BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a staff-assisted rate case in Brevard County by CGD CORPORATION	)	DOCKET NO. 920397-WS ORDER NO. PSC-93-0011-FOF-WS ISSUED: 01/05/93

The following Commissioners participated in the disposition of this matter:

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

ORDER GRANTING TEMPORARY RATES
IN THE EVENT OF PROTEST

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 subject to refund, in the event of a protest, is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

CGD Corporation (CGD or utility) is a developer-owned class C water and wastewater utility serving 237 customers in the Snug Harbor Lakes and Snug Harbor Village developments in Brevard County. Although the utility was certificated in 1981, it has neither had a rate case nor applied for price index rate adjustments since its inception.

On May 5, 1992, the utility applied for staff assistance. The utility paid the appropriate filing fee. The official filing date is July 6, 1992. The test year for this case is the historical test year ended December 31, 1991. During that period, the utility recorded water system operating revenues of $49,669 and operating expenses of $71,191, resulting in a net operating loss of $21,522.

The utility recorded no wastewater system operating revenues or expenses during the test period.

QUALITY OF SERVICE

A customer meeting was held on October 14, 1992, in the clubhouse of the Snug Harbor Lakes retirement development in Micco, Florida. Approximately 91 of the utility's 225 customers attended the meeting. Of those customers that spoke at the customer meeting, five residents had comments concerning the quality of service. Three customers commented on the taste and odor of the water. Other customers commented on the high levels of chlorine in the water. One customer wanted the Commission to be aware of an inconvenience he suffered when the water line, located under his driveway, broke one weekend. No comments were offered concerning the wastewater system.

We contacted the Department of Environmental Regulation (DER) and a representative of the utility regarding these issues. About the question of obnoxious taste and odor from the drinking water, the DER stated that the latest chemical analysis showed the presence of hydrogen sulfide and iron. Hydrogen sulfide causes the water to have a rotten egg smell, causes the water to taste musky, but is considered a secondary contaminant and is not hazardous to the health of the customers. The utility attempts to control the level of hydrogen sulfide by treating the water at two different points with chlorine. The first point of chlorine injection is into the ground storage tank. The second point of chlorination is just prior to the new, high rate, sand filtration units. The presence of iron is also considered a secondary contaminant and is not a hazard to the health of the customer. The utility treats the water to remove the high iron content by sand filtration.

A customer with a very acute sense of smell can detect chlorine levels as low as 0.4 ppm. The minimum free chlorine residual required by DER in accordance with Rule 17-550.510, F.A.C., is 0.2 ppm throughout the distribution system at all times. For this utility to maintain the required level of disinfection, it has historically had to maintain a minimum level of 3.5 ppm at the plant site. The DER also requires a utility to purge the system with disinfectant any time a line break or repair exposes the inside of a main. Since there is no regulatory ceiling on the maximum level a utility can dose its system, CGD's current dosing practices are considered satisfactory.

The discovery by the customer that the water supply line under his driveway had ruptured occurred on a weekend when heavy equipment was not available to expose the water main under the

driveway apron. The driveway apron was found to be approximately 10 inches thick and could not be removed with readily available tools. Monday of the next week, the utility arranged for a front end loader to expose the water line and to make the necessary repair. Additional time was required to repair the driveway. The utility's response to the emergency appears reasonable and prudent.

Based on the facts stated above and the information from DER, we find the quality of service provided by CGD is satisfactory.

RATE BASE

Our calculations of the appropriate rate base for the purpose of this proceeding are depicted on Schedule No. 1, and our adjustments are itemized on Schedule No. 1-A. Those adjustments which are self-explanatory or 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

The water pumping and treatment system is 100% used and useful, the water transmission and distribution system is 53.38% used and useful, the wastewater treatment and disposal system is 30% used and useful, and the wastewater collection system is 53.38% used and useful.

The standard used and useful formulas were applied to the specific parameters of the water and wastewater plants. A discussion of the used and useful components of the utility's water and wastewater system follows.

Water Treatment Plant - The water treatment plant is an open system type of operation. The plant's ability to meet instantaneous fluctuations in flow demands currently rests on the capacity of the high rate filters (each rated at 60 gallons per minute (gpm)). The filters can be bypassed by manually opening and closing select valves at the plant. There are fire hydrants located within the utility's service area. These hydrants require that a minimum of 500 gpm be sustained for at least four hours. By relying on the two high service pumps (rated at 400 gpm each), the utility should be able to meet its fire flow requirements. In addition, General Waterworks Design Criteria establishes a minimum flow of 1.1 gpm per customer connection.

The capacity is 800 gallons per minute (gpm). The maximum daily flow during the period was 495 gpm; 500 gpm has been added for fire flow considerations and 81 gpm has been added for margin reserve.

Therefore, based on the standard formula, we find that the water treatment plant is 100% used and useful.

Water Transmission and Distribution System - The capacity is 281 equivalent residential connections (ERCs). The lines currently serve 129 ERCs. Based on the approved formula, we find that the water distribution system is 53.38% used and useful with the exception of Services, Meters, and Meter Installations accounts. We find that the meters and meter installation accounts are 100% used and useful.

Wastewater Treatment Plant - The capacity of the wastewater treatment plant was constructed to be 100,000 gallons per day (gpd). The test period's highest five-day average of daily flows occurred during February 1991. Based on an average of 225 customers (or 129 ERCs), the average daily flow was 25,800 gpd, and 4,200 gpd has been added for margin reserve. Based on the approved formula, we find that the wastewater treatment plant is 30% used and useful.

Wastewater Collection System - The capacity is 281 ERCs. The lines currently serve 129 ERCs. Based on the approved formula, we find that the collection system is 53.38% used and useful, with the exception of Services, which we find to be 100% used and useful.

Acquisition Adjustment

Mr. Henry Gould was a real estate developer in the northeastern United States. In 1980, Mr. Gould started Connecticut General Development Corporation (CGD Corp.) and the development of Snug Harbor. During that period, Mr. Gould's family created the Gould Family Partnership (GFP); this partnership owned a hospital with a low tax basis.

In 1986, Mr. Gould sold Snug Harbor to a third party for $2 million, thereby recovering the investment in the utility at that point. The third party immediately executed a nontaxable exchange with the GFP for the hospital. The result was that the hospital was owned by the third party (with a $2 million basis), and Snug Harbor (comprised of CGD Land Development Company and CGD Utilities) with a very low basis was owned by the GFP. This low basis was allocated to all of the assets (including utility assets), and was the basis for depreciation on the utility's tax returns.

In a nontaxable exchange, realized gains or losses are not recognized. However, this nonrecognition is usually temporary; the recognition of gain or loss is merely postponed until the property

received in the nontaxable exchange is subsequently disposed of in a taxable sale or exchange.

The tax law recognizes that nontaxable exchanges result in a change in the form but not in the substance of the taxpayer's relative economic position. The new property received in the exchange is viewed as substantially a continuation of the old investment. In other words, the taxpayer has merely replaced existing property with new property and is in substantially the same relative economic position after the transaction as before the transaction. Furthermore, this type of exchange does not provide the taxpayer with the wherewithal to pay the tax on any realized gain.

The Federal Tax Code provides that the property received is treated as a continuation of the prior investment. To qualify for this type of exchange, both the original and replacement properties must be like-kind in nature or character. This provision is not elective. If the exchange qualifies as a like-kind exchange, the nonrecognition rule is mandatory.

The GFP's exchange of the hospital for the development and related utilities qualified as a nontaxable exchange. Therefore, on the books of the GFP, the basis of the hospital prior to the exchange became the new basis of the acquired property - the development and utilities. For ratesetting purposes, this transaction also resulted in acquisition adjustments to the respective systems.

The net book values of the utility-related assets at the time of the exchange were $159,663 for the water system and $330,835 for the wastewater system. Based on information provided by the utility, the allocated bases for the assets after the exchange were $70,254 for the water system and $105,107 for the wastewater system. This results in negative acquisition adjustments of $89,409 and $225,728, respectively.

It is this Commission's policy that, absent extraordinary circumstances, neither positive nor negative acquisition adjustments are recognized in the calculation of rate base. However, we do not find these to be typical acquisition adjustments. The nontaxable exchange is a unique circumstance giving rise to these acquisition adjustments. To not recognize the negative acquisition adjustments in this instance would, in effect, result in the developer double-recovering the investment in the utility. This is inappropriate, as well as an undue burden on the ratepayers.

We find the taxable basis is the appropriate investment level on which to base the rates. Therefore, based on the foregoing, we find it appropriate to recognize these negative acquisition adjustments and they shall be included in the rate base calculations.

Plant-in-Service

During our audit of the books and records of this utility, the utility's books reflected a balance of $15,385 for water plant-in-service and a balance of $69,362 for wastewater plant-in-service at the end of the test year. The original cost of utility plant was $420,020 for the water system and $570,279 for the wastewater system. Therefore, the utility had not recorded its plant balances in conformity with the 1984 NARUC Uniform System of Accounts, which requires that all utility plant be recorded on the books at its original cost.

In addition, filters totalling $33,123 were retired from the water system, and replaced with filters at a cost of $44,900. Therefore, adjustments of $416,412 for the water system and $500,917 for the wastewater system are necessary to restate the plant values (net of additions and retirements) to their original cost. There were no plant additions (and, therefore, no averaging adjustments) during the test period.

DER has required the utility to install a backup generator at the water plant. In addition, the hydro tank and ground storage tank at the water plant are in need of repair. The utility has obtained bids for these projects, and has submitted the documentation to the Commission for review. A reasonable allowance for the projected cost of these additions/repairs (including an allowance for engineering work) is $51,590. Since these additions/repairs are required by a governmental authority, the projected cost is classified as pro forma plant and included in rate base for the water system.

Based on the foregoing, we find the appropriate balances of utility plant-in-service to be $483,387 for the water system and $570,279 for the wastewater system.

Land Value

The utility's books reflected a balance of $691 for the water system and $9,630 for the wastewater system at the end of the test period. However, the land is not in the name of the utility; rather, it is in the name of the Gould Family Partnership. Therefore, the cost of land was removed from the books of the utility.

Plant Held for Future Use

The water distribution and wastewater collection systems are 53.38% used and useful and the wastewater treatment plant is 30% used and useful. To determine the average amount of plant held for future use (PHFU), the nonused and useful percentages of 46.62% and 70% were applied to the corresponding average balances of plant in service, accumulated depreciation, acquisition adjustments, and accumulated amortization of acquisition adjustments. Therefore, we find that the appropriate amounts of PHFU to include in rate base are $18,882 for the water system and $4,555 for the wastewater system.

Contributions-in-Aid-of-Construction (CIAC)

The utility had recorded no CIAC on its books at the end of the test period. However, prior to the test period, the utility had charged off to cost of goods sold on its income tax return certain costs related to the distribution and collection systems. In addition, the utility has been collecting service availability charges. Therefore, adjustments of $118,090 to the water system and $137,099 to the wastewater system were necessary to reflect the appropriate balances for the respective systems at the beginning of the test period.

During the test period, the utility collected $6,000 of cash CIAC for the water system and $5,400 for the wastewater system. Averaging adjustments of $3,000 for the water system and $2,700 for the wastewater system were made. Based on the above analysis, we find that the appropriate balances for CIAC are $121,090 for the water system and $139,799 for the wastewater system.

Accumulated Depreciation

The utility recorded its plant and calculated the corresponding depreciation based on the low basis resulting from the nontaxable exchange. In addition, the utility recorded accumulated depreciation for both the water and wastewater systems on the books of the water system only. Therefore, an adjustment was made to the water system's books to remove the entire amount of accumulated depreciation that had been calculated on some basis other than original cost.

To calculate a reasonable estimate of the value of accumulated depreciation the utility would have recorded on its books had the original cost basis of the assets been used, we have calculated the ratio of accumulated depreciation to total plant (based on the utility's tax return) at the beginning of the test period. This ratio of approximately 74% was then applied to the plant in service

balances (based on original cost) at the beginning of the test period. This results in beginning test period balances of $287,439 for the water system and $423,369 for the wastewater system.

Test period depreciation expense was $15,684 for the water system and $23,711 for the wastewater system. These values were calculated in conformity with Rule 25-30.140, Florida Administrative Code. Averaging adjustments were made in the amounts of $7,842 for the water system and $11,856 for the wastewater system. Therefore, we find that the appropriate average amount of accumulated depreciation at the end of the test year is $295,281 and $435,224 for water and wastewater, respectively.

As discussed previously, we find it appropriate that $51,590 be included in rate base as proforma plant. As this pro forma addition is required to serve current customers, a full year of depreciation expense is appropriate in the calculation of the total accumulated depreciation. The resulting $3,035 is then added to the accumulated depreciation balance for the water system. Therefore, the appropriate balance in the accumulated depreciation account for the water system is $298,316.

Accumulated Amortization of CIAC

To determine the appropriate balances at the beginning of the test period, we have calculated a reasonable estimate of the accumulated depreciation of the respective distribution and collection systems, then divided these figures by the corresponding plant in service values at the beginning of the test period. These ratios were then applied to the CIAC balance for each system at the beginning of the test period. This results in test period beginning balances of $87,669 for the water system and $101,781 for the wastewater system.

Test period amortization was $158 for the water system and $200 for the wastewater system, resulting in end of the test period balances of $87,827 and $101,981, respectively. Averaging adjustments of $79 and $100 reduces these balances to $87,748 for the water system and $101,881 for the wastewater system.

Amortization of Acquisition Adjustments

To determine the appropriate balances at the beginning of the test period, we have examined the utility's tax returns and calculated the percentage that plant in service had depreciated from the date of acquisition (July, 1986) to the beginning of the test period. Based on this analysis, plant had been depreciated approximately 23%. This percentage was then applied to the total acquisition adjustment for the respective systems. This results in

beginning balances of $20,399 for the water system and $51,502 for the wastewater system.

Test period amortization was calculated by multiplying the test period composite depreciation rate by the total acquisition adjustment for each system. This results in test period amortization of $3,248 for the water system and $9,385 for the wastewater system. Averaging adjustments of $1,624 and $4,693 reduce the average test period balances to $22,023 for the water system and $56,194 for the wastewater system.

Working Capital

We find it appropriate to use the formula method in calculating the working capital requirement of this utility, or one-eighth of operation and maintenance expenses. In a later section of this Order, we find that the appropriate operation and maintenance expenses are $21,325 for the water system and $21,483 for the wastewater system. Therefore, we have included one-eighth of those amounts, $2,666 for the water system and $2,685 for the wastewater system, in rate base as the utility's working capital allowance.

Test Year Rate Base

Based on the foregoing, we find the appropriate test year rate base for the water system to be $68,127. However, the rate base balance for the wastewater system is ($74,267). Therefore, consistent with Commission policy, we have increased rate base for the wastewater system to $0.

CAPITAL STRUCTURE

The utility's capital structure is comprised of equity and debt in the form of intercompany loans. When the approved rate base balance(s) are less than the sum of the balances in the utility's capital structure, it is Commission policy to reduce each component in the capital structure by its weighted share of the excess capital. The pro rata adjustments are necessary in this instance. A discussion of each component of the utility's capital structure and the related pro rata adjustments follows.

Return on Equity: The utility's capital structure reflected an equity balance of ($2,396) at the end of the test period. An adjustment was made to reflect various equity transactions that had not been recorded. Therefore, the equity balance at the end of the test period was $62,194. Using the leverage formula approved in Docket No. 920006-WS, Order No. PSC-92-0686-FOF-WS, the utility's appropriate return on equity is 10.44%.

The necessary pro rata adjustment results in a $40,466 reduction to the equity balance.

Cost of Debt: The utility had recorded intercompany loans in the amount of $132,809 as of the end of the test period. There were no executed debt instruments associated with these loans. In instances such as these, the debt is assigned the appropriate equity cost rate. Therefore, the appropriate cost rate for these loans is 10.44%. The pro rata adjustment results in a $86,410 reduction to the intercompany loan balance.

Overall Rate of Return: As a result of the pro rata adjustments discussed above, the capital structure was reconciled to the average rate base balances at the end of the test period. As the appropriate returns on equity and debt are both 10.44%, the resulting overall rate of return is also 10.44%.

Capital structure, the overall rate of return, and the zones of reasonableness are shown on Schedule No. 2.

NET OPERATING INCOME

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

Test Year Operating Revenues

The utility recorded water system revenues of $49,669 and wastewater system revenues of $0 during the test period. The utility had recorded revenues for both the water and wastewater systems in the water system account. A revenue check indicated that the appropriate amount of test period revenues for the water system is $30,214. Therefore, we reclassified $19,455 in revenues from the water system to the wastewater system.

A revenue check for the wastewater system indicated that the appropriate amount of test period revenues is $21,567. An adjustment of $2,113 was made. Therefore, the appropriate test year operating revenue is $30,214 for the water system and $21,567 for the wastewater system.

Test Year Operating Expenses

The components of the utility's operating expenses include operation and maintenance expenses, depreciation expense (net of

related amortization of CIAC), amortization of acquisition adjustment, taxes other than income taxes, and income taxes. A discussion of each component follows.

Operation and Maintenance Expense (O&M): The utility charged $60,097 to water O&M and $0 to wastewater O&M during the test year. A summary of our adjustments follows.

1) Salaries and Wages - Employees - The utility recorded no salaries during the test period. We find that certain allowances should be made to reflect allocations for a manager, bookkeeper, and several maintenance personnel. This results in allowances of $7,135 for the water system and $4,417 for the wastewater system.

2) Sludge Removal - The utility misclassified this expense on the books of the water system. An adjustment of $1,160 was made to reflect the proper classification. We find this to be a reasonable test period amount.

3) Purchased Power - The utility charged all of its purchased power expense to the water system during the test period. An adjustment of $8,386 was made to reclassify a portion of the purchased power to the wastewater system. We find that the test period amounts are reasonable and no further adjustments are necessary.

4) Chemicals - The utility charged all of its chemical expense to the water system during the test period. An adjustment of $851 was made to reclassify the appropriate portion of the chemicals expense to the wastewater system.

5) Materials and Supplies - The utility recorded no materials and supplies expense during the test period. We have made an adjustment of $1,518 to the water system and $518 to the wastewater system to reflect recommended allowances for a meter change-out program, postage, office supplies, and other items.

6) Contractual Services - The utility charged all of its contractual services expense to the water system during the period. Numerous adjustments were necessary to reflect reclassifications. In addition, the following reductions were made: $11,707, associated with nonrecurring items, was removed from the water system; $4,811, associated with the unamortized portions of repairs and DER-required tests, was removed from the water system; and the corresponding adjustment resulted in a $2,084 reduction for the wastewater system. Other adjustments were made to reflect various other allowances and disallowances. As a result, we find that the appropriate balances are $6,341 for the water system and $4,792 for the wastewater system.

7) Rents - The utility recorded no rents expense during the test period. The land on which the plant assets are located is leased from the Gould Family Partnership at a rate of $2 per year. We made the appropriate adjustments to the books of each system.

8) Transportation Expense - The utility charged all of its transportation expense to the water system during the test period. An adjustment of $501 was made to reclassify a portion of this expense to the wastewater system. We find that $480 per year per system is a reasonable allowance for this expense. A reduction of $21 was then made to each system's balance.

9) Insurance Expense - The utility's parent company allocated a portion of its total insurance expense to the utility. The entire amount was recorded on the books of the water system during the test period. An adjustment of $1,544 was made to reclassify a portion of this expense to the wastewater system.

Based on comparisons of insurance expense allowed in other staff-assisted rate cases, we find that the utility's parent company allocation to the utility is excessive. Therefore, we removed an additional $1,000 per system.

10) Regulatory Commission Expense - The utility recorded no expense during the test period. The filing fee for the instant rate case is $150 per system. This expense was amortized over four years, and included as an allowance for each system.

11) Miscellaneous Expense - The utility charged $8,900 to the water system and $0 to the wastewater system during the test period. The majority of these expenses were reclassified to other accounts. We also made several adjustments to remove unsupported entries and to remove expenses that are being recovered in other accounts. Therefore, we find that the appropriate balances are $176 for the water system and $297 for the wastewater system.

Depreciation Expense (Net of Amortization of CIAC): The utility recorded $5,470 on the books of the water system during the test period. As this amount for depreciation was not based on original cost, we removed this amount from the account balance.

Applying the prescribed depreciation rates to the appropriate used and useful plant in service account balances results in depreciation expense of $15,129 for the water system. Applying the composite depreciation rates to the appropriate CIAC account balance offsets depreciation expense for the water system by $1,701. An adjustment of $80 was necessary to reduce the account to an appropriate balance of $13,348. As discussed previously, rate base for the wastewater system is $0.

Therefore, no depreciation expense or annual amortization of CIAC was allowed.

Amortization of Acquisition Adjustment: Applying the appropriate composite depreciation rates to the acquisition adjustment balance for the water system results in test year amortization of $2,222. No expense recovery is allowed for the wastewater system, as rate base is $0.

Taxes Other Than Income Taxes: The utility recorded $5,625 on the water system's books and $0 on the wastewater system's books during the test period. Numerous reclassifications and allowances were made to each system's account. Therefore, we find that the appropriate balances are $2,711 for the water system and $1,308 for the wastewater system.

Income Tax Expense: The utility has operated at a loss during the past several years. The income tax loss carryforwards are sufficient to eliminate income tax expense.

Increases in Operating Expenses for Ratesetting Purposes

Taxes Other Than Income Taxes: As will be discussed in a subsequent portion of this Order, we find that the appropriate revenue requirements are $42,843 for the water system and $22,849 for the wastewater system. Therefore, this expense has been increased by an additional $568 for the water system and $58 for the wastewater system to reflect the regulatory assessment fees at 4.5% applicable to our approved increase in the revenue requirements for the respective systems.

Operating Expenses Summary: Based on the foregoing, the appropriate amount of operating expenses are $35,731 for the water system and $22,849 for the wastewater system. Operating expenses are shown on Schedules Nos. 3 and 3B; the related adjustments are shown on Schedule No. 3A.

REVENUE REQUIREMENT

Based on our review of the utility's books and records and the adjustments made herein, we find that the appropriate annual revenue requirement is $42,843 for the water system and $22,849 for the wastewater system. Accordingly, we find it appropriate to approve an annual increase in revenue of $12,629 (41.8 percent) for the water system and $1,282 (5.9 percent) for the wastewater system. These revenue requirements will allow the utility the opportunity to recover its operating expenses and allow it the opportunity to earn a 10.44 percent return on its investment.

RATES AND RATE STRUCTURE

We have calculated new rates for the utility that are designed to achieve the revenue requirement approved herein. We find these new rates to be fair, just, reasonable, and not unduly discriminatory. The utility's existing rates and the rates we hereby approve are set forth below.

Our preferred rate structure is the base facility charge 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 on the concept of readiness to serve all customers connected to the system. This ensures that ratepayers pay their share of the variable 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 58% (or $25,028) of the water revenue requirement and 38% (or $8,655) of the wastewater revenue requirement are associated with the fixed costs of providing service. Fixed costs are recovered through the base facility charge based on annualized number of ERCs. The remaining 42% (or $17,815) of the water revenue requirement and 62% (or $14,194) of the wastewater revenue requirement represent the consumption charge based on the number of gallons consumed during the test period.

The utility's current rate structure is an appropriate rate structure for conservation purposes. The average water consumption is approximately 4,061 per ERC per month. This usage is very low, and we find no additional rate structure conservation measures are necessary.

MONTHLY RATES - WATER
Residential and General Service

		Current Rates	Approved Rates
Base Facility Charge			
Meter Sizes:	5/8" x 3/4"	$ 4.50	$ 9.62
	3/4"	6.75	14.42
	1"	11.25	24.04
	1 1/2"	22.50	48.08
	2"	36.00	76.92
	3"	N/A	153.84
	4"	N/A	240.38
	6"	N/A	480.76
Gallonage Charge			
Per 1,000 Gallons		$ 1.75	$ 1.69

MONTHLY RATES - WASTEWATER

Residential and General Service

	Current Rates	Approved Rates
Base Facility Charge		
Meter Sizes: 5/8" x 3/4"	$ 5.75	$ 3.33
3/4"	8.63	4.99
1"	14.38	8.31
1 1/2"	28.75	16.63
2"	46.00	26.60
3"	N/A	53.20
4"	N/A	83.13
6"	N/A	166.26
Gallonage Charge		
Per 1,000 Gallons:		
Residential	$ 0.74[1]	$ 1.52[2]
General Service	0.74	1.83

Service Availability Charges

The utility has been collecting service availability charges since its inception. However, based on our analysis, if service availability charges are continued, it will result in negative plant balances at design capacity for each system. Therefore, we find that these charges should be discontinued.

The standard service availability analyses are shown on Schedule No. 4.

Miscellaneous Service Charges

The utility's current tariff contains no provision for miscellaneous service charges. We hereby approve the following charges:

	Water	Wastewater
Initial Connection	$15.00	$15.00
Normal Reconnection	$15.00	$15.00
Violation Reconnection	$15.00	Actual Cost
Premises Visit (in lieu of disconnection)	$10.00	$10.00

[1] Capped at 10,000 gallons.

[2] Capped at 6,000 gallons.

Effective Date

The approved monthly metered rates shall be effective for meter readings on or after 30 days from the stamped approval date on the revised tariff sheets. The miscellaneous service charges and discontinued service availability charges shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets. Tariff sheets will not be approved until Staff verifies that the tariff sheets are consistent with this Commission's decision, that the proper security for refund has been provided, and that the proposed customer notice is adequate.

Statutory Rate Reduction and Recovery Period

Section 367.0816, Florida Statutes, entitled "Recovery of Rate Case Expenses" states that:

> The amount of rate case expense determined by the Commission pursuant to the provisions of this chapter to be recovered through a public utilities rate shall be apportioned for recovery over a period of 4 years. At the conclusion of the recovery period, the rate of the public utility shall be reduced immediately by the amount of rate case expense previously included in rates.

The only regulatory commission expense to be recovered is the $150 filing fee per system for the instant rate case. Based on the above-mentioned statute, the appropriate recovery period for this expense is four years, which allows the utility to recover $38 per system per year through its rates. Once the annual regulatory commission expense recovery is grossed up to reflect regulatory assessment fees, the annual recovery increases to $39.

At the end of four years, CGD's rates shall be reduced by $39 annually per system. Assuming no change in the utility's current revenues, expenses, capital structure, and customer base, the effect of this rate reduction is a $.01 reduction in the water base facility charge and a $.01 reduction in the wastewater base facility charge for a 5/8" x 3/4" meter. The water gallonage charge will be reduced by $.01, and the wastewater gallonage charge will remain unchanged.

The utility shall file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. The utility also shall 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.

The four year rate case expense reductions are shown on Schedule No. 5.

Temporary Rates in the Event of Protest

This Order proposes an increase in water and wastewater rates. 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 hereby authorize the utility to collect the rates approved herein, on a temporary basis, subject to the refund provisions discussed below.

The utility shall be authorized to collect the temporary rates upon our Staff's approval of tariff sheets, the security for the potential refund and a copy of the proposed customer notice. The security shall be in the form of a bond or letter of credit in the amount of $9,498. Alternatively, the utility may establish an escrow agreement with an independent financial institution.

If the utility chooses a bond as security, the bond should 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 should 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 should 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 Consentino 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 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 security provided, and the amount of revenues that are subject to refund. 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.

BOOKS AND RECORDS

Currently, the utility's books are not maintained in conformity with the Uniform System of Accounts (USOA).

Paragraph (1) of Rule 25-30.115, Florida Administrative Code, entitled "Uniform System of Accounts for Water and Sewer Utilities", states:

> 1) Water and Sewer Utilities shall, effective January 1, 1986, maintain its [sic] accounts and records in conformity with the 1984 NARUC Uniform System of Accounts adopted by the National Association of Regulatory Utility Commissioners.

We believe that 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, the utility hereby is required to maintain its books and records in conformity with the 1984 NARUC Uniform System of Accounts.

REPORTS ON EFFLUENT REUSE

Water use in the utility's service area is under the jurisdiction of the St. John's River Water Management District (SJRWMD). This entire district has been designated as a critical use area, thereby requiring water conservation methods to be implemented. The Commission has a Memorandum of Understanding with the Florida Water Management Districts. The Commission has recognized that a joint cooperative effort is necessary to implement an effective, statewide water conservation policy.

At the present time, the utility has no alternative means of effluent disposal, e.g., spray irrigation on a golf course. However, we find the utility must be encouraged to actively seek these alternatives. Therefore, the utility shall submit a report updating the Commission on progress made towards reusing treated wastewater. This report shall be submitted every six months until such time as a reuse program is permanently implemented. The report shall discuss additional reports made to other agencies associated with a reuse program.

MONITOR STATUS

This docket shall remain open at least six months from the date of this Order to allow the Commission to verify the proforma plant additions mandated by DER. After the requirements ordered by the Commission and DER are met in a timely fashion, this docket may be closed administratively.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the application of CGD Corporation for an increase in its water and wastewater rates in Brevard 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, subject to refund, 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 his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

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

ORDERED that the metered rates approved herein shall be effective for meter readings taken on or after 30 days after the stamped approval date on the revised tariff pages. It is further

ORDERED that the miscellaneous service charges and discontinued service availability charges approved herein shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, CGD Corporation 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, CGD Corporation shall submit and have approved revised tariff pages. The revised tariff pages will be approved upon our Staff's verification that they are consistent with our decision herein and that the protest period has expired. It is further

ORDERED that in the event of a protest by any substantially affected person other than the utility, CGD Corporation 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 CGD Corporation has furnished satisfactory security for any potential refund and provided that it has submitted and our Staff has approved revised tariff pages and a proposed customer notice. It is further

ORDERED that in the event of a protest by a party other than the utility, prior to its implementation of the rates and charges approved herein on a temporary basis, subject to refund, CGD Corporation shall submit and have approved a bond or letter of credit in the amount of $9,498 or an escrow agreement as a guarantee of any potential refund of revenues collected on a temporary basis. It is further

ORDERED that CGD Corporation shall maintain its books and records in conformity with the NARUC Uniform System of Accounts and Rule 25-30.115, Florida Administrative Code. It is further

ORDERED that this docket shall remain open for at least six months pending completion of the pro forma plant additions mandated by the Department of Environmental Regulation. Upon verification by our Staff that this requirement has been met, and if no timely protest has been received from a substantially affected person by the expiration of the protest period, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission, this 5th day of January, 1993.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

KAC

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, except for the granting of temporary rates, subject to refund, in the event of a protest, is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on January 26, 1993. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or 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 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.

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE NO. 1
RATE BASE
PAGE 1 OF 2
WATER

Account Title	Balance per Utility	Commission Adjustments to Utility Balance		Balance per Commission	Proforma Adjustments		Balance for Ratesetting
Depreciable Plant in Service	$15,385	$416,412	A	$431,797	$51,590	J	$483,387
Land/Nondepreciable Assets	691	(691)	B	0	0		0
Plant Held for Future Use	0	(18,882)	C	(18,882)	0		(18,882)
Contributions in Aid of Construction	0	(121,090)	D	(121,090)	0		(121,090)
Acquisition Adjustment	0	(89,409)	E	(89,409)	0		(89,409)
Accumulated Depreciation	(35,052)	(260,229)	F	(295,281)	(3,035)	K	(298,316)
Accumulated Amortization of CIAC	0	87,748	G	87,748	0		87,748
Accumulated Amort of Acquisition Adjust	0	22,023	H	22,023	0		22,023
Working Capital Allowance	0	2,666	I	2,666	0		2,666
RATE BASE	($18,976)	$38,548		$19,572	$48,555		$68,127

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE NO. 1
RATE BASE
PAGE 2 OF 2
WASTEWATER

Account Title	Balance per Utility	Commission Adjustments to Utility Balance		Balance per Commission	Ratesetting Adjustments		Ratesetting Balance
Depreciable Plant in Service	$69,362	$500,917	A	$570,279			
Land/Nondepreciable Assets	9,630	(9,630)	B	0			
Plant Held for Future Use	0	(4,555)	C	(4,555)			
Contributions in Aid of Construction	0	(139,799)	D	(139,799)			
Acquisition Adjustment	0	(225,728)	E	(225,728)			
Accumulated Depreciation	0	(435,224)	F	(435,224)			
Accumulated Amortization of CIAC	0	101,881	G	101,881			
Accumulated Amort of Acquisition Adjust	0	56,194	H	56,194			
Working Capital Allowance	0	2,685	I	2,685			
RATE BASE	$78,992	($153,259)		($74,267)	$74,267	J	$0

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE NO. 1A
ADJUSTMENTS TO
RATE BASE
PAGE 1 OF 3

	WATER	WASTEWATER
A. DEPRECIABLE PLANT IN SERVICE:		
1. To remove assets recorded on a basis other than original cost	(15,385)	(69,362)
2. To reflect the appropriate original cost at the end of the test period	431,797	570,279
Subtotal	416,412	500,917
B. LAND/NONDEPRECIABLE ASSETS:		
1. To remove land not owned by the utility but reflected on its books	(691)	(9,630)
C. PLANT HELD FOR FUTURE USE (PHFU):		
1. To record average PHFU associated with the treatment plant		(71,927)
2. To record average PHFU associated with the distribution/collection system	(136,439)	(204,149)
3. To record accumulated depreciation associated with PHFU treatment plant		57,422
4. To record accumulated depreciation associated with PHFU dist/coll system	104,866	159,120
5. To record acquisition adjustment associated with PHFU treatment plant		23,782
6. To record acquisition adjustment associated with PHFU dist/coll system	26,085	89,396
7. To record accumulated amortization of acquisition adjustment associated with PHFU treatment plant		(12,229)
8. To record accumulated amortization of acquisition adjustment associated with PHFU dist/coll system	(13,414)	(45,970)
Subtotal	(18,882)	(4,555)

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE NO. 1A
ADJUSTMENTS TO
RATE BASE
PAGE 2 OF 3

	WATER	WASTEWATER
D. CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC):		
1. To record the appropriate balance at the beginning of the test period	(118,090)	(137,099)
2. Test period additions	(6,000)	(5,400)
3. Averaging adjustment	3,000	2,700
Subtotal	(121,090)	(139,799)
E. ACQUISITION ADJUSTMENT:		
1. To record acquisition adjustment resulting from the nontaxable exchange	(89,409)	(225,728)
F. ACCUMULATED DEPRECIATION:		
1. To remove from the utility's books accumulated depreciation calculated on a basis other than original cost	35,052	
2. To reflect the appropriate accumulated depreciation balance at the beginning of the test period	(287,439)	(423,369)
3. Test period depreciation expense	(15,684)	(23,711)
4. Averaging adjustment	7,842	11,856
Subtotal	(260,229)	(435,224)
G. ACCUMULATED AMORTIZATION OF CIAC:		
1. To record the appropriate balance at the beginning of the test period	87,669	101,781
2. Test period amortization	158	200
3. Averaging adjustment	(79)	(100)
Subtotal	87,748	101,881

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE NO. 1A
ADJUSTMENTS TO
RATE BASE
PAGE 3 OF 3

	WATER	WASTEWATER
H. ACCUMULATED AMORT OF ACQUISITION ADJUSTMENT:		
1. To record the appropriate balance at the beginning of the test period	20,399	51,502
2. Test period additions	3,248	9,385
3. Averaging adjustment	(1,624)	(4,693)
	22,023	56,194
I. WORKING CAPITAL ALLOWANCE:		
1. To record working capital allowance based on 1/8th of operation and maintenance expenses	2,666	2,685
TOTAL COMMISSION ADJUSTMENTS:	38,548	(153,259)
J. DEPRECIABLE PLANT IN SERVICE:		
1. To reflect proforma plant addition	51,590	
K. ACCUMULATED DEPRECIATION:		
1. To reflect one year of accumulated depreciation associated with proforma plant addition	(3,035)	
TOTAL PROFORMA ADJUSTMENTS:	48,555	
L. RATE BASE:		
1. To adjust negative rate base to zero in conformity with Commission policy		74,267

SCHEDULE NO. 2
COST OF CAPITAL

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

Component	Balance Per Utility	Commission Adjustments to Utility Balance	Adjusted Balance	Pro Rata Adjustments	Balance per Commission	Percent of Total	Cost	Weighted Cost
Equity	($2,396)	$64,590	$62,194	($40,466)	$21,728	31.89%	10.44%	3.33%
Debt:								
Intercompany Loans	132,809	0	132,809	(86,410)	46,399	68.11%	10.44%	7.11%
TOTAL	$130,413	$64,590	$195,003	($126,876)	$68,127	100.00%		10.44%

Zones of Reasonableness:

	Low	High
Equity	9.44%	11.44%
Debt	10.12%	10.76%

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE NO. 3
OPERATING INCOME
PAGE 1 OF 2
WATER

	Balance Per Utility	Commission Adjustments to Utility Balance		Test Year Balance per Commission	Commission Adjustments for Increase		Balance per Commission
Operating Revenues	$49,669	($19,455)	A	$30,214	$12,629	F	$42,843
Operating Expenses:							
Operation and Maintenance	$60,097	($38,772)	B	$21,325	$0		$21,325
Depreciation	5,470	7,878	C	13,348	0		13,348
Amortization	0	(2,222)	D	(2,222)	0		(2,222)
Taxes Other Than Income	5,625	(2,914)	E	2,711	568	G	3,280
Income Taxes	0	0		0	0		0
Total Operating Expenses	$71,192	($36,029)		$35,163	$568		$35,731
Operating Income (Loss)	($21,523)	$16,574		($4,949)	$12,061		$7,112
Rate Base	($18,976)			$68,127			$68,127
Rate of Return	N/A			-7.6%			10.44%

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE NO. 3
OPERATING INCOME
PAGE 2 OF 2
WASTEWATER

	Balance Per Utility	Commission Adjustments to Utility Balance		Test Year Balance per Commission	Commssion Adjustments for Increase		Balance per Commission
Operating Revenues	$0	$21,567	A	$21,567	$1,282	F	$22,849
Operating Expenses:							
Operation and Maintenance	$0	$21,483	B	$21,483	$0		$21,483
Depreciation	0	0	C	0	0		0
Amortization	0	0	D	0	0		0
Taxes Other Than Income	0	1,308	E	1,308	58	G	1,366
Income Taxes	0	0		0	0		0
Total Operating Expenses	$0	$22,791		$22,791	$58		$22,849
Operating Income (Loss)	$0	($1,224)		($1,224)	$1,224		$0
Rate Base	$78,992			$0			$0
Rate of Return	0.00%			N/A			N/A

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE NO. 3A
ADJUSTMENTS TO
OPERATING INCOME
PAGE 1 OF 4

	WATER	WASTEWATER
A. OPERATING REVENUES		
1. To reflect reclassification to wastewater system	(19,455)	19,455
2. Adjustment that results in Commission's approved test period balance		2,113
TOTAL REVENUE ADJUSTMENTS:	(19,455)	21,567
B. OPERATION AND MAINTENANCE EXPENSES:		
1. Salaries and Wages Expense - Employees		
1. To record allowance for employees' salaries	7,135	4,417
2. Sludge Removal Expense:		
1. To reclassify from water miscellaneous expense		1,160
3. Purchased Power Expense:		
1. To reclassify to the wastewater system	(8,386)	8,386
4. Chemicals Expense:		
1. To reclassify to the wastewater system	(851)	851
5. Materials and Supplies Expense:		
1. Allowance for meter changeout program as approved by the Commission	1,000	
2. Commission's additional approved allowance	518	518
Subtotal	1,518	518

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE NO. 3A
ADJUSTMENTS TO
OPERATING INCOME
PAGE 2 OF 4

	WATER	WASTEWATER
6. Contractual Services Expense:		
1. To reclassify contract operator expense to the wastewater system	(2,940)	2,940
2. To reclassify repairs expense to the wastewater system	(3,084)	3,084
3. To remove nonrecurring expense	(2,707)	
4. To reclassify to the wastewater system	(352)	352
5. To reclassify hazardous materials fee to taxes other than income taxes for the water system	(25)	
6. To reclassify to taxes other than income taxes for the wastewater system	(470)	
7. To reclassify to taxes other than income taxes for the water system	(1,151)	
8. To reclassify accounting fee to the wastewater system	(1,895)	1,895
9. To remove nonrecurring portion of the accounting fee	(1,395)	(1,395)
10. To remove nonrecurring engineering fees	(7,605)	
11. To remove unamortized repairs	(3,639)	(1,957)
12. To remove the unamortized portion of DER tests	(1,172)	(127)
Subtotal	(26,436)	4,792
7. Rents Expense:		
1. To record annual lease payment for land	1	1
8. Transportation Expense:		
1. To reflect reclassification to the wastewater system	(501)	501
2. Adjustment that results in the Commission's approved balance	(21)	(21)
Subtotal	(522)	480
9. Insurance Expense:		
1. To reflect reclassification to the wastewater system	(1,544)	1,544
2. To remove excess allocation to the utility	(1,000)	(1,000)
Subtotal	(2,544)	544

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED JUNE 30, 1991

SCHEDULE NO. 3A
ADJUSTMENTS TO
OPERATING INCOME
PAGE 3 OF 4

	WATER	WASTEWATER
10. Regulatory Commission Expense:		
1. To amortize the rate case filing fee in the instant case	38	38
11. Miscellaneous Expense:		
1. To reclassify to the wastewater system	(1,973)	1,973
2. To reclassify to sludge removal expense		(1,160)
3. To remove unsupported adjusting entry	(515)	(516)
4. To reclassify to the wastewater system	(2,926)	2,926
5. To remove salaries and wages already recovered	(2,701)	(2,701)
6. To remove travel expense	(16)	(17)
7. To reclassify to taxes other than income taxes for the water system	(384)	
8. To remove office expenses already recovered	(209)	(208)
Subtotal	(8,724)	297
TOTAL O&M ADJUSTMENTS:	(8,772)	21,483
C. DEPRECIATION EXPENSE:		
1. To remove test year depreciation expense recorded by the utility	(5,470)	
2. To reflect Commission's approved used and useful depreciation expense	15,129	
3. To reflect Commission's approved used and useful amortization of CIAC	(1,701)	
4. Adjustment that results in Commission's approved test period balance	(80)	
TOTAL DEPRECIATION EXPENSE ADJUSTMENTS:	7,878	
D. AMORTIZATION EXPENSE:		
1. To reflect Commission's approved used and useful test year amortization of negative acquisition adjustments	(2,222)	

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED JUNE 30, 1991

SCHEDULE NO. 3A
ADJUSTMENTS TO
OPERATING INCOME
PAGE 4 OF 4

	WATER	WASTEWATER
E. TAXES OTHER THAN FEDERAL INCOME TAXES (TOFIT):		
1. To reclassify hazardous materials fee from water system miscellaneous expense	25	
2. To reclassify regulatory assessment fees from water contractual services	1,151	470
3. To reclassify hazardous materials fee to the wastewater system	(13)	13
4. To reclassify payroll tax expense from miscellaneous expense	192	192
5. To remove payroll tax expense	(192)	(192)
6. To record allowance for property taxes associated with used and useful plant	806	
7. To record payroll taxes associated with Commission's approved salaries allowance	546	338
8. To record regulatory assessment fees (RAF) on test period revenues	1,360	971
9. Adjustment that results in Commission's approved test period balance	(6,789)	(483)
TOTAL TOFIT EXPENSE ADJUSTMENTS:	(2,914)	1,308
F. OPERATING REVENUES:		
1. To reflect Commission's approved increase in revenue requirement	12,629	1,282
G. TAXES OTHER THAN FEDERAL INCOME TAXES:		
1. To reflect increase in regulatory assessment fees associated with Commission's approved increase in revenue requirement	568	58

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE NO. 3B
DETAIL OF OPERATION AND MAINTENANCE EXPENSES
PAGE 1 OF 2

--- WATER SYSTEM ---

---- Account ----- No.	Description	Balance per Utility	Commission Adjustments		Balance per Commission
601	Salaries and Wages - Employees	$0	$7,135	1	$7,135
603	Salaries and Wages - Officers	0	0		0
604	Employee Pensions and Benefits	0	0		0
610	Purchased Water	0	0		0
615	Purchased Power	11,606	(8,386)	3	3,220
616	Fuel for Power Production	0	0		0
618	Chemicals	2,724	(851)	4	1,873
620	Materials and Supplies	0	1,518	5	1,518
630	Contractual Services	32,777	(26,436)	6	6,341
640	Rents	0	1	7	1
650	Transportation Expenses	1,002	(522)	8	480
655	Insurance Expense	3,088	(2,544)	9	544
665	Regulatory Commission Expense	0	38	10	38
670	Bad Debt Expense	0	0		0
675	Miscellaneous Expenses	8,900	(8,724)	11	176
	TOTAL OPERATION AND MAINTENANCE EXPENSES	$60,097	($38,772)		$21,325

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE NO. 3B
DETAIL OF OPERATION AND
MAINTENANCE EXPENSES
PAGE 2 OF 2

--- WASTEWATER SYSTEM ---

---- Account ----- No.	Description	Balance per Utility	Commission Adjustments		Balance per Commission
701	Salaries and Wages - Employees	$0	$4,417	1	$4,417
703	Salaries and Wages - Officers	0	0		0
704	Employee Pensions and Benefits	0	0		0
710	Purchased Sewage Treatment	0	0		0
711	Sludge Removal Expense	0	1,160	2	1,160
715	Purchased Power	0	8,386	3	8,386
716	Fuel for Power Production	0	0		0
718	Chemicals	0	851	4	851
720	Materials and Supplies	0	518	5	518
730	Contractual Services	0	4,792	6	4,792
740	Rents	0	1	7	1
750	Transportation Expenses	0	480	8	480
755	Insurance Expense	0	544	9	544
765	Regulatory Commission Expense	0	38	10	38
770	Bad Debt Expense	0	0		0
775	Miscellaneous Expenses	0	297	11	297
	TOTAL OPERATION AND MAINTENANCE EXPENSES	$0	$21,483		$21,483

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE NO. 4
SERVICE AVAILABILITY
CHARGE ANALYSIS
PAGE 1 OF 2

--- WATER SYSTEM ---

GROSS BOOK VALUE POST-ACQUISITION ADJ		416,001
LAND		0
DEPRECIABLE ASSETS		416,001
ACCUMULATED DEPRECIATION TO DATE		298,316
ACCUMULATED DEPRECIATION AT DESIGN CAPACITY		450,525
NET PLANT AT DESIGN CAPACITY		(34,524)
TRANSMISSION/DISTRIBUTION LINES POST-ACQUISITION ADJ		236,667
MINIMUM LEVEL OF C.I.A.C.		56.89%
C.I.A.C. TO DATE		121,090
ACCUMULATED AMORTIZATION OF C.I.A.C. TO DATE		87,748
NET C.I.A.C. TO DATE		33,342
LEVEL OF C.I.A.C. TO DATE		28.33%
ACCUMULATED AMORTIZATION OF C.I.A.C. AT DESIGN CAPACITY		132,053
FUTURE CUSTOMERS (ERC) TO BE CONNECTED		152
COMPOSITE DEPRECIATION RATE		3.37%
NUMBER OF YEARS TO DESIGN CAPACITY		10.36
EXISTING SERVICE AVAILABILITY CHARGE PER ERC	$	0.00
LEVEL OF C.I.A.C. AT DESIGN CAPACITY		0.00%
NET C.I.A.C. AT DESIGN CAPACITY	$	(10,963)
REQUESTED SERVICE AVAILABILITY CHARGE PER ERC	$	0.00
LEVEL OF C.I.A.C. AT DESIGN CAPACITY		0.00%
NET C.I.A.C. AT DESIGN CAPACITY	$	(10,963)
MINIMUM SERVICE AVAILABILITY CHARGE PER ERC	$	0.00
LEVEL OF C.I.A.C. AT DESIGN CAPACITY		56.89%
NET C.I.A.C. AT DESIGN CAPACITY	$	(10,963)
MAXIMUM SERVICE AVAILABILITY CHARGE PER ERC	$	0.00
LEVEL OF C.I.A.C. AT DESIGN CAPACITY		75.00%
NET C.I.A.C. AT DESIGN CAPACITY	$	(10,963)

LAST UPDATE 27-Dec-92

CGD CORPORATION
DOCKET NO. 920397-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE NO. 4
SERVICE AVAILABILITY
CHARGE ANALYSIS
PAGE 2 OF 2

--- WASTEWATER SYSTEM ---

GROSS BOOK VALUE POST-ACQUISITION ADJ		400,745
LAND		0
DEPRECIABLE ASSETS		400,745
ACCUMULATED DEPRECIATION TO DATE POST-ACQ ADJ		435,224
ACCUMULATED DEPRECIATION AT DESIGN CAPACITY		616,127
NET PLANT AT DESIGN CAPACITY		(215,382)
COLLECTION LINES POST-ACQUISITION ADJ		246,147
MINIMUM LEVEL OF C.I.A.C.		61.42%
C.I.A.C. TO DATE		139,799
ACCUMULATED AMORTIZATION OF C.I.A.C. TO DATE		101,881
NET C.I.A.C. TO DATE		37,918
LEVEL OF C.I.A.C. TO DATE		-109.97%
ACCUMULATED AMORTIZATION OF C.I.A.C. AT DESIGN CAPACITY		164,989
FUTURE CUSTOMERS (ERC) TO BE CONNECTED		152
COMPOSITE DEPRECIATION RATE		4.16%
NUMBER OF YEARS TO DESIGN CAPACITY		10.86
EXISTING SERVICE AVAILABILITY CHARGE PER ERC	$	225.00
LEVEL OF C.I.A.C. AT DESIGN CAPACITY		-0.57%
NET C.I.A.C. AT DESIGN CAPACITY	$	1,232
REQUESTED SERVICE AVAILABILITY CHARGE PER ERC	$	0.00
LEVEL OF C.I.A.C. AT DESIGN CAPACITY		0.00%
NET C.I.A.C. AT DESIGN CAPACITY	$	(25,190)
MINIMUM SERVICE AVAILABILITY CHARGE PER ERC	$	0.00
LEVEL OF C.I.A.C. AT DESIGN CAPACITY		61.42%
NET C.I.A.C. AT DESIGN CAPACITY	$	(25,190)
MAXIMUM SERVICE AVAILABILITY CHARGE PER ERC	$	0.00
LEVEL OF C.I.A.C. AT DESIGN CAPACITY		75.00%
NET C.I.A.C. AT DESIGN CAPACITY	$	(25,190)

LAST UPDATE 27-Dec-92

CGD CORPORATION
DOCKET NO. 920937-WS
TEST YEAR ENDED DECEMBER 31, 1991

SCHEDULE 5
RATE REDUCTION AFTER
RECOVERY OF RATE CASE EXPENSE

MONTHLY RATES - WATER

		APPROVED RATES	RATE DECREASE
RESIDENTIAL AND GENERAL SERVICE			
Base Facility Charge:			
Meter Sizes:	5/8" x 3/4"	$ 9.62	$ 0.01
	3/4"	14.42	0.01
	1"	24.04	0.02
	1 1/2"	48.08	0.04
	2"	76.92	0.06
	3"	153.84	0.12
	4"	240.38	0.19
	6"	480.76	0.38
Gallonage Charge:		$ 1.69	$ 0.01

MONTHLY RATES - WASTEWATER

		APPROVED RATES	RATE DECREASE
RESIDENTIAL AND GENERAL SERVICE			
Base Facility Charge:			
Meter Sizes:	5/8" x 3/4"	$ 3.33	$ 0.01
	3/4"	4.99	0.01
	1"	8.31	0.02
	1 1/2"	16.63	0.04
	2"	26.60	0.06
	3"	53.20	0.12
	4"	83.13	0.19
	6"	166.26	0.38
Gallonage Charge:			
Residential		$ 1.52	$ 0.00
General Service		1.83	0.00