

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a staff- ) DOCKET NO. 950020-WU  
assisted rate case in Highlands ) ORDER NO. PSC-95-1044-FOF-WS  
County by Lake Josephine Water ) ISSUED: August 22, 1995  
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The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
J. TERRY DEASON  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

ORDER GRANTING TEMPORARY RATES  
IN THE EVENT OF PROTEST, REQUIRING UTILITY TO  
FILE APPLICATION FOR AMENDMENT

AND

NOTICE OF PROPOSED AGENCY ACTION  
ORDER GRANTING RATES AND CHARGES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein, except for the granting of temporary rates in the event of a protest and requiring Lake Josephine Water to file an application for an amendment, is preliminary in nature and 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.

BACKGROUND

Lake Josephine Water (LJW or utility) is a Class C water utility operating in Highlands County. The system serves approximately 434 customers. The service area is located south of Sebring, Florida in the Northeast portion of Highlands County. The service territory is positioned along the west boundary of State Road 27, approximately 2 ½ miles south of State Road 66/US 98.

On September 9, 1982, the Board of County Commissioners of Highlands County adopted the resolution which relinquished its

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FPSC-RECORDS/REPORTING

jurisdiction over privately owned water and/or wastewater utilities to the Florida Public Service Commission. On February 2, 1983, LJW filed an application with this Commission for a grandfather certificate to operate a water utility in Highlands County. By Order No. 12989, issued February 13, 1984, the utility was granted Certificate No. 424-W and initial rates were established. The utility has not previously had a staff assisted rate case. The utility filed for index increases in 1987, 1988, 1989, 1990, 1991 and 1993. On January 1, 1995, LJW filed an application with this Commission for staff assistance to adjust its rates and charges.

We have audited the utility's records for compliance with Commission rules and orders and determined all components necessary for rate setting. A staff engineer has conducted a field investigation of the utility's water plant and the service area. A customer meeting was held in the service area on June 22, 1995.

We have selected a historical test year ended December 31, 1994. During that period, the utility's books reflected unaudited operating revenues of \$48,836 for water. The utility recorded unaudited net operating losses of \$21,777.

This utility is within the Southwest Florida Water Management District (SWWMD) and is operating under Consumptive Use Permit Number 204167.01. SWWMD issued this permit on December 7, 1988 and it will expire on December 7, 1998. LJW is in a "defined critical water supply problem area." SWWMD has been notified that the utility has filed for a change in rates.

#### QUALITY OF SERVICE

A customer meeting was held on the evening of June 22, 1995. Out of a customer base of 434, approximately fifteen customers were in attendance at this meeting. The customers that voiced opinions concerning poor quality of service from the utility expressed views that the water is not good and that it eats away faucets and pipes. One customer stated that he got mud from his tap. Another customer was concerned about periodic drops in the pressure. Other concerns related to the percentage increase in the proposed rates.

The overall quality of service provided by the utility is derived from the evaluation of three separate components of water utility operations: (1) quality of the utility's product (water service); (2) operational conditions of the utility's plant or facilities; and (3) customer satisfaction with the drinking water.

The latest compliance inspection of the water treatment system performed by the Department of Environmental Protection (DEP)

listed no violations affecting water quality. The utility is current with its required testing and analysis, and all results are satisfactory. DEP has performed a chemical profile in connection with the utility's lead and copper testing, which included both the Langelier index and the Rysner index. Both studies indicate that the water is slightly corrosive. This is due to the nature of the utility's water supply. This utility's raw water supply contains hydrogen sulfide, which is being treated by aeration prior to entering the ground storage tank. The aeration chamber appears to be slightly undersized for the volume of flow experienced during any given day. This results in a higher residual of hydrogen sulfide after treatment, which makes consistent disinfection difficult. Also, when hydrogen sulfide and chlorine (the disinfection media) interact, the possibility of sediment and aggressive water increases. However, notwithstanding the water's corrosive nature, LJW's water meets or exceeds all of the standards for safe drinking water. In addition, the utility recently passed its last two rounds of lead and copper testing, which are the most sensitive tests for aggressive water. By passing these tests, the utility qualifies for reduced lead and copper monitoring.

From the comments at the customer meeting, it appears that the utility does have a sediment problem. The utility owner is aware of this and has instituted a regular program of flushing the lines to relieve any and all sediment buildup. It is during the flushing that the customers experience a drop in pressure. At this time, DEP has not found the water pressure to fall below the minimum of 20 psi and has not cited the utility for substandard pressure, total suspended solids, or failure to remove sufficient levels of hydrogen sulfide. Neither have they mandated that the utility upgrade its aeration capacity. The utility has discussed with us its future plans to install a twin Enviroport type aeration/ground storage/hydropneumatic tank. This would increase the aeration capacity and storage reserve, and assist in the equalization of pressure throughout the system. By increasing the aeration capacity, the plant would more efficiently remove the hydrogen sulfide which would eliminate taste and odor problems. It would also reduce spin-off compounds from chlorination and possibly help with the control of corrosion. The utility currently has not obtained a construction permit for this project nor have they submitted signed bids for the construction. To include this project as a pro forma item in this rate case would be premature.

All plant components appear to be maintained and in proper operating condition. However, housekeeping and general tidiness appear to be less of a priority. This is cosmetic and contributes little to the plant in service functions. Inside the plant, repair parts were available and appeared easily accessible for

emergencies. Equipment may not be freshly painted, but mechanically appears well maintained. The auxiliary power generator at the water plant was manually started, allowed to run for a few minutes and shut off. This unit appears ready for emergencies. By all appearances, operational conditions are considered satisfactory.

After consideration of the overall reaction to the rate increase and the proportion of comments in relation to the customer base, the overall customer satisfaction appears normal. It is obvious that the utility has a raw water supply that is less than perfect. However, the necessary treatment is being performed to provide treated water that meets or exceeds the standards for safe drinking water. All comments and questions from the customers have been provided. Based on the foregoing factors, we find that this utility's quality of service is satisfactory.

#### RATE BASE

Our calculation of the appropriate rate base for the purpose of this proceeding is depicted on Schedules Nos. 1 and 1A, and our adjustments are itemized on Schedule No. 1B. 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

##### Water Treatment Plant

During 1988, the utility purchased nine acres of land to relocate its water treatment plant. After consideration of the necessary entrance into the plant, distancing of plant structures, and proper setbacks from the wells to potential pollution sources, we estimate that two and one-half acres of the nine acre tract are being used for the water plant site. A separate used and useful calculation for the new plant is necessary. We find that the well site property is 28% used and useful. The remaining 72% is reserved for future use.

The ability of the high service pumps dictate the capacity of the plant. According to an engineering evaluation completed by Mr. Dale Polston, P.E., the capacity of the treatment plant is 300,000 gallons per day. DEP concurs with his analysis. The average demand on the plant, according to monthly operation reports, is 0.115 million gallons per day (mgd) with a maximum day occurring in August, 1994, of 0.204 mgd. The growth rate over the last five

years has averaged 16 ERCs per year. We find that the water treatment plant is 87.66% used and useful.

#### Water Distribution System

The network of water mains is engineered and constructed to adequately serve the existing capacity of customers. In keeping with the approved formula used to determine a starting point for a used and useful percentage, we calculated that the distribution system is 39.17% used and useful. This percentage shall be applied to account numbers 331 (Transmission & Distribution Mains) and 333 (Services). Since meters are installed as new customers come on line, all other water distribution accounts shall be considered 100% used and useful.

#### Test Year Rate Base

The appropriate components of the utility's rate base include depreciable plant in service, contributions in aid of construction (CIAC), accumulated depreciation, accumulated amortization of CIAC, and working capital allowance. Plant, depreciation, and CIAC balances were determined through an audit and an original cost study done by our staff engineer. Further adjustments are necessary to reflect test year changes, used and useful levels, and pro forma plant. A discussion of each component follows.

#### Depreciable Plant in Service

##### Water Treatment System

The existing water treatment plant is an open-system plant that accesses raw ground water via an eight inch well drilled to a depth of 1,100 feet. The well is equipped with a 15 horsepower submersible pump that is rated by DEP at 250 gallons per minute (gpm). Water pumped from the well is transported to an aeration unit located on top of the Enviroport type package plant. Combined within the package plant is a 17,000 gallon ground storage compartment and a 3,300 gallon hydropneumatic tank. Two high service pumps, rated at 350 gpm each @ 50 psi boost the treated water from the plant to the distribution system. During the test year, as a result of DEP mandates, the utility installed an auxiliary power generator, drilled a second eight inch well, and extended the distribution system.

##### Water Distribution System

The water distribution system is comprised of 7,300 linear feet of 6 inch PVC, 23,550 linear feet of 4 inch PVC, 5,605 linear



feet of 3 inch PVC, and 8,670 linear feet of 2 inch PVC mains. There are approximately 27 above grade flush valves (2") throughout the distribution system which are flushed on a regular basis. The network of mains is extensive and is not totally looped.

During 1994, a portion of the 6 inch main located across US Hwy 27 was extended westward to service a travel trailer campsite. This general service customer has a three inch meter which is estimated to be equivalent to 16 ERCs. The network of water mains is engineered and constructed to adequately serve the existing capacity and number of customers.

The utility was purchased in 1975 for \$3,000 during a foreclosure proceeding. That \$3,000 was proportioned into account numbers by developing a percentage comparison with other similar sized utilities. Since 1975, utility records were not sufficiently complete to allow the auditor a total reconstruction of cost for plant and distribution system additions. Therefore, an original cost study was conducted. Our engineer's cost estimate was performed by the use of available maps, partial invoice records, and visible facilities noted during the engineering field investigation.

#### Plant in Service

We find it appropriate to make an adjustment to plant to reflect \$240,379 for plant additions not included in the utility application, an adjustment of \$2,340 for pro forma plant (meter replacement program; 36 meters per year at a cost of \$65), and an adjustment of (\$32,257) to reflect an averaging adjustment of plant for the test period. This totals as an adjustment to plant in service of \$210,462. Therefore, we find the total utility plant in service to be \$427,223.

#### Land

The utility valued land at \$25,000 in the application. We find that this value shall be reduced by \$4,900 to reflect the value as determined through the tax rolls. In addition, a used and useful adjustment reduces the carrying value of utility land by \$14,472. A corresponding adjustment has been made to property tax expense. Based on these adjustments, we find the appropriate value of the land to be \$5,628.

Non-Used and Useful Plant

Per our findings above regarding used and useful, we have reduced non-used and useful plant by \$150,831.

Contributions in Aid of Construction (CIAC)

The CIAC balances have been decreased by \$97,167 to reflect CIAC authorized but never collected, and an averaging adjustment of \$31,650 has been made for amounts imputed during the test year. Therefore, we find that the appropriate CIAC balance is a negative balance of \$181,500.

Accumulated Depreciation

We have used Rule 25-30.140, Florida Administrative Code to calculate the appropriate accumulated depreciation balances. The accumulated depreciation balances have been adjusted to these rates, (\$3,013), to reflect an averaging adjustment of \$1,231 and to reflect annual depreciation expense related to the pro forma meter replacement program, (\$138). Therefore, we find that the appropriate accumulated depreciation balance is a negative balance of \$101,024.

Accumulated Amortization

We calculated accumulated amortization of CIAC using the prescribed rates contained in Rule 25-30.140, Florida Administrative Code. We find the appropriate accumulated amortization of the CIAC balance to be \$26,373.

Working Capital Allowance

Consistent with Rule 25-30.443, Florida Administrative Code, we find that the one-eighth of operation and maintenance expense formula approach is appropriate for calculating the working capital allowance. Applying that formula, we find that the appropriate working capital allowance is \$8,563 (based on O&M expense of \$68,501).

Rate Base Summary

Based on the foregoing, we find that the appropriate balance of LJW's test year rate base is \$34,432.

#### CAPITAL STRUCTURE

Our calculation of the appropriate cost of capital, including our adjustments, is depicted on Schedule No. 2. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on that schedule without further discussion in the body of this Order. The major adjustments are discussed below.

Based on our audit, the utility's capital structure includes long-term debt, at interest rates ranging from 2% to 11.50%, and equity. Using the current leverage formula approved by Order No. PSC-94-1051-FOF-WS, issued August 29, 1994, the rate of return on common equity is 11.34%. Applying the weighted average method to the total capital structure yields an overall rate of return of 6.59%, with a range of 6.34% to 6.84%. The company's test year average equity and long-term debt balances have been adjusted down, on a pro rata basis, to match our finding for the total allowance of rate base.

#### NET OPERATING INCOME

Our calculation of net operating income is depicted on Schedules Nos. 3 and 3A. Our adjustments are itemized on Schedule No. 3B, and analyzed on Schedules Nos. 3C and 3D. 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.

LJW recorded revenues of \$48,836 during the test period. A review of the test year billing analysis supports this level of revenue and we find that no adjustments are necessary.

The utility recorded operating expenses of \$70,613. The components of these expenses include operation and maintenance expenses, depreciation expense (net of related amortization of CIAC), and taxes other than income taxes.

The utility's test year operating expenses have been traced to invoices. Adjustments have been made to reflect unrecorded test year expenses and to reflect allowances for plant operations.

#### Operation and Maintenance Expenses (O & M)

The utility charged \$62,682 to water O & M during the test year. A summary of adjustments that were made to the utility's recorded expenses follows:



Salaries and Wages - Employees

There are no specific expenditures for in-house personnel. We find it appropriate to make an allowance for a part-time employee, based on a 20 hour week and a rate of \$6.50 per hour. Duties to be performed include general maintenance and repairs. Therefore, we find that an increase in employee salaries and wages of \$6,760 is appropriate.

Salaries and Wages - Officers

Mr. Darald Pugh serves as the manager, operator, meter reader, billing clerk, collections/banking agent, complaint liaison, general maintenance person, and sub-contractor for major repairs for the utility. He serves as the operator of record, under the employment of a local service company, and also performs the general maintenance that normally would be assigned to a part-time maintenance person. Based on specific allowances for general maintenance and contractual services, we have determined that the manager of the utility should be compensated at a level of \$21,649 (\$20.82 per hour for 1,040 hours per year). The utility recorded \$24,053 of test year expense for manager services. Therefore, we find that it is appropriate to reduce officer salaries by \$2,404. We find that the appropriate amount of salaries and wages for officers is \$21,649, based on the size of the utility and the duties performed.

Purchased Power

The utility recorded purchase power expense of \$9,965 during the test year. During 1994, the utility filled the tank for the auxiliary power generator at a cost of \$196. This amount was not recorded under purchase power expense, therefore we find that an increase of \$196 is appropriate. We find that the appropriate purchased power expense total is \$10,161.

Chemicals

The utility is approved to disinfect its raw water resource with gas chlorine, which is purchased in 150 pound cylinders. Mr. Pugh is working with DEP to obtain a permit to change from gas to liquid chlorine. Records of chemical purchases during the test year, including both gas and liquid chlorine, totaled \$2,824. We find it appropriate to allow \$2,824 for annual chemical expense.

### Materials and Supplies

The utility recorded a materials and supplies expense of \$20,009. All normal repairs were performed either by Mr. Darald Pugh or by Pugh Utility Service. During the test year, parts and supplies associated with in-house repairs, maintenance and operations totaled \$2,377. In addition, we find that an allowance of \$347 for telephone service, \$1,976 for postage expense and \$546 for paper supplies is appropriate. Added together, we find that the appropriate allowance for materials and supplies is \$5,246. Based on this amount of \$5,246, we find that an adjustment of (\$14,763) from the amount reported by the utility is appropriate for test year material and supplies expense.

### Contractual Services

The utility recorded a contractual service expense of \$2,953 during the test year. We made adjustments to the water contractual services to: a) adjust expense to zero prior to making adjustments, (\$2,953); b) adjust for an allowance for operator services of \$6,600, (\$550/month x 12); c) adjust testing expense to \$1,788 to conduct testing deemed necessary by the staff engineer; d) reflect meter reading and billing costs of \$3,960, (\$1/month/customer); e) reflect an allowance for mowing of \$650; f) reflect repairs and maintenance cost of \$871; g) reflect an allowance for accounting services of \$725 [\$600 for annual report preparation and \$125 for accounting services related to the filing of this staff assisted rate case (\$500 amortized over 4 years)]; h) reflect an allowance for engineering fees of \$1,113; i) reflect \$400 for legal services; and j) reflect \$850 for the installation of replacement meters (pursuant to Rule 25-30.262, Florida Administrative Code, each utility shall employ water meters which register a certain level of accuracy). The utility owner has represented that approximately 137 of the 422 meters, or 32.46%, are not operating. This was confirmed by our engineer and auditor. In accordance with Rule 25-30.262, Florida Administrative Code, we find it appropriate to make an allowance for the installation and purchase of 170 meters over a five year period. To accomplish this task, we find it appropriate that contractual expenses be increased by \$850 annually for five years (\$25 installation cost per meter for 34 meters per year).

Total adjustments are \$14,004 for water contractual services. We find that the appropriate amount for total water contractual expense is \$16,957.

Rents

We find it appropriate to allow \$1,200 for home office rent based on \$100 per month for 12 months.

Transportation Expenses

The utility recorded \$214 for transportation expense. We have calculated an allowance of \$1,260, based on 350 miles per month for 12 months at 30¢ per mile. We find it appropriate to use the amount permitted by the IRS for mileage allowance in 1995, which is 30¢ per mile, pursuant to IRS Publications 553 & 917. We have adjusted the expense level reported by the utility by \$1,046. We find it appropriate to allow \$1,260 for transportation expense.

Insurance Expense

The utility recorded no insurance expense for the test year. We have made a pro forma adjustment of \$1,350 to reflect an allowance for liability insurance. Therefore, we find it appropriate to allow \$1,350 for insurance expense.

Regulatory Commission Expense

The utility recorded \$2,002 of regulatory commission expense to reflect the amount paid in regulatory assessment fees. We have reclassified this expense to "taxes other than income." We have also made an adjustment of \$250 to include an amortized portion of the instant rate case filing fee. Therefore, we find that an allowance of \$250 for regulatory commission expense is appropriate.

Miscellaneous Expense

The utility recorded \$3,485 of miscellaneous expense. We have made adjustments to: a) remove the amount reported by the utility in this clearing account, (\$3,485); b) reflect an allowance of \$130 for occupational license; c) reflect an allowance for tank painting of \$671 (\$2,684 amortized over four years); and d) reflect \$42 in bank charges. Therefore, we find that a total miscellaneous expense of \$843 is appropriate.

Operation and Maintenance Expenses (O & M) Summary

LJW operation and maintenance adjustments total \$5,819. We find that a total operation and maintenance expense of \$68,501 is appropriate.

Depreciation Expense (Net of Amortization of CIAC)

We have made adjustments to: a) adjust \$5,417 to agree with NARUC rates; b) adjust \$138 for the addition of pro forma meters; c) adjust (\$5,484) of depreciation for the exclusion of non-used and useful plant. Applying the prescribed depreciation rates to the appropriate used and useful plant in service account balances, and then offsetting that by applying the composite depreciation rates to the appropriate CIAC account balances yields the appropriate depreciation expenses net of CIAC of \$5,177.

Taxes Other Than Income Tax

The utility recorded \$1,659 of taxes other than income. We have made adjustments to: a) remove utility reported amount of \$1,659; b) reflect allowance for increased payroll taxes of \$377 (.0865% factor on adjustment to wages); c) reflect allowance for used and useful property taxes of \$439; and d) reflect allowance for regulatory assessment fees paid during the test year of \$2,002. Therefore, we find that \$2,818 of taxes other than income is appropriate.

Operating Revenue

Revenues have been adjusted by \$31,339 to reflect the increase in revenue required to cover utility expense and allow the approved rate of return on investment.

Taxes Other Than Income Tax

This expense has been increased by \$1,410 to reflect the regulatory assessment fee of 4.5% on the increase in revenue.

Operating Expense Summary

The application of our adjustments to the utility's test year operating expenses results in operating expenses of \$77,906.

REVENUE REQUIREMENT

Based on the utility's books and records and the adjustments made herein, the utility shall be allowed an annual increase in revenue of \$31,339 (64%). This will allow the utility the opportunity to recover its expenses and earn a 6.59% return on investment.

RATES AND CHARGES

During the test year, LJW provided water service to approximately 434 residential customers. LJW provides water under a block rate structure of \$7.68 per month for the first 5,000 gallons, and \$.82 per thousand gallons above the minimum. The Commission has a memorandum of understanding with the Florida Water Management Districts. This memorandum recognizes that a joint cooperative effort is necessary to implement an effective, statewide water conservation policy. While water use at this utility is within reasonable levels, we believe that rates determined by meter size and usage (no allowance for gallonage in the base facility charge) will encourage continued conservation by the customers.

LJW is within the Southwest Florida Water Management District and is operating under Consumptive Use Permit Number 204167.01, which was issued on December 7, 1988, and is scheduled to expire on December 7, 1998. Lake Josephine Water utility is in a critical use area which qualifies it to be considered for conservation rates. The permit places the usage restriction of 308,000 gallons per day on an annual average and allows up to 462,000 gallons per day for the maximum day of production.

We have calculated a base facility/gallonage charge for water and wastewater customers based on test year data. The base facility/gallonage charge rate structure is the preferred rate structure because it is designed to provide for the equitable sharing by the ratepayers of both the fixed and variable costs of providing service. The base facility charge is based upon the concept of readiness to serve all customers connected to the system. This ensures that ratepayers pay their share of the costs of providing service (through the consumption or gallonage charge) and also pay their share of the fixed costs of providing service (through the base facility charge).

Approximately 49% (or \$39,135) of the water revenue requirement is associated with the fixed costs of providing service. Fixed costs are recovered through the base facility charge, based on the annualized number of factored ERCs. The remaining 51% (or \$41,040) of the water revenue requirement represents the consumption charge, based on the estimated number of gallons consumed during the test period.

Schedules of the utility's existing rates and the approved rates follow:

Lake Josephine Water

WATER RATES

RESIDENTIAL MULTI-RESIDENTIAL, AND GENERAL SERVICE

<u>Meter Size</u>	<u>Base Facility Charge</u>	
	<u>Existing Rate</u>	<u>Approved Rate</u>
5/8" x 3/4"	\$ 7.68*	\$ 8.07
3/4"	N/A	12.10
1"	N/A	20.17
1-1/2"	N/A	40.34
2"	N/A	64.55
3"	N/A	129.10
4"	N/A	201.72
6"	N/A	403.45
Gallonge Charge Per 1,000 gallons	\$ .82	\$ 1.54

\*includes 5,000 gallons usage

Using the 434 test year water customers with an average water use of 4,576 gallons per month, an average residential water bill comparison would be as follows:

	<u>Average Bill Using Existing Rates</u>	<u>Average Bill Using Approved Rates</u>	<u>Percent Increase</u>
Base Facility Charge	\$ 7.68	\$ 8.07	
Gallonge Charge	<u>\$ .00</u>	<u>\$ 7.05</u>	
Total	\$ 7.68	\$15.12	97%

In accordance with Rule 25-30.475, Florida Administrative Code, the rates shall be effective for service rendered as of the stamped approval date on the tariff sheets, provided the customers have received notice. The tariff sheets will be approved upon our staff's verification that the tariffs are consistent with the Commission's decision, that the customer notice is adequate, and that any required security has been provided. The utility shall



provide proof of the date notice was given within 10 days after the date of the notice.

If the effective date of the new rates falls within a regular billing cycle, the initial bills at the new rate may be prorated. The old charge shall be prorated based on the number of days in the billing cycle before the effective date of the new rates. The new charge shall be prorated based on the number of days in the billing cycle on or after the effective date of the new rates. In no event shall the rates be effective for service rendered prior to the stamped approval date.

#### STATUTORY RATE REDUCTION AND RECOVERY PERIOD

Section 367.0816, Florida Statutes, requires that the rates be reduced immediately following the expiration of the four year period by the amount of the rate case expense previously included in the rates. The reduction will reflect the removal of revenues associated with the amortization of rate case expense and the gross-up for regulatory assessment fees. This amount is \$261. The reduction in revenues will result in the rates reflected on Schedules Nos. 4 and 4A.

The utility shall file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. The utility shall also file a proposed customer notice setting forth the lower rates and the reason for the reduction. If 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.

#### TEMPORARY RATES IN THE EVENT OF PROTEST

This Order proposes an increase in water rates for LJW. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the utility. Therefore, in the event of a protest filed by a party other than the utility, we authorize the utility to collect the rates approved herein, on a temporary basis, subject to refund provided that the utility first furnish and have the following approved by Commission staff: 1) adequate security for a potential refund through a bond, letter of credit in the amount of \$9,578, or an escrow agreement with an independent financial institution; 2) a proposed customer notice; and 3) revised tariff sheets.

If the utility chooses a bond as security, the bond shall contain wording to the effect that it will be terminated only under the following conditions:

- 1) The Commission approves the rate increase; or
- 2) If the Commission denies the increase, the utility shall refund the amount collected that is attributable to the increase.

If the utility chooses a letter of credit as security, it shall contain the following conditions:

- 1) The letter of credit is irrevocable for the period it is in effect.
- 2) The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions shall be part of the agreement:

- 1) No refunds in the escrow account may be withdrawn by the utility without the express approval of the Commission.
- 2) The escrow account shall be an interest bearing account.
- 3) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
- 4) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the utility.
- 5) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
- 6) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
- 7) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant

to Cosentino v. Elson, 263 So.2d 253 (Fla. 3d DCA 1972),  
escrow accounts are not subject to garnishments.

- 8) The Director of Records and Reporting must be a signatory to the escrow agreement.

In no instance shall the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and shall be borne by, the utility. Irrespective of the form of security chosen by the utility, an account of all monies received as a result of the rate increase shall be maintained by the utility. This account must specify by whom and on whose behalf such monies were paid. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

The utility shall maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, the utility shall file reports with the Division of Water and Wastewater no later than 20 days after each monthly billing. These reports shall indicate the amount of revenue collected under the increased rates.

#### MAINTENANCE OF BOOKS AND RECORDS

During the test year, the utility's books were not maintained in conformity with the 1984 National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts, as required by Rule 25-30.115, Florida Administrative Code. We believe the utility has the expertise necessary to convert and maintain the utility's records in conformity with Rule 25-30.115, Florida Administrative Code. Therefore, we hereby order the utility to maintain its books and records in conformity with the 1984 NARUC Uniform System of Accounts.

#### AMENDMENT OF TERRITORY

Order No. 12989, issued February 2, 1984, approved a service territory for LJW. Section 367.045(2), Florida Statutes, states that a utility may not extend its service outside the area described in its certificate of authorization until it has obtained an amended certificate of authorization from the Commission. The utility is currently providing service to customers outside of the approved service territory. Therefore, the utility is in violation of Section 367.045(2), Florida Statutes. DEP has a legislatively mandated program to spend State dollars to remedy potable wells in violation of the primary drinking water standards. The remedy is effected by connection to public utilities or by filtration, and is

based on feasibility and cost-effectiveness. For public utility connections, the program pays for all costs associated with construction, impact/meter fee and service connection to the property. DEP has requested that the utility owner extend service outside of the approved service territory to provide water to residents with wells that violate primary drinking water standards. However, in accordance with Section 367.045, Florida Statutes, and Rule 25-30.036, Florida Administrative Code, LJW shall file an application for amendment of its certificate of authorization to extend its service territory, within 90 days of the issuance of this Order.

CLOSING OF DOCKET

Upon expiration of the protest period, if a timely protest is not received, no further action will be required and this docket shall be closed.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the application of Lake Josephine Water for an increase in its water rates in Palm Beach County is approved as set forth in the body of this Order. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

ORDERED that all matters contained in the schedules attached hereto are by reference incorporated herein. 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 Records and Reporting at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that Lake Josephine Water is authorized to charge the new rates and charges as set forth in the body of this Order. It is further

ORDERED that the rates approved herein shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice. It is further

ORDERED that Lake Josephine Water shall provide proof of the date notice was given within 10 days after the date of the notice. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Lake Josephine Water 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 our staff's verification that it is consistent with our decision herein. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Lake Josephine Water shall submit and have approved a bond or letter of credit in the amount of \$9,578 or an escrow agreement with an independent financial institution as a guarantee of any potential refund of revenues collected on a temporary basis. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Lake Josephine Water shall submit revised tariff sheets which will be approved upon our staff's verification that the pages are consistent with our decision herein, that the protest period has expired, and that an appropriate customer notice has been submitted. It is further

ORDERED that in the event of a timely protest by any substantially affected person other than the utility, Lake Josephine Water is authorized to collect the rates approved herein on a temporary basis, subject to refund in accordance with Rule 25-30.360, Florida Administrative Code, provided that the utility has furnished satisfactory security for any potential refund and provided that it has submitted and our staff has approved revised tariff sheets and a proposed customer notice. It is further

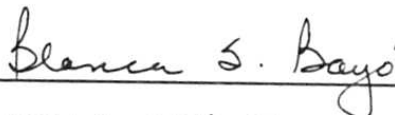
ORDERED that Lake Josephine Water shall maintain its books and records in conformity with the 1984 National Association of Regulatory Utility Commissioners Uniform System of Accounts. It is further

ORDERED that Lake Josephine Water shall file an application for amendment of its certificate of authorization to extend its service territory, pursuant to Rule 25-30.036, Florida Administrative Code, within 90 days of the issuance of this Order. It is further

ORDERED that upon expiration of the protest period, if no timely protest is received from a substantially affected person, this docket shall be closed.

ORDER NO. PSC-95-1044-FOF-WU  
DOCKET NO. 950020-WU  
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By ORDER of the Florida Public Service Commission, this 22nd  
day of August, 1995.



BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

SKE

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 taken herein, except for the granting of temporary rates in the event of a timely protest by a substantially affected person and requiring Lake Josephine Water to file an application for an amendment, are 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 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 12, 1995. 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.



ORDER NO. PSC-95-1044-FOF-WU  
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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 wastewater 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 and/or wastewater 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.

LAKE JOSEPHINE WATER  
 TEST YEAR ENDING DECEMBER 31, 1994  
 SCHEDULE OF WATER RATE BASE

SCHEDULE NO. 1  
 DOCKET NO. 950020-WU

	<u>BALANCE PER UTIL. APP.</u>	<u>COMMISSION ADJ. TO UTIL. BAL.</u>		<u>BALANCE PER COMM.</u>
UTILITY PLANT IN SERVICE	\$216,761	\$8,975	A	\$225,736
LAND/NON-DEPRECIABLE ASSETS	25,000	805	B	25,805
PLANT HELD FOR FUTURE USE	0	0		0
NON-USED AND USEFUL PLANT	0	0	C	0
CWIP	0	0		0
CIAC	(115,983)	(875)	D	(116,858)
ACCUMULATED DEPRECIATION	(99,104)	(7,932)	E	(107,036)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0		0
AMORTIZATION OF CIAC	36,536	13,452	F	49,988
WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>9,181</u>	G	<u>9,181</u>
WATER RATE BASE	\$63,210	\$23,606		<span style="border: 1px solid black; padding: 2px;">\$86,816</span>

LAKE JOSEPHINE WATER  
 TEST YEAR ENDING DECEMBER 31, 1994  
 SCHEDULE OF WASTEWATER RATE BASE

SCHEDULE NO. 1-A  
 DOCKET NO. 950020-WU

	<u>BALANCE PER UTIL. APP.</u>	<u>COMM. ADJUST. TO UTIL. BAL.</u>	<u>BALANCE PER COMM.</u>
UTILITY PLANT IN SERVICE	\$0	(\$12,217) A	(\$12,217)
LAND/NON-DEPRECIABLE ASSETS	0	12,865 B	12,865
PLANT HELD FOR FUTURE USE	0	0	0
NON-USED AND USEFUL PLANT	0	(15,717) C	(15,717)
RATE BASE ADJUSTMENT TO ZERO	0	0 H	0
CIAC	0	0 D	0
ACCUMULATED DEPRECIATION	0	(2,836) E	(2,836)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	0	10,895 F	10,895
WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>9,379</u> G	<u>9,379</u>
WASTEWATER RATE BASE	\$0	\$2,369	<span style="border: 1px solid black; padding: 2px;">\$2,369</span>

LAKE JOSEPHINE WATER  
TEST YEAR ENDING DECEMBER 31, 1994  
ADJUSTMENTS TO RATE BASE

SCHEDULE NO. 1-B  
DOCKET NO. 950020-WU

<u>A. UTILITY PLANT IN SERVICE</u>	<u>WATER</u>	<u>WASTEWATER</u>
1. Agree utility balances with Order 24481	\$ 10,178	\$ 3,250
2. To reflect pro forma plant (copier)	648	648
3. To reflect averaging adjustments	(1,046)	(3,250)
4. To reclassify land from pis	(805)	(12,865)
	<u>\$ 8,975</u>	<u>\$ (12,217)</u>
<u>B. LAND</u>		
1. To reclassify land from pis	\$ 805	\$ 12,865
	0	0
	<u>\$ 805</u>	<u>\$ 12,865</u>
<u>C. NON-USED AND USEFUL PLANT</u>		
1. To reflect non-used and useful plant	<u>\$ 0</u>	<u>\$ (15,717)</u>
<u>D. CIAC</u>		
1. To impute CIAC authorized but not collected since last rate case	(875)	0
	0	0
	0	0
	<u>\$ (875)</u>	<u>\$ 0</u>
<u>E. ACCUMULATED DEPRECIATION</u>		
1. To reflect NARUC rates	\$ (14,288)	\$ (10,778)
2. To reflect 1 year depreciation for pro forma plant	(43)	(43)
3. To reflect accumulated depreciation for averaging	6,399	7,985
	0	0
	0	0
	0	0
	0	0
	<u>\$ (7,932)</u>	<u>\$ (2,836)</u>
<u>F. AMORTIZATION OF CIAC</u>		
1. To adjust per NARUC, Rule 25-30.140	\$ 13,460	\$ 10,895
2. Averaging adjustment	(8)	0
	0	0
	<u>\$ 13,452</u>	<u>\$ 10,895</u>
<u>G. WORKING CAPITAL ALLOWANCE</u>		
1. To reflect 1/8 of test year O & M expenses	<u>\$ 9,181</u>	<u>\$ 9,379</u>
<u>H. RATE BASE ADJUSTMENT TO ZERO</u>		
1. Adjust rate base to zero	<u>\$ 0</u>	<u>\$ 0</u>

LAKE JOSEPHINE WATER  
 TEST YEAR ENDING DECEMBER 31, 1994  
 SCHEDULE OF CAPITAL STRUCTURE

SCHEDULE NO. 2  
 DOCKET NO. 950020-WU

	<u>PER UTILITY</u>	<u>COMM. ADJUST. TO UTIL. BAL.</u>	<u>BALANCE PER COMM.</u>	<u>PERCENT OF TOTAL</u>	<u>COST</u>	<u>WEIGHTED COST</u>
LONG-TERM DEBT	\$ 29,682	\$ 0	\$ 29,682	33.28%	8.94%	2.98%
LONG-TERM DEBT	3,024	0	3,024	3.39%	10.00%	0.34%
LONG-TERM DEBT	1,500	0	1,500	1.68%	0.00%	0.00%
LONG-TERM DEBT	0	0	0	0.00%	8.50%	0.00%
LONG-TERM DEBT	0	0	0	0.00%	8.00%	0.00%
LONG-TERM DEBT	0	0	0	0.00%	7.50%	0.00%
LONG-TERM DEBT	0	0	0	0.00%	7.00%	0.00%
LONG-TERM DEBT	0	0	0	0.00%	8.75%	0.00%
EQUITY	29,004	25,975	54,979	61.65%	10.44%	6.44%
PREFERRED STOCK	0	0	0	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	0	0	0	0.00%	6.00%	0.00%
TOTAL	\$ 63,210	\$ 25,975	\$ 89,185	100.00%		9.75%
TOTAL RATE BASE	\$ 63,210		\$ 89,185			

<u>RANGE OF REASONABLENESS</u>	<u>LOW</u>	<u>HIGH</u>
RETURN ON EQUITY (PSC 941051 FOF WS)	9.44%	11.44%
OVERALL RATE OF RETURN	9.14%	10.37%

LAKE JOSEPHINE WATER  
TEST YEAR ENDING DECEMBER 31, 1994  
SCHEDULE OF WATER OPERATING INCOME

SCHEDULE NO. 3  
DOCKET NO. 950020-WU

	TEST YEAR PER UTILITY	COMM. ADJ. TO UTILITY	COMM. ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	TOTAL PER COMM.
OPERATING REVENUES	\$ 84,912	\$ 1,270 A	86,182	\$ 4,357 F	90,539
OPERATING EXPENSES					
OPERATION AND MAINTENANCE	71,419	2,028 B	73,447	0	73,447
DEPRECIATION	11,490	1,351 C	12,841	0	12,841
AMORTIZATION	(11,945)	(698) D	(12,643)	0	(12,643)
TAXES OTHER THAN INCOME	9,477	(1,247) E	8,230	196 G	8,427
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 80,441	\$ 1,434	\$ 81,875	\$ 196	\$ 82,072
OPERATING INCOME / (LOSS)	\$ 4,471		\$ 4,307		\$ 8,467
WATER RATE BASE	\$ 63,210		\$ 86,816		\$ 86,816
RATE OF RETURN	N/A		4.96%		9.75%



LAKE JOSEPHINE WATER  
 TEST YEAR ENDING DECEMBER 31, 1994  
 SCHEDULE OF WASTEWATER OPERATING INCOME

SCHEDULE NO. 3-A  
 DOCKET NO. 950020-WU

	<u>TEST YEAR PER UTILITY</u>	<u>COMM. ADJ. TO UTILITY</u>	<u>COMM. ADJUSTED TEST YEAR</u>	<u>ADJUST. FOR INCREASE</u>	<u>TOTAL PER COMM.</u>
OPERATING REVENUES	\$ 77,044	\$ 1,333 A	78,377	\$ 9,619 F	87,996
OPERATING EXPENSES					
OPERATION AND MAINTENANCE	66,127	8,908 B	75,035	0	75,035
DEPRECIATION	3,085	11,940 C	15,025	0	15,025
AMORTIZATION	0	(12,883) D	(12,883)	0	(12,883)
TAXES OTHER THAN INCOME	9,124	1,031 E	10,155	433 G	10,588
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 78,336	\$ 8,996	\$ 87,332	\$ 433	\$ 87,765
OPERATING INCOME / (LOSS)	\$ (1,292)		\$ (8,955)		\$ 231
WASTEWATER RATE BASE	\$ 0		\$ 2,369		\$ 2,369
RATE OF RETURN	N/A		N/A		9.75%

LAKE JOSEPHINE WATER  
TEST YEAR ENDING DECEMBER 31, 1994  
ADJUSTMENTS TO OPERATING INCOME

SCHEDULE NO. 3-B (Sheet 1 of 2)  
DOCKET NO. 950020-WU

A. REVENUE	WATER	WASTEWATER
a. To adjust out of period revenue	\$ <u>1,270</u>	\$ <u>1,333</u>
B. OPERATION AND MAINTENANCE EXPENSES		
1. Salaries and Wages (Employees)		
a. To adjust per utility filed W-2	(575)	(575)
b. To adjust plant operator salary	1,300	1,300
c. To reflect Comm. salary level for maintenance employee	955	955
	\$ <u>1,680</u>	\$ <u>1,680</u>
2. Salaries and Wages (Officers)	0	0
	0	0
	\$ <u>0</u>	\$ <u>0</u>
3. Sludge Removal Expense		
a. To adjust out of period expense	0	(700)
	0	0
	\$ <u>0</u>	\$ <u>(700)</u>
4. Purchased Power		
a. To adjust expense per invoices for the test period	94	94
	0	0
	\$ <u>94</u>	\$ <u>94</u>
5. Chemicals		
a. To adjust out of period expense	(600)	0
b. To adjust chemical expense to prescribed levels	(712)	2,227
	\$ <u>(1,312)</u>	\$ <u>2,227</u>
6. Materials and Supplies		
a. To reflect annual expenditures	1,410	2,906
	\$ <u>1,410</u>	\$ <u>2,906</u>
7. Contractual Services		
a. To adjust testing expense per audit (portion reclass. to sewer)	(1,387)	1,018
b. To adjust engineering expense	(160)	(160)
c. To reclassify water expense to wastewater	(70)	70
d. To reflect pro forma increase in billing costs	447	447
e. To reflect allowance for mowing	650	650
	0	0
	\$ <u>(520)</u>	\$ <u>2,025</u>
8. Rents		
a. To annualize increase in rent expense	1,227	1,227
b. To reclassify rent expense from transportation expense	358	358
c. To annualize tax applied on rent (7%)	86	86
	\$ <u>1,671</u>	\$ <u>1,671</u>
9. Transportation Expenses		
a. To reclassify transportation expense to rent expense	(358)	(358)
	0	0
	0	0
	\$ <u>(358)</u>	\$ <u>(358)</u>
10. Insurance Expense		
a. To adjust out of period expense for workmen's compensation	(84)	(84)
	0	0
	0	0
	\$ <u>(84)</u>	\$ <u>(84)</u>

LAKE JOSEPHINE WATER  
 TEST YEAR ENDING DECEMBER 31, 1994  
 ADJUSTMENTS TO OPERATING INCOME

SCHEDULE NO. 3-B (Sheet 2 of 2)  
 DOCKET NO. 950020-WU

11. Regulatory Commission Expense		
a. To reflect rate case filing fee amortized over four years	250	250
	0	0
	<u>\$ 250</u>	<u>\$ 250</u>
12. Miscellaneous Expenses		
a. To adjust phone expense	(98)	(98)
b. To adjust office supply expense	(705)	(705)
	0	0
	0	0
	0	0
	<u>\$ (803)</u>	<u>\$ (803)</u>
13. Unclassified disbursements		
	0	0
	0	0
	<u>\$ 0</u>	<u>\$ 0</u>
	<u>\$ 2,028</u>	<u>\$ 8,908</u>
TOTAL O & M ADJUSTMENTS		
C. DEPRECIATION EXPENSE		
1. To adjust depreciation expense per NARUC rates	1,308	12,884
2. To adjust depreciation expense for per audit for pro forma plant	43	43
3. To adjust for non-used and useful plant	0	(987)
	0	0
	0	0
	0	0
	<u>\$ 1,351</u>	<u>\$ 11,940</u>
D. AMORTIZATION EXPENSE		
1. To adjust amortization per NARUC, Rule 25-30.140	(690)	(12,883)
2. To reflect averaging adjustment	(8)	0
	0	0
	0	0
	<u>\$ (698)</u>	<u>\$ (12,883)</u>
E. TAXES OTHER THAN INCOME		
1. To adjust real estate taxes	(1,449)	826
2. To reflect regulatory assessment fees on test year revenue adjustment	57	60
3. To adjust for payroll taxes related to payroll adjustment (8.65%)	145	145
	0	0
	<u>\$ (1,247)</u>	<u>\$ 1,031</u>
F. OPERATING REVENUES		
1. To reflect Commission's recommended increase in revenue	<u>\$ 4,357</u>	<u>\$ 9,619</u>
G. TAXES OTHER THAN INCOME		
1. To reflect additional regulatory assessment fee associated with recommended revenue requirement	<u>\$ 196</u>	<u>\$ 433</u>

LAKE JOSEPHINE WATER  
 TEST YEAR ENDING DECEMBER 31, 1994  
 ANALYSIS OF WATER OPERATION AND  
 MAINTENANCE EXPENSE

SCHEDULE NO. 3-C  
 DOCKET NO. 950020-WU

	TOTAL PER UTIL.	COMMISSION ADJUST.		TOTAL PER COMM.
(601) SALARIES AND WAGES - EMPLOYEES	\$ 28,925	\$ 1,680	[1]	30,605
(603) SALARIES AND WAGES - OFFICERS	0	0	[2]	0
(604) EMPLOYEE PENSIONS AND BENEFITS	0	0		0
(610) PURCHASED WATER	0	0		0
(615) PURCHASED POWER	10,068	94	[4]	10,162
(616) FUEL FOR POWER PRODUCTION	0	0		0
(618) CHEMICALS	4,653	(1,312)	[5]	3,341
(620) MATERIALS AND SUPPLIES	1,940	1,410	[6]	3,350
(630) CONTRACTUAL SERVICES	14,424	(520)	[7]	13,904
DEP REQUIRED TESTING	1,921	0		1,921
(640) RENTS	2,930	1,671	[8]	4,601
(650) TRANSPORTATION EXPENSE	1,040	(358)	[9]	682
(655) INSURANCE EXPENSE	3,096	(84)	[10]	3,012
(655) REGULATORY COMMISSION EXPENSE	0	250	[11]	250
(670) BAD DEBT EXPENSE	0	0		0
(675) MISCELLANEOUS EXPENSES	2,422	(803)	[12]	1,619
UNCLASSIFIED DISBURSEMENTS	0	0		0
	\$ 71,419	\$ 2,028		\$ 73,447

LAKE JOSEPHINE WATER  
 TEST YEAR ENDING DECEMBER 31, 1994  
 ANALYSIS OF WASTEWATER OPERATION AND  
 MAINTENANCE EXPENSE

SCHEDULE NO. 3-D  
 DOCKET NO. 950020-WU

	<u>TOTAL PER UTIL.</u>	<u>COMMISSION ADJUST.</u>		<u>TOTAL PER COMM.</u>
(701) SALARIES AND WAGES - EMPLOYEES	\$ 28,925	\$ 1,680	[1]	30,605
(703) SALARIES AND WAGES - OFFICERS	0	0	[2]	0
(704) EMPLOYEE PENSIONS AND BENEFITS	0	0		0
(710) PURCHASED SEWAGE TREATMENT SLUDGE REMOVAL	0	0		0
	4,200	(700)	[3]	3,500
(715) PURCHASED POWER	12,244	94	[4]	12,338
(716) FUEL FOR POWER PRODUCTION	0	0		0
(718) CHEMICALS	0	2,227	[5]	2,227
(720) MATERIALS AND SUPPLIES	2,030	2,906	[6]	4,936
(730) CONTRACTUAL SERVICES	9,144	2,025	[7]	11,169
(740) RENTS	2,930	1,671	[8]	4,601
(750) TRANSPORTATION EXPENSE	1,040	(358)	[9]	682
(755) INSURANCE EXPENSE	3,095	(84)	[10]	3,011
(765) REGULATORY COMMISSION EXPENSES	0	250	[11]	250
(770) BAD DEBT EXPENSE	0	0		0
(775) MISCELLANEOUS EXPENSES	2,519	(803)	[12]	1,716
UNCLASSIFIED DISBURSEMENTS	0	0		0
	<u>\$ 66,127</u>	<u>\$ 8,908</u>		<u>\$ 75,035</u>

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DOCKET NO. 950020-WU  
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RECOMMENDED RATE REDUCTION SCHEDULE

LAKE JOSEPHINE WATER  
TEST YEAR ENDING DECEMBER 31, 1994

SCHEDULE NO. 4  
DOCKET NO. 950020-WU

CALCULATION OF RATE REDUCTION AMOUNT  
AFTER RECOVERY OF RATE CASE EXPENSE AMORTIZATION PERIOD OF FOUR YEARS

MONTHLY WATER RATES

<u>RESIDENTIAL AND GENERAL SERVICE</u>	<u>RECOMMENDED RATES</u>	<u>RATE DECREASE</u>
BASE FACILITY CHARGE:		
Meter Size:		
5/8"X3/4"	\$ 4.89	0.01
3/4"	7.33	0.02
1"	12.22	0.04
1-1/2"	24.44	0.07
2"	39.10	0.11
3"	78.20	0.23
4"	122.18	0.35
6"	244.36	0.71
RESIDENTIAL GALLONAGE CHARGE PER 1,000 GALLONS	\$ 1.38	0.00



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 DOCKET NO. 950020-WU  
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RECOMMENDED RATE REDUCTION SCHEDULE

LAKE JOSEPHINE WATER  
 TEST YEAR ENDING DECEMBER 31, 1994

SCHEDULE NO. 4-A  
 DOCKET NO. 950020-WU

CALCULATION OF RATE REDUCTION AMOUNT  
AFTER RECOVERY OF RATE CASE EXPENSE AMORTIZATION PERIOD OF FOUR YEARS

MONTHLY WASTEWATER RATES

<u>RESIDENTIAL AND GENERAL SERVICE</u>	<u>RECOMMENDED RATES</u>	<u>RATE DECREASE</u>
BASE FACILITY CHARGE:		
Meter Size:		
5/8"X3/4"	\$ 8.35	0.02
1"	12.52	0.04
1-1/4"	20.86	0.06
1-1/2"	41.73	0.12
2"	66.77	0.20
3"	133.53	0.40
4"	208.64	0.62
6"	417.29	1.24
RESIDENTIAL GALLONAGE CHARGE PER 1,000 GALLONS	\$ 1.71	0.01