

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for increase in Water and Wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.

DOCKET NO. 060253-WS
ORDER NO. PSC-06-1006-FOF-WS
ISSUED: December 5, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

ORDER SUSPENDING PROPOSED RATES AND APPROVING INTERIM RATES

BY THE COMMISSION:

I. Background

Utilities, Inc. of Florida (UIF or utility) is a Class A utility providing water and wastewater service to 22 systems¹ in the following counties: Marion, Orange, Pasco, Pinellas, and Seminole. UIF is a wholly-owned subsidiary of Utilities, Inc. (UI). By letter dated March 20, 2006, UIF requested test year approval in order to file an application for general rate relief for all of its counties. The utility requested that the application be processed using the Proposed Agency Action (PAA) procedure and requested interim rates.

On June 22, 2006, the Office of Public Counsel (OPC) served its Notice of Intervention in this docket. By Order No. PSC-06-0545-PCO-WS, issued June 26, 2006, this Commission acknowledged OPC's intervention.

UIF's requested test year for final and interim purposes is the historical year ended December 31, 2005. On October 2, 2006, the utility filed minimum filing requirements (MFRs) to justify its requested rate increase, but the filing was determined to be deficient. In its MFRs,

¹ Of the 22 systems: three -- BFF, Golden Hills, and Crownwood of Ocala -- are in Marion County; two -- Crescent Heights and Davis Shores -- are in Orange County; five -- Buena Vista Manor Mobile Home Park (Wis Bar), Buena Vista Trailer Park, Summertree (PPW-S), Summertree (PPW-W), and Orangewood Village -- are in Pasco County; one -- Lake Tarpon Village Mobile Home Park -- is in Pinellas County; and eleven -- Oakland Shores, Little Wekiva, Park Ridge, Phillips Section, Crystal Lake, Ravenna Park/Lincoln Heights, Bear Lake Manor, Jansen/Bear Lake Estates, Trailwoods Estates, Oakland Hills, and Weathersfield/Bel-Aire -- are in Seminole County.

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the utility did not request an interim rate increase for Marion County, but requested the following annual interim revenue increases for Orange, Pasco, Pinellas and Seminole Counties:

<u>County</u>	<u>Water Revenue Increase</u>	<u>% Increase</u>	<u>Wastewater Revenue Increase</u>	<u>% Increase</u>
Orange	\$18,440	18.91%	N/A	N/A
Pasco	\$260,816	44.46%	\$96,663	25.50%
Pinellas	\$44,611	57.95%	N/A	N/A
Seminole	<u>\$172,417</u>	25.31%	<u>\$244,029</u>	41.33%
Total	\$496,284	34.41%	\$340,692	35.14%.

Prior Commission Cases

The utility’s most recent rate proceeding for Marion, Orange, Pasco, Pinellas, and Seminole Counties was addressed in Order No. PSC-03-1440-FOF-WS.² Subsequent to this case, we approved an Allowance For Funds Used During Construction rate of 9.03%, for UT’s Florida subsidiaries including Water Service Corporation.³ Also, in Order No. PSC-04-1275-AS-WS, we approved a settlement agreement to bring UIF and all of its Florida subsidiaries into compliance with Rule 25-30.115, Florida Administrative Code (F.A.C.).⁴ Rule 25-30.115, F.A.C., requires that Water and Wastewater Utilities maintain their accounts and records in conformity with the 1996 NARUC Uniform System of Accounts. In Order No. PSC-06-0094-FOF-WS, we approved the transfer of majority organizational control of Utilities, Inc. from Nuon Global Solutions USA, B.V. to Hydro Star, LLC, effective January 24, 2006.⁵

We have jurisdiction pursuant to Section 367.082, Florida Statutes (F.S.).

² Order No. PSC-03-1440-FOF-WS, issued December 22, 2003, in Docket No. 020071-WS, In Re: Application for rate increase in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida

³ Order No. PSC-04-0262-PAA-WS, issued March 8, 2004, in Docket No. 031006-WS, In Re: Petition by Utilities, Inc. for approval of allowance for funds used during construction (AFUDC) rate for its Florida subsidiaries including Water Service Corp.

⁴ Order No. PSC-04-1275-AS-WS, issued December 23, 2004, in Docket No. 040316-WS, In Re: Analysis of Utilities, Inc’s plan to bring all of its Florida subsidiaries into compliance with Rule 25-30.115, Florida Administrative Code

⁵ Order No. PSC-06-0094-FOF-WS, issued February 9, 2006, in Docket No. 050499-WS, In Re: Application for authority to transfer majority organizational control of Utilities, Inc. from Nuon Global Solution USA, B.V. to Hydro Star, LLC

II. Suspension of Proposed Rates

Section 367.081(6), F.S., provides that this Commission may, for good cause, withhold consent to the implementation of the requested rates by a vote to that effect within 60 days after the date the rate request is filed. Further, Section 367.081(8), F.S., permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months if: (1) we have not acted upon the requested rate increase; or (2) if our PAA action is protested by a party other than the utility.

Our staff has reviewed the filing and has considered the information filed in support of the rate application and the proposed final rates. Based upon this review, it appears that it is necessary to require further investigation of this information, including on-site investigations by our staff accountants and engineers. Therefore, we find that it is appropriate to suspend the utility's proposed rate increase.

III. Interim Revenue Increase

The utility filed rate base, cost of capital, and operating statements to support its requested interim water and wastewater increases. Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those used in the utility's most recent rate proceeding and annualizing any rate changes. Our staff reviewed the utility's interim request, as well as, Order No. PSC-03-1440-FOF-WS, the utility's most recent rate proceeding. Based on this review, we find that the adjustments set forth below are required. We have attached accounting schedules for each county to illustrate our adjustments to rate base, capital structure, and test year operating income amounts. The rate base schedules are labeled as Nos. 1-A and 1-B, for water and wastewater, respectively, with the adjustments shown on No. 1-C. The capital structure schedule is No. 2, and the operating income schedules for water and wastewater, respectively, are labeled as Nos. 3-A and 3-B, with the adjustments shown on No. 3-C. Rates are shown on Schedules Nos. 4-A and 4-B.

A. Rate Base

Our staff reviewed the rate base adjustments made in the utility's last case and in the current interim filing to determine if the current case was filed consistent with the findings in the utility's last rate case order. Our staff also examined additional information provided by the utility showing the journal entries used to book adjustments from its last rate case. Based on this review, we find that adjustments to rate base are necessary for the systems in the following two counties. Also, we have made adjustments to the calculation of the working capital allowance.

1. Pasco County

For the systems in Pasco County, our staff was unable to trace a number of the adjustments from the last rate case order to the accounting schedules in the current case. Our staff believes that part of its inability to trace the ordered adjustments is that the ordered balances

are averages while the booked balances are the actual effects on the general ledger. In addition, most depreciation and amortization balances for the accumulated accounts would have been rolled forward from the last order to this case. However, with this in mind, we find that two adjustments for the Pasco County systems shall be made.

On page 187 of Order No. PSC-03-1440-FOF-WS, this Commission made a \$76,805 adjustment increasing Pasco County's water accumulated amortization of contribution in aid of construction (CIAC). In its current filing, UIF made a \$112,483 adjustment increasing Pasco County's water accumulated amortization of CIAC. This \$112,483 adjustment is included at full weight in the test year per utility and the adjusted test year per utility. In this instance, we do not believe that the \$35,678 difference can be attributed to averaging and rolling forward. Therefore, for interim purposes, we find it is appropriate to decrease Pasco County's water accumulated amortization of CIAC by \$35,678 to the \$76,805 amount in the last rate order. Our adjustment is reflected on Schedule 1-A.

Also, on page 187 of Order No. PSC-03-1440-FOF-WS, this Commission decreased Pasco County's wastewater accumulated depreciation by \$188. In its current filing, UIF made a \$155,910 adjustment decreasing Pasco County's wastewater accumulated depreciation. This \$155,910 adjustment is included at full weight in the test year per utility and the adjusted test year per utility. In this instance, we do not believe that the \$155,722 difference can be attributed to averaging and rolling forward. Therefore, for interim purposes, the Pasco County systems' wastewater accumulated depreciation shall be increased by \$155,722, to the \$188 amount in the last rate order.

2. Seminole County

In the last rate case order on page 32, we ordered that the Seminole County systems' wastewater CIAC be increased by \$107,000 to reflect the wastewater contribution received from the City of Altamonte Springs. Corresponding adjustments were also made to increase accumulated amortization of CIAC and test year amortization of CIAC by \$1,783 and \$3,567, respectively.

Our staff examined UIF's MFRs and additional information provided by the utility that shows the journal entries used to book adjustments from its last rate case, and was unable to verify that the \$107,000 adjustment to CIAC had been made. Accordingly, we find that the Seminole County systems' wastewater CIAC shall be increased by \$107,000, with corresponding adjustments to test year amortization of \$3,567 and to accumulated amortization of \$16,051. The difference in accumulated amortization of CIAC is due to a roll forward of the amount.

3. Working Capital Allowance

For the historical test year ended December 31, 2005, the utility used the balance sheet approach to calculate interim working capital, which is appropriate for a Class A utility. The calculated total company working capital was \$2,657,742, and it was allocated to each of the utility's systems based on operation and maintenance (O&M) expenses. In Order No. PSC-03-

1440-FOF-WS, the working capital was decreased by \$1,426,034 to reduce overstated cash to reflect the use of year-end balances to determine the appropriate working capital balance of \$208,497.

In this proceeding, consistent with the last order, we find a similar adjustment is appropriate. As shown on its balance sheet, UIF's cash balance decreased from \$2,259,828 at December 31, 2004, to \$1,734,515 at November 30, 2005, and to \$300,290 at December 31, 2005. Using the December 31, 2005 cash balance, \$300,290, and the thirteen-month average cash balance of \$1,979,643, we calculate an adjustment to cash of \$1,679,354. Therefore, we have reduced the thirteen-month average cash of \$1,979,643 to \$300,290, a \$1,679,354 reduction. This treatment is consistent with the last rate order, with the exception of adjusting for current liabilities, which remained relatively stable throughout the interim test year in this proceeding. Based on the relative stability of this account, no adjustment to accounts payable is warranted. Based on the \$1,679,354 adjustment to reduce cash, we calculate a working capital allowance of \$978,388.

Our calculation of the appropriate working capital allowance by county and by water or wastewater service is shown as follows:

<u>County</u>	<u>As Filed</u>	<u>Commission Adjustment</u>	<u>As Adjusted</u>
Marion – Water	\$125,180	\$ 79,113	\$46,067
Marion - Wastewater	\$37,740	\$ 23,797	\$13,943
Orange – Water	\$112,157	\$ 70,881	\$41,276
Pasco - Water	\$606,762	\$383,652	\$223,110
Pasco – Wastewater	\$429,491	\$271,262	\$158,229
Pinellas – Water	\$93,287	\$ 59,122	\$34,165
Seminole – Water	\$615,267	\$388,636	\$226,631
Seminole – Wastewater	<u>\$637,858</u>	<u>\$402,891</u>	<u>\$234,967</u>
TOTAL	\$2,657,742	\$1,679,354	\$978,388

B. Cost of Capital

In its interim request, UIF used a 10.45% return on equity (ROE), which is the minimum of the range of its last authorized ROE from Order No. PSC-03-1440-FOF-WS. Based on a

10.45% ROE and our adjustments to rate base set out above, we find the interim weighted average cost of capital for each system to be as follows:

<u>County</u>	<u>Utility's Requested Weighted Average Cost of Capital</u>	<u>Comm'n Approved Weighted Average Cost of Capital</u>
Orange	7.41%	7.03%
Pasco	7.12%	6.79%
Pinellas	7.20%	7.01%
Seminole	7.19%	7.01%

C. Net Operating Income

On page 110 of Order No. PSC-03-1440-FOF-WS, we found that utilities should aggressively seek to attain a goal of unaccounted for water of 10% or less. We reduced chemical and electric power cost to reflect the amount of excessive unaccounted for water in the systems in Marion, Pasco, and Pinellas Counties. In the current filing, our staff has found that the Lake Tarpon system in Pinellas County and the Buena Vista system in Pasco County had unaccounted for water percentages of 22.22% and 15.49%, respectively.

To be consistent with the last rate case order, we have reduced electric power and chemical expense to reflect the water losses above 10% at these two water systems. The Lake Tarpon system in Pinellas County had a total chemical expense of \$1,333 and a total power expense of \$2,526. With the excessive unaccounted for water running at about 12.2%, the above-noted expenses are reduced by this amount.

The Pasco County electric power and chemical expense are not separated by system, so an allocation was made based upon the ratio of water pumped at Buena Vista compared to the total of all three systems in that county. The Buena Vista system in this case pumped 57.6 million gallons or 35% of the total gallons pumped in the Pasco County systems. Therefore, 35% of all power purchased and chemical expense in that county is to be allocated to this system. This equates to a total allocated chemical expense and electric power expense for the Buena Vista system of \$5,429 and \$6,690, respectively. With the excessive unaccounted for water running at about 5.4%, the above-noted allocated expenses are reduced by this amount.

Our calculations are shown as follows:

<u>Systems</u>	<u>Total Chemical</u>	<u>Total Electric Power</u>	<u>Unaccounted for in Excess of 10%</u>	<u>Commission Adjustment Chemicals</u>	<u>Commission Adjustment Power</u>	<u>Total Comm'n Adjustment</u>
Pinellas Water (Lake Tarpon)	\$1,333	\$2,526	12.20%	\$163	\$308	\$471
Pasco Water (Buena Vista)	\$5,429	\$6,960	5.40%	\$293	\$376	\$669

Based on the above adjustments, we find that the following revenue increases will allow the utility the opportunity to recover its water and/or wastewater operating expenses and earn the previously approved returns on its water and/or wastewater rate bases.

<u>County</u>	<u>Adjusted Test Year Revenues</u>	<u>Revenue \$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Orange – Water	\$97,500	\$10,504	\$108,004	10.77%
Pasco – Water	\$586,632	\$210,002	\$796,634	35.80%
Pasco -Wastewater	\$379,088	\$52,229	\$431,317	13.78%
Pinellas – Water	\$76,988	\$37,482	\$114,470	48.69%
Seminole - Water	\$681,344	\$128,491	\$809,835	18.86%
Seminole - Wastewater	\$590,501	\$193,188	\$783,689	32.72%

IV. Interim Water and Wastewater Rates

The interim water and wastewater rates shall be as shown on Schedules Nos. 4A and 4B, and shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C., provided the customers have received notice. The rates shall not be implemented until the required security has been filed and proper notice has been received by the customers. The utility shall provide proof to our staff of the date notice was given within 10 days after the date of the notice.

V. Appropriate Security to Guarantee the Interim Increase

Pursuant to Section 367.082, F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by this Commission. We have approved a total annual interim increase of \$631,213 for water and wastewater. In accordance with Rule 25-30.360, F.A.C., and based on an estimated seven months of revenue being collected under interim rates, we calculate the potential

refund of revenues and interest collected under interim conditions to be \$373,898. This amount is over the utility's current authorized rates shown on Schedules Nos. 4-A and 4-B.

UIF is a wholly-owned subsidiary of UI, which provides all investor capital to its subsidiaries. UI has requested a corporate undertaking to secure any interim increases granted in Dockets Nos. 060254-SU, 060255-SU, 060256-SU, 060257-WS, 060258-WS, 060260-WS, 060261-WS, and 060262-WS, which are dockets currently open in which UI's subsidiaries are seeking interim rate increases. As such, our staff reviewed the financial statements of the parent company, and based on our approval of interim revenues in all of the above dockets, and the interim revenues approved in this docket, the total requested cumulative corporate undertaking amount is \$1,092,473, which includes the \$373,898 subject to refund for this docket.

The criteria for a corporate undertaking includes sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Our staff reviewed UI's financial statements from 2003 to 2005 to determine the financial condition of the parent company. Although this analysis shows that UI has experienced a significant decline in liquidity and interest coverage during 2005 compared to prior years, UI's average equity ratio over the three-year period has been 40%. Additionally, net income has been on average four times greater than the requested cumulative corporate undertaking amount. UI's financial performance has demonstrated adequate levels of both profitability and equity capitalization to offset the recent decline in liquidity and interest coverage. Based upon this analysis, we find that a cumulative corporate undertaking of \$1,092,473 is acceptable contingent upon the receipt of the written guarantee of UI and written confirmation that UI does not have any outstanding guarantees on behalf of UI-owned utilities in other states.

Pursuant to Rule 25-30.360(6), F.A.C., the utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that that the rates proposed by Utilities, Inc. of Florida are hereby suspended in accordance with Section 367.081(6), Florida Statutes. It is further

ORDERED that the schedules attached to this Order are incorporated by reference herein. It is further

ORDERED that the request for an interim increase in Utilities, Inc. of Florida's water and wastewater rates is granted to the extent set forth in the body of this Order. It is further

ORDERED that the water and wastewater rates of Utilities, Inc. of Florida, shall be increased as set forth in the body of this Order and as shown on Schedules Nos. 4A and 4B. It is further

ORDERED that the approved rates shall be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C., provided customers have received notice. It is further

ORDERED that the rates shall not be implemented until our staff verifies that the tariff sheets are consistent with our decision, the proposed customer notice is adequate, and the required security has been filed. It is further

ORDERED that the utility shall provide proof of the date notice was given within ten days after the date of notice. It is further

ORDERED that the parent company, Utilities, Inc. (UI), shall file a corporate undertaking on behalf of its subsidiaries to guarantee any potential refunds of revenues collected under interim conditions, and written confirmation of UI's continued attestation that it does not have any outstanding guarantees on behalf of UI-owned utilities in other states. It is further

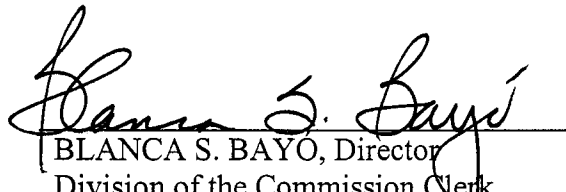
ORDERED that the total guarantee shall be a cumulative amount of \$1,092,473, which includes an amount of \$373,898 subject to refund in this docket. It is further

ORDERED that pursuant to Rule 25-30.360(6), F.A.C., the utility shall provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. It is further

ORDERED that should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, F.A.C. It is further

ORDERED that the docket shall remain open pending our final action on the utility's requested rate increase.

By ORDER of the Florida Public Service Commission this 5th day of December, 2006.


BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

Any party adversely affected by this order, which is non-final in nature, may request (1) reconsideration within 15 days pursuant to 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 wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Citizens of the State of Florida v. Mayo, 316 So.2d 262 (Fla. 1975), states that an order on interim rates is not final or reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

Utilities, Inc. of Florida - Orange County Schedule of Water Rate Base Test Year Ended 12/31/05			Schedule No. 1-A Docket No. 060253-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	
1 Plant in Service	\$177,468	\$0	\$177,468	\$0	\$177,468	
2 Land and Land Rights	\$0	\$0	0	0	0	
3 Non-used and Useful Components	\$0	\$0	0	0	0	
4 Accumulated Depreciation	(\$79,913)	\$0	(79,913)	0	(79,913)	
5 CIAC	(\$28,860)	\$0	(28,860)	0	(28,860)	
6 Amortization of CIAC	\$26,540	\$0	26,540	0	26,540	
7 Net Debit Deferred Income Taxes	0	0	0	0	0	
8 Advances for Construction	\$0	\$0	0	0	0	
9 Working Capital Allowance	\$0	\$112,157	112,157	(70,881)	41,276	
10 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
11 Rate Base	<u>\$95,235</u>	<u>\$112,157</u>	<u>\$207,392</u>	<u>(\$70,881)</u>	<u>\$136,511</u>	

Utilities, Inc. of Florida - Orange County Adjustments to Rate Base Test Year Ended 12/31/05	Schedule No. 1-B Docket No. 060253-WS Interim
Explanation	Water
<u>Working Capital</u> To reflect adjustments made in the last rate case	<u>(\$70,881)</u>

Utilities, Inc. of Florida - Orange County
 Capital Structure-13-Month Average
 Test Year Ended 12/31/05

Schedule No. 2
 Docket No. 060253-WS
 Interim

Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$132,917,904)	\$107,198	51.69%	6.65%	3.44%	
2 Short-term Debt	4,522,923	0	\$4,522,923	(4,519,286)	\$3,637	1.75%	5.01%	0.09%	
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%	
4 Common Equity	91,510,699	0	\$91,510,699	(91,436,931)	\$73,768	35.57%	10.45%	3.72%	
5 Customer Deposits	5,814	0	\$5,814	0	\$5,814	2.80%	6.00%	0.17%	
6 Tax-credits - Zero Cost	1,545	0	\$1,545	0	\$1,545	0.74%	0.00%	0.00%	
7 Deferred Income Taxes	<u>15,430</u>	<u>0</u>	<u>\$15,430</u>	<u>0</u>	<u>\$15,430</u>	<u>7.44%</u>	0.00%	<u>0.00%</u>	
10 Total Capital	<u>\$229,081,513</u>	<u>\$0</u>	<u>\$229,081,513</u>	<u>(\$228,874,121)</u>	<u>\$207,392</u>	<u>100.00%</u>		<u>7.41%</u>	
Per Commission									
11 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$132,959,058)	\$66,044	48.38%	6.65%	3.22%	
12 Short-term Debt	4,522,923	0	\$4,522,923	(4,520,677)	2,246	1.64%	5.01%	0.08%	
13 Preferred Stock	0	0	\$0	0	0	0.00%	0.00%	0.00%	
14 Common Equity	91,510,699	0	\$91,510,699	(91,465,266)	45,433	33.28%	10.45%	3.48%	
15 Customer Deposits	5,814	0	\$5,814	0	5,814	4.26%	6.00%	0.26%	
16 Tax-credits - Zero Cost	1,545	0	\$1,545	0	1,545	1.13%	0.00%	0.00%	
17 Deferred Income Taxes	<u>15,430</u>	<u>0</u>	<u>\$15,430</u>	<u>0</u>	<u>15,430</u>	<u>11.30%</u>	0.00%	<u>0.00%</u>	
20 Total Capital	<u>\$229,081,513</u>	<u>\$0</u>	<u>\$229,081,513</u>	<u>(\$228,945,002)</u>	<u>\$136,511</u>	<u>100.00%</u>		<u>7.03%</u>	
						LOW	HIGH		
RETURN ON EQUITY						<u>10.45%</u>	<u>12.45%</u>		
OVERALL RATE OF RETURN						<u>7.03%</u>	<u>7.70%</u>		

Utilities, Inc. of Florida - Orange County Statement of Water Operations Test Year Ended 12/31/05						Schedule No. 3-A Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$97,411</u>	<u>\$18,529</u>	<u>\$115,940</u>	<u>(\$18,440)</u>	<u>\$97,500</u>	<u>\$10,504</u> 10.77%	<u>\$108,004</u>
Operating Expenses							
2 Operation & Maintenance	\$79,687	\$0	79,687	0	79,687		79,687
3 Depreciation	6,859	0	6,859	0	6,859		6,859
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	8,516	834	9,350	(830)	8,520	473	8,993
6 Income Taxes	<u>0</u>	<u>4,662</u>	<u>4,662</u>	<u>(5,572)</u>	<u>(910)</u>	<u>3,775</u>	<u>2,864</u>
7 Total Operating Expense	<u>95,062</u>	<u>5,496</u>	<u>100,558</u>	<u>(6,402)</u>	<u>94,156</u>	<u>4,248</u>	<u>98,403</u>
8 Operating Income	<u>\$2,349</u>	<u>\$13,033</u>	<u>\$15,382</u>	<u>(\$12,038)</u>	<u>\$3,344</u>	<u>\$6,257</u>	<u>\$9,601</u>
9 Rate Base	<u>\$95,235</u>		<u>\$207,392</u>		<u>\$136,511</u>		<u>\$136,511</u>
10 Rate of Return	<u>2.47%</u>		<u>7.42%</u>		<u>2.45%</u>		<u>7.03%</u>

Utilities, Inc. of Florida - Orange County Adjustment to Operating Income Test Year Ended 12/31/05		Schedule 3-B Docket No. 060253-WS Interim
Explanation		Water
<u>Operating Revenues</u>		
Remove requested interim revenue increase		<u>(\$18,440)</u>
<u>Taxes Other Than Income</u>		
RAFs on revenue adjustments above		<u>(\$830)</u>
<u>Income Taxes</u>		
To adjust to test year income tax expense.		<u>(\$5,572)</u>

Utilities, Inc. of Florida - Orange County Water Monthly Service Rates Test Year Ended 12/31/05		Schedule No. 4 Docket No. 060253-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Commission Approved Interim
<u>Residential</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$6.36	\$7.56	\$7.93	\$7.05
1"	\$15.90	\$18.91	\$19.82	\$17.64
1-1/2"	\$31.81	\$37.83	\$39.66	\$35.28
2"	\$50.89	\$60.51	\$63.44	\$56.45
3"	\$101.78	\$121.03	\$126.89	\$112.89
4"	\$159.03	\$189.10	\$198.26	\$176.40
6"	\$318.07	\$378.22	\$396.54	\$352.80
Gallonage Charge, per 1,000 Gallons				
First 8,000 gallons	\$2.62	\$3.11	\$3.27	\$2.91
Next 8,000 gallons	\$3.28	\$3.89	\$4.09	\$3.64
Over 16,000 gallons	\$3.94	\$4.68	\$4.91	\$4.37
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$6.36	\$7.56	\$7.93	\$7.05
1"	\$15.90	\$18.91	\$19.82	\$17.64
1-1/2"	\$31.81	\$37.83	\$39.66	\$35.28
2"	\$50.89	\$60.51	\$63.44	\$56.45
3"	\$101.78	\$121.03	\$126.89	\$112.89
4"	\$159.03	\$189.10	\$198.26	\$176.40
6"	\$318.07	\$378.22	\$396.54	\$352.80
Gallonage Charge, per 1,000 Gallons	\$2.81	\$3.33	\$3.50	\$3.12
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$14.22	\$16.89	\$17.74	\$15.78
5,000 Gallons	\$19.46	\$23.11	\$24.28	\$21.60
10,000 Gallons	\$33.88	\$40.22	\$42.27	\$37.61

Utilities, Inc. of Florida - Pasco County Schedule of Water Rate Base Test Year Ended 12/31/05				Schedule No. 1-A Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$3,195,102	\$0	\$3,195,102	\$0	\$3,195,102
2 Land and Land Rights	\$2,718	\$9,000	11,718	0	11,718
3 Non-used and Useful Components	\$0	\$0	0	0	0
4 Accumulated Depreciation	(1,164,562)	0	(1,164,562)	0	(1,164,562)
5 CIAC	(595,435)	0	(595,435)	0	(595,435)
6 Amortization of CIAC	339,096	0	339,096	(35,678)	303,418
7 Construction Work In Progress	261,878	(261,878)	0	0	0
8 Net Debit Deferred Income Taxes	0	0	0	0	0
9 Advances for Construction	\$0	\$0	0	0	0
10 Working Capital Allowance	\$0	\$606,762	606,762	(383,652)	223,110
11 Other	0	0	0	0	0
12 Rate Base	<u>\$2,038,797</u>	<u>\$353,884</u>	<u>\$2,392,681</u>	<u>(\$419,330)</u>	<u>\$1,973,351</u>

Utilities, Inc. of Florida - Pasco County Schedule of Wastewater Rate Base Test Year Ended 12/31/05				Schedule No. 1-B Docket No. 060253-WS Interim		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	
1 Plant in Service	\$1,190,321	\$0	\$1,190,321	\$0	\$1,190,321	
2 Land and Land Rights	\$10,500	(\$9,000)	1,500	0	1,500	
3 Non-used and Useful Components	\$0	\$0	0	0	0	
4 Accumulated Depreciation	(318,807)	\$0	(318,807)	(155,722)	(474,529)	
5 CIAC	(587,255)	\$0	(587,255)	0	(587,255)	
6 Amortization of CIAC	310,227	\$0	310,227	0	310,227	
7 CWIP	9,875	(\$9,875)	0	0	0	
8 Advances for Construction	\$0	\$0	0	0	0	
9 Working Capital Allowance	\$0	\$429,491	429,491	(271,262)	158,229	
10 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
11 Rate Base	<u>\$614,861</u>	<u>\$410,616</u>	<u>\$1,025,477</u>	<u>(\$426,984)</u>	<u>\$598,493</u>	

Utilities, Inc. of Florida - Pasco County Adjustments to Rate Base Test Year Ended 12/31/05		Schedule No. 1-C Docket No. 060253-WS Interim	
Explanation	Water	Wastewater	
<u>Accumulated Depreciation</u>			
Increase Acc. Depreciation to reflect prior rate case adjustments	\$0	(\$155,722)	
<u>Accumulated Amortization of CIAC</u>			
Decrease Acc. Amortization to reflect prior rate case adjustments	(\$35,678)	\$0	
<u>Working Capital</u>			
To reflect adjustments made in the last rate case	(\$383,652)	(\$271,262)	

Utilities, Inc. of Florida - Pasco County Capital Structure-13-Month Average Test Year Ended 12/31/05						Schedule No. 2 Docket No. 060253-WS Interim		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Utility								
1 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$131,297,730)	\$1,727,372	50.54%	6.65%	3.36%
2 Short-term Debt	4,522,923	0	\$4,522,923	(4,464,323)	\$58,600	1.71%	5.01%	0.09%
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%
4 Common Equity	91,510,699	0	\$91,510,699	(90,322,033)	\$1,188,666	34.78%	10.45%	3.63%
5 Customer Deposits	23,850	0	\$23,850	0	\$23,850	0.70%	6.00%	0.04%
6 Tax Credits - Zero Cost	38,207	0	\$38,207	0	\$38,207	1.12%	0.00%	0.00%
7 Deferred Income Taxes	<u>381,463</u>	<u>0</u>	<u>\$381,463</u>	<u>0</u>	<u>\$381,463</u>	<u>11.16%</u>	<u>0.00%</u>	<u>0.00%</u>
10 Total Capital	<u>\$229,502,244</u>	<u>\$0</u>	<u>\$229,502,244</u>	<u>(\$226,084,086)</u>	<u>\$3,418,158</u>	<u>100.00%</u>		<u>7.12%</u>
Per Commission								
11 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$131,789,085)	\$1,236,017	48.06%	6.65%	3.20%
12 Short-term Debt	4,522,923	0	\$4,522,923	(4,480,898)	42,025	1.63%	5.01%	0.08%
13 Preferred Stock	0	0	\$0	0	0	0.00%	0.00%	0.00%
14 Common Equity	91,510,699	0	\$91,510,699	(90,660,417)	850,282	33.06%	10.45%	3.45%
15 Customer Deposits	23,850	0	\$23,850	0	23,850	0.93%	6.00%	0.06%
16 Tax Credits - Zero Cost	38,207	0	\$38,207	0	38,207	1.49%	0.00%	0.00%
17 Deferred Income Taxes	<u>381,463</u>	<u>0</u>	<u>\$381,463</u>	<u>0</u>	<u>381,463</u>	<u>14.83%</u>	<u>0.00%</u>	<u>0.00%</u>
20 Total Capital	<u>\$229,502,244</u>	<u>\$0</u>	<u>\$229,502,244</u>	<u>(\$226,930,400)</u>	<u>\$2,571,844</u>	<u>100.00%</u>		<u>6.79%</u>
						LOW	HIGH	
RETURN ON EQUITY						<u>10.45%</u>	<u>12.45%</u>	
OVERALL RATE OF RETURN						<u>6.79%</u>	<u>7.45%</u>	

Utilities, Inc. of Florida - Pasco County Statement of Water Operations Test Year Ended 12/31/05						Schedule No. 3-A Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requiremen t
1 Operating Revenues:	<u>\$585,359</u>	<u>\$262,089</u>	<u>\$847,448</u>	<u>(\$260,816)</u>	<u>\$586,632</u>	<u>\$210,002</u> 35.80%	<u>\$796,634</u>
Operating Expenses							
2 Operation & Maintenance	\$431,404	\$0	431,404	(669)	430,735		430,735
3 Depreciation	114,095	0	114,095	0	114,095		114,095
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	67,205	11,794	78,999	(11,737)	67,262	9,450	76,712
6 Income Taxes	<u>0</u>	<u>52,487</u>	<u>52,487</u>	<u>(86,821)</u>	<u>(34,334)</u>	<u>75,468</u>	<u>41,134</u>
7 Total Operating Expense	<u>612,704</u>	<u>64,281</u>	<u>676,985</u>	<u>(99,227)</u>	<u>577,758</u>	<u>84,918</u>	<u>662,676</u>
8 Operating Income	<u>(\$27,345)</u>	<u>\$197,808</u>	<u>\$170,463</u>	<u>(\$161,589)</u>	<u>\$8,874</u>	<u>\$125,084</u>	<u>\$133,958</u>
9 Rate Base	<u>\$2,038,797</u>		<u>\$2,392,681</u>		<u>\$1,973,351</u>		<u>\$1,973,351</u>
10 Rate of Return	<u>-1.34%</u>		<u>7.12%</u>		<u>0.45%</u>		<u>6.79%</u>

Utilities, Inc. of Florida - Pasco County Statement of Wastewater Operations Test Year Ended 12/31/05						Schedule No. 3-B Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$378,336</u>	<u>\$97,415</u>	<u>\$475,751</u>	<u>(\$96,663)</u>	<u>\$379,088</u>	<u>\$52,229</u> 13.78%	<u>\$431,317</u>
Operating Expenses							
2 Operation & Maintenance	\$305,477	\$0	\$305,477	0	\$305,477		\$305,477
3 Depreciation	37,758	0	37,758	0	37,758		37,758
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	32,594	4,384	36,978	(4,350)	32,628	2,350	34,978
6 Income Taxes	<u>0</u>	<u>22,487</u>	<u>22,487</u>	<u>(28,781)</u>	<u>(6,294)</u>	<u>18,769</u>	<u>12,475</u>
7 Total Operating Expense	<u>375,829</u>	<u>26,871</u>	<u>402,700</u>	<u>(33,131)</u>	<u>369,569</u>	<u>21,120</u>	<u>390,689</u>
8 Operating Income	<u>\$2,507</u>	<u>\$70,544</u>	<u>\$73,051</u>	<u>(\$63,532)</u>	<u>\$9,519</u>	<u>\$31,109</u>	<u>\$40,628</u>
9 Rate Base	<u>\$614,861</u>		<u>\$1,025,477</u>		<u>\$598,493</u>		<u>\$598,493</u>
10 Rate of Return	<u>0.41%</u>		<u>7.12%</u>		<u>1.59%</u>		<u>6.79%</u>

Utilities, Inc. of Florida - Pasco County Adjustment to Operating Income Test Year Ended 12/31/05		Schedule 3-C Docket No. 060253-WS Interim	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
Remove requested interim revenue increase	<u>(\$260,816)</u>	<u>(\$96,663)</u>	
<u>Operation and Maintenance Expense</u>			
To adjust purchased power and chemicals for excess unaccounted for water of 5.4% above the allowable 10%	<u>(\$669)</u>	<u>\$0</u>	
<u>Taxes Other Than Income</u>			
RAFs on revenue adjustments above	<u>(\$11,737)</u>	<u>(\$4,350)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$86,821)</u>	<u>(28,781)</u>	

**Utilities, Inc. of Florida - Pasco County
 Water Monthly Service Rates
 Test Year Ended 12/31/05**

**Schedule No. 4-A
 Docket No. 060253-WS
 Interim**

	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Commission Approved Interim
Residential and General Service				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$8.93	\$12.90	\$14.70	\$12.18
3/4"	\$13.41	\$19.37	\$22.11	\$18.29
1"	\$22.35	\$32.29	\$36.85	\$30.48
1-1/2"	\$44.68	\$64.54	\$73.66	\$60.92
2"	\$71.49	\$103.27	\$117.86	\$97.48
3"	\$142.99	\$206.56	\$235.73	\$194.98
4"	\$223.41	\$322.74	\$368.31	\$304.64
6"	\$446.83	\$645.49	\$736.64	\$609.29
Gallonage Charge, per 1,000 Gallons	\$1.77	\$2.54	\$2.92	\$2.41
Typical Residential Bills 5/8" x 3/4" Meter				
3,000 Gallons	\$14.24	\$20.52	\$23.46	\$19.41
5,000 Gallons	\$17.78	\$25.60	\$29.30	\$24.23
10,000 Gallons	\$26.63	\$38.30	\$43.90	\$36.28

Utilities, Inc. of Florida - Pasco County Wastewater Monthly Service Rates Test Year Ended 12/31/05		SCHEDULE NO. 4-B Docket No. 060253-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Commission Approved Interim
<u>Residential</u>				
All areas except Wis-Bar				
Base Facility Charge All Meter Sizes:	\$9.78	\$12.26	\$13.74	\$11.13
Gallonage Charge - Per 1,000 gallons (6,000 gallon cap)	\$8.01	\$10.05	\$11.93	\$9.11
Wis-Bar				
Base Facility Charge All Meter Sizes:	\$7.77	\$9.74	\$10.92	\$8.84
Gallonage Charge - Per 1,000 gallons (6,000 gallon cap)	\$6.11	\$7.66	\$8.59	\$6.95
Flat-rate (unmetered)	\$20.42	\$25.62	\$28.70	\$23.23
<u>General Service</u>				
All areas served by the Company				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$9.78	\$12.26	\$13.74	\$11.13
3/4"	\$14.67	\$18.41	\$20.62	\$16.69
1"	\$24.45	\$30.69	\$34.36	\$27.82
1-1/2"	\$48.90	\$61.37	\$68.72	\$55.64
2"	\$78.24	\$98.20	\$109.95	\$89.02
3"	\$156.49	\$196.41	\$219.92	\$178.05
4"	\$244.50	\$306.87	\$343.60	\$278.19
6"	\$489.02	\$613.77	\$687.22	\$556.39
Gallonage Charge, per 1,000 Gallons	\$9.61	\$12.06	\$13.50	\$10.93
<u>Multi-Residential Service</u>				
Wis-Bar				
Flat-Rate (unmetered)	\$13.48	\$18.37	\$18.94	\$15.34
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$33.81	\$42.41	\$49.53	\$38.46
5,000 Gallons	\$49.83	\$62.51	\$73.39	\$56.68
6,000 Gallons	\$57.84	\$72.56	\$85.32	\$65.79
(Wastewater Gallonage Cap - 6,000 Gallons)				

Utilities, Inc. of Florida - Pinellas County Schedule of Water Rate Base Test Year Ended 12/31/05				Schedule No. 1-A Docket No. 060253-WS Interim		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	
1 Plant in Service	\$410,162	\$10,250	\$420,412	\$0	\$420,412	
2 Land and Land Rights	\$6,106	\$0	6,106	0	6,106	
3 Non-used and Useful Components	\$0	\$0	0	0	0	
4 Accumulated Depreciation	(80,431)	(6,360)	(86,791)	0	(86,791)	
5 CIAC	(138,847)	0	(138,847)	0	(138,847)	
6 Amortization of CIAC	\$58,324	\$0	58,324	0	58,324	
7 Net Debit Deferred Income Taxes	0	0	0	0	0	
8 Advances for Construction	\$0	\$0	0	0	0	
9 Working Capital Allowance	\$0	\$93,287	93,287	(59,122)	34,165	
10 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
11 Rate Base	<u>\$255,314</u>	<u>\$97,177</u>	<u>\$352,491</u>	<u>(\$59,122)</u>	<u>\$293,369</u>	

Utilities, Inc. of Florida - Pinellas County Adjustments to Rate Base Test Year Ended 12/31/05		Schedule No. 1-B Docket No. 060253-WS Interim
Explanation	Water	
<u>Working Capital</u> To reflect adjustments made in the last rate case	<u>(\$59,122)</u>	

Utilities, Inc. of Florida - Pinellas County
Capital Structure-13-Month Average
Test Year Ended 12/31/05

Schedule No. 2
Docket No. 060253-WS
Interim

Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$132,845,548)	\$179,554	50.94%	6.65%	3.39%	
2 Short-term Debt	4,522,923	0	4,522,923	(4,516,832)	\$6,091	1.73%	5.01%	0.09%	
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%	
4 Common Equity	91,510,699	0	\$91,510,699	(91,387,140)	\$123,559	35.05%	10.45%	3.66%	
5 Customer Deposits	3,560	0	\$3,560	0	\$3,560	1.01%	6.00%	0.06%	
6 Tax Credits - Zero Cost	3,617	0	\$3,617	0	\$3,617	1.03%	0.00%	0.00%	
7 Deferred Income Taxes	<u>36,110</u>	<u>0</u>	<u>\$36,110</u>	<u>0</u>	<u>\$36,110</u>	<u>10.24%</u>	0.00%	<u>0.00%</u>	
10 Total Capital	<u>\$229,102,011</u>	<u>\$0</u>	<u>\$229,102,011</u>	<u>(\$228,749,520)</u>	<u>\$352,491</u>	<u>100.00%</u>		<u>7.20%</u>	
Per Commission									
11 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$132,879,868)	\$145,234	49.51%	6.65%	3.29%	
12 Short-term Debt	4,522,923	0	4,522,923	(4,517,985)	4,938	1.68%	5.01%	0.08%	
13 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
14 Common Equity	91,510,699	0	91,510,699	(91,410,789)	99,910	34.06%	10.45%	3.56%	
15 Customer Deposits	3,560	0	3,560	0	3,560	1.21%	6.00%	0.07%	
16 Tax Credits - Zero Cost	3,617	0	3,617	0	3,617	1.23%	0.00%	0.00%	
17 Deferred Income Taxes	<u>36,110</u>	<u>0</u>	<u>36,110</u>	<u>0</u>	<u>36,110</u>	<u>12.31%</u>	0.00%	<u>0.00%</u>	
20 Total Capital	<u>\$229,102,011</u>	<u>\$0</u>	<u>\$229,102,011</u>	<u>(\$228,808,642)</u>	<u>\$293,369</u>	<u>100.00%</u>		<u>7.01%</u>	
						<u>LOW</u>	<u>HIGH</u>		
RETURN ON EQUITY						<u>10.45%</u>	<u>12.45%</u>		
OVERALL RATE OF RETURN						<u>7.01%</u>	<u>7.69%</u>		

Utilities, Inc. of Florida - Pinellas County Statement of Water Operations Test Year Ended 12/31/05						Schedule No. 3-A Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$76,741</u>	<u>\$44,858</u>	<u>\$121,599</u>	<u>(\$44,611)</u>	<u>\$76,988</u>	<u>\$37,482</u> 48.69%	<u>\$114,470</u>
Operating Expenses							
2 Operation & Maintenance	\$66,430	\$0	66,430	(471)	65,959		65,959
3 Depreciation	13,135	0	13,135	0	13,135		13,135
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	6,466	2,372	8,838	(2,007)	6,831	1,687	8,517
6 Income Taxes	<u>0</u>	<u>7,804</u>	<u>7,804</u>	<u>(14,975)</u>	<u>(7,171)</u>	<u>13,470</u>	<u>6,299</u>
7 Total Operating Expense	<u>86,031</u>	<u>10,176</u>	<u>96,207</u>	<u>(17,453)</u>	<u>78,754</u>	<u>15,156</u>	<u>93,910</u>
8 Operating Income	<u>(\$9,290)</u>	<u>\$34,682</u>	<u>\$25,392</u>	<u>(\$27,158)</u>	<u>(\$1,766)</u>	<u>\$22,326</u>	<u>\$20,560</u>
9 Rate Base	<u>\$255,314</u>		<u>\$352,491</u>		<u>\$293,369</u>		<u>\$293,369</u>
10 Rate of Return	<u>-3.64%</u>		<u>7.20%</u>		<u>-0.60%</u>		<u>7.01%</u>

**Utilities, Inc. of Florida - Pinellas County
Adjustment to Operating Income
Test Year Ended 12/31/05**

**Schedule 3-B
Docket No. 060253-WS
Interim**

Explanation	Water
<u>Operating Revenues</u>	
Remove requested interim revenue increase	<u>(\$44,611)</u>
<u>Operation and Maintenance Expense</u>	
To adjust purchased power and chemicals for excess unaccounted for water of 12.2% above allowable 10%	<u>(\$471)</u>
<u>Taxes Other Than Income</u>	
RAFs on revenue adjustments above	<u>(\$2,007)</u>
<u>Income Taxes</u>	
To adjust to test year income tax expense.	<u>(\$14,975)</u>

Utilities, Inc. of Florida - Pinellas County Water Monthly Service Rates Test Year Ended 12/31/05		Schedule No. 4 Docket No. 060253-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Commission Approved Interim
Residential, General Service and Multi-Family				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$5.06	\$7.99	\$8.94	\$7.55
1"	\$12.66	\$20.00	\$22.34	\$18.89
1-1/2"	\$25.32	\$39.99	\$44.67	\$37.78
2"	\$40.52	\$64.00	\$71.49	\$60.46
3"	\$81.04	\$127.99	\$142.98	\$120.93
4"	\$126.62	\$199.98	\$223.40	\$188.95
6"	\$253.24	\$399.97	\$446.79	\$377.89
Gallonge Charge, per 1,000 Gallons	\$2.31	\$3.66	\$4.08	\$3.45
Typical Residential Bills 5/8" x 3/4" Meter				
3,000 Gallons	\$11.99	\$18.97	\$21.18	\$17.90
5,000 Gallons	\$16.61	\$26.29	\$29.34	\$24.80
10,000 Gallons	\$28.16	\$44.59	\$49.74	\$42.05

Utilities, Inc. of Florida - Seminole County Schedule of Water Rate Base Test Year Ended 12/31/05			Schedule No. 1-A Docket No. 060253-WS Interim		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$3,362,863		\$3,362,863	\$0	\$3,362,863
2 Land and Land Rights	\$16,511	\$0	16,511	0	16,511
3 Non-used and Useful Components	\$0	\$0	0	0	0
4 Construction Wok in Progress	358,579	(358,579)	0	0	0
5 Accumulated Depreciation	(1,180,749)		(1,180,749)	0	(1,180,749)
6 CIAC	(801,335)	\$0	(801,335)	0	(801,335)
7 Amortization of CIAC	\$588,929	\$0	588,929	0	588,929
8 Net Debit Deferred Income Taxes	0	0	0	0	0
9 Advances for Construction	\$0	\$0	0	0	0
10 Working Capital Allowance	\$0	\$615,267	615,267	(388,636)	226,631
11 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
12 Rate Base	<u>\$2,344,798</u>	<u>\$256,688</u>	<u>\$2,601,486</u>	<u>-\$388,636</u>	<u>\$2,212,850</u>

Utilities, Inc. of Florida - Seminole County Schedule of Wastewater Rate Base Test Year Ended 12/31/05				Schedule No. 1-B Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$2,935,831		\$2,935,831	\$0	\$2,935,831
2 Land and Land Rights	\$178,845	\$0	178,845	0	178,845
3 Non-used and Useful Components	\$0	\$0	0	0	0
4 Construction Work in Progress	35,817	(35,817)			
5 Accumulated Depreciation	(719,373)		(719,373)	0	(719,373)
6 CIAC	(657,001)	\$0	(657,001)	(107,000)	(764,001)
7 Amortization of CIAC	\$447,854	\$0	447,854	16,051	463,905
8 CWIP	\$0	\$0	0	0	0
9 Advances for Construction	\$0	\$0	0	0	0
10 Working Capital Allowance	\$0	\$637,858	637,858	(402,891)	234,967
11 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
12 Rate Base	<u>\$2,221,973</u>	<u>\$602,041</u>	<u>\$2,824,014</u>	<u>(\$493,840)</u>	<u>\$2,330,174</u>

Utilities, Inc. of Florida - Seminole County Adjustments to Rate Base Test Year Ended 12/31/05		Schedule No. 1-C Docket No. 060253-WS Interim	
Explanation	Water	Wastewater	
<u>CIAC</u> To reflect prior Commission-ordered adjustment to CIAC for contribution from City of Altamonte Springs	<u>\$0</u>	<u>(\$107,000)</u>	
<u>Accumulated Amortization of CIAC</u> To reflect prior Commission-ordered adjustment to CIAC for contribution from City of Altamonte Springs	<u>\$0</u>	<u>\$16,051</u>	
<u>Working Capital</u> To reflect adjustments made in the last rate case	<u>(\$388,636)</u>	<u>(\$402,891)</u>	

**Utilities, Inc. of Florida - Seminole County
 Capital Structure-13-Month Average
 Test Year Ended 12/31/05**

**Schedule No. 2
 Docket No. 060253-WS
 Interim**

Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$130,260,602)	\$2,764,500	50.95%	6.65%	3.39%	
2 Short-term Debt	4,522,923	0	\$4,522,923	(4,429,139)	\$93,784	1.73%	5.01%	0.09%	
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%	
4 Common Equity	91,510,699	0	\$91,510,699	(89,608,350)	\$1,902,349	35.06%	10.45%	3.66%	
5 Customer Deposits	45,500	0	\$45,500	0	\$45,500	0.84%	6.00%	0.05%	
6 Tax Credits - zero cost	56,388		\$56,388		\$56,388	1.04%	0.00%	0.00%	
7 Deferred Income Taxes	<u>562,979</u>	<u>0</u>	<u>\$562,979</u>	<u>0</u>	<u>\$562,979</u>	<u>10.38%</u>	<u>0.00%</u>	<u>0.00%</u>	
8 Total Capital	<u>\$229,723,591</u>	<u>\$0</u>	<u>\$229,723,591</u>	<u>(\$224,298,091)</u>	<u>\$5,425,500</u>	<u>100.00%</u>		<u>7.19%</u>	
Per Commission									
9 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$130,772,875)	\$2,252,227	49.58%	6.65%	3.30%	
10 Short-term Debt	4,522,923	0	4,522,923	(4,446,346)	76,577	1.69%	5.01%	0.08%	
11 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
12 Common Equity	91,510,699	0	91,510,699	(89,961,346)	1,549,353	34.10%	10.45%	3.56%	
13 Customer Deposits	45,500	0	45,500	0	45,500	1.00%	6.00%	0.06%	
14 Tax Credits - zero cost	56,388		56,388	0	56,388	1.24%	0.00%	0.00%	
15 Deferred Income Taxes	<u>562,979</u>	<u>0</u>	<u>562,979</u>	<u>0</u>	<u>562,979</u>	<u>12.39%</u>	<u>0.00%</u>	<u>0.00%</u>	
16 Total Capital	<u>\$229,723,591</u>	<u>\$0</u>	<u>\$229,723,591</u>	<u>(\$225,180,567)</u>	<u>\$4,543,024</u>	<u>100.00%</u>		<u>7.01%</u>	
						LOW	HIGH		
RETURN ON EQUITY						<u>10.45%</u>	<u>12.45%</u>		
OVERALL RATE OF RETURN						<u>7.01%</u>	<u>7.69%</u>		

Utilities, Inc. of Florida - Seminole County Statement of Water Operations Test Year Ended 12/31/05						Schedule No. 3-A Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$679,867</u>	<u>\$173,894</u>	<u>\$853,761</u>	<u>(\$172,417)</u>	<u>\$681,344</u>	<u>\$128,491</u> 18.86%	<u>\$809,835</u>
Operating Expenses							
2 Operation & Maintenance	\$437,533	\$0	437,533	0	437,533		437,533
3 Depreciation	112,389	0	112,389	0	112,389		112,389
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	50,530	8,765	59,295	(7,759)	51,536	5,782	57,318
6 Income Taxes	0	57,510	57,510	(56,105)	1,405	46,175	47,581
7 Total Operating Expense	<u>600,452</u>	<u>66,275</u>	<u>666,727</u>	<u>(63,863)</u>	<u>602,864</u>	<u>51,958</u>	<u>654,821</u>
8 Operating Income	<u>\$79,415</u>	<u>\$107,619</u>	<u>\$187,034</u>	<u>(\$108,554)</u>	<u>\$78,480</u>	<u>\$76,534</u>	<u>\$155,014</u>
9 Rate Base	<u>\$2,344,798</u>		<u>\$2,601,486</u>		<u>\$2,212,850</u>		<u>\$2,212,850</u>
10 Rate of Return	<u>3.39%</u>		<u>7.19%</u>		<u>3.55%</u>		<u>7.01%</u>

Utilities, Inc. of Florida - Seminole County Statement of Wastewater Operations Test Year Ended 12/31/05						Schedule No. 3-B Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$589,169</u>	<u>\$245,361</u>	<u>\$834,530</u>	<u>(\$244,029)</u>	<u>\$590,501</u>	<u>\$193,188</u> 32.72%	<u>\$783,689</u>
Operating Expenses							
2 Operation & Maintenance	\$453,627	\$0	\$453,627	\$0	\$453,627		\$453,627
3 Depreciation	66,750	0	66,750	0	66,750		66,750
4 Amortization	0	0	0	3,567	3,567		3,567
5 Taxes Other Than Income	37,154	11,542	48,696	(10,981)	37,715	8,693	46,408
6 Income Taxes	<u>0</u>	<u>62,429</u>	<u>62,429</u>	<u>(81,751)</u>	<u>(19,322)</u>	<u>69,425</u>	<u>50,104</u>
7 Total Operating Expense	<u>557,531</u>	<u>73,971</u>	<u>631,502</u>	<u>(89,165)</u>	<u>542,337</u>	<u>78,119</u>	<u>620,456</u>
8 Operating Income	<u>\$31,638</u>	<u>\$171,390</u>	<u>\$203,028</u>	<u>(\$154,864)</u>	<u>\$48,164</u>	<u>\$115,069</u>	<u>\$163,233</u>
9 Rate Base	<u>\$2,221,973</u>		<u>\$2,824,014</u>		<u>\$2,330,174</u>		<u>\$2,330,174</u>
10 Rate of Return	<u>1.42%</u>		<u>7.19%</u>		<u>2.07%</u>		<u>7.01%</u>

Utilities, Inc. of Florida - Seminole County Adjustment to Operating Income Test Year Ended 12/31/05		Schedule 3-C Docket No. 060253-WS Interim	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
Remove requested interim revenue increase	<u>(\$172,417)</u>		<u>(\$244,029)</u>
<u>Amortization-Other Expense</u>			
To reflect prior Commission-ordered adjustment to CIAC for contribution from City of Altamonte Springs	<u>\$0</u>		<u>\$3,567</u>
<u>Taxes Other Than Income</u>			
RAFs on revenue adjustments above	<u>(\$7,759)</u>		<u>(\$10,981)</u>
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$56,105)</u>		<u>(81,751)</u>

Utilities, Inc. of Florida - Seminole County		Schedule No. 4-A		
Water Monthly Service Rates		Docket No. 060253-WS		
Test Year Ended 12/31/05		Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Commission Approved Interim
Residential				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$5.77	\$7.23	\$8.16	\$6.84
1"	\$15.06	\$18.88	\$21.25	\$17.85
1-1/2"	\$28.82	\$36.12	\$40.64	\$34.17
2"	\$46.12	\$57.79	\$65.01	\$54.68
3"	\$92.24	\$115.58	\$130.00	\$109.35
4"	\$144.13	\$180.59	\$203.11	\$170.87
6"	\$288.25	\$361.18	\$406.19	\$341.73
Gallonage Charge, per 1,000 Gallons				
First 8,000 Gallons	\$1.87	\$2.35	\$2.64	\$2.22
Next 8,000 Gallons	\$2.81	\$3.53	\$3.97	\$3.33
Over 16,000 gallons	\$3.74	\$4.70	\$5.30	\$4.43
General Service				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$5.77	\$7.23	\$8.16	\$6.84
1"	\$15.06	\$18.88	\$21.25	\$17.85
1-1/2"	\$28.82	\$36.12	\$40.64	\$34.17
2"	\$46.12	\$57.79	\$65.01	\$54.68
3"	\$92.24	\$115.58	\$130.00	\$109.35
4"	\$144.13	\$180.59	\$203.11	\$170.87
6"	\$288.25	\$361.18	\$406.19	\$341.73
	\$2.19	\$2.75	\$3.09	\$2.60
Typical Residential Bills 5/8" x 3/4" Meter				
3,000 Gallons	\$11.38	\$14.28	\$16.08	\$13.50
5,000 Gallons	\$15.12	\$18.98	\$21.36	\$17.94
10,000 Gallons	\$26.35	\$33.09	\$33.25	\$31.26

Utilities, Inc. of Florida - Seminole County Wastewater Monthly Service Rates Test Year Ended 12/31/05		SCHEDULE NO. 4-B Docket No. 060253-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Commission Approved Interim
Residential				
Base Facility Charge All Meter Sizes:	\$8.93	\$12.63	\$13.48	\$11.85
Gallonge Charge - Per 1,000 gallons (10,000 gallon cap)	\$4.54	\$6.42	\$6.86	\$6.03
Flat Rate (unmetered)	\$35.00	\$49.46	\$52.82	\$46.45
General Service				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$8.93	\$12.63	\$13.48	\$11.85
1"	\$22.32	\$31.55	\$33.68	\$29.62
1-1/2"	\$44.63	\$63.07	\$67.35	\$59.23
2"	\$71.42	\$100.94	\$107.78	\$94.79
3"	\$142.82	\$201.83	\$215.53	\$189.54
4"	\$223.17	\$315.39	\$336.79	\$296.18
6"	\$446.33	\$630.75	\$673.56	\$592.35
Gallonge Charge, per 1,000 Gallons	\$5.44	\$7.75	\$8.21	\$7.22
Typical Residential Bills 5/8" x 3/4" Meter				
3,000 Gallons	\$22.55	\$31.89	\$34.06	\$29.94
5,000 Gallons	\$31.63	\$44.73	\$47.78	\$42.00
10,000 Gallons (Wastewater Gallonge Cap - 10,000 Gallons)	\$54.33	\$76.83	\$82.08	\$72.15