

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate) DOCKET NO. 911030-WS
increase in Brevard County by) ORDER NO. PSC-92-0187-FOF-WS
GENERAL DEVELOPMENT UTILITIES,) ISSUED: 04/13/92
INC. (Port Malabar Division))
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY

ORDER GRANTING INTERIM RATES

BY THE COMMISSION:

BACKGROUND

General Development Utilities, Inc./Port Malabar Division (GDU-PM or utility) is a Class A utility located in Brevard County. The utility is a wholly-owned subsidiary of General Development Corporation. As of December 31, 1990, the utility had 13,681 water customers and 5,963 wastewater customers.

The water system had actual operating revenues of \$3,902,810, with net operating income of \$1,185,319 for the twelve months ended December 31, 1990. The wastewater system had actual operating revenues of \$1,822,638, with net operating income of \$296,836, for the same period.

On January 3, 1992, the utility filed its application for a rate increase. The minimum filing requirements (MFRs) were deficient. On January 16, 1992, the utility submitted additional data and upon review, this date was established as the official filing date. The test year, for final rate determination, is the projected twelve-month period ended December 31, 1991. The interim test period is the twelve-month period ended December 31, 1990. The utility's present rates were established in 1982 by Order No. 10672, issued March 25, 1982.

GDU-PM requested interim water rates designed to generate annual revenues of \$5,046,658. These revenues exceed test-year revenues by \$1,143,848, or an increase of 29.31%. The utility has

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requested interim wastewater rates designed to generate annual revenues of \$3,153,927. These requested revenues exceed test-year revenues by \$1,331,289, or an increase of 73.04%.

GDU-PM requested final water rates designed to generate annual revenues of \$5,854,672, which exceed test year revenues by \$1,939,557, or an increase of 49.83%. The utility requested final wastewater rates designed to generate annual revenues of \$3,558,165, which exceed test year revenues by \$1,763,021, or an increase of 98.28%. The utility stated that the final rates requested will be sufficient to recover a 11.00% rate of return on rate base.

By Order No. PSC-92-0095-FOF-WS, issued on March 24, 1992, the Commission suspended the requested rates and schedules.

INTERIM RATES

Upon review of the information filed in the application, we find that, pursuant to section 367.082, Florida Statutes, the utility has made a prima facie showing. Thus, we find it appropriate, on an interim basis, to increase water revenues by \$818,888 and to increase wastewater revenues by \$1,281,262, subject to refund with interest. In determining the interim revenue amount we have made several adjustments to the information filed, which are discussed below.

Rate Base

The utility has requested that water distribution system be considered 80.75% used and useful and the wastewater collection system be considered 100% used and useful. However, we find that the used and useful water distribution and wastewater transmission systems were overstated. The utility, in determining the used and useful percentage for the interim rate request, compared the total lots on line with Equivalent Residential Connections (ERCs) rather than comparing consistent units.

Therefore, we have reduced water plant in service by \$1,961,869 and wastewater plant in service by \$133,529. A related reduction was made to accumulated depreciation for each respective system in the amount of \$245,057 and \$20,067. The schedules showing the calculation of these figures are attached as Schedules Nos. 1-A and 1-B. The adjustments to these schedules are itemized on Schedule No. 1-C.

Capital Structure

In its application the utility requested approval of a 11.83% cost of capital for interim purposes. The utility used GDU's consolidated capital structure to calculate its overall rate of return. However, the utility's calculation included an assignment of customer deposits, investment tax credits and deferred income taxes from GDU to its utility divisions. These adjustments to capital structure imply that funds may be traced. For interim purposes, we find this attempt to trace funds to be inappropriate. Therefore, we have reversed the utility's adjustments and reconciled the capital structure to rate base on a pro rata basis.

The Commission established a return on equity for this utility of between 14.30% and 16.30% in Order No. 10672. Based on this rate and our adjustments, the overall rate of return for interim purposes is calculated to be 11.88%. This is higher than the 11.83% return requested by the utility.

The utility requested a specific revenue requirement for both the water and wastewater systems. It is Commission practice to limit the amount of the increase to the amount requested. Although our approved rate of return is .05% greater than that requested by the utility, the approved revenue increase is \$374,987 less than that requested by the utility due to our adjustments.

Our calculation of capital structure is attached as Schedule No. 2-A. Our adjustments are itemized on Schedule No. 2-B.

Net Operating Income

Several adjustments were made to the utility's operating income for interim purposes. The utility's proposed operating statement includes a pro forma adjustment to reflect a greater expense due to payment of the current 4.5% rate for regulatory assessment fees, which became effective July 1, 1990. Since the interim rate determination, by statute, must be made on a historical basis, this known change cannot be allowed in this interim proceeding. The test year for this proceeding is the twelve-month period ended December 31, 1990. Thus, the increased tax rate was in effect for one-half of the year. Therefore, we have reduced this provision for regulatory assessment fee to reflect a 3.5% blended rate. In addition, property taxes and depreciation expense for both the water and wastewater systems have been adjusted to reflect the adjustment to non-used and useful plant discussed in an earlier portion of this Order.

Revenue Requirement

Based on our review of the information filed by the applicant, we find that it is appropriate on an interim basis to increase water revenues by \$818,888, for a total water revenue requirement of \$4,693,447, and wastewater revenues by \$1,281,262, for a total wastewater revenue requirement of \$3,098,718. This is an increase of 21.13% for water and 70.50% for wastewater over the existing rates. The schedules showing the calculation of these figures are attached as Schedules Nos. 3-A and 3-B. The adjustments to these schedules are itemized on schedule No. 3-C.

Interim Rates

The interim rates are designed to allow the utility the opportunity to generate additional annual operating revenues of \$818,888 and \$1,281,262 for the respective water and wastewater systems. This results in increases of 21.13% and 70.50% in existing water and wastewater rates, respectively.

We find these rates to be fair, just, and reasonable. The utility's existing and requested interim rates and the approved interim rates are set forth below for comparison.

WATER

	<u>Monthly Rates</u>		
	<u>Current Rates</u>	<u>Utility Requested Interim</u>	<u>Commission Approved Interim</u>
<u>Residential Service</u>			
Base Facility Charge			
Meter Size:			
5/8"x3/4"	\$ 7.00	\$ 9.06	\$ 8.48
1"	17.53	22.70	21.24
1 1/2"	35.07	45.41	42.48
2"	56.12	72.66	67.98
Gallage Charge			
per 1,000 G.	\$ 1.98	2.56	2.40

	<u>Current Rates</u>	<u>Utility Requested Interim</u>	<u>Commission Approved Interim</u>
<u>General Service (Commercial & Multi-Family)</u>			
Base Facility Charge			
Meter Size:			
5/8"x3/4"	\$ 7.00	\$ 9.06	\$ 8.48
1"	17.53	22.70	21.24
1 1/2"	35.07	45.41	42.48
2"	56.12	72.66	67.98
3"	112.24	145.32	135.97
4"	175.37	227.05	212.44
6"	350.73	454.09	424.87
8"	561.18	726.56	679.81
10"	806.67	1,044.40	977.20
12"	1,508.13	1,952.58	1,826.95
Gallage Charge			
per 1,000 G.	\$ 1.98	\$ 2.56	\$ 2.40
<u>Industrial Service</u>			
Base Facility Charge			
Meter Size:			
1 1/2"	\$ 35.07	\$ 45.41	\$ 42.48
2"	56.12	72.66	67.98
3"	112.24	145.32	135.97
4"	175.37	227.05	212.44
6"	350.73	454.09	424.87
Gallage Charge			
per 1,000 G.	\$ 1.98	\$ 2.56	\$ 2.40
<u>Private Fire Protection</u>			
Annual Charge			
Meter Size:			
2"	\$ 224.48	\$ 290.63	\$ 271.94
4"	701.47	908.19	849.76
6"	1,402.93	1,816.37	1,699.51
8"	2,244.72	2,906.24	2,719.25
10"	3,226.70	4,177.61	3,908.82

WASTEWATER

	<u>Monthly Rates</u>		
	<u>Current Rates</u>	<u>Utility Requested Interim</u>	<u>Commission Approved Interim</u>
<u>Residential Service</u>			
Base Facility Charge			
Meter Size:			
All Meter Sizes	\$ 10.47	\$ 18.13	\$ 17.85
Gallonage Charge			
per 1,000 G.			
maximum 10,000 gallons	\$ 1.46	\$ 2.53	\$ 2.49
<u>General Service (Commercial & Multi-Family)</u>			
Base Facility Charge			
Meter Size:			
5/8"x3/4"	\$ 10.47	\$ 18.13	\$ 17.85
1"	26.20	45.37	44.67
1 1/2"	52.38	90.70	89.31
2"	83.84	145.17	142.95
3"	167.68	290.34	285.89
4"	262.02	453.69	446.74
6"	524.07	907.43	893.54
8"	838.48	1,451.83	1,429.61
10"	1,205.31	2,086.99	2,055.05
12"	2,253.43	3,901.81	3,842.10
Gallonage Charge			
per 1,000 G.	\$ 1.46	\$ 2.53	\$ 2.49
<u>Industrial Service</u>			
Base Facility Charge			
Meter Size:			
5/8"x3/4"	\$ 10.47	\$ 18.13	\$ 17.85
1"	26.20	45.37	44.67
1 1/2"	52.38	90.70	89.31
2"	83.84	145.17	142.95
3"	167.68	290.34	285.89
4"	262.02	453.69	446.74
6"	524.07	907.43	893.54
8"	838.48	1,451.83	1,429.61
10"	1,205.31	2,086.99	2,055.05
12"	2,253.43	3,901.81	3,842.10
Gallonage Charge			
per 1,000 G.	\$ 1.46	\$ 2.53	\$ 2.49

Security For Refund

Pursuant to Section 367.082, Florida Statutes, the excess of interim rates over the previously authorized rates shall be collected under guarantee subject to refund with interest. Based on our review of GDU's financial situation, we find that the utility cannot support a corporate undertaking. Therefore, we require the utility to provide a letter of credit, bond, or escrow agreement to guarantee the funds collected subject to refund.

If the security provided is an escrow account, said account shall be established between the utility and an independent financial institution pursuant to a written escrow agreement. The Commission shall be a party to the written escrow agreement and the Director of Records and Reporting must be a signatory to the escrow account. The written escrow agreement shall state the following: that the account is established at the direction of this Commission for the purpose set forth above, that no withdrawals of funds should occur without the prior approval of the Commission through the Director of the Division of Records and Reporting, that the account should be interest bearing, that information concerning the escrow account should be available from the institution to the Commission or its representative at all times, and that pursuant to Consentino v. Elson, 263 So.2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.

The utility shall deposit the funds to be escrowed, \$202,222, into the escrow account each month, pending the completion of the rate case proceeding. If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the utility.

If the security provided is a bond or a letter of credit, said instrument should be in the amount of \$1,820,000. If the utility chooses a bond as security, the bond should state that it will be released or should terminate upon subsequent Order of this Commission addressing overearnings or requiring a refund. If the utility chooses to provide a letter of credit as security, the letter of credit should state that it is irrevocable for the period it is in effect and that it will be in effect until a final Commission order is rendered addressing overearnings or requiring a refund.

Pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility shall provide a report by the 20th day of each month

indicating the monthly and total revenue collected subject to refund.

Motion to Require Escrow of Interim Increase

On February 19, 1992, the Cities of Palm Bay and North Port, Intervenor in this proceeding, filed a motion to require deposit of any interim rate increase into an escrow account. Section 367.082(2)(c), Florida Statutes, which provides for interim rates, specifically addresses security of refund: "The Commission shall determine whether escrow, letter of credit, or corporate undertaking may be filed in lieu of the bond." (emphasis added) Further, Rule 25-30.360(6), Florida Administrative Code, provides that money subject to refund, "shall be secured by a bond unless the Commission specifically authorizes some other type of security...." Thus, at a minimum, the utility is entitled to secure the money subject to refund by a bond. We find that the Cities' allegations are insufficient to preclude the utility's use of a letter of credit or bond, and therefore deny the motion.

Based on the foregoing, it is,

ORDERED by the Florida Public Service Commission that the request by General Development Utilities, Inc. for an interim increase in water and wastewater rates is hereby approved to the extent set forth in the body of the Order. It is further

ORDERED that the increased water and wastewater rates approved herein are subject to refund with interest pending the outcome of this proceeding. It is further

ORDERED that General Development Utilities, Inc. shall provide a letter of credit, bond or escrow agreement, as set forth in the body of this Order, to guarantee the interim funds collected subject to refund. It is further

ORDERED that General Development Utilities, Inc. shall submit, pursuant to Rule 25-30.360(6), Florida Administrative Code, a report by the 20th of each month indicating the monthly and total revenues collected subject to refund. It is further

ORDERED that General Development Utilities, Inc. shall file revised tariff sheets in accordance with the provisions of this Order, as well as a proposed notice to customers. It is further

ORDERED that the interim rates shall become effective for meter readings on or after 30 days from the stamped approval date on the revised tariff sheets. It is further

ORDERED that the revised tariff sheets will be approved upon Commission Staff's verification that the tariff sheets are consistent with the Commission's decision, the appropriate security has been filed to guarantee any potential refund, and the proposed customer notice is adequate.

By ORDER of the Florida Public Service Commission, this 13th day of April, 1992.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

KAC/CB/LAJ

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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) 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

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Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

GDU/PORT MALABAR DIVISION
 SCHEDULE OF WATER RATE BASE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-A
 DOCKET NO. 911030-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 30,131,918	\$ 855,891	\$ 30,987,809	0	30,987,809
2 LAND	10,906	0	10,906	0	10,906
3 NON-USED & USEFUL COMPONENTS	0	(1,928,580)	(1,928,580)	(1,961,869)	(3,890,449)
4 CONSTRUCTION WORK IN PROGRESS	0	0	0	0	0
5 ACCUMULATED DEPRECIATION	(5,080,809)	(23,104)	(5,103,913)	245,057	(4,858,856)
6 CIAC	(10,252,594)	(67,807)	(10,320,401)	0	(10,320,401)
7 AMORTIZATION OF CIAC	1,435,594	654	1,436,248	0	1,436,248
8 DEFERRED TAXES	545,643	0	545,643	(545,643)	0
9 ADVANCES FOR CONSTRUCTION	(121,085)	67,807	(53,278)	0	(53,278)
10 WORKING CAPITAL ALLOWANCE	204,377	0	204,377	0	204,377
RATE BASE	\$ 16,873,950	(1,095,139)	\$ 15,778,811	(2,262,455)	\$ 13,516,356

GDU/PORT MALABAR DIVISION
SCHEDULE OF WASTEWATER RATE BASE
TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-B
DOCKET NO. 911030-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 17,505,183	\$ 1,798,539	\$ 19,303,722	0	\$ 19,303,722
2 LAND	14,049	0	14,049	0	14,049
3 NON-USED & USEFUL COMPONENTS	0	(3,274,585)	(3,274,585)	(133,529)	(3,408,114)
4 CONSTRUCTION WORK IN PROGRESS	0	0	0	0	0
5 ACCUMULATED DEPRECIATION	(3,440,186)	(37,539)	(3,477,725)	20,067	(3,457,658)
6 CIAC	(4,526,883)	0	(4,526,883)	0	(4,526,883)
7 AMORTIZATION OF CIAC	944,355	0	944,355	0	944,355
8 DEFERRED TAXES	237,202	0	237,202	(237,202)	0
9 ADVANCES FOR CONSTRUCTION	(122,613)	0	(122,613)	0	(122,613)
10 WORKING CAPITAL ALLOWANCE	113,132	0	113,132	0	113,132
RATE BASE	\$ 10,724,239	\$ (1,513,585)	\$ 9,210,654	(350,664)	\$ 8,859,990

GDU/PORT MALABAR DIVISION
 ADJUSTMENTS TO RATE BASE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 1-C
 DOCKET NO. 911030-WS

EXPLANATION	WATER	WASTEWATER
(1) DEFERRED TAXES -----		
1. To remove deferred taxes from rate base	\$ (545,643) \$ =====	(237,202) =====
(2) ACCUMULATED DEPRECIATION -----		
1. Reduce accumulated depreciation for U & U adjustment	\$ 245,057 \$ =====	20,067 =====
(3) NON USED AND USEFUL -----		
1. Reduce rate base for U & U adjustment	\$ (1,961,869) \$ =====	(133,529) =====

GDU/PORT MALABAR DIVISION
 CAPITAL STRUCTURE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 2 - A
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DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	UTILITY WEIGHTED COST	COMMISSION RECONC. ADJ. TO UTILITY EXHIBIT	BALANCE PER COMMISSION	WEIGHT	COST	WEIGHTED COST PER COMMISSION
1 LONG TERM DEBT	\$ 12,802,785	51.23%	11.06%	5.67%	\$ (1,301,343)	\$ 11,501,442	51.40%	11.06%	5.68%
2 SHORT-TERM DEBT	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
3 PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
4 CUSTOMER DEPOSITS	233,134	0.93%	8.00%	0.07%	10,768	243,902	1.09%	8.00%	0.09%
5 COMMON EQUITY	10,643,242	42.59%	14.30%	6.09%	(1,061,829)	9,561,413	42.73%	14.30%	6.11%
6 DEFERRED TAXES & ITCs	1,310,303	5.24%	0.00%	0.00%	(240,714)	1,069,589	4.78%	0.00%	0.00%
7 OTHER (Explain)	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
8 TOTAL CAPITAL	\$ 24,989,464	100.00%		11.83%	\$ (2,613,118)	\$ 22,376,346	100.00%		11.88%

RANGE OF REASONABLENESS		LOW	HIGH
	RETURN ON EQUITY	14.30%	16.30%
	OVERALL RATE OF RETURN	11.88%	12.74%

GDU/PORT MALABAR DIVISION
 ADJUSTMENTS TO CAPITAL STRUCTURE
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 2-B
 DOCKET NO. 911030-WS

DESCRIPTION	SPECIFIC ADJUSTMENT (1)	SPECIFIC ADJUSTMENT (2)	PRO RATA RECONCILE	NET ADJUSTMENT
1 LONG TERM DEBT	\$ (1,301,343)	\$ 0	\$ 0	(1,301,343)
2 SHORT-TERM DEBT	0	0	0	0
3 PREFERRED STOCK	0	0	0	0
4 COMMON EQUITY	(1,081,829)	0	0	(1,081,829)
5 CUSTOMER DEPOSITS	10,768	0	0	10,768
6 ACCUM. DEFERRED INCOME TAX	(240,714)	0	0	(240,714)
7 OTHER (Explain)	0	0	0	0
8 TOTAL CAPITAL	\$ (2,613,118)	\$ 0	\$ 0	(2,613,118)

GDU/PORT MALABAR DIVISION
 STATEMENT OF WATER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 3-A
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DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 3,902,810	\$ 1,143,848	\$ 5,046,658	(1,172,099)	\$ 3,874,559	\$ 818,888	\$ 4,693,447
OPERATING EXPENSES:						21.13%	
2 OPERATION AND MAINTENANCE	\$ 1,635,015	\$ 0	\$ 1,635,015	(39,331)	\$ 1,595,684	\$	\$ 1,595,684
3 DEPRECIATION	503,149	0	503,149	0	503,149		503,149
4 AMORTIZATION	0	0	0	0	0		0
5 TAXES OTHER THAN INCOME	477,079	51,473	528,552	(66,966)	461,586	28,661	490,247
6 INCOME TAXES	102,248	411,061	513,309	(312,376)	200,933	297,362	498,296
7 TOTAL OPERATING EXPENSES	\$ 2,717,491	\$ 462,534	\$ 3,180,025	(418,673)	\$ 2,761,352	\$ 326,023	\$ 3,087,375
8 OPERATING INCOME	\$ 1,185,319	\$ 681,314	\$ 1,866,633	(753,426)	\$ 1,113,207	\$ 492,864	\$ 1,606,072
9 RATE BASE	\$ 15,778,811		\$ 15,778,811		\$ 13,516,356		\$ 13,516,356
*RATE OF RETURN	7.51%		11.83%		8.24%		11.88%

GDU/PORT MALABAR DIVISION
 STATEMENT OF WASTEWATER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1990

SCHEDULE NO. 3 - B
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DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT	
1 OPERATING REVENUES	\$ 1,822,638	\$ 1,331,289	\$ 3,153,927	\$ (1,336,471)	\$ 1,817,456	\$ 1,281,262	\$ 3,098,718	
OPERATING EXPENSES							70.50%	
2 OPERATION AND MAINTENANCE	\$ 905,058	\$ 0	\$ 905,058	\$ (8,599)	\$ 896,459	\$	\$ 896,459	
3 DEPRECIATION	344,941	0	344,941	0	344,941		344,941	
4 AMORTIZATION	0	0	0	0	0		0	
5 TAXES OTHER THAN INCOME	435,208	59,908	495,116	(62,058)	433,058	44,844	477,902	
6 INCOME TAXES	(159,405)	478,421	319,016	(457,646)	(138,630)	465,264	326,633	
7 TOTAL OPERATING EXPENSES	\$ 1,525,802	\$ 538,329	\$ 2,064,131	\$ (528,304)	\$ 1,535,827	\$ 510,108	\$ 2,045,935	
8 OPERATING INCOME	\$ 296,836	\$ 792,960	\$ 1,089,796	\$ (808,167)	\$ 281,629	\$ 771,154	\$ 1,052,782	
9 RATE BASE	\$ 9,210,654		\$ 9,210,654		\$ 8,859,990		\$ 8,859,990	
RATE OF RETURN	3.22%		11.83%		3.18%		11.88%	

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GDU/PORT MALABAR DIVISION
 ADJUSTMENTS TO OPERATING STATEMENTS
 DOCKET NO. 911030-WS

SCHEDULE NO. 3-C
 DOCKET NO. 911030-WS

EXPLANATION	WATER	WASTEWATER
(1) OPERATING REVENUES		

1. Adjustment to remove utility's requested interim increase	\$ (1,143,848)	\$ (1,331,289)
2. Adjustment to reflect annualized revenues per rate analyst	(28,251)	(5,182)
	\$ (1,172,099)	\$ (1,336,471)
	=====	=====
(2) OPERATING EXPENSES		

Adjustment to reflect decrease in depr. expense related to U & U adjustment	\$ (39,331)	\$ (8,599)
	=====	=====
(3) TAXES OTHER THAN INCOME		

1. Adjustment to reflect decrease in property tax exp. related to U & U adjustment	\$ (14,222)	\$ (1,917)
2. Adjustment to RAF for #(1) above @ 4.5%	(52,744)	(60,141)
	\$ (66,966)	\$ (62,058)
	=====	=====
(4) PROVISION FOR INCOME TAXES		

1. To remove income tax expense	\$ (312,376)	\$ (457,646)
	=====	=====
(5) OPERATING REVENUES		

1. To reflect recommended increase in revenues	\$ 818,888	\$ 1,281,262
	=====	=====
(6) TAXES OTHER THAN INCOME		

1. To reflect increase in regulatory assessment fees	\$ 28,661	\$ 44,844
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(7) PROVISION FOR INCOME TAXES		

1. To reflect increased revenues	\$ 297,362	\$ 465,264
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