



CITIZENS' ELECTRIC COMPANY

ORIGINAL

1775 INDUSTRIAL BLVD • P.O. BOX 551 • LEWISBURG, PA 17837-0551 • (717) 524-2230 • FAX: (717) 524-5887

636

R-00984579

March 19, 1999

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
North Office Building
North Street & Commonwealth Avenue
Harrisburg, Pa 17105-3265

RECEIVED
SECRETARY'S BUREAU
99 MAR 22 AM 10:43

RE: State Tax Adjustment Surcharge Reconciliation

Dear Secretary McNulty:

Enclosed for filing on behalf of Citizens' Electric Company are eight (8) copies of the reconciliation of the State Tax Adjustment Surcharge (STAS) along with supporting documents.

A tariff supplement has not been included with this filing since recomputation of the Company's STAS as of March 31, 1999 indicates no change in the present rate of -0.14%.

If you have any questions regarding the enclosed, please call.

Sincerely,

Bonnie L. Shadle
V.P./Treasurer

DOCUMENT
FOLDER

Enclosures

cc: Charles F. Hoffman, Director, Office of Trial Staff
Office of Small Business Advocate
Office of Consumer Advocate

83

CITIZENS' ELÉCTRIC COMPANY
 Reconciliation of State Tax Adjustment Surcharge
 for the Period May 10, 1998 through March 31, 1999

ATTACHMENT A
 Page 1 of 4

	<u>Amount</u>	<u>Schedule Number</u>
1. Capital Stock Tax	(\$4,135)	A
2. Corporate Net Income Tax	0	
3. Utility Realty Tax	6,424	B
4. Gross Receipts Tax (RNR Tax Adjustment)	<u>(16,912)</u>	C
5. Total of Items 1, 2, 3, and 4	(\$14,623)	
6. Revised tax liability for the period January 1, 1998 through March 31, 1999 (Line 5 divided by complement of Gross Receipts Tax Rate .958)	(\$15,264)	
7. Total revenue refunded from May 1998 through March 1999 (Page 11)	<u>\$5,422</u>	
8. Balance to be refunded (Line 6 minus Line 7)	<u><u>(\$9,842)</u></u>	

DUCKETED
 APR 22 1999

DOCUMENT
 FOLDER

RECEIVED
 SECRETARY'S BUREAU
 99 MAR 22 AM 10:43

043637

CITIZENS' ELECTRIC COMPANY
Capital Stock Tax Adjustment

ATTACHMENT A
Page 2 of 4
Schedule A

Decrease in capital stock January 1, 1998 through March 31, 1999

1. Value of Capital Stock Per official settlement dated 1996 (Pages 7 & 8)	4,522,313
2. Statutory exemption - based on new law	<u>100,000</u>
3. Value of Capital Stock less statutory exemption	4,422,313
4. Apportionment percentage	<u>0.986826</u>
5. Taxable value of Capital Stock	4,364,053
6. Tax rate - effective January 1, 1998 (11.99 mills)	<u>0.01199</u>
7. Pa. Capital Stock Tax based on new law	52,325
8. Pa. Capital Stock Tax (Based on 1996 settled value and 1996 tax rates, Pages 7 & 8)	<u>55,642</u>
9. Tax decrease	(3,317)
10. Effective time period (1/1/98 - 3/31/99) 455/365	<u>1.246575</u>
11. Allocated tax decrease January 1, 1998 through March 31, 1999	<u><u>(\$4,135)</u></u>

CITIZENS' ELECTRIC COMPANY
Pennsylvania Public Utility Realty Tax
Report Due April 15, 1998

ATTACHMENT A
Page 3 of 4
Schedule B

1. Total plant taxable value at December 31, 1997 (Per report due April 15, 1998 - attached, Page 9)	\$288,491
2. Pa. Public Utility Realty Tax (Based on applied rate of 64.2684 mills, Pages 9 & 10)	18,541
3. Pa. Public Utility Realty Tax (Based on rate of 42.0000 mills, Page 10)	<u>12,117</u>
4. Increase in Pa. Public Utility Realty Tax	6,424
5. PUC jurisdictional allocation factor	1
6. Allocated tax increase	<u><u>\$6,424</u></u>

CITIZENS' ELECTRIC COMPANY
Revenue Neutral Reconciliation (RNR) Tax Adjustment
Applicable to Gross Receipts Tax

ATTACHMENT A
Page 4 of 4
Schedule C

1. Projected taxable revenues for Pa. gross receipts tax for period January 1, 1999 to December 31, 1999 (Page 13)	\$8,456,000
2. RNR tax rate adjustment as published by the Department of Revenue in the Pennsylvania Bulletin on November 28, 1998	<u>(0.002)</u>
3. Projected decrease in applicable 1999 gross receipts tax liability based on RNR tax rate adjustment	<u>(\$16,912)</u>

CITIZENS' ELECTRIC COMPANY
 Computation of State Tax Adjustment Surcharge
 for the Period April 1, 1999 through March 31, 2000

ATTACHMENT B
 Page 1 of 2

	<u>Amount</u>	<u>Schedule Number</u>
1. Capital Stock Tax	(\$3,317)	A
2. Corporate Net Income Tax	0	
3. Utility Realty Tax	0	
4. Gross Receipts Tax	<u>0</u>	
5. Total of Lines 1, 2, 3, and 4	(3,317)	
6. Revenue Neutral Reconciliation (RNR) Tax Adjustment	0	
7. Total of Lines 5 and 6	(3,317)	
8. Line 7 divided by complement of Gross Receipts Tax Rate .958	(3,462)	
9. STAS reconciliation for period May 10, 1998 through March 31, 1999 (Page 1)	<u>(9,842)</u>	
10. Total of Lines 8 and 9	<u>(\$13,304)</u>	
11. Gross Intrastate Operating Revenues derived from service under rates subject to the jurisdiction of the Pa. Public Utility Commission for the period January 1, 1998 through December 31, 1998 (Page 12)	<u>\$9,194,277</u>	
12. Surcharge rate to be refunded for the period April 1, 1999 through March 31, 2000 (Line 10 divided by Line 11)	<u>-0.14%</u>	

CITIZENS' ELECTRIC COMPANY
Capital Stock Tax Adjustment

ATTACHMENT B
Page 2 of 2
Schedule A

Decrease in capital stock January 1, 1998	
1. Value of Capital Stock Per official settlement dated 1996 (Pages 7 & 8)	4,522,313
2. Statutory exemption - based on new law	<u>100,000</u>
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5. Taxable value of Capital Stock	4,364,053
6. Tax rate - effective January 1, 1998 (11.99 mills)	<u>0.01199</u>
7. Pa. Capital Stock Tax based on new law	52,325
8. Pa. Capital Stock Tax (Based on 1996 settled value and 1996 tax rates, Pages 7 & 8)	<u>55,642</u>
9. Tax decrease - April 1, 1999 - March 31, 2000	(3,317)
10. PUC Jurisdictional Allocation Factor	<u>1</u>
11. Allocated tax decrease April 1, 1999 through March 31, 2000	<u><u>(\$3,317)</u></u>

Bureau of Corporation Taxes
DEPT. 280703
HARRISBURG, PA 17128-0703

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE

REPORT RECEIVED 03/05/97



OFFICIAL NOTICE OF SETTLEMENT

RE: 0225-090 REV-57 CT APP (9-95)
01/01/96 TO 12/31/96
DLN 97-7-40715

BEARD & COMPANY INC
READING PA 19603

CITIZENS ELECTRIC COMPAN
1775 INDUSTRIAL BLVD
LEWISBURG PA 17837

OFFICIAL SETTLEMENT HAS BEEN MADE BY THE PA DEPARTMENT OF REVENUE AND THE DEPARTMENT OF THE AUDITOR GENERAL FOR THE TAXES LISTED BELOW:

----- SECTION A - CAPITAL STOCK/FRANCHISE TAX -----		
TAX	AS REPORTED	AS SETTLED
	55,642	55,642
----- SECTION B - LOANS TAX -----		
TAX	AS REPORTED	AS SETTLED
	19	19
----- SECTION C - CORPORATE NET INCOME TAX -----		
TAX	AS REPORTED	AS SETTLED
	63,339	63,339

DEPARTMENT OF REVENUE	MAILING DATE	AUDITED AND APPROVED BY
ROSALIND WAYNE		DEPARTMENT OF AUDITOR GENERAL
		BRYAN MYERS
02/21/98	03/19/98	03/18/98

IF YOU DISAGREE WITH THIS SETTLEMENT, IT WILL BE NECESSARY TO FILE A PETITION FOR RESETTLEMENT WITH THE BOARD OF APPEALS, DEPT. 281021, HARRISBURG, PA 17128-1021 WITHIN 90 DAYS OF THE SETTLEMENT MAILING DATE. PLEASE FORWARD A COPY OF THIS DOCUMENT WITH YOUR PETITION.

CSFF AND LOANS AND CNI SETTLED AS REPORTED

ADJUSTMENTS NOTED ON THE NEXT PAGE ARE EXPLAINED BELOW:
PY PRIOR YEAR SETTLEMENT FIGURES EMPLOYED.

THIS RETURN WAS SETTLED AS FILED
PLEASE RETAIN THIS COPY FOR YOUR RECORDS

BEARD & COMPANY, INC.
CERTIFIED PUBLIC ACCOUNTANTS

----- SECTION - CAPITAL STOCK/FRANCHISE TAX -----

HISTORY OF EARNINGS - BOOK INCOME	AS REPORTED	AS ADJUSTED	NOTES
01/01/92 TO 12/31/92		463,808	PY
01/01/93 TO 12/31/93		470,738	PY
01/01/94 TO 12/31/94		467,519	PY
01/01/95 TO 12/31/95		475,636	PY
01/01/96 TO 12/31/96	497,151		
TOTAL BOOK INCOME		2,374,852	
AVERAGE NET INCOME	474,971	474,970	
EQUITY YEAR ENDING	5,393,240		
EQUITY YEAR BEGINNING	5,123,664	5,123,664	PY
NET WORTH	5,393,240	5,393,240	
CAPITAL STOCK VALUE	4,422,313	4,422,307	
APPORTIONMENT PROPORTION	.986826	.986826	
CAPITAL STOCK/FRANCHISE TAX	55,642	55,642	

SCHEDULE A-1: APPORTIONMENT SCHEDULE FOR CAPITAL STOCK/FRANCHISE TAX

PROPERTY FACTOR - PA	
PROPERTY FACTOR - TOTAL	
PAYROLL FACTOR - PA	
PAYROLL FACTOR - TOTAL	
SALES FACTOR - PA	
SALES FACTOR - TOTAL	
SINGLE FACTOR - NUMERATOR	7,396,646
SINGLE FACTOR - DENOMINATOR	7,495,387

----- SECTION B - LOANS TAX -----

INDEBTEDNESS	4,909	
LOANS TAX	19	19

----- SECTION C - CORPORATE NET INCOME TAX -----

NET INCOME	601,067	
DIVIDENDS	22,659	
US INTEREST		
OTHER	7,726	
TOTAL DEDUCTIONS	30,385	30,385
INCOME TAXES	63,339	
TAX PREFERENCE ITEMS		
EIP ADJUSTMENTS		
OTHER		
TOTAL ADDITIONS	63,339	63,339
ADJUSTED INCOME	634,021	634,021
TOTAL NONBUSINESS INCOME		0
INCOME TO BE APPORTIONED		634,021
APPORTIONMENT PROPORTION		1.000000
PA APPORTIONED INCOME		634,021
PA NONBUSINESS INCOME		0
INCOME PRIOR TO NL DEDUCTION	634,021	634,021
NET LOSS DEDUCTION	0	0
PA TAXABLE INCOME		634,021
CORPORATE NET INCOME TAX	63,339	63,339

SCHEDULE C-1: APPORTIONMENT SCHEDULE FOR CORPORATE NET INCOME TAX

PROPERTY FACTOR - PA	
PROPERTY FACTOR - TOTAL	
PAYROLL FACTOR - PA	
PAYROLL FACTOR - TOTAL	
SALES FACTOR - PA	
SALES FACTOR - TOTAL	
SINGLE FACTOR - PA	
SINGLE FACTOR - TOTAL	

SCHEDULE C-2: NET LOSS DEDUCTION AND CARRYFORWARD

NL CARRYFWD TO CURRENT TAXABLE YEAR		NL CARRYFWD TO NEXT TAXABLE YEAR	
12-31-88	0		
12-31-89	0 PY	12-31-89	0 PY
12-31-90	0 PY	12-31-90	0 PY
12-31-91	0 PY	12-31-91	0 PY
12-31-92	0 PY	12-31-92	0 PY
12-31-93	0 PY	12-31-93	0 PY
12-31-94	0 PY	12-31-94	0 PY
12-31-95	0	12-31-95	0 PY
		12-31-96	0



PUBLIC UTILITY REALTY TAX REPORT

IMPORTANT! PUBLIC UTILITY TAX REPORTS MUST BE FILED ON OR BEFORE APRIL 15 REFLECTING THE STATE TAXABLE VALUE OF PUBLIC UTILITY REALTY AT THE END OF THE PRECEDING CALENDAR YEAR. PENALTY AND INTEREST WILL BE ADDED TO THE TAX AS PROVIDED IN THE ACT. MAIL THIS FORM WITH REMITTANCE PAYABLE TO THE PA DEPARTMENT OF REVENUE, ALONG WITH PAYMENT TRANSMITTAL FORM (REV-856S), TO THE PA DEPARTMENT OF REVENUE, BUREAU OF RECEIPTS AND CONTROL (CORP.), DEPT. 280407, HARRISBURG, PA 17128-0407.

FIRST REPORT
 LAST REPORT
 AMENDED REPORT

UTILITY NAME	KA 12 0100 BOX NO 3500-001 CITIZENS ELECTRIC CO 1775 INDUSTRIAL BLVD PO BOX 551 LEWISBURG PA 17837	PUBIC BOX NUMBER
COMPLETE ADDRESS		FEDERAL EMPLOYER IDENTIFICATION NUMBER 24-0546850
CITY	STATE ZIP CODE	TAX YEAR ENDING December 31, 1997

1. COUNTIES IN WHICH UTILITY OWNS AND/OR FURNISHES PUBLIC UTILITY SERVICE: (Attach schedule if additional space is necessary.)

2. REPORT THE FOLLOWING AS TO LAND OWNED IN PENNSYLVANIA AT THE END OF THE PRECEDING CALENDAR YEAR AND USED, OR IN THE COURSE OF DEVELOPMENT FOR USE, IN FURNISHING PUBLIC UTILITY SERVICE:

A. BOOK COST	33,573	
B. BOOK COST OF LAND INCLUDED ON LINE A THAT IS SUBJECT TO LOCAL TAXATION UNDER ANY LAW IN EFFECT ON APRIL 23, 1968	21,704	
C. VALUE OF LAND SUBJECT TO UTILITY REALTY TAX (A MINUS B)	11,869	
D. BOOK DEPLETION RESERVE ACCRUED AGAINST C	NONE	
E. NET VALUE OF LAND SUBJECT TO UTILITY REALTY TAX (C MINUS D)	11,869	

3. REPORT THE FOLLOWING AS TO ALL OTHER "UTILITY REALTY" AS DEFINED BY ARTICLE 11 (a) § 1101-A. OWNED IN PENNSYLVANIA AT THE END OF THE PRECEDING CALENDAR YEAR AND USED, OR IN THE COURSE OF DEVELOPMENT OR CONSTRUCTION FOR USE, IN FURNISHING PUBLIC UTILITY SERVICE.

A. BOOK COST	497,239	
B. BOOK COST OF UTILITY REALTY INCLUDED ON LINE A THAT IS SUBJECT TO LOCAL TAXATION UNDER ANY LAW IN EFFECT ON APRIL 23, 1968	NONE	
C. VALUE OF UTILITY REALTY SUBJECT TO UTILITY REALTY TAX (A MINUS B)	497,239	
D. BOOK DEPRECIATION RESERVE ACCRUED AGAINST C (See instructions below.)	220,617	
E. NET VALUE OF UTILITY REALTY SUBJECT TO UTILITY REALTY TAX (C MINUS D)	276,622	PUBLIC UTILITY REALTY TAX DUE WITH THIS REPORT

4. STATE TAXABLE VALUE (2E PLUS 3E)	288,491	× .042	= 12,117
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AMOUNT DUE COMMONWEALTH. If remitting payment by Electronic Funds Transfer (EFT), place an "X" in this block S _____
 Mail completed tax report to the PA Department of Revenue at the address listed above. Beginning 01/01/94 payments of \$20,000 or more must be remitted by EFT. To participate in the EFT program, the Department first must receive your completed Authorization Agreement. For EFT questions only, call 1-800-892-9816.

INSTRUCTIONS: (SEE REVERSE SIDE FOR GENERAL INSTRUCTIONS.)

- Item 2 - Show depreciable land improvements under Item 3.
 - Item 3 - (a) For any public utility which was required to record annual depreciation on its utility realty prior to enactment of section 503 of the Public Utility Law (P.L. 1053) May 28, 1937, show in Item 3D the book reserve for depreciation accrued against Item 3C. If the amount shown in Item 3C was determined by prorating, attach to this report the computations used in such prorating.
 - (b) For any public utility which was not required to record annual depreciation on its utility realty prior to enactment of section 503 of the Public Utility Law (P.L. 1053) May 28, 1937, show in Item 3D the book reserve for depreciation against Item 3C, or 50% of Item 3C, whichever is greater.
- Check here () if the 50% of Item 3C is used in Item 3D.

I hereby affirm under penalties prescribed by law that this report (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete report. If prepared by a person other than taxpayer, the declaration is based on all information of which preparer has any knowledge.

SIGNATURE OF OFFICER OF COMPANY <i>[Signature]</i>		
TITLE VICE PRESIDENT/TREASURER	DATE 02-24-98	TELEPHONE NUMBER (717) 522-6142
INDIVIDUAL OR FIRM SIGNATURE OF PREPARER SAME AS ABOVE		
STREET ADDRESS		
TELEPHONE NUMBER () - -		
CITY	STATE	ZIP CODE



RCT-900A (12-98)

December 22, 1998

CITIZENS ELECTRIC CO
1775 INDUSTRIAL BLVD
PO BOX 551
LEWISBURG PA 17837

Re: Pennsylvania Public Utility Realty Tax
1997 Notice of Additional Assessment and Determination pursuant to Title 72 P.S. § 8104-A(b)

Dear Taxpayer:

Title 72 P.S. § 8107-A(b) of the Pennsylvania Code provides that, on or before October 1 of each year, the Department of Revenue shall distribute to each local taxing authority its share of the total realty tax equivalent. Funding for this distribution is indirectly linked to the Public Utility Realty Tax (PURTA) collected from utility companies under Title 72 P.S. § 8102-A(a). If in any calendar year the amount determined by the Department pursuant to § 8107-A shall exceed the total amount of tax collected pursuant to § 8102-A(a), the Department shall determine the ratio which the amount of such excess bears to the total state taxable value of all utility realty reported to it pursuant to § 8102-A(b). In the event that the amount of the distribution exceeds the amount of tax collected, the Department of Revenue is required to assess an additional tax. The 1997 Realty Tax Equivalent shown in the reports required by Title 72 P.S. § 8106-A was \$167,503,199. The 1997 State taxable value shown in the reports required by Title 72 P.S. § 8102-A(b) was \$3,204,671,382.86.

The computed ratio and the amount of additional tax due is calculated below. Please detach the coupon and return it along with full payment in the enclosed pre-addressed envelope. You have 45 days from the date of this notice to remit or satisfy your pro-rata share of additional tax. Failure to timely remit may result in the assessment of interest and underpayment penalties. If you have over payments/credits that may be applied toward this assessment, please provide transfer instructions along with your remittance. If you have any questions, please contact the Pennsylvania Department of Revenue, Bureau of Corporation Taxes, Specialty Tax Unit at (717) 783-6035.

Sincerely,

Thomas S. Rominiecki

Director

PURTA Coupon
Public Utility Realty Tax
Tax Period: 12/97

Department Use Only

Box Number:	3500001	Report Code:	KA
EIN:	240546850		
CITIZENS ELECTRIC CO			
1775 INDUSTRIAL BLVD			
PO BOX 551			
LEWISBURG PA 17837			

CALCULATION OF REASSESSMENT

Taxpayer's taxable value of realty property x PURTA
assessment ratio = Amount Due

\$283,500.00 x 0.0222684 = \$6,424.00

Amount Paid:

6,424.00

CITIZENS' ELECTRIC COMPANY
 STAS REVENUE COLLECTED
 FOR PERIOD 5/10/98 THROUGH 3/31/99

1	2	3	4
<u>Month</u>	<u>Electric Revenue Billed</u>	<u>Rate Tax Surcharge</u>	<u>Amount Tax Surcharge</u>
<u>1998</u>			
May (Prorated)	726,507	-0.06%	(\$36)
June (Prorated)	689,009	-0.06%	(348)
July	699,068	-0.06%	(419)
August	685,105	-0.06%	(411)
September	736,265	-0.06%	(442)
October	686,476	-0.06%	(412)
November	699,634	-0.06%	(420)
December	732,492	-0.06%	(439)
<u>1999</u>			
January	963,374	-0.06%	(578)
February	887,752	-0.14%	(727)
March (Estimated)	850,000	-0.14%	(1,190)
Total STAS Collected	8,355,682		<u>(\$5,422)</u>

CITIZENS' ELECTRIC COMPANY
OPERATING REVENUES

Revenue billed for 12 month period ending December 31, 1998

Residential	\$3,963,753	
Commercial & Industrial	5,112,520	
Public Street & Highway Lighting	96,262	
Customer' Forfeited Discounts	<u>21,234</u>	
Total Gross Electric Revenue including Tax Surcharge		\$9,193,769
Less: Tax Surcharge collected (1/1/98 - 12/31/98)		<u>(508)</u>
Total adjusted electric revenue		<u><u>\$9,194,277</u></u>

CITIZENS' ELECTRIC COMPANY
 Projected Revenues from Service Under Rates
 For the Application Period January 1, 1999 to December 31, 1999

<u>Month</u>	<u>kWh Sales</u>	<u>Base Rate Revenue</u>	<u>Forfeited Discounts</u>	<u>Projected Revenues</u>
January	14,500,000	\$812,000	\$2,000	\$814,000
February	16,100,000	901,600	2,000	903,600
March	14,200,000	795,200	2,000	797,200
April	13,500,000	756,100	1,000	757,100
May	11,500,000	644,000	2,000	646,000
June	9,700,000	543,200	2,000	545,200
July	10,600,000	593,700	1,000	594,700
August	11,700,000	655,200	2,000	657,200
September	11,200,000	627,200	2,000	629,200
October	10,500,000	588,100	2,000	590,100
November	12,700,000	711,200	2,000	713,200
December	<u>14,400,000</u>	<u>806,500</u>	<u>2,000</u>	<u>808,500</u>
Totals	150,600,000	\$8,434,000	\$22,000	<u>\$8,456,000</u>