Department Income	17,553	8
Total (Acct. 421):	30,916	
Miscellaneous Amortization (425):		
NONE		9
Total (Acct. 425):	0	
Other Income Deductions (426):		
NONE		10
Total (Acct. 426):	0	
Miscellaneous Credits to Surplus (434):		
NONE		11
Total (Acct. 434):	0	
Miscellaneous Debits to Surplus (435):		
NONE		12
Total (Acct. 435)--Debit:	0	
Appropriations of Surplus (436):		
Detail appropriations to (from) account 215	4,666	13
Total (Acct. 436)--Debit:	4,666	
Appropriations of Income to Municipal Funds (439):		
NONE		14
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)					0	1
Costs and Expenses of Merchandising, Jobbing and Contract Work (416):						
Cost of merchandise sold					0	2
Payroll					0	3
Materials					0	4
Taxes					0	5
Other (list by major classes):					0	6
Total costs and expenses	0	0	0	0	0	
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	49,210	0	0	0	49,210	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:						
.					0	6
Revenues subject to Wisconsin Remainder Assessment	49,210	0	0	0	49,210	

BALANCE SHEET

Assets and Other Debits (a)	Balance End of Year (b)	Balance First of Year (c)	
UTILITY PLANT			
Utility Plant (100)	787,705	784,145	1
Less: Accumulated Provision for Depreciation and Amortization of Utility Plant (110)	195,911	183,100	2
Net Utility Plant	591,794	601,045	
OTHER PROPERTY AND INVESTMENTS			
Nonutility Property (121)	1,177,996	1,177,749	3
Less: Accumulated Provision for Depreciation and Amortization of Nonutility Property (122)	344,784	324,381	4
Net Nonutility Property	833,212	853,368	
Investment in Municipality (123)	0		5
Other Investments (124)	37,792	67,935	6
Special Funds (125)	135,954	130,033	7
Total Other Property and Investments	1,006,958	1,051,336	
CURRENT AND ACCRUED ASSETS			
Cash and Working Funds (131)	223,436	203,139	8
Temporary Cash Investments (132)			9
Notes Receivable (141)	0		10
Customer Accounts Receivable (142)	10,679	8,762	11
Other Accounts Receivable (143)	12,825	12,101	12
Accumulated Provision for Uncollectible Accounts- -Cr. (144)	0	0	13
Receivables from Municipality (145)	0		14
Materials and Supplies (150)	0	0	15
Prepayments (165)	0		16
Other Current and Accrued Assets (170)	1,795	1,795	17
Total Current and Accrued Assets	248,735	225,797	
DEFERRED DEBITS			
Unamortized Debt Discount and Expense (181)	0		18
Extraordinary Property Losses (182)	0		19
Other Deferred Debits (183)	0		20
Total Deferred Debits	0	0	
Total Assets and Other Debits	1,847,487	1,878,178	

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)	0	0	21
Appropriated Earned Surplus (215)	112,104	107,438	22
Unappropriated Earned Surplus (216)	227,548	192,147	23
Total Proprietary Capital	339,652	299,585	
LONG-TERM DEBT			
Bonds (221)	291,000	295,000	24
Advances from Municipality (223)	0		25
Other long-Term Debt (224)	0	47,995	26
Total Long-Term Debt	291,000	342,995	
CURRENT AND ACCRUED LIABILITIES			
Notes Payable (231)	0		27
Accounts Payable (232)	3,385	2,864	28
Payables to Municipality (233)	0		29
Customer Deposits (235)			30
Taxes Accrued (236)	0	0	31
Interest Accrued (237)	4,850	6,595	32
Other Current and Accrued Liabilities (238)	1,955	1,939	33
Total Current and Accrued Liabilities	10,190	11,398	
DEFERRED CREDITS			
Unamortized Premium on Debt (251)	0		34
Customer Advances for Construction (252)			35
Other Deferred Credits (253)	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)	1,206,645	1,224,200	38
Total Liabilities and Other Credits	1,847,487	1,878,178	

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)	787,705	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)					6
Utility Plant Acquisition Adjustments (396)					7
Other Utility Plant Adjustments (397)					8
Total Utility Plant	787,705	0	0	0	
Accumulated Provision for Depreciation and Amortization:					
Accumulated Provision for Depreciation of Utility Plant in Service (110)	195,911	0	0	0	9
Total Accumulated Provision	195,911	0	0	0	
Net Utility Plant	591,794	0	0	0	

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

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	183,100				183,100	1
Credits During Year						2
Accruals:						3
Charged depreciation expense (403)	13,028				13,028	4
Depreciation expense on meters						5
charged to sewer (see Note 3)	423				423	6
Accruals charged other						7
accounts (specify):						8
					0	9
Salvage					0	10
Other credits (specify):						11
	0				0	12
Total credits	13,451	0	0	0	13,451	13
Debits during year						14
Book cost of plant retired	640				640	15
Cost of removal	0				0	16
Other debits (specify):						17
					0	18
Total debits	640	0	0	0	640	19
Balance End of Year	195,911	0	0	0	195,911	20
Composite Depreciation Rate?	No					21
If yes, what is the rate?						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	1,177,749	6,771	6,524	1,177,996	1
Other (specify):					
NONE				0	2
Total Nonutility Property (121)	1,177,749	6,771	6,524	1,177,996	
Less accum. prov. depr. & amort. (122)	324,381	23,177	2,774	344,784	3
Net Nonutility Property	853,368	(16,406)	3,750	833,212	

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

Particulars (a)	Amount (b)
Balance first of year	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	1
Other					0	2
Total Electric Utility					0	0

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

**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)		
<hr/>				
Unamortized debt discount & expense (181)				1
Total			<u>0</u>	
Unamortized premium on debt (251)				2
<hr/>				
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	1
Changes during year (explain):	2
Balance end of year	0

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)	
Sewer Mortgage Revenue Bonds	03/28/1980	03/01/2020	5.00%	143,000	1
Water Mortgage Revenue Bonds	03/28/1990	03/01/2020	5.00%	148,000	2
Total Bonds (Account 221):				291,000	

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)
--	----------------------------------	--	----------------------------------	---

NONE

TAXES ACCRUED (ACCT. 236)

Particulars (a)	Amount (b)	
Balance first of year	0	1
Accruals:		
Charged water department expense	225	2
Charged electric department expense		3
Charged sewer department expense		4
Other (explain):		
NONE		5
Total Accruals and other credits	<u>225</u>	
Taxes paid during year:		
County, state and local taxes		6
Social Security taxes	156	7
PSC Remainder Assessment	69	8
Other (explain):		
NONE		9
Total payments and other debits	<u>225</u>	
Balance end of year	<u><u>0</u></u>	

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)					
Water Revenue Bonds	2,500	7,417	7,450	2,467	1
Swere Revenue Bonds	2,417	7,167	7,201	2,383	2
Subtotal	4,917	14,584	14,651	4,850	
Advances from Municipality (223)					
NONE				0	3
Subtotal	0	0	0	0	
Other long-Term Debt (224)					
NONE				0	4
Subtotal	0	0	0	0	
Notes Payable (231)					
Note Payable 11-1-92	1,678	436	2,114	0	5
Subtotal	1,678	436	2,114	0	
Total	6,595	15,020	16,765	4,850	

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	491,587			732,613		1,224,200	1
Add credits during year:							
For Services	400			2,000		2,400	2
For Mains						0	3
Other (specify):							
NONE	0					0	4
Deduct charges (specify):							
Amortization of grants	7,196			12,759		19,955	5
Balance End of Year	484,791	0	0	721,854	0	1,206,645	
Amount of federal and state grants in aid received for utility construction included in End of Year totals	280,668			421,063		701,731	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):		
Special Assessments	37,792	2
Total (Acct. 124):	37,792	
Special Funds (125):		
Bond redemption - water	36,224	3
Bond redemption - sewer	35,073	4
Depreciation fund - water	16,830	5
Depreciation fund - sewer	16,320	6
Plant replacement fund	16,507	7
Capital assest fund	15,000	8
Total (Acct. 125):	135,954	
Notes Receivable (141):		
NONE		9
Total (Acct. 141):	0	
Customer Accounts Receivable (142):		
Water	10,679	10
Electric		11
Sewer (Regulated)		12
Other (specify):		
NONE		13
Total (Acct. 142):	10,679	
Other Accounts Receivable (143):		
Sewer (Non-regulated)	12,825	14
Merchandising, jobbing and contract work		15
Other (specify):		
NONE		16
Total (Acct. 143):	12,825	
Receivables from Municipality (145):		
NONE		17
Total (Acct. 145):	0	
Prepayments (165):		
NONE		18
Total (Acct. 165):	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)
Extraordinary Property Losses (182):	
NONE	19
Total (Acct. 182):	0
Other Deferred Debits (183):	
NONE	20
Total (Acct. 183):	0
Payables to Municipality (233):	
NONE	21
Total (Acct. 233):	0
Other Deferred Credits (253):	
NONE	22
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	785,925	0	0	0	785,925	1
Materials and Supplies	0	0	0	0	0	2
Other (specify):						0
						3
Less Average:						
Reserve for Depreciation	189,505	0	0	0	189,505	4
Customer Advances for Construction					0	5
Contributions in Aid of Construction	488,189	0	0	0	488,189	6
Other (specify):						0
						7
Average Net Rate Base	108,231	0	0	0	108,231	
Net Operating Income	15,193	0	0	0	15,193	8
Net Operating Income as a percent of Average Net Rate Base						
	14.04%	N/A	N/A	N/A	14.04%	

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	0	1
Appropriated Earned Surplus	109,771	2
Unappropriated Earned Surplus	209,847	3
Other (Specify):		4
Total Average Proprietary Capital	319,618	
Net Income		
Net Income	40,067	5
Percent Return on Proprietary Capital	12.54%	

IMPORTANT CHANGES DURING THE YEAR

Report changes of any of the following types:

1. Acquisitions.

2. Leaseholder changes.

3. Extensions of service.

4. Estimated changes in revenues due to rate changes.

5. Obligations incurred or assumed, excluding commercial paper.

6. Formal proceedings with the Public Service Commission.

7. Any additional matters.

FINANCIAL SECTION FOOTNOTES

Identification and Ownership (Page iv)

Closed to 1998 review: Item 1, wrote again.
 Items 2, 3 and 4, moved in 1998.
 Items 5 and 6, okay 1998.
 Items 7 8, 9, no longer reviewed.
 Items 10, 11, explained in 1998.

October 19, 1998

Ms. Nancy Schley, Clerk
 Forest Junction Utilities
 P.O. Box 32
 Forest Junction, WI 54123-0032

1997 Analytical Review DWCCA-2045-PJL

Dear Ms. Schley:

The Public Service Commission (Commission) is in the process of completing an analytical review of your utility's 1997 annual report. The purposes of an analytical review are to detect possible reporting or accounting related errors and to identify significant fluctuations from established trends in reported data not sufficiently explained in the annual report. It is our hope that our review will supply information that will enable us to better provide guidance to your utility regarding proper utility accounting and the preparation of future annual reports. In order to complete this review, we request the following information:

1. Paragraph No. 1 of our letter dated August 1, 1996, with regard to analytical review of the 1995 annual report, authorized a revised list of depreciation rates which were enclosed with that letter, to be effective on January 1, 1997. Based upon depreciation accruals on page F-7, lines 4-9, these revised rates were apparently not used during 1997. Enclosed with this letter is a copy of the new depreciation rates. Please confirm that these depreciation rates will be used beginning in 1998.
2. On pages W-8 and W-9, the amounts for Account 310, Land and Land Rights for Source of Supply Plant, were reported on the line for Account 311, Structures and Improvements for Source of Supply Plant. Please note that the amounts on line 5 should be on line 4.
3. On pages W-8 and W-9, the amounts for Account 340, Land and Land Rights for Transmission and Distribution Plant, were reported on the line for Account 341, Structures and Improvements for Transmission and Distributor Plant. Please note that the amounts on line 25 should be on line 24.
4. On pages W-8 and W-9, the amounts for Account 379, Other General Equipment, were reported on the line for Account 390, Other Tangible Property. Please note that the amounts on line 39 should be on line 38.
5. The Listing of Edit Check Results asks for an explanation if there were no meters reported as tested during the year. Please provide that

FINANCIAL SECTION FOOTNOTES

explanation.

6. During our review, we noted that the status for several schedules on the Schedule Listing in the electronic annual report was not changed from "not started" and/or "in progress" to "complete". It is important to change the status for all schedules, whether the schedule is left blank, or not, or is entirely derived from other schedules. That allows the PSC to determine that schedules have been finished, and, where left blank, were intentionally left blank rather than simply overlooked. Staff has changed all schedules' status to "complete" in our electronic copy. Please indicate if any "not started" schedules should have had data or if any "in progress" schedules were not complete. If any schedules were not complete or should not have been blank, please provide that data.

7. During our review of the Pumping and Purchased Water Statistics schedule on page W-10, we noted that you did not report the cause of the maximum number of gallons of water pumped in one day during the year. Please provide that information.

8. When completing Account 474, Other Water Revenues on page W-4 in the future, please report the Return on net investment in meters charged to sewer department on the line pre-designated for that purpose.

9. Please explain why you do not report Local and School Tax Equivalent on Meters Charged to Sewer Department in the Taxes schedule on page W-6.

10. During our review we noted that while you report two services as added during the year in the Water Services schedule on page W-15, you do not report any additions during the year for Account 345, Services in the Water Utility Plant in service schedule on page W-8. Please explain.

11. Please explain who paid for the two new water services reported as added during the year and also explain how you arrived at the figure of \$400

WATER OPERATING REVENUES & EXPENSES

Particulars (a)	Amounts (b)	
Operating Revenues		
Sales of Water		
Sales of Water (460-467)	41,287	1
Total Sales of Water	41,287	
Other Operating Revenues		
Forfeited Discounts (470)	181	2
Other Water Revenues (474)	546	3
Amortization of Construction Grants (475)	7,196	4
Total Other Operating Revenues	7,923	
Total Operating Revenues	49,210	
Operation and Maintenance Expenses		
Plant Operation and Maintenance Expenses (600-660)	9,874	5
General Operating Expenses (680-690)	10,890	6
Total Operation and Maintenance Expenses	20,764	
Other Operating Expenses		
Depreciation Expense (403)	13,028	7
Amortization Expense (404)		8
Taxes (408)	225	9
Total Other Operating Expenses	13,253	
Total Operating Expenses	34,017	
NET OPERATING INCOME	15,193	

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. Bulk sales should be account 460.

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	169	7,460	26,121	4
Commercial	16	1,026	3,547	5
Industrial				6
Total Metered Sales to General Customers (461)	185	8,486	29,668	
Private Fire Protection Service (462)				7
Public Fire Protection Service (463)	1		11,256	8
Other Sales to Public Authorities (464)	5	47	363	9
Sales to Irrigation Customers (465)				10
Sales for Resale (466)		0	0	11
Interdepartmental Sales (467)				12
Total Sales of Water	191	8,533	41,287	

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)	11,256	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)	11,256	
Forfeited Discounts (470):		
Forfeited discounts	181	5
Total Forfeited Discounts (470)	181	
Other Water Revenues (474):		
Return on net investment in meters charged to sewer department		6
Other (specify):		
T & C Permit	140	7
Reconnect fee	30	8
Transfer fee	20	9
Meters - Sewer portion	356	10
Total Other Water Revenues (474)	546	
Amortization of Construction Grants (475):		
Amortization of grants	7,196	11
Total Amortization of Construction Grants (475)	7,196	

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
Purchased Water (610)		2
Fuel or Power Purchased for Pumping (620)	2,756	3
Chemicals (630)		4
Supplies and Expenses (640)	1,852	5
Repairs of Water Plant (650)	5,168	6
Transportation Expenses (660)	98	7
Total Plant Operation and Maintenance Expenses	9,874	
GENERAL OPERATING EXPENSES		
Administrative and General Salaries (680)	2,127	8
Office Supplies and Expenses (681)	1,111	9
Outside Services Employed (682)	6,410	10
Insurance Expense (684)	1,226	11
Employees Pensions and Benefits (686)		12
Regulatory Commission Expenses (688)		13
Miscellaneous General Expenses (689)	16	14
Uncollectible Accounts (690)		15
Total General Operating Expenses	10,890	
Total Operation and Maintenance Expenses	20,764	

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			1
Less: Local and School Tax Equivalent on Meters Charged to Sewer Department			2
Net property tax equivalent		0	
Social Security		156	3
PSC Remainder Assessment		69	4
Other (specify): NONE			5
Total tax expense		225	

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)			1
Franchises and Consents (302)			2
Miscellaneous Intangible Plant (303)			3
Total Intangible Plant	0	0	
SOURCE OF SUPPLY PLANT			
Land and Land Rights (310)	1,150		4
Structures and Improvements (311)			5
Collecting and Impounding Reservoirs (312)			6
Lake, River and Other Intakes (313)			7
Wells and Springs (314)	40,696		8
Infiltration Galleries and Tunnels (315)			9
Supply Mains (316)			10
Other Water Source Plant (317)			11
Total Source of Supply Plant	41,846	0	
PUMPING PLANT			
Land and Land Rights (320)			12
Structures and Improvements (321)	47,005		13
Boiler Plant Equipment (322)			14
Other Power Production Equipment (323)			15
Steam Pumping Equipment (324)			16
Electric Pumping Equipment (325)	46,904		17
Diesel Pumping Equipment (326)			18
Hydraulic Pumping Equipment (327)			19
Other Pumping Equipment (328)	3,134		20
Total Pumping Plant	97,043	0	
WATER TREATMENT PLANT			
Land and Land Rights (330)			21
Structures and Improvements (331)			22
Water Treatment Equipment (332)	4,154		23
Total Water Treatment Plant	4,154	0	
TRANSMISSION AND DISTRIBUTION PLANT			
Land and Land Rights (340)	780		24
Structures and Improvements (341)			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)			1,150 4
Structures and Improvements (311)			0 5
Collecting and Impounding Reservoirs (312)			0 6
Lake, River and Other Intakes (313)			0 7
Wells and Springs (314)			40,696 8
Infiltration Galleries and Tunnels (315)			0 9
Supply Mains (316)			0 10
Other Water Source Plant (317)			0 11
Total Source of Supply Plant	0	0	41,846
PUMPING PLANT			
Land and Land Rights (320)			0 12
Structures and Improvements (321)			47,005 13
Boiler Plant Equipment (322)			0 14
Other Power Production Equipment (323)			0 15
Steam Pumping Equipment (324)			0 16
Electric Pumping Equipment (325)			46,904 17
Diesel Pumping Equipment (326)			0 18
Hydraulic Pumping Equipment (327)			0 19
Other Pumping Equipment (328)			3,134 20
Total Pumping Plant	0	0	97,043
WATER TREATMENT PLANT			
Land and Land Rights (330)			0 21
Structures and Improvements (331)			0 22
Water Treatment Equipment (332)			4,154 23
Total Water Treatment Plant	0	0	4,154
TRANSMISSION AND DISTRIBUTION PLANT			
Land and Land Rights (340)			780 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)	128,793		26
Transmission and Distribution Mains (343)	385,595		27
Fire Mains (344)			28
Services (345)	41,700		29
Meters (346)	16,227	1,178	30
Hydrants (348)	49,501		31
Other Transmission and Distribution Plant (349)			32
Total Transmission and Distribution Plant	622,596	1,178	
GENERAL PLANT			
Land and Land Rights (370)			33
Structures and Improvements (371)			34
Office Furniture and Equipment (372)	5,130		35
Computer Equipment (372.1)	3,109		36
Transportation Equipment (373)	4,391	6,772	37
Other General Equipment (379)	5,876		38
Other Tangible Property (390)			39
Total General Plant	18,506	6,772	
Total utility plant in service directly assignable	784,145	7,950	
Common Utility Plant Allocated to Water Department			40
Total utility plant in service	784,145	7,950	

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)			128,793 26
Transmission and Distribution Mains (343)			385,595 27
Fire Mains (344)			0 28
Services (345)			41,700 29
Meters (346)			17,405 30
Hydrants (348)			49,501 31
Other Transmission and Distribution Plant (349)			0 32
Total Transmission and Distribution Plant	0	0	623,774
GENERAL PLANT			
Land and Land Rights (370)			0 33
Structures and Improvements (371)			0 34
Office Furniture and Equipment (372)			5,130 35
Computer Equipment (372.1)			3,109 36
Transportation Equipment (373)	4,390		6,773 37
Other General Equipment (379)			5,876 38
Other Tangible Property (390)			0 39
Total General Plant	4,390	0	20,888
Total utility plant in service directly assignable	4,390	0	787,705
Common Utility Plant Allocated to Water Department			0 40
Total utility plant in service	4,390	0	787,705

SOURCE OF SUPPLY, PUMPING AND PURCHASED WATER STATISTICS

Month (a)	Sources of Water Supply			Total Gallons All Methods (000's) (e)	
	Purchased Water Gallons (000's) (b)	Surface Water Gallons (000's) (c)	Ground Water Gallons (000's) (d)		
January			985	985	1
February			992	992	2
March			988	988	3
April			1,022	1,022	4
May			880	880	5
June			929	929	6
July			884	884	7
August			991	991	8
September			972	972	9
October			970	970	10
November			901	901	11
December			949	949	12
Total for year	0	0	11,463	11,463	
Less: Measured or estimated water used in main flushing and water treatment during year					13
Less: Other utility use				88	14
Other utility use explanation:					15
Main Break 86,000 and Hydrant Flushing 2,000					
Water pumped into distribution system				11,375	16
Less: Water sold				8,533	17
Losses and unaccounted for				2,842	18
Percent unaccounted for to the nearest whole percent (%)				25%	19
If more than 25%, indicate causes and state what action has been taken to reduce water loss:					20
Maximum gallons pumped by all methods in any one day during reporting year				82	21
Date of maximum: 2/1/1997					22
Cause of maximum:					23
Minimum gallons pumped by all methods in any one day during reporting year				16	24
Date of minimum: 5/10/1997					25
Total KWH used for pumping for the year				41,395	26
If water is purchased: Vendor Name:					27
Point of Delivery:					28

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)	
WELL HWY 10	#1	625	12	36,000	Yes	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	WELL #1			1
Location	PUMP HOUSE			2
Purpose	P			3
Destination	D			4
Pump Manufacturer	EMC PEERLESS			5
Year Installed	1980			6
Type	VERTICAL TURBINE			7
Actual Capacity (gpm)	250			8
Pump Motor or Standby Engine Mfr	G. E.			10
Year Installed	1980			11
Type	ELECTRIC			12
Horsepower	50			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	TANK #1		1
RESERVOIRS, STANDPIPES OR ELEVATED TANKS			2
Type: R (reservoir), S (standpipe) or ET (elevated tank)	ET		3
Year constructed	1980		4
Primary material (earthen, steel, concrete, other)	STEEL		5
Elevation difference in feet (See Headnote 3.)	138		6
Total capacity in gallons	50,000		7
WATER TREATMENT PLANT			8
Disinfection, type of equipment (gas, liquid, powder, other)			9
Points of application (wellhouse, central facilities, booster station, other)			10
Filters, type (gravity, pressure, other, none)			11
Rated capacity of filter plant (m.g.d.) (note: 1,200,000 gal/day = 1.2 m.g.d.)			12
Is a corrosion control chemical used (yes, no)?			13
Is water fluoridated (yes, no)?			14
			15
			16
			17
			18
			19
			20
			21
			22
			23
			24
			25

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	6.000	50				50	1
P	D	6.000	12,319				12,319	2
P	D	8.000	7,651				7,651	3
M	D	10.000	93				93	4
P	D	10.000	1,362				1,362	5
Total Within Municipality			21,475	0	0	0	21,475	
Total Utility			21,475	0	0	0	21,475	

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	1.000	121	2			123	19	1
M	1.500	1				1		2
M	2.000	1				1		3
P	4.000	1				1		4
Total Utility		124	2	0	0	126	19	

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 (a).

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)	
0.750	234	24		(24)	234		1
1.000	1				1		2
1.500	1				1		3
2.000	1				1		4
Total:	237	24	0	(24)	237	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)	
0.750	162	13		4		55	234	1
1.000		1					1	2
1.500		1					1	3
2.000				1			1	4
Total:	162	15	0	5	0	55	237	

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	37				37	2
Total Fire Hydrants	37	0	0	0	37	
Flushing Hydrants						
					0	3
Total Flushing Hydrants	0	0	0	0	0	

Wis. Admin. Code § 185.87 requires that a schedule shall be adopted and followed for operating each system valve and hydrant at least once each two years. Report the number operated during the year

Number of hydrants operated during year:	40
Number of distribution system valves end of year:	39
Number of distribution valves operated during year:	15

WATER OPERATING SECTION FOOTNOTES

Water Services (Page W-16)

Two new customers were added during 1997.
