

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of C&S WATER COMPANY ) DOCKET NO. 870392-WU  
for an original water certificate in ) ORDER NO. 20583  
Osceola County, Florida. )  
ISSUED: 1-10-89

The following Commissioners participated in the disposition of this matter:

KATIE NICHOLS, Chairman  
THOMAS M. BEARD  
GERALD L. GUNTER  
JOHN T. HERNDON  
MICHAEL MCK. WILSON

ORDER GRANTING ORIGINAL WATER CERTIFICATE

NOTICE OF PROPOSED AGENCY ACTION

ORDER GRANTING CERTIFICATE, SETTING RATES  
AND CHARGES, AND ESTABLISHING RETURN ON EQUITY

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature, except the granting of a certificate, and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

This proceeding was initiated on April 13, 1987, in response to Southern States Utilities Inc.'s protest to the Notice of Intention of C&S Water Company (C&S or utility) to apply for an original certificate. On June 15, 1987, Southern States withdrew its objection after determining that C&S was already in operation.

On March 28, 1988, C&S filed an application with this Commission for a certificate to operate a water utility in Osceola County. The necessary engineering and accounting information needed to establish initial rates was received on August 16, 1988. The service area presently contains 226 plotted lots. Presently, approximately 60 customers are receiving service from the utility without charge, and according to Chapter 367, Florida Statutes, are not subject to this Commission's jurisdiction. According to the application, the utility wishes to begin charging its customers for water service, which would bring the utility under our jurisdiction.

APPLICATION

The application is in compliance with Section 367.041, Florida Statutes, and Rule 25-30.035, Florida Administrative Code. In particular, the notarized application contained:

1. A check in the amount of \$150 which, upon calculation, equates to the correct filing fee as prescribed by Section 367.141, Florida Statutes;

DOCUMENT NUMBER-DATE

00270 JUN 10 1989

FPSC-RECORDS/REPORTING

2. Adequate maps of the territory and system and legal descriptions pursuant to Rule 25-30.035, Florida Administrative Code. Said territory to be served is described as being in Osceola County, more particularly described in Attachment A, attached to this Order;
3. Proof of notice to all interested governmental regulatory agencies, and all utilities within a four mile radius of the territory to be served and proof of advertisement in a newspaper of general circulation in the county as prescribed in Rule 25-30.030, Florida Administrative Code;
4. Evidence that the utility owns the land upon which the utility facilities are located.

The utility, which is developer-owned, will provide water service to Pleasant Hill Lakes subdivision. Since no other private or public utility is in the position to provide water service and no protest exists, we find that it is in the public interest for C&S to provide service to the requested territory.

Based upon a review of the utility's financial statements, we find that it has sufficient strength in order to allow the utility's continued operation. We, therefore, find that it is appropriate to grant C&S Water Company Certificate No. 510-W.

#### RATE BASE

Our Staff conducted an audit and filed a report on July 13, 1988, examining the rate base, operations, and capital structure as of May 31, 1988. On August 15, 1988, the utility provided additional information concerning projected costs to expand the facilities to provide service to the the expected buildout of 226 customers. This is projected to occur in 1992. In addition, the utility provided projected Operation and Maintenance (O&M) expenses at 80% of designed capacity which is expected to occur by May 31, 1991.

#### Utility Plant-In-Service (UPIS)

The utility used the results of the July 13, 1988 audit report as a starting point in determining its level of plant-in-service. The audit indicated depreciable UPIS to be \$233,188. This amount was subject to a number of adjustments which are discussed below. The utility also provided information concerning \$170,491 in additional plant necessary to bring the water system to its design capacity of 226 customers. The utility has projected that UPIS as of December 31, 1991, will be \$403,679. Upon review, we find the following adjustments to the projections made by the utility for the water treatment plant and water distribution system to be appropriate.

ORDER NO. 20583  
DOCKET NO. 870392-WU  
PAGE 3

\$1,045 designated for fencing to enclose the water treatment plant should be booked into Account 304 - Structures and Improvements.

The water treatment plant is a package unit. The utility placed the entire cost of \$58,100 in Account 320 - Water Treatment Equipment. The various components should be allocated to their proper accounts. \$30,000 should be reclassified from Account 320 to Account 330 - Distribution Reservoirs and Standpipes, to properly account for the ground storage and hydropneumatic tanks. The utility's \$4,000 generator also should be reclassified and placed in Account 310 - Power Generation Equipment. There should be a reclassification of \$14,010 into Account 311 - Pumping Equipment for the proper booking of a well pump, distribution pumps, and electric panel conversion. The \$10,000 allocation for the aerator and chlorination should remain in Account 320.

The utility booked the cost to supply three-phase power to the water treatment plant by the Kissimmee Utility Authority (KUA). An inquiry of KUA indicates that there was a contract with the utility to provide three-phase power, but it had been cancelled. Due to this cancellation, we must remove \$11,736 from Account 311. In addition to the existing generator, the utility had projected the need for a right angle drive and motor for a backup source of power on a future well with an estimated cost of \$19,404. This was booked into Account 311 and should be reclassified into Account 310.

The utility booked \$141,582 in Account 309 - Supply Mains. \$133,032 of that amount should be reclassified to Account 331 - Transmission and Distribution Mains, and \$8,550 to Account 333 - Services. The utility could supply no data for the cost of the distribution system and the construction contractor is bankrupt. The utility did provide estimated costs for these lines and we agree with those costs, except for the unit costs for 6-inch PVC pipe. The utility estimated a unit cost of \$30.33 per linear foot. That amount is not consistent with other estimated unit costs for similar pipe. We believe that \$6.00 per linear foot is appropriate and find it reasonable as cost for 6-inch PVC pipe. This reduces the cost of 1,250 feet of 6-inch pipe from \$37,916 to \$7,500, resulting in a reduction of \$30,416.

The utility has estimated the cost of completing the distribution system as \$45,275, which was booked into Account 331. This includes 138 services at \$97.16 for a total of \$13,408, which should be reclassified from Account 331 to Account 333. Account 334 - Meters and Meters Installation should be reduced by \$9,521, to allow the costs for only 180 meters and installations to be consistent with the estimated \$142.19 meter installation fee.

Consistent with this, certain allocated engineering cost should be adjusted to coincide with the above adjustments. In conclusion, the adjustments we are approving reduces UPIS by \$48,067. Therefore, we find that the utility's plant-in-service, in December 31, 1991, should be placed at \$355,612.

Land

The current site owned by the utility is a 60 foot by 100 foot area. Located within that area are the wells and water treatment plant. The utility stated that the value of this land was \$30,000. No data was presented to support this amount, however, in the utility's income tax returns the cost for the land was shown as \$2,100. We, therefore, place the cost of utility land at \$2,100, resulting in a reduction of \$27,900.

Accumulated Depreciation

Accumulated depreciation has been adjusted to coincide with adjustments from reclassifications identified above. Rule 25-30.140(2)(a), Florida Administrative Code, specifies guidelines for average service lives and was used to compute the accumulated depreciation as of May 31, 1991. Accumulated depreciation as of that date is \$55,051, resulting in a reduction of \$24,498 from the amount requested by the utility.

Contribution-In-Aid-of-Construction (CIAC)

The utility has projected its CIAC as of May 31, 1991, to be \$254,528. This amount was based upon a service availability charge of \$1,300 for 154 customers, and \$54,328 in contributed property. The utility did not impute CIAC for the 45 active customers prior to the application date of May 31, 1988. The \$54,328 in contributed property is based upon our Staff's audit. That audit indicates \$26,428 in UPIS was written-off in the 1984 through 1987 income tax returns. The remaining \$27,900 in CIAC represents the difference between the utility's determination of the land cost of \$30,000 and the amount reported on the income tax return of \$2,100. Since the difference was written off, it should be treated as a property contribution.

As indicated previously, the cost of land should be \$2,100, thus decreasing CIAC by \$27,900. Based on the reduction of the UPIS, we believe \$985 service availability charge including the meter installation fee is appropriate. We will also impute CIAC on the existing 45 customers. Thus, at 80% of design capacity (180 customers), there is projected \$177,300 in cash contributions, and \$26,428 in contributed property. Therefore, in May 31, 1999, CIAC should be \$203,728, a reduction of \$50,800 from the \$254,528 requested by the utility.

Accumulated Amortization of CIAC

Based on a composite depreciation rate of 3.26%, accumulated amortization of cash CIAC will be \$11,566, based on a 4.14% rate, the amortization of contributed property will be \$7,435, as of May 31, 1991, for a total of \$19,001. This is a reduction of \$926 based upon the utility's filing of a 3.64% composite depreciation rate on cash CIAC and a 5.21% on contributed property equating to a \$19,963 level of amortization of CIAC. This reduction is the result of the changes in the service availability charge, timing of the CIAC, and the composite depreciation rate which we find appropriate.

Working Capital Allowance

We approve a working capital allowance of \$4,469, based upon 1/8 of the O&M expenses. The "1/8 method" is used because a working capital allowance based on an audited balance sheet cannot be calculated since this is a new utility with only a projected balance sheet.

Rate Base

Based upon the above adjustments, we find that the rate base for C&S Water Company as of May 31, 1991, is \$122,403. However, this rate base is being used only as a tool for establishing initial rates and is not intended to establish this utility's rate base. Schedule No. 1 attached to this Order identifies the projected rate base at 80% of design capacity. Schedule No. 1-A shows the breakdown of the utility plant accounts; Schedule No. 2 identifies the adjustments to Schedule 1.

COST OF CAPITAL

The utility's capital structure presented in support of its application was 100% equity at \$109,329. Our Staff's audit report identifies an additional \$8,000 in owner equity as a short-term loan to one of the partners, and \$64,167 in long-term debt. The long-term debt with NCNB National Bank is scheduled to balloon as of February 6, 1989, at which time the owners expect to pay it off. Thus, as of May 31, 1991, the utility will be considered 100% equity. A return on common equity, as classified by the leverage graph issued in Order No. 19178, issued on July 26, 1988, is 12.13%, with an allowable range of 11.13% to 13.13%. We, therefore, set this utility's rate of return on common equity at 12.13%. The utility's capital structure appears on Schedule No. 3. Based upon a 12.13% rate of return and the \$122,339 in rate base, the net operating income should be \$14,847.

REVENUE REQUIREMENT

Operating and Maintenance (O&M) Expenses

The utility filed a pro forma schedule as part of the additional information on August 22, 1988. The O&M expenses were estimated at 80% of design capacity, which is 180 customers. The utility's total O&M expenses for the projected date of May 31, 1991, was \$67,538. This computes to \$31.27 per customer per month. We believe adjustments to the filed O&M expenses are necessary and several will be detailed below.

The O&M expenses requested by the utility were adjusted for inflation. The utility determined the O&M expenses at current value and then adjusted them by a three percent annual inflation factor. We believe that this inflation rate should be rejected due to the utility's opportunity to index its O&M expenses.

The utility has projected \$500 per month as a guaranteed partner payment in Account 603 - Salaries and Wages-Officers. This amounts to \$6,000 per year for each of the two partners. We believe this \$12,000 annual management fee is excessive.

ORDER NO. 20583  
DOCKET NO. 870392-WU  
PAGE 6

Our calculation would indicate that with the number of customers served by this utility, this equates to \$5.56 per month per customer. Based upon the size of the utility and the amount of time spent by the partners under management of the system, the amount should be set at \$4,400, which is a reduction of Account 603 by \$7,600.

In addition to the inflation adjustment mentioned above, Accounts 615 - Purchased Power, 616 - Fuel for Power Production, and 618 - Chemicals also should be reduced by \$2,810. The utility estimated these expenses as a function of an average customers per year with a 3% inflation factor after May 31, 1989. The purchased power is estimated at \$41 per customer per year and chemicals is \$10 per customer per year. These appears to be out-of-line with the historical data of the period of May, 1987 through February, 1988, for electric bills and flow data, the utility spent \$1,293 on electricity and pumped 4.82 million gallons. This indicates a unit cost of \$268 per million gallons. To compute the electric consumption at 180 customers, we assume that the customers will consume 350 gallons per day. Thus, the consumption for the year would be the use of 23 million gallons. We find the electric cost should be \$6,200. The utility had estimated \$7,740. We find a reduction to Account No. 615 of \$1,540 is necessary.

The utility also estimated \$530 of projected cost for Account 616. This fuel is required to operate the generator and backup motor for the well. According to the records, these units are used on a monthly basis for approximately 4 hours. We find that an annual fuel consumption of \$240 is more appropriate, which requires a reduction of \$290 from that requested by the utility.

The utility estimated \$1,980 in chemical cost. As stated above, this was based upon \$10 per customer per year plus an inflation factor. We find this to be high and a more appropriate method for identifying this cost is to use the predicted chlorine dosage of ten milligrams per liter and the estimated usage of 23 million gallons. This computes to approximately 1,950 pounds of chlorine, or approximately \$1,000 at a unit price of 50¢ per pound. We find that Account 618 should be reduced by \$980.

The utility has projected \$6,000 for a secretary/bookkeeper. That amount is allocated on the time of an employee working for the utility and working for one of the partners other businesses. This person's responsibilities are to answer the utility's telephone, log complaints, maintain the books and records, receive and record payments, and pay bills. Based upon the size of this utility, the number of customers and the average hours worked by this employee, \$4,000 should be authorized (500 hours per year times \$8.00 per hour). In addition to the bookkeeper, the utility has estimated \$2,500 in accounting fees. The accountant services will be used in filing the Public Service Commission's annual report, the income tax return, and filing for an index. We believe that for a utility this size, \$1,000 is appropriate and sufficient to provide these services on an annual basis.

The utility also has included \$2,500 for legal fees. We will now allow such fees on an on-going basis. If prudent legal expenses are incurred during a rate case, they will then be recoverable in that manner.

The utility estimates \$3,200 in repairs and maintenance, \$500 in painting, and \$1,350 in testing. We believe it appropriate to approve a \$1,000 amount for painting, amortized over four years, the average life of such painting. A review of the laboratory that does the testing indicates that the cost for tri-annual tests is \$900, thus, a \$300 annual expense. The utility has already estimated \$1,200 in Account 620 - Materials and Supplies. Since materials and supplies are provided for in Account 620, we believe that \$1,300 is a more reasonable amount for the labor associated with annual minor repairs. Any major repairs that are made should be capitalized with the appropriate retirement. We will reduce Account 630 by \$10,908, from \$29,758 to \$18,850.

The utility has an insurance policy and requested an allowance for an annual insurance premium of \$2,500, plus a 3% inflation factor, totalling a cost of \$2,652 in May 1991. The insurance premium, like other expenses, is subject to an opportunity for indexing, thus, we find no allowance for inflations will be granted, thereby reducing Account 655 by \$293.

Account 675 - Miscellaneous, is projected by the utility to be \$2,122. Postage, telephone, office rent, service charges, and supplies are included in this account. We find that due to the size and number of customers, this amount should be reduced by \$622 to \$1,500. The total O&M expense we are approving herein is \$35,749, which equates to \$16.55 per customer per month. This is a reduction of \$22,306 from the utility's requested \$58,055.

#### Depreciation Expense

Based upon the depreciation discussion in the Rate Base section above, the annual depreciation expense, based on the \$355,612 in UPIS as of May 31, 1991, is \$11,439; less the annual adjustment for amortization of CIAC of \$6,155 allows for a net depreciation expense of \$5,284. We, therefore, approve a reduction of \$3,669 from the utility's requested \$8,953.

#### Taxes Other Than Income

The utility estimated \$530 in property taxes, which was increased for inflation. The data revealed that the utility paid \$63 in property taxes in 1988 based upon the assessed valuation of \$4,200. The utility's data showed no personal property taxes have been paid or charged to this utility. Thus, the utility shall only be allowed to include in this account those amounts paid in 1988 because of the pass-through provisions discussed previously.

Calculating the regulatory assessment fee based upon a 2.5% of the revenue requirement, the appropriate regulatory assessment fee is \$1,434. We, therefore, are approving Taxes Other Than Income of \$1,497, which includes the \$63 in property taxes paid in 1988.

Income Taxes

C&S is a partnership and thus is not entitled to include among its expenses income taxes.

Operating Revenues

Based on the above adjustments, the projected revenue requirement is \$57,377. This is a \$25,423 reduction in revenues from the utility's projected \$82,800. Schedule No. 4 shows the projected revenue requirement at 80% design capacity; Schedule No. 4-A shows the breakdown by account of operation and maintenance expenses; and Schedule No. 5 shows the adjustments to Schedule No. 4.

RATES

The utility has requested a monthly flat rate charge of \$25 plus a gallonage charge of \$1.25 per thousand gallons. The Commission encourages the use of a base facility charge rate design, charging a base facility charge related to meter size and a consumption generated gallonage charge. We believe the base facility charge rate structure is more appropriate because it gives customers more control over their bills, is more equitable, promotes conservation and eliminates subsidization. Thus, the rates for this utility will be established using a base facility charge. Based upon the revenue requirement of \$57,377, we approve the following rates:

<u>Meter Size</u>	<u>Utility Proposed</u>	<u>Commission Approved</u>
5/8" x 3/4"	\$25.00	\$ 10.55
3/4"		15.83
1"		26.38
1-1/2"		52.75
2"		84.40
3"		168.80
4"		263.75
6"		527.50
8"	844.00	
Charge per 1,000 gallons	\$ 1.25	\$ 1.47

MISCELLANEOUS SERVICE CHARGES

The utility has requested the following miscellaneous service charges.

Initial Connection	\$15
Normal Reconnection	\$15
Violation Reconnection	\$15
Premises Visit	\$10

We find these charges to be reasonable and they are, therefore, approved.



SERVICE AVAILABILITY

As discussed earlier, the utility is presently providing service to approximately 60 homes. Had the utility, at its inception, applied for an original certificate, service availability charges would have been established to achieve a 75% contribution level at buildout. Therefore, we are approving the imputation of CIAC to existing customers. Since the utility has not opted to charge for service or collect service availability for its two years of operation, we find that the non-collection of CIAC from existing customers should not impact the rates for service.

As shown on Schedule No. 6, we have calculated service availability charges including all 226 ERCs associated with the initial plant capacity. This schedule shows that a composite charge of \$985 per ERC would achieve a 75% contribution level when the plant reaches capacity. Since parcels of land within the service territory may be sold to other developers, separate plant and main extension charges should be established as well as cost based tap-in and meter installation charges. We included a 10 - inch trunk, which runs throughout the development, within the plant capacity charge.

The utility's proposed and our approved charges are stated below:

SERVICE AVAILABILITY CHARGES

Utility Proposed

System Capacity Charge = \$1,300 per ERC (350 gpd)

Commission Approved

Plant Capacity Charge = \$ 594 per ERC (350 gpd)  
Main Extension Charge = \$ 152 per ERC (350 gpd)

METER INSTALLATION CHARGE

<u>Meter Size</u>	<u>Utility Proposed</u>	<u>Commission Approved</u>
5/8 x 3/4"	Actual Cost	\$142.00
Over 5/8 x 3/4"	Actual Cost	Actual Cost

SERVICE INSTALLATION (TAP-IN)

<u>Meter Size</u>	<u>Utility Proposed</u>	<u>Commission Approved</u>
5/8 x 3/4"	Actual Cost	\$ 97.00
Over 5/8 x 3/4"	Actual Cost	Actual Cost

The approved meter installation charge is higher than most but this is due to the installation of a backflow preventer with each meter. Within its service availability policy, the utility has requested guaranteed revenues. Although a specific

ORDER NO. 20583  
DOCKET NO. 870392-WU  
PAGE 10

charge has not been requested, the charge would be on an ERC basis and would commence when a developer has reserved capacity. The charges would cease as active customers are connected to the system.

The purpose of such charge is to recover costs associated with non-used and useful plant. That recovery of fixed costs is appropriate and approve the base facility charge of \$10.55 to be utilized for the guaranteed revenue charge in order to recover fixed costs associated with providing service.

EFFECTIVE DATES OF RATES AND CHARGES

The approved monthly service rate will be effective for meters readings on or after thirty days from the stamped approval date on the revised tariff sheets. All other charges will become effective upon the approval date of the tariffs. The revised tariff sheets will be approved upon verification by the Commission Staff that the tariffs are consistent with the Commission's decision, that the protest period has expired and a timely protest has not been filed.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that Certificate No. 510-W is hereby granted to C&S Water Company, 609 West Vine Street, Kissimmee, Florida 32741, which authorizes the utility to provide water service to the area described in Attachment A to this Order. It is further

ORDERED that C&S Water Company's cost of equity is established at 12.13% as set forth in the body of this Order. It is further

ORDERED that the Schedules referenced in this Order are incorporated herein. It is further

ORDERED that C&S Water Company is authorized to charge the rates set forth in the body of this Order. It is further

ORDERED that C&S Water Company is authorized to implement service availability charges, miscellaneous service charges and initial customer deposits set forth in the body of this Order. It is further

ORDERED that all rates and charges shall become effective as set forth in the body of this Order. It is further

ORDERED that the provisions of this Order, issued as Proposed Agency Action, shall become final unless an appropriate petition in the form provided by Rule 25-22.036, Florida Administrative Code is received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business day on January 30, 1989. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

ORDER NO. 20583  
DOCKET NO. 870392-WU  
PAGE 11

By ORDER of the Florida Public Service Commission,  
this 10th day of JANUARY, 1989.

STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

MRC

by: Kary Flynn  
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action regarding the setting of rates and charges and establishing return on equity will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on January 30, 1989. In the absence of such a petition, this order shall become effective January 31, 1989, as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on January 31, 1989, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110,

ORDER NO. 20583  
DOCKET NO. 870392-WU  
PAGE 12

Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ORDER NO. 20583  
DOCKET NO. 870392-WU  
PAGE 13

ATTACHMENT A

C & S WATER COMPANY  
OSCEOLA COUNTY, FLORIDA  
SERVICE TERRITORY DESCRIPTION

Township 26 South, Range 29 East, Sections 20 and 21  
Pleasant Hill Lakes Subdivision Units 1-9  
The North one quarter of Sections 20 and 21

C & S Water Company  
 Schedule of Water Rate Base  
 At 80% of Design Capacity

Docket No. 870392-WU  
 Schedule No. 1  
 Order No.

Description	Balance Per Filing	Utility Adjust.	Balance Per Utility	Commission Adjust.	Balance Per Commission
Utility Plant in Service	403,679	0	403,679	1) (48,067)	355,612
Land	30,000	0	30,000	2) (27,900)	2,100
Accumulated Depreciation	(79,549)	0	(79,549)	3) 24,498	(55,051)
Contributions-in-aid-of-Construction	(254,528)	0	(254,528)	4) 50,800	(203,728)
Accumulated Amortization of C.I.A.C.	19,963	0	19,963	5) (962)	19,001
Plant Held for Future Use	0	0	0	0	0
Working Capital Allowance	0	0	0	6) 4,469	4,469
<b>TOTAL</b>	<b>119,565</b>	<b>0</b>	<b>119,565</b>	<b>2,838</b>	<b>122,403</b>

C & S Water Company  
 Schedule of Water Utility Plant in Service  
 by Account

Docket No. 870392-WU  
 Schedule No. 1-A  
 Order No.

Account Number	Account Description	Balance Per Utility	Commission Adjust.	Balance Per Commission
303	Land and Land Rights	30,000	(27,900)	2,100
304	Structures and Improvements	0	1,045	1,045
307	Wells and Springs	30,751	0	30,751
309	Supply Mains	141,582	(141,582)	0
310	Power Generation Equipment	2,156	23,404	25,560
311	Pumping Equipment	51,590	(17,040)	34,550
320	Water Treatment Equipment	69,587	(48,100)	21,487
330	Ground Storage Tank	30,183	30,000	60,183
331	Transmission and Distribution Mains	45,275	89,208	134,483
333	Services	0	21,958	21,958
334	Meters and Meter Installations	32,555	(6,960)	25,595
TOTAL		433,679	(75,967)	357,712

C & S Water Company  
Schedule of Adjustments to Water Rate Base

Docket No. 870392-WU  
Schedule No. 2  
Order No.

Description	Adjustment
1) Utility Plant in Service	
To reflect the adjustments as discussed in the body of the Order.	\$ (48,067)
2) Land	
To reflect land as per the tax return.	\$ (27,900)
3) Accumulated Depreciation	
To reflect the adjustments as discussed in the body of the Order.	\$ 24,498
4) Contributions-in-Aid-of-Construction	
To reflect the removal of C.I.A.C. related to Land.	27,900
To reflect the reduction in the requested Service Availability Charges.	22,900
Total	\$ 50,800
5) Accumulated Amortization of C.I.A.C.	
To reflect the changes made to C.I.A.C.	\$ (962)
6) Working Capital Allowance	
To reflect the inclusion of a Working Capital Allowance in the Rate Base Calculation based on 1/8 of O & M.	\$ 4,469



C & S Water Company  
 Schedule of Capital Structure  
 At 80% of Design Capacity

Docket No. 870392-WU  
 Schedule No. 3  
 Order No.

Description	Balance Per Filing	Utility Adjust.	Balance Per Utility	Commission Adjust.	Balance Per Commission	Recon. Adjust.	Recon. Balance	Weight	Cost Rate	Weighted Cost
Common Equity	109,329		109,329	72,167	181,496	(59,093)	122,403	100.00%	12.13%	12.13%
Long and Short-Term Debt			0		0	0	0	0.00%	0.00%	0.00%
Customer Deposits			0		0	0	0	0.00%	0.00%	0.00%
Advances from Associated Companies			0		0	0	0	0.00%	0.00%	0.00%
Other			0		0	0	0	0.00%	0.00%	0.00%
	109,329	0	109,329	72,167	181,496	(59,093)	122,403	100.00%		12.13%

Range of Reasonableness:	High	Low
Common Equity	13.13%	11.13%
Overall Rate of Return	13.13%	11.13%

C & S Water Company  
 Schedule of Water Operations  
 At 80% of Design Capacity

Docket No. 870392-WU  
 Schedule No. 4  
 Order No.

Description	Balance Per Utility	Commission Adjust.	Balance Per Commission	Commission Adjust. Required Revenue	Required Revenue Per Commission
Operating Revenues	82,800	0	82,800	4) (25,423)	57,377
Operating and Maintenance	58,055	1) (22,306)	35,749	0	35,749
Depreciation Expense	8,953	2) (3,669)	5,284	0	5,284
Taxes Other Than Income	530	3) 1,603	2,133	5) (636)	1,497
Income Taxes	0	0	0	0	0
Total Operating Expenses	67,538	(24,372)	43,166	(636)	42,530
Net Operating Income	15,262	24,372	39,634	(24,787)	14,847
Rate Base	119,565		122,403		122,403
Rate of Return	12.76%		32.38%		12.13%

C & S Water Company  
 Schedule of Water Operation and Maintenance  
 Expenses by Account

Docket No. 870392-WU  
 Schedule No. 4-A  
 Order No.

Account Number	Account Description	Balance Per Utility	Commission Adjust.	Balance Per Commission
603	Salaries and Wages - Officers	12,000	(7,600)	4,400
615	Purchased Power	7,740	(1,540)	6,200
616	Fuel for Power Production	530	(290)	240
618	Chemicals	1,980	(980)	1,000
620	Materials and Supplies	1,273	(73)	1,200
631	Contractual Services - Engineering	12,732	(732)	12,000
632	Contractual Services - Accounting	2,652	(1,652)	1,000
633	Contractual Services - Legal	2,652	(2,652)	0
635	Contractual Services - Other	11,722	(5,872)	5,850
657	Insurance - General Liability	2,652	(293)	2,359
675	Miscellaneous Expense	2,122	(622)	1,500
	TOTAL	58,055	(22,306)	35,749

C & S Water Company  
Schedule of Adjustments to Water Operations

Docket No. 870392-WU  
Schedule No. 5  
Order No.

Description	Adjustment
1) Operating and Maintenance	
To reflect the adjustments as discussed in the body of the Order.	\$ (22,306)
2) Depreciation Expense	
To reflect the adjustments as discussed in the body of the Order.	\$ (3,669)
3) Taxes Other Than Income	
To reflect the inclusion of Regulatory Assessment Fees at the requested revenue level.	\$ 1,603
4) Operating Revenues	
To reduce the requested revenue to a level which will allow the utility the opportunity to earn a 12.13% overall rate of return.	\$ (25,423)
5) Taxes Other Than Income	
To reflect the decrease in Regulatory Assessment Fees related to the decrease in Operating Revenues.	\$ (636)

C & S Water Company  
 Schedule of Net Plant to Net C.I.A.C.  
 At 100% of Design Capacity

Docket No. 870392-WU  
 Schedule No. 6  
 Order No.

Account Number	Account Description	Water
101	Utility Plant in Service	364,252
104	Accumulated Depreciation	(66,683)
	Net Plant	297,569
271	C.I.A.C.	249,038
272	Accum. Amortization of C.I.A.C.	(26,618)
	Net C.I.A.C.	222,420
	Net C.I.A.C. / Net Plant	74.75%
	Minimum Contribution Level	68.63%
	Commission Approved Charge	985
	Total ERC's	226