

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a staff-assisted)	DOCKET NO. 900998-WS
rate case for Kings Cove in Lake County)	ORDER NO. 24941
by J. Swiderski Utilities, Inc.)	ISSUED: 08-20-91
)	

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY
 MICHAEL MCK. WILSON

FINAL ORDER GRANTING TEMPORARY
 RATES IN EVENT OF PROTEST

AND

NOTICE OF PROPOSED AGENCY ACTION
 ORDER APPROVING INCREASED RATES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the actions discussed herein, except for the granting of temporary rates in event of protest, are preliminary in nature, and as such, will become final unless a person whose interests are substantially affected files a petition for a formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

CASE BACKGROUND

J. Swiderski Utilities, Inc. (JSUI or utility) is a class "C" water and wastewater utility for the Kings Cove system. The Kings Cove system is located north of Leesburg in Lake County, Florida.

The utility has been providing service to the subdivision since 1975. In 1982, the utility (known then as Cove Utilities, Inc.) was granted original certificates by the Florida Public Service Commission (Commission) by Order No. 10774. There has been one staff-assisted rate case for this system since that time. The utility's current rates were effective April 18, 1991, the result of a 1990 price index and regulatory assessment fee pass through.

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FPSC-RECORDS/REPORTING

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In 1988, the Citizens National Bank of Leesburg (CNB) acquired ownership of the utility, along with land, through foreclosure. The utility's certificates were transferred to CNB in July, 1989, by Order No. 21557. CNB subsequently sold the utility to J. Swiderski Utilities, Inc., the current owner of the utility. This transfer was approved by Commission Order No. 23378, dated August 21, 1990.

On December 20, 1990, JSUI applied for the instant staff-assisted rate case and paid the appropriate filing fee. That date was established as the official date of filing. For the purpose of evaluating the utility's request, we have selected the twelve-month period ending December 31, 1990, as the test period. CNB operated the utility during the test year from January through September 12, 1990, at which time JSUI assumed operations.

QUALITY OF SERVICE

Our findings on the overall quality of service provided by the utility is derived from the evaluation of three separate components of water and wastewater utility operations: quality of utility's product (water and wastewater), operational conditions of utility's plant or facilities, and customer satisfaction.

The degree to which a utility is able to maintain satisfactory water quality is reflected by its compliance with the Department of Environmental Regulation (DER) primary and secondary drinking water standards. We have discussed the utility's compliance with the Orlando DER office. The utility is current with all of its testing requirements and all of the results are satisfactory.

The operational condition of the utility's treatment plants and distribution/collection systems is also reflected by the utility's compliance with DER standards of operation. During the time the utility was being held in receivership by the bank, several corrective orders had reached the Consent Order (CO) level of enforcement. Those deficiencies have been corrected and the CO is considered resolved. Currently, there are no outstanding citations or corrective orders pending for this utility. Also, during the ownership by the receiver, two phases of the subdivision were developed that extended the customer base of the utility. All construction was approved by the DER and permission to utilize the new additions have been granted.

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On June 5, 1991, a customer meeting was held near the utility's service area in order to allow the customers to express their opinions on the quality of service and to ask questions. Seventeen of the utility's 128 existing customers attended the meeting. Two customers that could not attend the meeting voiced their comments by letter. Of the comments that were voiced, those concerning quality of service involved excessive chlorine, low water pressure, frequent water outages and debris in lines after outages.

The utility must maintain, at all times, disinfection levels subject to unannounced sampling by the DER. The minimum free chlorine residual as required by DER Rule 17-550.510, Florida Administrative Code, is 0.2 parts per million (ppm) throughout the distribution system at all times. No upper limit is set for chlorine doses. Even though it has not been established that the water pressure is below the required 20 pounds per square inch (psi), the new owner of the utility has attempted to increase the water pressure by resetting the off/on relay switch at the hydropneumatic tank to a higher pressure cut-off. This has resulted in leakages throughout the water mains at tees and elbows. This, in turn, has caused emergency water outages and increased the opportunity for debris to enter the lines. Dust and debris getting into the pipe during repairs is a common problem, and the DER requires by Rule 17-555.340, Florida Administrative Code, that, before a utility can resume the service of a water main, it must be "effectively disinfected." The excessive chlorine taste experienced by some of the customers is suspected, at least in part, of being related to the disinfection requirement for newly repaired and/or constructed pipelines.

In addition to quality of service comments, several customers expressed concern over the magnitude of the rate increase. In general, they stated that the profit realized by the utility, before any rate increase, is within reason. The customers' comments are based on the Customer Notice which indicates that, prior to a rate increase, the utility experienced a net income of \$2,547 for the water system and \$6,512 for the wastewater system. These amounts are based on our audit and reflect only what was recorded by the utility in the test year with no adjustments. In our investigation and analysis of the utility expenses, we discovered that many of the expenses incurred in the test year were not representative of normal operations. As mentioned earlier, ownership of the utility in the test year was divided between CNB

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(8 months) and JSUI (4 months). During ownership by CNB, much of the normal maintenance activities were deferred. The current owner of the utility is conducting necessary maintenance as well as general repairs. Therefore, we made pro forma adjustments to allow a reasonable level of maintenance expenses.

In addition, we found it necessary to include additional operating expenses related to increased testing requirements and expenses that were incurred in all or part of the test year, but not recorded by the utility. The increased level of expenses results in an operating loss for the water system of \$2,900 and operating income for the wastewater system of \$1,278. These are discussed in the Net Operating Income section of this Order.

Two customers raised billing complaints regarding a charge for service to an empty lot and a charge for disconnection of service for nonpayment of a bill that was never received. We are investigating these complaints outside of this rate proceeding.

In conclusion, the utility is in compliance with the DER standards for both its water system as well as its wastewater system. The utility appears very cooperative in working toward a resolution of the complaints expressed at the customer meeting. In consideration of the foregoing, we find that JSUI's quality of service is satisfactory.

RATE BASE

Our calculation of the appropriate rate base for the purpose of this proceeding is depicted on Schedule No. 1-A for water and Schedule No. 1-B for wastewater, and our adjustments are itemized on Schedule No. 1-C. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Used and Useful

A. Water Treatment Plant - During 1989 and 1990, the DER mandated that numerous upgrades be implemented to satisfy an outstanding Consent Order. A generator with automatic switchover, a 7,500 gallon hydropneumatic tank, and a new pump for each well have served to better the system. However, with the new pumps the maximum capacity of the plant is 525 gallons per minute (gpm). It

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should be noted that if the utility were called upon to utilize its fire flow capabilities, it would stretch the resource to the limit. We find that, with consideration of fire flow requirements, all water treatment plant accounts are considered 100 percent used and useful.

B. Wastewater Treatment Plant - The capacity of the wastewater treatment plant is rated at 35,000 gallons per day (gpd). The highest average daily flow during the test year was 26,800 gpd. These findings were a result of lapse time meter readings and are not consistent with 1983 maximum daily flows of 27,750 gpd when the customer base was 75 equivalent residential connections (ERCs). We find that it is more appropriate in this case to determine the amount of wastewater plant used and useful using design criteria flow estimates rather than the average daily flow during the test year. We believe that no less of a plant could serve the existing number of customers. Therefore, we find that the wastewater treatment plant is considered 100 percent used and useful.

C. Water Distribution and Wastewater Collection Plant - Both the water distribution and wastewater collection systems can currently serve approximately 172 ERCs. Considering 130 average test year connections and 15 ERCs as a margin reserve, the distribution and collection systems are 84.3 percent used and useful. However, water meters, meter installations, fire hydrants and wastewater services are installed to serve only the present customer base and, therefore, should be considered 100 percent used and useful.

Test Year Plant

Order No. 23378 issued in Docket No. 900106-WS, which was the transfer case from Citizens National Bank (CNB) to J. Swiderski Utilities, Inc. (JSUI) established plant-in-service balances as of March 31, 1990, of \$143,252 and \$195,587 for the water and wastewater systems, respectively.

In the instant case, we examined plant additions in the test year through December 31, 1990. In our review, we discovered that plant additions were made prior to March 31, 1990, which were not picked up in the audit in the transfer case. Therefore, plant balances were increased to correct Order No. 23378. In addition, we adjusted the plant balanced in Order No. 23378 to include plant additions from April through December, 1990. The plant additions in the test year include a wood fence around the wastewater

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treatment plant, a master meter at the water treatment plant, a percolation pond at the wastewater treatment plant site, organizational costs of the transfer, and landscaping at the water treatment plant site. Also, we reclassified the cost of getting electrical power to the lift station from operation and maintenance expenses to plant-in-service, since this cost should be capitalized. The total adjustments for the plant additions and capitalized items are \$6,842 to water plant and \$6,100 to wastewater plant.

Because several items of plant were added during the test year, the year-end balance of plant should be adjusted to reflect the averaging of the plant additions. Incorporating the averaging adjustment results in a test year average balance of water plant of \$147,653 and a test year average balance of wastewater plant of \$200,081.

Previously, we determined that the water transmission and distribution mains and the wastewater collection system, with the exception of services, were considered 84.3 percent useful. This results in nonused and useful plant of \$5,109 for the water system and \$13,522 for the wastewater system. The accumulated depreciation related to this nonused and useful plant is \$762 for the water system and \$3,268 for the wastewater system. Therefore, the nonused and useful plant, net of accumulated depreciation, is \$4,347 and \$10,254 for the water and wastewater systems, respectively.

Land

The value of the land was established by Order No. 23378 as \$1,902 for the water plant site and \$13,314 for the wastewater plant site. Ownership of the land was verified in that docket through a warranty deed in the name of JSUI. There have been no additions to utility land since that order was issued; therefore, we find that the land costs to be included in rate base shall be those established by Order No. 23378.

Accumulated Depreciation of Plant-in-Service

Order No. 23378 includes accumulated depreciation for the water system of \$21,034 and \$47,134 for the wastewater system as of March 31, 1990. The utility did not maintain records of plant depreciation or of contributions-in-aid-of-construction (CIAC)

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amortization. A composite rate of 2 1/2 percent was used to update the water and wastewater plant balances from Order No. 23378 and applied to the plant additions discussed in this Order. Upon averaging the test year changes, we find that the average test year balance of accumulated depreciation for the water system is \$21,975, and \$48,405 for the wastewater system.

Contributions-in-Aid-of-Construction

Order No. 23378 established CIAC balances of \$49,300 and \$98,443, respectively for the water and wastewater systems. These balances were updated to include cash collections of CIAC equivalent to the tariff charges times the number of customers added in the test year. Nine water and wastewater customers were added and paid connection charges of \$65 and \$35, respectively, for the water and wastewater systems, resulting in year-end balances of \$49,885 for the water system and \$98,758 for the wastewater system.

In the used and useful determinations already discussed, we included a margin reserve in calculating the amount of plant used and useful. When a margin reserve is included in a used and useful calculation, CIAC is imputed on the number of ERCs included in the margin reserve. The product of the 15 ERCs included in the margin reserve for the distribution/collection systems and the main extension charges results in an imputation of \$7,500 for the water system and \$15,000 for the wastewater system. However, inclusion of the margin reserve adds only \$2,832 and \$7,493 to the water and wastewater used and useful plant. We also limit the amount of CIAC imputed to the additional plant included in the water and wastewater systems. Therefore, we will impute \$2,832 and \$7,493 for the water and wastewater distribution/collection systems, respectively. We will not impute CIAC for the water and wastewater treatment systems as these systems are 100 percent and 92 percent used and useful, respectively, without the margin reserve.

In consideration of the above adjustments, the year-end balances of CIAC are \$52,717 and \$106,251 for the water and wastewater systems, respectively. Upon averaging the test year changes, we find that the average test year balance is \$52,317 for the water system and \$106,036 for the wastewater system.

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Accumulated Amortization of CIAC

Order No. 23378 includes amortization of CIAC for the water system of \$12,258 for the water system and \$30,272 for the wastewater system as of March 31, 1990. The utility did not maintain records of CIAC amortization. A composite rate of 2 1/2 percent was used to update the beginning balance of CIAC amortization and the CIAC additions in the test year. We determined that CIAC should be imputed on the margin reserve for the water and wastewater systems. We find that accumulated amortization of CIAC also should be calculated on these imputations. This results in additional amortization of CIAC of \$730 and \$2,412 for the water and wastewater systems, respectively. Therefore, we find that averaging the test year changes results in an average test year balance of amortization of CIAC of \$13,297 for the water system and \$33,300 for the wastewater system.

Working Capital

We find it appropriate to use the formula method (one-eighth of operating and maintenance expenses) to calculate the working capital requirement of this utility. In a later section of this Order, we find that the proper amount of test year operating and maintenance expense is \$23,326 for the water system and \$21,200 for the wastewater system. Therefore, we have included one-eighth of that amount, \$2,916 for the water system and \$2,650 for the wastewater system, in rate base as the utility's working capital allowance.

Rate Base

Based on all our adjustments made herein, we find that the average test year rate base is \$87,128 for the water system and \$84,650 for the wastewater system.

CAPITAL STRUCTURE

Our calculation of the appropriate cost of capital, including our adjustments, is depicted on Schedule No. 2-A.

Test Year Debt and Cost of Equity

JSUI financed the purchase of the Kings Cove system through a bank loan with CNB in the amount of \$197,500. The loan is

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amortized over fifteen years at a variable interest rate over the life of the loan equal to the bank's prime lending rate plus 1 percent. During the test year, this interest rate averaged 12.50 percent. Therefore, we find that the appropriate amount of test year long-term debt is \$197,500 at an average cost rate of 12.50 percent.

The equity balance equals the down payment on the purchase of the utility from CNB. The utility has made several advances to finance operations, but is not keeping track of them. Therefore, we set the return on equity at 13.11 percent using the leverage formula approved by the Commission in Order No. 24246.

Customer Deposits

The utility did not begin collecting customer deposits until September, 1990, when control transferred to JSUI. The amount of deposits collected from September through December is \$510. Commission Rule 25-30.311(4), Florida Administrative Code, requires utilities to pay 8 percent interest on customer deposits. Therefore, we find that the interest rate to include in the capital structure is 8 percent.

Rate of Return

Based on all our adjustments, we find that the appropriate overall cost of capital is determined by using the utility's capital structure with each item reconciled to rate base on a pro rata basis. This results in an overall cost of capital of 12.50 percent.

NET OPERATING INCOME

Our calculation of net operating income is depicted on Schedules Nos. 3-A and 3-B, and our adjustments are itemized on Schedule No. 3-C. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

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Operation and Maintenance Expenses

As previously stated, ownership and control of this utility during the test year was divided between CNB and JSUI. We reviewed the check registers and invoices maintained by both entities for verification of the proper account, amount and reasonableness. In addition, we analyzed operation and maintenance expenses for reasonableness and sufficiency. A summary of our adjustments follows. Schedule No. 4 contains a summary of each account and the balance.

A. Purchased Power - The utility's balance for purchased power was \$4,688 for the water system and \$4,652 for the wastewater system. We reclassified a portion of these expenses from water to wastewater and removed a portion of the water system's electrical cost which occurred outside the test year. We find that the adjusted purchased power costs are \$4,188 and \$4,867, for water and wastewater, respectively.

B. Contractual Services - Operations - During the test year, both CNB and JSUI utilized contract labor to operate and maintain the utility systems. The utility's records show payment for contractual services in the amount of \$2,360 for the water system and \$2,857 for the wastewater system. We reduced this amount by \$90 for the water system to remove a portion related to a period outside the test year. In addition, pro forma adjustments of \$1,227 and \$632, respectively, for the water and wastewater systems were necessary to allow the cost of complying with state and local water and wastewater testing requirements, which were not included in the test year. Therefore, we find that the adjusted test year balances for contractual services - operations are \$3,497 and \$3,489, respectively for the water and wastewater systems.

C. Contractual Services - Maintenance and Repairs - The utility's records show payment of \$1,060 and \$588, respectively for the water and wastewater systems. However, we removed \$105 from the water maintenance account as a non-utility plumbing expense. Therefore, for the water system, this account includes \$468 for general repairs and \$487 for mowing and groundskeeping. For the wastewater system, this expense account includes \$120 for mowing and groundskeeping and \$468 for general repairs.

We find that an increase in the amount allowed for mowing and groundskeeping is appropriate. As mentioned previously, the

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utility was owned by JSUI during only the last four months of the test year. During the other eight months, the water and wastewater plant sites were not mowed as often as they should have been. The water treatment plant is at the entrance to the subdivision. Mowing and groundskeeping of the plant site should be performed approximately 18 times per year at a charge of \$30 per mowing. The wastewater plant site should be mowed once a month at a cost of \$20 per mowing. Therefore, the total amounts that are allowed for mowing and groundskeeping is \$540 and \$240, respectively for the water and wastewater systems. Utility records indicate an expense for mowing and groundskeeping of \$487 and \$120, respectively for the water and wastewater systems. Consistent with our findings, we find the increase of \$53 to the contract maintenance account for the water system and \$120 for the wastewater system are necessary to bring these amounts to the appropriate level.

We will also approve an increase in the amount allowed for general repairs. During the first eight months of the test year, under the ownership of CNB, much of the maintenance activities were deferred. JSUI is now finding weaknesses in the water distribution and wastewater collection systems, making repairs critical. Thus, we will approve \$1,400 per year for general repairs to the water system and \$1,170 per year for repairs to the wastewater system. These amounts are based on \$.90 per customer per month for water system repairs and \$.75 per customer per month for wastewater system repairs. As mentioned previously, the utility charged only \$468, each to the water and wastewater systems for general repairs in the test year. Therefore, we have increased the allowance for general repairs by \$932 and \$702, respectively, for the water and wastewater systems.

A maintenance contract was signed after the test year for the water system stand-by generator. Under this contract, the stand-by generator will be inspected and serviced four times a year. We believe it is reasonable to allow this \$400 expense.

Based on the above discussion, we find that the adjusted test year balance for Contractual Services - Maintenance and Repairs is \$2,341 for the water system and \$1,410 for the wastewater system.

D. Contractual Services - Professional and Legal - The utility charged \$1,962 to the water system and \$400 to the wastewater system. We reduced the amount charged to the water system by \$1,000 for an appraisal for non-utility property. Therefore, we



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find that the adjusted test year balance for Contractual Services - Professional and Legal is \$962 for the water system. No adjustments were made to this account for the wastewater system.

E. Salaries and Wages and Management Fee - The utility charged \$2,113 each to the water and wastewater accounts for salaries and wages and \$1,000 to each system as a management fee to the owner. The management fee paid to the owner of JSUI is \$500 per month; however, there were only four months in the test year in which it was paid. Under the ownership of CNB, no management fee was charged. The utility also paid one employee \$300 per month for four months in the test year for office supervision and general maintenance. The management fee and office supervisor salary are divided equally between the water and wastewater systems. We increased the accounts for salary and wages and management fee to annualize the present salaries since they were only booked for four months in the test year.

The utility owner proposed raising the management fee to \$750 per month and increasing the office supervisor's salary to \$350 per month. The duties performed by the owner as manager include checking the plants twice a week, checking maintenance and line breaks, negotiating all contracts, working with Commission personnel and the utility's Certified Public Accountant and performing all purchasing for supplies. The office supervisor's duties include reviewing all utility income and expenses, assisting in preparation of tax reports and Commission annual reports, signing all checks, acting as a standby for meter reading and general office work, and grooming and fertilizing shrubs. These same individuals act as manager and office supervisor for another small water and wastewater system in Lake County owned by this utility. Because their time is divided between these two systems, we find that the present management fee and office supervisor salary are adequate and shall not be increased.

Accordingly, we find that the appropriate test year balance for Salaries and Wages is \$3,313 for the water system and \$3,313 for the wastewater system. The balance for Management Fee is \$3,000, for the water system and \$3,000 for the wastewater system.

F. Rents The utility rented an office from Swiderski Enterprises for \$200 per month for four months in the test year. No rental expense was booked under the ownership of CNB. As a result, we adjusted the account for rents to annualize the office rental.

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Therefore, we find that the adjusted test year balance for Rents is \$1,200, each for the water and wastewater systems.

G. Insurance We adjusted this account in the amount of \$440 and \$274, respectively, for the water and wastewater systems, to allow the cost of the insurance premium, which was paid in the test year, but not booked by the utility.

H. Transportation - The owner of the utility drives his personal car when doing business for the utility. No records of mileage for utility related business were kept during the test year. Based on an average of two visits per week, we determined that 1,670 miles per year at \$.20 per mile is a reasonable allowance. Therefore we find that a total annual transportation expense of \$335, or \$167, each for the water and wastewater systems, is appropriate.

I. Regulatory Commission Expense - The utility paid a \$300 filing fee for this case. This item has been included in regulatory commission expense. Section 367.0816, Florida Statutes, requires that rate case expense be amortized over four years. Amortizing this fee over four years and dividing it equally between water and wastewater, results in an expense of \$38 to each system.

J. Miscellaneous - The utility charged \$1,217 and \$2,417, respectively to the water and wastewater miscellaneous expense accounts. Based on our audit, we determined that this amount be reduced for the wastewater system by \$170 related to a non-utility mowing expense, and for the water system by \$50 for a deposit related to a non-utility activity. In addition, we reclassified \$580 from the wastewater expense account to plant-in-service to capitalize the cost of getting electrical power to the lift station.

Also, we discovered that 75 of the meters in this service area were installed prior to 1972 and are in need of replacement. Therefore, we find that the utility must begin a program of meter replacement, exchanging no less than 8 meters per year for the next 17 years. At an estimated cost of \$75 per meter, the total yearly expense for this program is \$600.

Finally, we find that pro forma adjustment of \$200 to include the increase in Lake County's fees for inspecting wastewater treatment plants is reasonable.

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Therefore, based on all our adjustments, the test year balance for miscellaneous expenses is \$1,767 for the water system and \$1,868 for the wastewater system.

Depreciation Expense

We calculated monthly depreciation expense on the adjusted test year plant using a composite rate of 2.5 percent, which was used in establishing the net book value in the transfer case. This results in depreciation expense of \$3,693 for the water system and \$5,004 for the wastewater system. Using the same rates, the test year expense for amortization of CIAC is \$1,237 and \$2,463, respectively for the water and wastewater systems. Therefore, we find that the depreciation expense net of amortization of CIAC is \$2,456 for the water system and \$2,541 for the wastewater system.

Taxes Other Than Income

The utility recorded \$821 in taxes other than income for both the water and wastewater systems. This figure represented an overpayment of regulatory assessment fees for the water system and underpayment for the wastewater system. No expense for property taxes was recorded, although the audit provided documentation of payment of 1990 property taxes. We adjusted the utility's booked amount of taxes other than income by recalculating the regulatory assessment fees and including an amount for property taxes. The real estate based property tax expense is allocated to the water and wastewater systems. The tangible personal property tax bill should be allocated on utility plant in service, exclusive of land. Regulatory assessment fees were determined by multiplying the test year revenue by a tax percentage of 4.5 percent. We also included additional regulatory assessment fees based on the revenue increase.

Accordingly, we find that the test year taxes other than income is \$1,985 for the water system and \$2,180 for the wastewater system.

Income Tax Expense

JSUI is a Subchapter S corporation. Commission policy is that no income tax expense should be included in the rates of a Subchapter S corporation as the corporation does not pay taxes.

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Therefore, we find that the income tax expense for this utility is zero.

Test Year NOI

Based on the previous adjustments, we find that the test year operating loss is \$2,900 for the water system and the test year operating income for the wastewater system is \$1,278.

Revenue Requirement

Based on our calculations, we find that the annual revenues requirements are \$33,743 for the water system and \$31,417 for the wastewater system. This will allow the utility to recover its expenses and an opportunity to earn a 12.50 percent return on its investment in rate base.

RATES AND CHARGES

Rates and Rate Structure

We find that the rates set forth below are fair, just and reasonable. These rates have been designed to allow the utility to achieve its revenue requirements. The utility shall continue to employ the base facility/gallongage charge rate structure.

The rates shown below shall be effective for meter readings taken on or after thirty (30) days after the stamped approval date on the revised tariff sheets. The utility shall submit revised tariff sheets reflecting the approved rates along with a proposed customer notice listing the new rates and explaining the reasons therefor. The revised tariff sheets will not be approved until the protest period has expired and the proposed customer notice has been approved. The existing rates and the new approved rates are shown below for purposes of comparison.

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WATER

MONTHLY RATES

RESIDENTIAL & GENERAL SERVICE

	<u>PRESENT RATES</u>	<u>COMMISSION APPROVED RATES</u>
<u>BASE FACILITY CHARGE</u>		
<u>Meter Size</u>		
5/8" x 3/4"	\$ 4.18	\$ 5.53
1"	10.45	13.83
1-1/2"	20.91	27.65
2"	33.45	44.24
3"	n/a	88.48
4"	n/a	138.25
6"	n/a	276.50
 <u>Gallage Charge</u>		
Per 1,000 gallons	\$.41	\$ 0.80

the lower rates and the reason for the reduction in the utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

Miscellaneous Service Charges

JSUI's current tariff does not provide for miscellaneous service charges. We find it appropriate to require the utility to implement the miscellaneous service charges set forth below. These charges are designed to more accurately defray the costs associated with each service and place the responsibility for the cost on the persons creating it rather than on the ratepaying body as a whole. They are as follows:

	<u>WATER</u>	<u>WASTEWATER</u>
Initial Connection	\$15.00	\$15.00
Normal Reconnection	\$15.00	\$15.00
Violation Reconnection	\$15.00	Actual Cost
Premises Visit (in lieu of disconnection)	\$10.00	\$10.00

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When both water and wastewater services are provided, we believe that only a single charge is appropriate unless circumstances beyond the control of the utility require multiple actions. The four types of miscellaneous service charges are as follows:

(1) Initial Connection: This charge is to be levied for service initiation at a location where service did not exist previously.

(2) Normal Reconnection: This charge is to be levied for transfer of service to a new customer account at a previously served location, or reconnection of service subsequent to a customer requested disconnection.

(3) Violation Reconnection: This charge is to be levied prior to reconnection of an existing customer after disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment. (Actual cost is limited to direct labor and equipment rental and applies only to sewer-only customers.)

(4) Premises Visit Charge (in lieu of disconnection): This charge is to be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

The approved miscellaneous service charges will become effective for services rendered on or after the stamped approval date on the revised tariff pages.

Service Availability

The utility's current tariffs allow connection charges of \$65 for the water system and \$35 for the wastewater system. Rule 25-30.580, Florida Administrative Code states that:

(1) A utility's service availability policy shall be designed in accordance with the following guidelines:

(a) The maximum amount of contributions-in-aid-of-construction, net of amortization, should not exceed 75% of the total original cost, net of

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accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their designed capacity; and

(b) The minimum amount of contributions-in-aid-of-construction should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution and sewage collection systems.

Currently, the utility's water and wastewater systems are approximately 30 percent and 49 percent contributed, respectively. Although these contribution levels allow the utility to meet the minimum standard specified in the above rule, we find that the service availability charges shall be increased.

The anticipated growth for this utility includes approximately forty customers in the existing phases of the subdivision as well as a seventh addition which will consist of approximately thirty-five residential lots. The seventh addition will necessitate expansion of the wastewater treatment plant, as well as the installation of water and wastewater distribution/collection systems. The preliminary engineering cost estimates are \$45,000 for the water system and \$135,000 for the wastewater system. An increase in the utility's service availability charges will help offset some of the utility investment in the new addition to the subdivision and temper the growth in utility rate base. We believe that service availability charges consisting of main extension charges of \$500 for the water system and \$1,000 for the wastewater system are reasonable, as well as plant capacity charges of \$300 each for the water and wastewater systems. In addition, a meter installation charge of \$100 is approved to cover the cost of the meter and meter installation.

The increase in service availability charges will apply only to new connections to the water and wastewater system. The charges will be effective for connections made on or after the stamped approval date on the revised tariff pages.

Customer Deposits

Customers deposits are generally collected from new customers at the time of connection to the utility system. The purpose of a deposit is to allow the utility to recover any amounts due if customers move and do not pay their bill. The utility's tariffs do

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not include a provision for customers deposits. However, a combined water and wastewater deposit of \$85 has been collected since control of the utility was transferred to JSUI.

The Commission has generally held that a customer deposit should be set at approximately two average monthly bills. The average consumption of the customers of this utility is approximately 20,000 gallons per month. The current deposit collected by the utility approximates two average water and wastewater bills at the approved rates. Therefore, we will allow the utility to continue collection of the current deposits. However, the deposit shall be separated into \$40.00 for water service and \$45.00 for wastewater service.

As mentioned above, the utility's tariffs do not contain a provision for customer deposits, although the utility has been collecting a deposit since September, 1990. However, since the amount of the current deposit is reasonable and the utility is being authorized to collect this amount in the future, we will not require a refund of the deposits previously collected without tariff approval. Neither will the utility be fined for imposing a charge not contained in its approved tariffs.

Temporary Rates In Event Of Protest

This Order proposes an increase in water and wastewater rates. A timely protest could delay what may prove to be a justified rate increase pending the completion of a formal hearing and issuance of a final order, thus resulting in an unrecoverable loss of revenue to the utility. Therefore, in the event that a timely protest is filed by anyone other than the utility, we hereby authorize the utility to collect the monthly service rates approved herein, on a temporary basis, subject to refund, provided that the utility furnishes adequate security for a potential refund through a bond, letter of credit, or escrow account which is approved by staff.

If the security provided is a bond or a letter of credit, said instrument shall be in the amount of \$16,900. Alternatively, the utility may establish an escrow account with an independent financial institution pursuant to a written agreement to which the Director of Records and Reporting must be a signatory. If this alternative is chosen, all revenue collected under the rate increase shall be subject to escrow. Any withdrawals of funds from this escrow account are subject to the prior approval of this

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Commission through the Director of the Division of Records and Reporting. The escrow account is established by the direction of this Commission for the purpose set forth above. Pursuant to Consentino v. Elson, 263 So.2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.

The utility must keep an accurate account, in detail, of all monies received as a result of its implementing the temporary rates, specifying by whom or on whose behalf such amounts were paid. By the twentieth day of the month for each month that the temporary rates are in effect, the utility shall file a report showing the amount of revenues collected pursuant to the implementation of the temporary rates and the amount of revenues that would have been collected under the prior rates. Should a refund be required, the refund shall be undertaken in accordance with Rule 25-30.360, Florida Administrative Code.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of J. Swiderski Utilities, Inc. for an increase in its water and wastewater rates in Lake County is approved as set forth in the body of this Order. It is further

ORDERED that all matters contained in the body of this Order and in the schedules attached hereto are by reference incorporated herein. It is further

ORDERED that each of the findings herein are approved in every respect. It is further

ORDERED that all of the provisions of this Order, except for the granting of temporary rates in the event of protest, are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director of the Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that J. Swiderski Utilities, Inc. is authorized to charge the new rates and charges as set forth in the body of this Order. It is further

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ORDERED that the rates approved herein shall be effective for meter readings taken on or after thirty days after the stamped approval date on the revised tariff pages. It is further

ORDERED the miscellaneous service charges approved herein shall be effective for services rendered on or after the stamped approval date on the revised tariff pages. It is further

ORDERED that the service availability charges approved herein shall be effective for connections made on or after the stamped approval date on the revised tariff pages. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, J. Swiderski Utilities, Inc. shall submit and have approved a proposed notice to its customers of the increased rates and charges and the reasons therefor. The notice will be approved upon Staff's verification that it is consistent with our decision herein. It is further

ORDERED that J. Swiderski Utilities, Inc. shall begin a meter replacement program, exchanging no less than eight meters per year for the next seventeen years. It is further


ORDERED that prior to its implementation of the rates and charges approved herein, J. Swiderski Utilities, Inc. shall submit and have approved revised tariff pages. The revised tariff pages will be approved upon our verification that the pages are consistent with our decision herein and that the protest period has expired. It is further

ORDERED that in the event of a protest by any substantially affected person other than the utility, J. Swiderski Utilities, Inc. is authorized to collect the monthly service rates approved herein on a temporary basis, subject to refund in accordance with Rule 25-30.360, Florida Administrative Code, provided that J. Swiderski Utilities, Inc. has submitted, and Staff has approved, revised tariff pages, a proposed customer notice and satisfactory security for any potential refund. The temporary rates are not proposed agency action. It is further

ORDERED that if a substantially affected party does not file a timely protest, this docket shall be closed.

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By ORDER of the Florida Public Service Commission, this 20th
of AUGUST, 1991.


STEVE TRIBBLE, Director,
Division of Records and Reporting

(S E A L)

NRF

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 actions taken herein, except for the granting of temporary rates in the event of protest is preliminary in nature and 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

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office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on 9/10/91. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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 the date described above, 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, 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.

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J. SWIDERSKI UTILITIES, INC. (KINGS COVE)
 SCHEDULE OF WATER RATE BASE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-A
 DOCKET NO. 900998-WS

	(A)	(B)	(C)	(D)	(E)
COMPONENT	BALANCE PER ORDER 23378 (3/31/90)	ADJUSTMENTS TO UPDATE TO 12/31/90	AVERAGE RATE BASE (12/31/90)	ADJUSTMENTS TO THE TEST YEAR	ADJUSTED TEST YEAR
1					
2					
3 UTILITY PLANT IN SERVICE	\$ 143,252	\$ 4,401	\$ 147,653	\$ 0	\$ 147,653
4 LAND	1,902	0	1,902		1,902
5 C.V.I.P.	0	0	0		0
6 NON-USED AND USEFUL COMPONENTS	0	0	0	(4,347)	(4,347)
7 C.I.A.C.	(49,300)	(3,017)	(52,317)		(52,317)
8 ACCUMULATED DEPRECIATION	(21,034)	(941)	(21,975)	0	(21,975)
9 AMORTIZATION OF C.I.A.C.	12,258	1,039	13,297		13,297
10 ADVANCES FOR CONSTRUCTION	0	0	0		0
11 WORKING CAPITAL ALLOWANCE	0	2,916	2,916		2,916
12					
13 RATE BASE	\$ 87,078	\$ 4,397	\$ 91,475	\$ (4,347)	\$ 87,128
14					
15					

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J. SWIDERSKI UTILITIES, INC. (KINGS COVE)
SCHEDULE OF SEWER RATE BASE
TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-B
DOCKET NO. 900998-WS

	(A)	(B)	(C)	(D)	(E)
COMPONENT	BALANCE PER ORDER 23378 (3/31/90)	ADJUSTMENTS TO UPDATE TO 12/31/90	AVERAGE RATE BASE (12/31/90)	ADJUSTMENTS TO THE TEST YEAR	ADJUSTED TEST YEAR
1					
2					
3 UTILITY PLANT IN SERVICE	\$ 195,587	\$ 4,494	\$ 200,081	\$ 0	\$ 200,081
4 LAND	13,314	0	13,314		13,314
5 C.W.I.P.	0	0	0		0
6 NON-USED AND USEFUL COMPONENTS	0	0	0	(10,254)	(10,254)
7 C.I.A.C.	(98,443)	(7,593)	(106,036)		(106,036)
8 ACCUMULATED DEPRECIATION	(47,134)	(1,271)	(48,405)	0	(48,405)
9 AMORTIZATION OF C.I.A.C.	30,272	3,028	33,300		33,300
10 ADVANCES FOR CONSTRUCTION	0	0	0		0
11 WORKING CAPITAL ALLOWANCE	0	2,650	2,650		2,650
12					
13 RATE BASE	\$ 93,596	\$ 1,308	\$ 94,904	\$ (10,254)	\$ 84,650
14					
15					

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J. SWIDERSKI UTILITIES, INC. (KINGS COVE)
 EXPLANATION OF THE ADJUSTMENTS TO
 RATE BASE SCHEDULES NO. 1-A AND 1-B

DOCKET NO. 900998-WS
 SCHEDULE 1-C
 PAGE 1 OF 2

ADJUSTMENT	WATER	SEWER
1 UTILITY PLANT IN SERVICE		
2 -----		
3 1. To add plant to correct Order No. 23378 to	\$ 3,986	\$ 3,420
4 include improvements made prior to 3/31/90.		
5		
6 2. To include plant additions from April	2,856	2,100
7 thru December, 1990.		
8		
9 3. To reclassify electrical work to lift		
10 station to capitalize rather than expense.		580
11		
12 4. To reflect the average test year balance.	(2,441)	(1,606)
13		
14		
15 TOTAL ADJUSTMENTS TO UTILITY PLANT	\$ 4,401	\$ 4,494
16	-----	-----
17		
18 NON-USED AND USEFUL COMPONENTS		
19 -----		
20 1. To recognize the gross plant cost of the	\$ (5,109)	\$ (13,522)
21 non-used and useful plant.		
22		
23 2. To include the accumulated depreciation		
24 of the non-used and useful plant.	762	3,268
25		
26 TOTAL ADJUSTMENTS TO NON-USED AND USEFUL	\$ (4,347)	\$ (10,254)
27	-----	-----
28		
29 CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION		
30 -----		
31		
32		
33 1. To impute cash collections of CIAC equivalent		
34 to the tariff charges times the number		
35 of customers.	\$ (585)	\$ (315)
36		
37		
38 2. To impute CIAC on the number of ERCs		
39 included in the margin reserve.	(2,832)	(7,493)
40		
41		
42 3. To reflect the average test year balance.	400	215
43		
44		
45 TOTAL ADJUSTMENTS TO CIAC	\$ (3,017)	\$ (7,593)
46	-----	-----

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J. SWIDERSKI UTILITIES, INC. (KINGS COVE)
 EXPLANATION OF THE ADJUSTMENTS TO
 RATE BASE SCHEDULES NO. 1-A AND 1-B

DOCKET NO. 900998-WS
 SCHEDULE 1-C
 PAGE 2 OF 2

ADJUSTMENT	WATER	SEWER
-----	-----	-----
1 ACCUMULATED DEPRECIATION		
2 -----		
3 1. To include depreciation on plant additions	\$ (2,799)	\$ (3,783)
4 and to update accumulated depreciation		
5 balance to 12/31/90.		
6		
7 2. To reflect the average test year balance.	1,858	2,512
8	-----	-----
9 TOTAL ADJUSTMENTS TO ACCUMULATED DEPRECIATION	\$ (941)	\$ (1,271)
10	-----	-----
11		
12 AMORTIZATION OF C.I.A.C.		
13 -----		
14 1. To update balance from Order		
15 23378 to 12/31/90	\$ 929	\$ 1,848
16		
17 2. To include the amortization related to the		
18 imputed CIAC on margin reserve.	730	2,412
19		
20 3. To reflect the average test year balance.	(620)	(1,232)
21	-----	-----
22 TOTAL ADJUSTMENTS TO AMORTIZATION OF CIAC	\$ 1,039	\$ 3,028
23	-----	-----
24 WORKING CAPITAL ALLOWANCE		
25 -----		
26 1. To record the working capital allowance		
27 using the formula method.	\$ 2,916	\$ 2,650
28	-----	-----
29		

J. SWIDERSKI UTILITIES, INC. (KINGS COVE)
 SCHEDULE OF CAPITAL STRUCTURE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 2-A
 DOCKET NO. 900998-WS

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COMPONENT	AVERAGE TEST YEAR	PRO RATA ADJUSTMENTS	ADJUSTED BALANCE	WEIGHT	COST	WEIGHTED COST
1						
2						
3 LONG-TERM DEBT	197,500	(28,300)	169,200	98.50%	12.50%	12.31%
4 SHORT-TERM DEBT	0	0	0	0.00%	0.00%	0.00%
5 CUSTOMER DEPOSITS	510	(73)	437	0.25%	8.00%	0.02%
6 COMMON EQUITY	2,500	(358)	2,142	1.25%	13.11%	0.16%
7 ITC'S	0	0	0	0.00%	0.00%	0.00%
8 DEFERRED INCOME TAXES	0	0	0	0.00%	0.00%	0.00%
9 OTHER CAPITAL	0	0	0	0.00%	0.00%	0.00%
10						
11						
12 TOTAL	200,510	(28,731)	171,779	100.00%		12.50%
13						
14						
15						
16						
17						
18						
19						
20						

	HIGH	LOW
RANGE OF REASONABLENESS:		
EQUITY	14.11%	12.11%
OVERALL RATE OF RETURN	12.51%	12.48%

J. SWIDERSKI UTILITIES, INC. (KINGS COVE)
 STATEMENT OF WATER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 3-A
 DOCKET NO. 900998-WS

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DESCRIPTION	(A) TEST YEAR PER BOOKS	(B) ADJUSTMENTS TO TEST YEAR BOOKS	(C) ADJUSTED TEST YEAR	(D) PROFORMA ADJUSTMENTS	(E) PROFORMA ADJUSTED TEST YEAR	(F) CONSTRUCTED ADJUSTMENTS	(G) CONSTRUCTED TEST YEAR
1							
2							
3 OPERATING REVENUES	\$ 18,125	\$ 0	\$ 18,125	\$ 1,127	\$ 19,252	14,491	\$ 33,743
4 OPERATING EXPENSES:							
5 OPERATION & MAINTENANCE	\$ 17,213	\$ 2,734	\$ 19,947	\$ 3,379	\$ 23,326		\$ 23,326
6 DEPRECIATION	(3,693)	0	(3,693)	0	(3,693)		(3,693)
7 AMORTIZATION	1,237	0	1,237	0	1,237		1,237
8 TAXES OTHER THAN INCOME	821	461	1,282	0	1,282	703	1,985
9 INCOME TAXES	0	0	0	0	0	0	0
10							
11 TOTAL OPERATING EXPENSES	\$ 15,578	\$ 3,195	\$ 18,773	\$ 3,379	\$ 22,152	703	\$ 22,854
12							
13 OPERATING INCOME	\$ 2,547	\$ (3,195)	\$ (648)		\$ (2,900)	13,788	\$ 10,888
14							
15 RATE OF RETURN	2.78%		-0.71%		-3.17%		12.50%
16							

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SCHEDULE NO. 3-B
 DOCKET NO. 900998-WS

J. SWIERSKI UTILITIES, INC. (KINGS COVE)
 STATEMENT OF SEWER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1990

DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	TEST YEAR PER BOOKS	ADJUSTMENTS TO TEST YEAR BOOKS	ADJUSTED TEST YEAR	PROFORMA ADJUSTMENTS	PROFORMA ADJUSTED TEST YEAR	CONSTRUCTED ADJUSTMENTS	CONSTRUCTED TEST YEAR
1							
2							
3	\$ 20,393	\$ 0	\$ 20,393	\$ 1,228	\$ 21,621	\$ 9,796	\$ 31,417
4							
5	\$ 15,602	\$ 3,777	\$ 19,379	\$ 1,821	\$ 21,200	\$ 0	\$ 21,200
6	(5,004)	0	(5,004)		(5,004)		(5,004)
7	2,463	0	2,463		2,463		2,463
8	821	863	1,684		1,684	496	2,180
9	0	0	0		0	0	0
10							
11	\$ 13,882	\$ 4,640	\$ 18,522	\$ 1,821	\$ 20,343	\$ 496	\$ 20,839
12							
13	\$ 6,511	\$ (4,640)	\$ 1,871	\$ (593)	\$ 1,278	\$ 9,300	\$ 10,578
14							
15	6.96%		1.97%		1.51%		12.50%
16							

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J. SWIDERSKI UTILITIES, INC. (KINGS COVE)
EXPLANATION OF THE ADJUSTMENTS TO
OPERATING STATEMENTS NO. 3-A AND 3-B

DOCKET NO. 900998-WS
SCHEDULE 3-C
PAGE 1 OF 2

ADJUSTMENT -----	WATER -----	SEWER -----
1 OPERATION AND MAINTENANCE		
2 -----		
3 1. To reclassify a portion of the purchased		
4 power expense from water to wastewater.	\$ (215)	\$ 215
5		
6 2. To reduce purchased power expense to		
7 remove the portion not in the test year.	(285)	0
8		
9 3. To reduce Contract Operations to		
10 remove the portion not in the test year.	(90)	0
11		
12 4. To remove a non-utility payment for contract	(1,000)	0
13 appraisal.		
14		
15 5. To remove non-utility plumbing expense.	(105)	0
16		
17 6. To remove the refund deposit related to non-		
18 utility activity.	(50)	0
19		
20 7. To remove the cost related to mowing		
21 non-utility lots.	0	(170)
22		
23 8. To remove capitalized cost of getting	0	(580)
24 electrical power to lift station.		
25		
26 9. To allow the insurance premium paid for the	440	274
27 test year.		
28		
29 10. To annualize the management fee paid in the	2,000	2,000
30 test year.		
31		
32 11. To annualize the office manager's salary.	1,200	1,200
33		
34 12. To annualize the office rental charge.	800	800
35		
36 13. To allow transportation expense based on	167	167
37 estimates.		
38		
39 14. To increase mowing and groundskeeping to	53	120
40 the approved level.		
41		
42 15. To proforma the cost of a meter changeout	600	0
43 program.		
44		
45 16. To allow a pro forma adjustment to include	400	0
46 a maintenance contract for the water		
47 system stand-by generator.		
48		

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J. SWIDERSKI UTILITIES, INC. (KINGS COVE)
 EXPLANATION OF THE ADJUSTMENTS TO
 OPERATING STATEMENTS NO. 3-A AND 3-B

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 SCHEDULE 3-C
 PAGE 2 OF 2

ADJUSTMENT	WATER	SEWER
-----	-----	-----
1 OPERATION AND MAINTENANCE (CONT'D)		
2 -----		
3 17. To proforma general repairs to	932	702
4 approved level.		
5		
6 18. To allow a pro forma adjustment to include the	0	200
7 increase in Lake County's fees for inspecting		
8 sewer treatment plants.		
9		
10 19. To include amortization of filing fee.	38	38
11		
12 20. To allow a proforma expense to comply with	1,227	0
13 water testing requirements.		
14		
15 21. To allow a proforma expense for wastewater	0	632
16 testing & analysis.		
17	-----	-----
18 TOTAL ADJUSTMENTS TO OPERATION	\$ 6,113	\$ 5,598
19 AND MAINTENANCE	=====	=====
20		
21 TAXES OTHER THAN INCOME		
22 -----		
23 1. To recalculate regulatory assessment fees		
24 based on test year revenue.	\$ (5)	\$ 97
25		
26 2. To include personal property taxes for the	446	617
27 test year, allocated on UPIS exclusive		
28 of land.		
29		
30 3. To include real estate taxes for the test	20	149
31 year, allocated on water and sewer		
32 land values.		
33	-----	-----
34 TOTAL ADJUSTMENTS TO TAXES OTHER THAN INCOME	\$ 461	\$ 863
35	=====	=====
36 OPERATING REVENUES		
37 -----		
38		
39 To reflect a rate increase effective 4/18/91	\$ 1,127	\$ 1,228
40		
41 To reflect revenue increase necessary		
42 to allow a fair rate of return.	14,491	\$ 9,796
43	-----	-----
44		
45 TAXES OTHER THAN INCOME		
46 -----		
47 To reflect regulatory assessment		
48 fees on revenue changes.	\$ 703	\$ 496
49	=====	=====
50		

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J. SWIDERSKI UTILITIES, INC. (KINGS COVE)
 WATER OPERATION & MAINTENANCE EXPENSES
 TEST YEAR ENDED DECEMBER 31, 1990

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 SCHEDULE NO. 4
 PAGE 1 OF 2

ACCT NO.	ACCOUNT TITLE	(A) UTILITY BALANCE PER BOOKS	(B) ADJUSTMENTS TO THE TEST YEAR	(C) ADJUSTED TEST YEAR
1	615-01 PURCHASED POWER	\$ 4,688	\$ (500)	\$ 4,188
2	618-01 CHEMICALS	414	0	414
3	620-02 OFFICE SUPPLIES AND EQUIP	0	0	0
4	620-03 POSTAGE	0		0
5	630-01 CONTRACT OPERATIONS	2,360	1,137	3,497
6	630-02 CONTRACT METER READING	1,857		1,857
7	630-03 CONTRACT LEGAL & PROFESSIONAL	1,962	(1,000)	962
8	630-04 CONTRACT REPAIR & MAINTENANCE	1,060	1,280	2,341
8	630-05 WAGES AND SALARIES	2,113	1,200	3,313
9	630-06 MANAGEMENT FEE	1,000	2,000	3,000
10	630-07 FUEL FOR POWER PRODUCTION	143	0	143
11	630-09 RENTS	400	800	1,200
12	630-10 MISCELLANEOUS	0	0	0
13	630-11 REPAIRS SERVICE	0		0
14	630-12 LEGAL FEES	0		0
15	630-13 ADMINISTRATIVE FEE	0	0	0
16	650 TRANSPORTATION	0	167	167
17	655-01 INSURANCE - GENERAL	0	440	440
18	655-02 OTHER INSURANCE	0		0
19	665-01 REGULATORY COMMISSION EXPENSE	0	38	38
20	675-01 MISCELLANEOUS EXPENSES	1,217	550	1,767
21	675-07 BANK CHARGES	0	0	0
22				
23	TOTAL	\$ 17,213	\$ 6,112	\$ 23,326
24				

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J. SWIDERSKI UTILITIES, INC. (KINGS COVE)
 SEWER OPERATION & MAINTENANCE EXPENSES
 TEST YEAR ENDED DECEMBER 31, 1990

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 SCHEDULE NO. 4
 PAGE 2 OF 2

ACCT NO.	ACCOUNT TITLE	(A) UTILITY BALANCE PER BOOKS	(B) ADJUSTMENTS TO THE TEST YEAR	(C) ADJUSTED TEST YEAR
1 711-01	SLUDGE REMOVAL EXPENSE	\$ 760	\$ 0	\$ 760
2 715-01	PURCHASED POWER	4,652	215	4,867
3 715-02	PURCHASED POWER	0		0
4 715-03	PURCHASED POWER	0		0
5 718-01	CHEMICALS	414	0	414
6 720-02	OFFICE SUPPLIES & EXPENSE	0	0	0
7 720-03	POSTAGE	0		0
8 730-01	WAGES AND SALARIES	2,113	1,200	3,313
9 730-04	MANAGEMENT FEE	1,000	2,000	3,000
10 730-05	RENTS	400	800	1,200
11 730-06	CONTRACT OPERATIONS	2,857	632	3,489
12 730-07	CONTRACT LEGAL AND PROFESSIONAL	400	0	400
13 730-08	CONTRACT REPAIR AND MAINTENANCE	588	822	1,410
14 730-09	MISCELLANEOUS	0	0	0
15 730-10	TELEPHONE	0	0	0
16 730-13	ADMINISTRATIVE FEE	0	0	0
17 730-14	ACCOUNTING FEES	0	0	0
18 750	TRANSPORTATION	0	167	167
19 755-01	INSURANCE - GENERAL	0	274	274
20 755	INSURANCE - OTHER	0		0
21 765	REGULATORY COMMISSION EXPENSE	0	38	38
22 775-01	MISCELLANEOUS EXPENSES	2,418	(550)	1,868
23 775-07	BANK CHARGES	0	0	0
24				
25	TOTAL OPERATION AND MAINTENANCE	\$ 15,602	\$ 5,598	\$ 21,200
26				

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SCHEDULE NO. 5
 PAGE 1 OF 2

J. SWIDERSKI UTILITIES, INC. (KINGS COVE)

SCHEDULE OF RATES AND RATE
 DECREASE IN FOUR YEARS

Water

Monthly Rates
Residential and General Service

	<u>Approved</u> <u>Rates</u>	<u>Rate</u> <u>Decrease</u>	<u>Rates</u> <u>After Decrease</u>
<u>Base Facility Charge</u>			
<u>Meter Size</u>			
5/8" x 3/4"	\$ 5.53	\$.01	\$ 5.52
1"	13.83	.02	13.81
1-1/2"	27.65	.03	27.62
2"	44.24	.05	44.19
3"	88.48	.11	88.37
4"	138.25	.17	138.08
6"	276.50	.33	276.17
<u>Gallonage Charge</u>			
Per 1,000 Gal.	\$.80	\$.00	\$.80

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SCHEDULE NO. 5
PAGE 2 OF 2

Wastewater

Monthly Rates

Residential

	<u>Approved Rates</u>	<u>Rate Decrease</u>	<u>Rates After Decrease</u>
<u>Base Facility Charge</u>			
All Meter Sizes	\$ 5.99	\$.01	\$ 5.98
<u>Gallonage Charge</u>			
Per 1,000 gallons (10,000 gal. maximum)	\$ 2.01	\$.00	\$ 2.01

General Service

	<u>Approved Rates</u>	<u>Rate Decrease</u>	<u>Rates After Decrease</u>
<u>Base Facility Charge</u>			
<u>Meter Size</u>			
5/8" x 3/4"	\$ 5.99	\$.01	\$ 5.98
1"	14.98	.02	14.96
1-1/2"	29.95	.04	29.91
2"	47.92	.06	47.86
3"	95.84	.12	95.72
4"	149.75	.19	149.56
6"	299.50	.37	299.13
<u>Gallonage Charge</u>			
Per 1,000 gallons (No maximum)	\$ 2.41	\$.00	\$ 2.41