

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate ) DOCKET NO. 951027-WS  
increase in Highlands County by ) ORDER NO. PSC-96-0910-FOF-WS  
Lake Placid Utilities, Inc. ) ISSUED: July 15, 1996  
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The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION  
ORDER GRANTING FINAL RATES AND CHARGES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Lake Placid Utilities, Inc. (LPUI or Utility) is a Class C Utility which provides service to approximately 150 water and 214 wastewater customers in Highlands County. LPUI is located in the Southern Water-Use Caution area as designated by the Governing Board of the Water Management District. The Utility is a wholly-owned subsidiary of Utilities, Inc.

By Order No. PSC-94-1602-FOF-WS, issued December 27, 1994, in Docket No. 930570-WS, we transferred the Utility's certificates to LPUI and established its rate base. The Utility's test year is calendar year 1994. In its 1994 annual report, LPUI reported annual revenues of \$33,303 and a net operating loss of \$24,040. We granted the Utility a price index rate adjustment for water and wastewater and a pass-through rate adjustment for water on August 11, 1995.

The application for approval of interim and final rates was filed on October 26, 1995, pursuant to Sections 367.081 and 367.082, Florida Statutes. However, the information submitted did not satisfy the minimum filing requirements (MFRs) for a

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general rate increase. Additional information was filed on November 17, 1995, which satisfied our filing requirements, and this date has been established as the official date of filing. The Utility also requested that this case be processed pursuant to the proposed agency action (PAA) procedure as provided in Section 367.081 (8), Florida Statutes.

By Order PSC-96-0170-FOF-WS, issued February 6, 1996, we granted LPUI interim rate increases of \$14,998 (67.51%) and \$30,552 (122.81%) for water and wastewater, respectively. LPUI has requested final rates designed to generate annual revenues of \$47,331 and \$64,068 for water and wastewater, respectively. The requested revenues exceed adjusted test year revenues by \$22,890 (93.65%) for water and 38,407 (149.68%) for wastewater.

Based on discussions with Commission staff, the Utility agreed to provide additional information necessary to process the case. Accordingly, on April 19, 1996, the Utility waived the statutory time period to complete the case until June 11, 1996. On April 23, 1996, the Utility filed the requested information consisting of revised rate base and net operating income schedules, engineering flow data and rate billing data.

#### QUALITY OF SERVICE

Our analysis of the overall quality of service provided by the Utility is derived from quality of the Utility's product (water and/or wastewater), operational condition of the Utility's plant or facilities and customer satisfaction.

##### Quality of Utility's Product

Lake Placid Utilities, Inc. has no current DEP, Health Department or EPA violations with either the water or wastewater facilities.

##### Operational Condition of the Utility's Plant or Facilities

The Utility is in compliance with all operational regulations. During a site inspection performed during the week of January 15, 1996, all facilities were found to be in proper maintenance and operational condition.

The wastewater collection system appears to have problems with infiltration and an unusually large unaccounted for water problem has been revealed. This was discovered in the utility's flow data. These problems are addressed later in this Order.

Customer Satisfaction.

A customer meeting was held on January 17, 1996. Approximately 50 persons attended. Thirteen customers spoke at the meeting. No quality of service issues were raised. The Utility has made a concerted effort to prevent quality of service problems and to promptly correct any complaints that arise. Upon consideration of the foregoing, we find that the quality of service provided by Lake Placid is satisfactory.

RATE BASE

Our calculations of the appropriate rate base for the purpose of this proceeding are attached as Schedules Nos. 1-A and 1-B for the water and wastewater systems, respectively. Our adjustments are attached as Schedule no. 1-C. Those adjustments which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Used and Useful

When the Utility filed the MFRs for this docket, there were no meters installed and the customers were being charged a flat rate for water and wastewater. Because of this, we were unable to calculate flows. Since the filing, a meter installation project has been completed. We obtained billing and flow records from May, 1995, through April, 1996. Using these records, we have been able to determine actual flows.

The used and useful percentage for the water treatment plant is 40.36%. This percentage was derived by the method shown on Attachment B. As shown, the plant maximum daily flow plus required fire flow plus any margin reserve minus excessive unaccounted for water is divided by the reliable plant capacity.

The used and useful percentage for wastewater is 30.46%. This percentage was derived using the actual metered flows, which we requested and the Utility provided. The used and useful calculation for the wastewater treatment plant is shown on Attachment D.

With regard to the wastewater collection system, the used and useful percentages for the gravity collection system and force main are 100% and 84%, respectively. Lake Placid's service area is completely built out, therefore, the gravity mains are the minimum required to safely and adequately serve the customers. With regard to the force main, Lake Placid states that due to the distance

between the pump station and the discharge point at the treatment plant, a 4 inch main is unacceptable. The Utility further states that a 6 inch main would suffice rather than the 8 inch main that was installed, and the cost difference between a 6 inch main and an 8 inch main is approximately \$2.00 per foot. Our calculation of the additional cost for the 8 inch pipe totals 15.9% of the entire force main account. Therefore, we find that 15.9% of the force main account is non-used and useful. Our calculations agree with those of the Utility. However, we find that the decision to utilize larger sized lines; therefore, in this instance, was prudent due to the distance to the discharge point. Nevertheless, the Utility has voluntarily reduced the cost of the lines by the difference in price between 6 inch and 8 inch lines; therefore, the size and cost of the lines are moot. Accordingly, we find that the gravity mains are 100% used and useful and the force mains are 84% used and useful.

The water distribution system is 100% used and useful and is the minimum required that can provide safe and adequate service to the customers. The area is completely built out. Future growth will most likely be limited due to environmental concerns. An endangered bird and an endangered plant have been discovered on the land and in the area. Therefore the area has been, for the most part, set aside and abandoned for construction purposes. Based on the foregoing, and consistent with Commission policy, we find that the water distribution system is 100% used and use and useful.

#### Excessive Unaccounted for Water

As stated earlier, when the Utility filed the MFRs for this docket, there were no meters installed and the customers were being charged a flat rate for water and wastewater. Because of this, we were unable to calculate unaccounted for water and other data pertinent to the ratemaking process. Since the filing, a meter installation project has been completed. We obtained billing and flow records from May, 1995, through April, 1996. Using these records, we have been able to determine actual flows.

The Utility also furnished updated Schedules F-3 (Water Treatment Plant Data) and F-4 (Wastewater Treatment Plant Data), which contain flow data for the year ended 1995. Using this updated data, we were able to establish flows and calculate more accurate ratemaking information.

Schedule F-3 (Water Treatment Plant Data, shown as Attachment A), reveals the average daily flow is 40,000 gallons. If the total annualized consumption of 6,880,364 gallons is divided by 365 days,

the average daily amount consumed by customers is calculated to be 18,850 gallons. Subtracting that from 40,000 equals 21,150 gallons of unaccounted for water.

We have traditionally permitted 10% of the daily flow as acceptable for unaccounted for water. Recently, staff presented a draft rule recommending 12.5% as acceptable. The rationale for this change is that older systems, such as LPUI, are often more susceptible to line breaks. That being the case, a 10% allowance does not appear sufficient. Therefore, we find it appropriate to use the 12.5% figure as our guideline for a permissible level of unaccounted for water. We have calculated that LPUI's level of excessive unaccounted for water equals 47%.

We have reduced account 615 (purchased power) by \$1,320 and account 618 (chemicals), by \$96, for a total of \$1,416. Additionally, Lake Placid Utilities, Inc. shall undertake an aggressive program and do appropriate studies for leak detection and theft to determine the problem(s) and initiate immediate corrective measures to lessen the excessive losses. The Utility shall file a report on the measures taken, and progress made, detailing the flows and extent of unaccounted for water within 12 months from the date this Order is filed. Staff shall review the report to determine if further action is indicated at that time.

#### Inflow and Infiltration (I&I)

Using the flow data provided by the Utility, we were able to calculate the rate of I&I presently being experienced by the system. We used data from tables in the Water Pollution Control Federation (WPCF) Manual of Practice No. 9 (MOP 9), a widely accepted industry guideline for sewer line standards. Because this is an older system, we used the maximum allowable inflow/infiltration rate recommended in MOP 9, and allowed for 90% return of the sold water (excluding irrigation). Lake Placid also has 72 wastewater only customers in an adjoining condominium complex. Several of those customers testified at the customer service meeting that they resided in Highlands County only part of the year (2 months to 6 months). For these wastewater only customers, we find it appropriate to accept similar flows as those experienced in the multi-family complexes having water service from Lake Placid Utilities. These customers are also seasonal residents and their daily water usage calculates to 37.4 GPD. This is due to the seasonal nature of their residency. Because we cannot identify when these customers are in residence, our calculation is based on the entire year of usage, divided by the total number of connections of multi-family users. Using that as our guideline, we calculated the I&I flows for the Utility.

Excess I&I is calculated by subtracting an acceptable level of I&I from the total I&I. The Lake Placid wastewater collection system has a 27% excessive infiltration rate. We made the usual allowance for water not returned to the treatment plant due to irrigation and other uses. Usually an allowance of 10% to 20% is made for water not returned to the wastewater plant due to other uses. In this case, we used a 90% return of sold water because of the number of apartment and condominium customers and allowed for the maximum infiltration rate from MOP No. 9, due to the age of the system. We find that the I&I rate of 27% for the Lake Placid collection system is unacceptable.

We have reduced account 715 (purchased power) by \$1,716 and account 718 (chemicals) by \$783, for a total of \$2,499. Additionally, Lake Placid Utilities, Inc. shall undertake an aggressive program and do appropriate studies to detect the problem(s) and initiate immediate corrective measures to lessen the excessive inflow and infiltration problem. The Utility shall file a report on the measures taken, and progress made, detailing the flows and extent of inflow and infiltration within 12 months from the date this Order is filed. Staff shall review the report to determine if further action is indicated at that time.

#### Margin Reserve

In its MFRs, the Utility included a request for a margin reserve of 32,000 GPD (11% of the reliable plant capacity). The flow figures used by the Utility, however, were those obtained prior to the completion of the meter installation program. As such, they have proven to be highly inaccurate. We have calculated a margin reserve using the metered flow figures received from the Utility and our formula for calculating used and useful percentages. The formula includes average yearly growth for the most recent five year period, multiplied by construction time for new capacity, multiplied by maximum daily flow divided by the average number of connections. We have subtracted the excessive unaccounted for water (18,974 gallons) from the reported maximum daily flow of 81,000 gallons to obtain a more accurate daily flow rate. Using the revised, more accurate flow data as a base for calculation, we find it appropriate to approve a margin reserve equal to 6,041 GPD (9.74% of 62,026 GPD) for the water treatment plant.

The Utility requested a margin reserve of 8,000 GPD (18.2%) of the reported 44,000 GPD flows in the minimum filing requirements. Since we have obtained more recently gathered data which indicates much less than reported flows, and in consideration of the excessive inflow and infiltration in the water treatment plant, we

find it appropriate to calculate a margin reserve for the wastewater treatment plant using legitimate flows, if known. We have calculated the expected legitimate flow for this plant to be 20,357 GPD, which is 18,087 GPD from the customers and 2,270 GPD inflow and infiltration. Using the revised, more accurate flow data as a basis for calculation, we find it appropriate to approve a margin reserve equal to 3,367 GPD (16.5% of the calculated daily flows of 20,357 GPD) for the wastewater treatment plant.

#### Working Capital

Rule 25-30.433(2), Florida Administrative Code, requires Class C utilities to use the formula method, or one-eighth of operation and maintenance (O&M) expenses, for calculating the working capital allowance. The Utility has calculated its working capital allowance pursuant to this rule. We have made adjustments to O&M expenses as discussed later in this Order. Based on the adjusted balance of O&M expenses, the approved working capital provision for the Utility is \$2,802 for water and \$4,706 for wastewater.

#### Test Year Rate Base

In its original MFRs, the Utility used a simple average test year ended December 31, 1994 with pro forma adjustments for 1995 plant additions. These pro forma additions were included as year-end amounts. Upon our review, we found that the presentation of rate base as filed presented a mismatch between some average and year-end components. Due to the extraordinary condition created by the necessity of the pro forma plant additions, we requested the Utility to file revised rate base schedules based on the year-end balances as of December 31, 1995. See City of Miami v. Florida Public Service Commission, 208 So. 2d 249, 258 (Fla. 1968), in which the Florida Supreme Court opined that the year-end method of determining rate base should be limited to the most extraordinary or emergency conditions. The Utility filed the revised rate schedules. These schedules also included miscellaneous corrections to rate base recommended by Commission auditors. Although the capital structure and net operating income (NOI) are based on the test year ended December 31, 1994, we do not find that this apparent mismatch has a material impact on the revenue requirement calculation. Due to the small size of this Utility, the increase in rate case expense to calculate a revised 1995 capital structure and NOI would exceed any benefits gained on matching. In consideration of the foregoing, we find the appropriate rate base is \$106,090 for water and \$67,626 for wastewater.

### COST OF CAPITAL

Our calculation of the appropriate cost of capital for each system is attached as Schedule No. 2.

#### Return on Equity

Based upon the components of the capital structure as shown on Schedule No. 2, we find that the equity ratio for Lake Placid is 44.68%. Using the current leverage formula approved in Order No. PSC-95-0982-FOF-WS, issued on August 10, 1995 in Docket No. 950006-WS, the appropriate return on equity is 11.56%. Therefore, we find the appropriate range for the return on equity is 10.56% to 12.56%.

#### Overall Cost of Capital

Based upon the approved adjustments discussed earlier, we find that an overall cost of capital of 10.31%, with a range of 9.87% to 10.76%, is appropriate.

### NET OPERATING INCOME

Our calculation of net operating income is attached as Schedules Nos. 3-A and 3-B for each individual system. The schedule of adjustments to operating income is attached as Schedule No. 3-C. Those adjustments which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this order. The major adjustments are discussed below.

#### Test Year Revenues

The Utility recorded in its MFRs test period water system revenues of \$26,739 and wastewater system revenues of \$25,586. The Utility calculated its water system revenues by using an incorrect water rate. Therefore, we have decreased water system revenues by \$989 to reflect the appropriate test year water revenues.

We further adjusted the water and wastewater system revenues to reflect the appropriate miscellaneous service charge revenues. We also increased the test period water and wastewater revenues by \$318 and \$218, respectively. Therefore, the resulting test year revenues before any revenues increase for Lake Placid are \$26,068 for the water system and \$25,805 for the wastewater system.



### Rate Case Expense

In its original MFRs, the Utility's requested provision for rate case expense was \$50,000. When it revised its MFRs, the Utility's requested provision for rate case expense was reduced to \$42,000. This provision was allocated on an annual basis to the water system at \$4,305 and wastewater at \$6,195. Upon our request, the Utility submitted supporting documentation and a second revised estimate to complete rate case expense. The revised estimate totals \$33,875. We have reviewed the actual invoices and the revised estimate to complete and we find that the amounts submitted are reasonable. Accordingly, we have reduced rate case expense by \$8,125. This results in a reduction to test year amortization of rate case expense of \$3,331 and \$4,794 for water and wastewater, respectively. Thus, we find that a rate case expense of \$33,875 and a reduction of \$883 for water and \$1,199 for wastewater in annual amortization is appropriate.

### Test Year Operating Income

Based on the adjustments discussed herein, we find that the appropriate test year operating income before any provision for increased revenues is \$177 for water. We find that an operating loss of \$11,155 for wastewater is appropriate.

### REVENUE REQUIREMENT

Based upon our review of the Utility's application and the adjustments discussed herein, the appropriate annual revenue requirements are \$44,420 and \$56,712 for water and wastewater, respectively. This will allow the Utility the opportunity to recover its allowed level of expenses and to earn a 10.31% rate of return on its investment in rate base.

### RATES AND RATE STRUCTURE

The final rates approved for the Utility are designed to produce revenues of \$44,161 for the water system and \$56,366 for the wastewater system. These amounts represent a revenue increase of 69.41% for the water system and 118.43% for the wastewater system, excluding miscellaneous service revenues, using the combined rate design.

### Wastewater Residential Gallonage Cap

We find that a wastewater residential gallonage cap of 6,000 gallons is appropriate for Lake Placid. Our purpose for implementing a residential wastewater cap is to recognize that all

water used by residential customers is not returned to the wastewater collection system. Therefore, recognizing that most of the water used by general service customers is returned to the wastewater system, a cap is not imposed on general service customers. Additionally, the residential wastewater cap affects rate design because it creates the maximum amount a customer will pay on his bill. We find it appropriate to set the residential wastewater cap at a level that appropriately reflects the amount of water returned to the wastewater system. Our goal in setting a wastewater gallonage cap is to recognize the general usage level of the Utility's customers. Water used beyond that general level is probably used for irrigation purposes, and will not be returned to the wastewater system.

#### Rate Structure

The Utility's current tariff provides for a flat rate structure for the water and wastewater system. The Utility has been charging its customers flat rates even though most of its customer base has meters. When this Utility was bought by Utilities, Inc, some customers were metered and some were not metered. The Utility completed the meter installation process and continued to charge the tariffed flat rates. The Utility has requested final rates using the base facility charge and gallonage charge rate structure along with a flat rate for its wastewater only customers who are receiving water from another water source.

We find that a combination of the base facility and gallonage charge rate structure and the flat rate structure is the appropriate rate structure for this particular Utility. The base facility and gallonage charge rate structure is designed to provide for the equitable sharing by the ratepayers of both the fixed and variable costs of providing service. The base facility charge is based upon the concept of readiness to serve all customers connected to the system. This ensures that ratepayers pay their share of the fixed costs of providing service (through the base facility charge) and also pay their share of the variable costs of providing service (through the consumption or gallonage charge).

The base facility and gallonage charge rate structure is an appropriate rate structure for this Utility for conservation purposes. Excessive consumption will be discouraged through the implementation of the base facility and gallonage charge rate structure. Further, it is difficult to detect an unaccounted for water problem when a Utility utilizes a flat rate structure. We find that an unaccounted for water problem may exist at Lake Placid.

Finally, our approved rates result in a 20% differential between the residential and general service wastewater gallonage charges. The purpose of the 20% differential in the wastewater gallonage charge between general service and residential customers recognizes that approximately 20% of the water used by residential customers is used for purposes of irrigation and is not collected by the wastewater systems.

#### EFFECTIVE DATE

The approved rates shall be effective for service rendered on or after the stamped approval date of the tariff pursuant to Rule 25-30.475, Florida Administrative Code, provided the customers have received notice. The rates may not be implemented until proper notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days after the date of notice.

A comparison of the Utility's current rates, requested final rates, and our approved rates is shown on Schedule No. 6.

#### UTILITY REPORTINGS REQUIRED

We find that there is a need to evaluate the effects of this Utility's change in rate structure. To that end the Utility shall submit monthly reports, provided on a quarterly basis, containing the number of customer bills, gallons billed and revenues collected. This information shall be provided for each customer class and meter size. The information shall be compiled on a monthly basis and provided to us on a quarterly basis for a period of two years, commencing on the first billing cycle the revised rates go into effect.

#### REFUND OF REVENUES

By Order No. PSC-96-0170-FOF-WS, issued on February 6, 1996, we suspended the Utility's proposed rates and approved interim water and wastewater rates subject to refund, pursuant to Sections 367.082, Florida Statutes. According to Section 367.082, Florida Statutes, any refund should be calculated to reduce the rate of return of the Utility during the pendency of the proceeding to the same level within the range of the newly authorized rate of return. Adjustments made in the rate case test period that do not relate to the period interim rates are in effect should be removed. Examples of these adjustments would be an attrition allowance or rate case expense, which are recovered only after final rates are established.

In this proceeding, the test period for establishment of interim and final rates was the historical twelve months ended December 31, 1994. For final purposes only, rate base was determined as of December 31, 1995. The approved interim rates did not include provisions for proforma increased operating expenses or increased plant. The interim increase was designed to allow recovery of actual interest costs, and the floor of the last authorized range for equity earnings.

To establish the proper refund amount, we have calculated a revised interim revenue requirement utilizing the same data used to establish final rates. Rate case expense was excluded because it was not an actual expense during the interim collection period.

Using the principles discussed above, the calculated amount of revenue requirement for the interim collection period is \$40,722 for water and \$51,391 for wastewater. The revised interim water revenues exceed the interim water revenues granted by Order No. PSC-96-0170-FOF-WS. However, the revised interim wastewater revenues fall below the interim wastewater revenues that were granted. Therefore, the utility shall make interim wastewater refunds in the amount of 7.9% with interest as required by Rule 25-30.360(4), Florida Administrative Code and submit the proper refund reports pursuant to Rule 25-30.360(7), Florida Administrative Code. The Utility shall treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), Florida Administrative Code.

#### STATUTORY FOUR-YEAR RATE REDUCTION

Section 367.0816, Florida Statutes, requires that the rates be reduced immediately following the expiration of the four year period by the amount of rate case expense previously authorized in the rates. The reduction shall reflect the removal of revenues associated with the amortization of rate case expense and the gross-up for regulatory assessment fees which is \$3,636 and \$5,232 for the water and wastewater systems, respectively. The removal of rate case expense shall result in the reduction of approved rates as reflected on Schedule No. 7.

The Utility shall file revised tariffs no later than one month prior to the actual date of the required rate reduction. The Utility shall also file a proposed customer notice setting forth the lower rates and 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 for the reduction in the rates due to the removal of the amortized rate case expense.

#### OTHER ISSUES

##### Meter Installation Charges

When Utilities Inc. purchased Lake Placid, some customers had meters in place while other customers did not have meters in place. Utilities, Inc. completed the meter installation process that was started prior to purchase. However, during the meter installation process of the Lake Placid customer base, Utilities, Inc. did not collect a meter installation charge since there was no approved meter installation charge in their tariff.

While Utilities Inc. has no approved meter installation charge in its current tariff for Lake Placid, there is an approved meter installation charge for its Seminole County, Lake County, and Orange County systems. The approved meter installation charge for those systems is \$150. We have reviewed the cost justification provided by the Utility for the meter installation charge and find that this amount is also appropriate for the Lake Placid system. Therefore, we find it appropriate to approve a meter installation charge of \$150 for Lake Placid.

##### Revision of Allowance for Funds Used During Construction (AFUDC)

As a part of its current rate case filing, the Utility requested a new AFUDC rate of 10.31%, consistent with the overall rate of return requested. The revised rate was also based on the 1994 capital structure, with a few differences. First, the cost of capital for this case is based on a simple average, not a 12-month average as required to calculate AFUDC according to Rule 25-30.116(2), Florida Administrative Code. Also, the cost of equity in this case is based on the current leverage graph, which is slightly higher. There were also two slight adjustments to the cost of debt and customer deposits in the rate case different from the AFUDC filing.

Rule 25-30.116(5), Florida Administrative Code, states that the AFUDC rate shall be effective the month ending the 12-month period used to establish the rate. Since the Utility's revised rate is based on the same period as the current AFUDC rate, the effective date for both, regardless, would be January 1, 1995. To implement a new rate effective January 1, 1996, the rate would have to be based on the 12-month average balance ended December 31, 1995. The Utility has not provided this information for review.

We find that a new AFUDC rate based on the same 1994 capital structure is unnecessary, particularly given the immaterial percentage change from 10.25% to 10.28% between the two rates. If the Utility believes that further consideration should be given to a new rate based on current costs, then a subsequent filing based on a more current test year should be used. Based on the above, the currently approved AFUDC rate is reasonable and shall not be revised.

Compliance With Uniform System of Accounts

By Order No. PSC-93-1448-FOF-WS, issued October 4, 1993, in Docket No. 930570-WS, we transferred the Utility's certificate from Lake Placid Utilities to LPUI. In addition, an original cost study was performed to establish rate base in Order No. PSC-94-1602-FOF-WS, issued December 27, 1994, in Docket No. 930570-WS. In this rate case filing, the Utility updated the plant in service accounts based on the original cost study but failed to make corresponding adjustments to accumulated depreciation accounts. The Utility agrees that accumulated depreciation by primary account should be corrected on its books to agree with the original cost study balances approved by the Commission. Accordingly, the Utility shall make the appropriate adjustments to its plant and accumulated depreciation accounts as shown in Schedules Nos. 4 and 5.

This docket shall be closed if no timely protest is received from a substantially affected person, upon staff's verification that the Utility has completed the required refunds and upon the Utility's filing and staff's approval of revised tariff sheets and a customer notice. Further, the Utility's corporate undertaking shall be released upon verification that the refund has been completed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Lake Placid Utilities, Inc.'s application for increased water and wastewater rates 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 Lake Placid Utilities, Inc. shall establish an aggressive program and do appropriate studies for leak detection and theft to determine the unaccounted for water problem(s) and initiate immediate corrective measures to lessen the excessive losses. Lake Placid Utilities, Inc. shall file a report on the measures taken, and progress made, detailing the flows and extent of unaccounted for water within 12 months of the date of this Order, at which time staff shall review the results to determine if further action is required. It is further

ORDERED that Lake Placid Utilities, Inc. shall establish an aggressive program and do appropriate studies to detect the inflow and infiltration problem(s) and initiate immediate corrective measures. Lake Placid Utilities, Inc., shall file a report on the measures taken, and progress made, detailing the flows and extend of inflow and infiltration within 12 months of the date of this Order, at which time staff shall review the report to determine if further action is required. It is further

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

ORDERED that Lake Placid Utilities, Inc. shall provide proof that the customers have received notice within 10 days of the date of notice. It is further

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

ORDERED that prior to its implementation of the rates approved herein, Lake Placid Utilities, Inc. shall submit and have approved revised tariff pages. The revised tariff pages will be approved upon staff's verification that the pages are consistent with our decision herein, that the protest period has expired, and that the proposed customer notice is adequate. It is further

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ORDERED that Lake Placid Utilities, Inc. shall provide, on a quarterly basis, monthly reports, containing the number of customer bills, gallons billed and revenues collected as set forth herein. It is further

ORDERED that Lake Placid Utilities, Inc. shall make refunds as set forth herein with interest as required by Rule 25-30.360(4), Florida Administrative Code and submit proper refund reports pursuant to Rule 25-30.360(7), Florida Administrative Code. It is further

ORDERED that Lake Placid Utilities, Inc. shall treat any unclaimed refunds as Contribution-in-Aid-of-Construction pursuant to Rule 25-30.360(8), Florida Administrative Code. It is further

ORDERED that the rates shall be reduced at the end of the four-year rate case expense amortization period, consistent with our decision herein. Lake Placid Utilities, Inc. shall file revised tariff sheets no later than one month prior to the actual date of the reduction and shall file a customer notice. It is further


ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that this docket shall be closed if no timely protest is received from a substantially affected person, upon staff's verification that Lake Placid Utilities, Inc. has completed the required refund and upon Lake Placid Utilities, Inc.'s filing and staff's approval of revised tariff sheets and a customer notice.



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By ORDER of the Florida Public Service Commission, this 15th  
day of July, 1996.



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BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(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.

The action proposed herein 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 5, 1996.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

ORDER NO. PSC-96-0910-FOF-WS  
DOCKET NO. 951027-WS  
PAGE 18

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 this order becomes final and effective on the date described above, any party substantially 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.

LAKE PLACID UTILITIES, INC.			SCHEDULE NO. 1-A			
SCHEDULE OF WATER RATE BASE			DOCKET NO. 951027-WS			
PRO FORMA TEST YEAR - YEAR-END 12/31/95						
COMPONENT	TEST YEAR PER UTILITY 1994	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY 1995	COMMISSION ADJUSTMENTS	COMMISSION ADJ. TEST YEAR	
1 UTILITY PLANT IN SERVICE	\$ 160,366	23,936 \$	184,302	0	184,302	
2 LAND & LAND RIGHTS	1,250	1,457	2,707	0	2,707	
3 NON-USED & USEFUL PLANT - NET	0	(924)	(924)	(1,325)	(2,249)	
4 ACCUMULATED DEPRECIATION	(24,111)	(5,996)	(30,107)	0	(30,107)	
5 CONSTRUCTION WORK IN PROGRESS	10,287	(10,287)	0	0	0	
6 CIAC	(63,517)	(1,168)	(64,685)	(52)	(64,737)	
7 AMORTIZATION OF CIAC	10,901	2,469	13,370	2	13,372	
8 ACQUISITION ADJUSTMENTS	0	0	0	0	0	
9 AMORTIZATION OF ACQ. ADJ.	0	0	0	0	0	
10 ADVANCES FOR CONSTRUCTION	0	0	0	0	0	
11 DEFERRED TAXES	0	0	0	0	0	
12 WORKING CAPITAL ALLOWANCE	3,195	(113)	3,082	(280)	2,802	
<b>RATE BASE</b>	<b>\$ 98,371</b>	<b>9,374 \$</b>	<b>107,745</b>	<b>(1,655)</b>	<b>106,090</b>	

LAKE PLACID UTILITIES, INC. SCHEDULE OF WASTEWATER RATE BASE PRO FORMA TEST YEAR - YEAR-END 12/31/95			SCHEDULE NO. 1-B DOCKET NO. 951027-WS		
COMPONENT	TEST YEAR PER UTILITY 1994	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY 1995	COMMISSION ADJUSTMENTS	COMMISSION ADJ. TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 306,007	27,669 \$	333,676	0	333,676
2 LAND & LAND RIGHTS	17,769	3,896	21,665	0	21,665
3 NON-USED & USEFUL PLANT		(24,598)	(24,598)	(8,144)	(32,742)
4 ACCUMULATED DEPRECIATION	(202,277)	3,514	(198,763)	0	(198,763)
5 CONSTRUCTION WORK IN PROGRESS	9,628	(9,628)	0	0	0
6 CIAC	(115,150)	(5,368)	(120,518)	(259)	(120,777)
7 AMORTIZATION OF CIAC	54,044	5,809	59,853	8	59,861
8 ACQUISITION ADJUSTMENTS	0	0	0	0	0
9 AMORTIZATION OF ACQ. ADJ.	0	0	0	0	0
10 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
11 DEFERRED TAXES	0	0	0	0	0
12 WORKING CAPITAL ALLOWANCE	5,068	102	5,168	(462)	4,706
<b>RATE BASE</b>	<b>\$ 75,087</b>	<b>1,396 \$</b>	<b>76,483</b>	<b>(8,857)</b>	<b>67,626</b>

LAKE PLACID UTILITIES, INC.  
ADJUSTMENTS TO RATE BASE  
TEST YEAR ENDED 12/31/94

SCHEDULE NO. 1-C  
DOCKET NO. 951027-WS  
PAGE 1 OF 1

EXPLANATION	WATER	WASTEWATER
(1) <b>NON-USED &amp; USEFUL PLANT - NET</b> a) To reflect an increased non-used & useful percentage	\$ (1,325)	\$ (8,144)
(2) <b>CIAC</b> a) Impuation of CIAC on Margin Reserve	\$ (52)	\$ (259)
(3) <b>Amortization of CIAC</b> a) Amortization of CIAC on Margin Reserve	\$ 2	\$ 8
(4) <b>WORKING CAPITAL</b> a) Adjustment to agree with recommended operating expenses	\$ (280)	\$ (462)

LAKE PLACID UTILITIES, INC.  
 CAPITAL STRUCTURE  
 TEST YEAR ENDED 12/31/94

SCHEDULE NO. 2  
 DOCKET NO. 951027-WS

DESCRIPTION	TOTAL CAPITAL	SPECIFIC ADJUSTMENTS (EXPLAIN)	PRO RATA ADJUSTMENTS	CAPITAL RECONCILED TO RATE BASE	RATIO	COST RATE	WEIGHTED COST
<b>PER UTILITY</b>							
1 LONG TERM DEBT	35,322,250	0	(35,238,870)\$	83,380	45.26%	9.51%	4.30%
2 SHORT-TERM DEBT	7,300,000	0	(7,282,768)	17,232	9.35%	9.00%	0.84%
3 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
4 COMMON EQUITY	34,883,545	0	(34,801,200)	82,345	44.70%	11.56%	5.17%
5 CUSTOMER DEPOSITS	150	0	0	150	0.08%	6.00%	0.00%
6 DEFERRED INCOME TAXES	1,120	0	0	1,120	0.61%	0.00%	0.00%
7 DEFERRED ITC'S-WTD COST	0	0	0	0	0.00%	0.00%	0.00%
8 OTHER-INTERCO. ACCOUNTS	0	0	0	0	0.00%	0.00%	0.00%
9 TOTAL CAPITAL	<u>77,507,065</u>	0	<u>(77,322,838)\$</u>	184,227	<u>100.00%</u>		<u>10.32%</u>
<b>PER COMMISSION</b>							
10 LONG TERM DEBT	35,322,250	0	(35,243,660)\$	78,590	45.24%	9.51%	4.30%
11 SHORT-TERM DEBT	7,300,000	0	(7,283,758)	16,242	9.35%	9.00%	0.84%
12 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
13 COMMON EQUITY	34,883,545	0	(34,805,931)	77,615	44.68%	11.56%	5.16%
14 CUSTOMER DEPOSITS	150	0	0	150	0.09%	6.00%	0.01%
15 DEFERRED INCOME TAXES	1,120	0	0	1,120	0.64%	0.00%	0.00%
15 DEFERRED ITC'S-WTD COST	0	0	0	0	0.00%	0.00%	0.00%
16 OTHER-INTERCO. ACCOUNTS	0	0	0	0	0.00%	0.00%	0.00%
17 TOTAL CAPITAL	<u>77,507,065</u>	0	<u>(77,332,080)\$</u>	173,716	<u>100.00%</u>		<u>10.31%</u>
RANGE OF REASONABLENESS					LOW	HIGH	
RETURN ON EQUITY					<u>10.56%</u>	<u>12.56%</u>	
OVERALL RATE OF RETURN					<u>9.87%</u>	<u>10.76%</u>	

LAKE PLACID UTILITIES, INC.  
 STATEMENT OF WATER OPERATIONS  
 TEST YEAR ENDED 12/31/94

SCHEDULE NO. 3-A  
 DOCKET NO. 951027-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION AD TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	14,559	32,282 \$	46,841	(20,773)	26,068	18,352	44,420
OPERATING EXPENSES:						70.40%	
2 OPERATION AND MAINTENANCE	25,562	(901) \$	24,661	(2,249)	22,412 \$		22,412
3 DEPRECIATION	1,607	4,130	5,737	(84)	5,653		5,653
4 AMORTIZATION - CIAC	(2,352)	(87)	(2,439)	0	(2,439)		(2,439)
5 TAXES OTHER THAN INCOME	3,572	948	4,520	(935)	3,585	826	4,411
6 INCOME TAXES	(7,742)	10,987	3,245	(6,565)	(3,320)	6,761	3,441
7 TOTAL OPERATING EXPENSES	20,647	15,077 \$	35,724	(9,833)	25,891	7,586	33,478
8 OPERATING INCOME	(6,088)	17,205 \$	11,117	(10,940)	177	10,765	10,942
9 RATE BASE	98,371	\$	107,745		106,090		106,090
RATE OF RETURN	-6.19%		10.32%		0.17%		10.31%

LAKE PLACID UTILITIES, INC. STATEMENT OF WASTEWATER OPERATIONS TEST YEAR ENDED 12/31/94			SCHEDULE NO. 3-B DOCKET NO. 951027-WS				
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION AD TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	18,744	43,370 \$	62,114	(36,309)	25,805	30,907	56,712
OPERATING EXPENSES						119.77%	
2 OPERATION AND MAINTENANCE	40,527	815 \$	41,342	(3,698)	37,645 \$		37,645
3 DEPRECIATION	6,718	2,379	9,097	(525)	8,572		8,572
4 AMORTIZATION - CIAC	(3,379)	(1,313)	(4,692)	0	(4,692)		(4,692)
5 TAXES OTHER THAN INCOME	5,139	1,123	6,262	(1,634)	4,628	1,391	6,019
6 INCOME TAXES	(11,141)	13,356	2,215	(11,407)	(9,192)	11,386	2,193
7 TOTAL OPERATING EXPENSES	37,864	16,360 \$	54,224	(17,264)	36,960	12,777	49,737
8 OPERATING INCOME	(19,120)	27,010 \$	7,890	(19,045)	(11,155)	18,130	6,975
9 RATE BASE	75,087	\$	76,483		67,626		67,626
RATE OF RETURN	-25.46%		10.32%		-16.50%		10.31%



LAKE PLACID UTILITIES, INC. ADJUSTMENTS TO OPERATING STATEMENTS TEST YEAR ENDED 12/31/94		SCHEDULE NO. 3-C DOCKET NO. 951027-WS	
EXPLANATION	WATER	WASTEWATER	
<b>(1) OPERATING REVENUES</b>			
a) Remove requested revenue increase	\$ (20,102)	\$	(36,527)
b) Adjustment to correct billing rate	(989)		0
c) To correct miscellaneous service charges	318		218
	<u>\$ (20,773)</u>	<u>\$</u>	<u>(36,309)</u>
<b>(2) Operation &amp; Maintenance Expenses</b>			
a) To reduce purchase power expense for unaccounted water.	\$ (1,320)	\$	(1,716)
b) To reduce chemicals for unaccounted water.	(96)		(783)
c) To reduce the allowed rate case expense to complete.	(833)		(1,199)
	<u>\$ (2,249)</u>	<u>\$</u>	<u>(3,698)</u>
<b>(3) Depreciation Expense</b>			
a) To remove expense associated with increased non-used & useful percentage	\$ (84)	\$	(525)
<b>(4) TAXES OTHER THAN INCOME TAXES</b>			
a) Regulatory assessment fees related to revenue increase	\$ (905)	\$	(1,644)
b) Related to the correction of a billing rate	(45)		0
c) Related to the correction of miscellaneous service revenues	14		10
	<u>\$ (935)</u>	<u>\$</u>	<u>(1,634)</u>
<b>(5) INCOME TAXES</b>			
a) Income taxes associated with adjusted test year income	\$ (6,565)	\$	(11,407)
<b>(6) OPERATING REVENUES</b>			
a) Adjustment to reflect recommended revenue requirement	\$ 18,352	\$	30,907
<b>(7) TAXES OTHER THAN INCOME TAXES</b>			
a) Regulatory assessment taxes on additional revenues	\$ 826	\$	1,391
<b>(8) INCOME TAXES</b>			
a) Income taxes related to recommended income amount	\$ 6,761	\$	11,386

**LAKE PLACID UTILITIES, INC**  
**SCHEDULE OF WATER PLANT & ACCUMULATED DEPRECIATION**  
**YEAR END BALANCES AS OF 12/31/95**

**SCHEDULE NO. 4**  
**DOCKET NO. 951027-WS**

	<u>Plant</u>	<u>Accumulated Depreciation</u>
<b>INTANGIBLE PLANT</b>		
301.10 Organization	\$12,374	\$619
302.10 Franchises	1,250	222
<b>SOURCE OF SUPPLY &amp; PUMPLING EQUIPMENT</b>		
303.20 Land & Land Rights	2,707	0
304.20 Structures & Improvements	26,758	3,664
305.20 Collecting & Impounding Reservoirs	0	0
306.20 Lake River & Other Intakes	0	0
307.20 Wells & Springs	19,696	4,942
308.20 Infiltration Galleries & Tunnels	0	0
309.20 Supply Mains	0	0
310.20 Power Generating Equipment	0	0
311.20 Pumping Equipment	16,330	4,675
<b>WATER TREATMENT PLANT</b>		
304.30 Water Treatment Equipment	4,932	1,418
<b>TRANSMISSION &amp; DISTRIBUTION PLANT</b>		
320.40 Water Treatment Equipment	0	0
330.40 Distribution Reservoirs & Standpipes	26,584	1,745
331.40 Transmission & Distribution Mains	37,287	3,499
333.40 Services	19,841	3,110
334.40 Meters & Meter Installations	10,861	3,469
335.40 Hydrants	1,200	208
339.40 Other Plant & Miscellaneous Equipment	0	0
<b>GENERAL PLANT</b>		
340.50 Office Furniture & Equipment	0	0
341.50 Transportation Equipment	373	356
342.50 Stores Equipment	0	0
343.50 Tools, Shop & Garage Equipment	419	52
344.50 Laboratory Equipment	361	24
345.50 Power Operated Equipment	0	0
346.50 Communication Equipment	0	0
347.50 Miscellaneous Equipment	403	394
348.50 Other Tangible Plant	5,633	1,710
<b>TOTAL</b>	<u><u>\$187,009</u></u>	<u><u>\$30,107</u></u>

**LAKE PLACID UTILITIES, INC.**  
**SCHEDULE OF WASTEWATER PLANT & ACCUMULATED DEPRECIATION**  
**YEAR END BALANCES AS OF 12/31/95**

**SCHEDULE NO. 5**  
**DOCKET NO. 951027-WS**

	<b>PLANT</b>	<b>ACCUMULATED DEPRECIATION</b>
<b>INTANGIBLE PLANT</b>		
351.10 Organization	\$10,994	\$550
352.10 Franchises	1,250	705
<b>COLLECTION PLANT</b>		
353.20 Land & Land Rights	3,896	0
354.20 Structures & Improvements	16,935	25,100
360.20 Collection - Sewers forced	41,790	32,310
361.20 Collection - Sewers gravity	34,905	18,082
362.20 Special Collecting Structures	0	0
363.20 Services to customers	14,417	6,089
364.20 Flow Measuring Devices	0	0
365.20 Flow Measuring Installations	0	0
<b>SYSTEM PUMPING EQUIPMENT</b>		
353.30 Land & Land Rights	0	0
354.30 Structures & Improvements	0	0
371.30 Pumping Equipment	0	0
380.30 Receiving Wells	96,000	71,105
<b>TREATMENT &amp; DISPOSAL PLANT</b>		
353.40 Land & Land Rights	17,769	0
354.40 Structures & Improvements	39,581	2,478
380.40 Treatment & Disposal Equipment	66,640	37,070
381.40 Plant Sewers	1,940	1,358
382.40 Outfall Sewer Lines	0	0
389.40 Other Plant & Miscellaneous Equipment	0	0
<b>GENERAL PLANT</b>		
390.50 Office Furniture & Equipment	0	0
391.50 Transportation Equipment	538	515
392.50 Stores Equipment	0	0
393.50 Tools, Shop, & Garage Equipment	0	0
394.50 Laboratory Equipment	0	0
395.50 Power Operated Equipment	0	0
396.50 Communication Equipment	0	0
397.50 Miscellaneous Equipment	579	566
398.50 Other Tangible Plant	8,107	2,835
<b>TOTAL</b>	<b><u>\$355,341</u></b>	<b><u>\$198,763</u></b>

UTILITY: LAKE PLACID UTILITIES, INC.  
 SYSTEM: WATER  
 COUNTY: HIGHLANDS  
 DOCKET NO. 951027-WS

Schedule 6  
 Page 1 of 2

**RATE SCHEDULE**

**WATER  
 Monthly Rates**

	Test Year Rates	Rates as of 08/11/96	Commission Approved Interim	Utility Requested Final	Commission Approved Final
<b>RESIDENTIAL AND MULTI-FAMILY</b>					
Flat Rate	\$6.00	\$6.36	\$10.06	N/A	N/A
Base Facility Charge					
5/8"x3/4"				\$14.00	\$13.06
3/4"				\$21.00	\$19.58
1"				\$35.00	\$32.64
1-1/2"				\$70.00	\$65.28
2"				N/A	\$104.45
3"				\$210.00	\$208.91
4"				\$350.00	\$326.42
6"				N/A	\$652.83
Residential Gallonage Charge, per 1,000 gallons	N/A	N/A	N/A	\$2.36	\$2.36
<b>GENERAL SERVICE &amp; ALL OTHER CLASSES</b>					
Flat Rate	\$180.00	\$196.13	\$301.73	N/A	N/A
Base Facility Charge:					
5/8"x3/4"				\$14.00	\$13.06
3/4"				\$21.00	\$19.58
1"				\$35.00	\$32.64
1-1/2"				\$70.00	\$65.28
2"				N/A	\$104.45
3"				\$210.00	\$208.91
4"				\$350.00	\$326.42
6"				N/A	\$652.83
General Service Gallonage Charge, per 1,000 gallons	N/A	N/A	N/A	\$2.36	\$2.36
<b>TYPICAL MONTHLY BILL COMPARISONS</b>					
- Residential Usage (gallons) -					
3,000	\$6.00	\$6.36	\$10.06	\$21.06	\$20.20
5,000	\$6.00	\$6.36	\$10.06	\$25.80	\$24.96
10,000	\$6.00	\$6.36	\$10.06	\$37.60	\$36.86

UTILITY: LAKE PLACID UTILITIES, INC.  
 SYSTEM: WASTEWATER  
 COUNTY: HIGHLANDS  
 DOCKET NO. 951027-WS

**RATE SCHEDULE**

**WASTEWATER  
 Monthly Rates**

	Test Year Rates	Rates as of 08/11/96	Commission Approved Interim	Utility Requested Final	Commission Approved Final
<b>Residential and Multi-Family</b>					
Flat Rate	\$6.00	\$6.19	\$13.40	\$24.00	\$21.62
Base Facility Charge				\$16.68	\$14.44
5/8"x3/4"				\$25.02	\$21.65
3/4"				\$41.71	\$36.09
1"				\$83.42	\$72.18
1-1/2"				N/A	\$115.49
2"				\$250.25	\$230.98
3"				\$417.08	\$360.90
4"				N/A	\$721.81
6"					
Residential Gallonage Charge, per 1,000 gallons (6,000 gallon cap)	N/A	N/A	N/A	\$2.46	\$2.61
<b>GENERAL SERVICE &amp; ALL OTHER CLASSES</b>					
Flat Rate	\$180.00	\$185.65	\$402.03	N/A	N/A
Base Facility Charge:				\$16.68	\$14.44
5/8"x3/4"				\$25.02	\$21.65
3/4"				\$41.71	\$36.09
1"				\$83.42	\$72.18
1-1/2"				N/A	\$115.49
2"				\$250.25	\$230.98
3"				\$417.08	\$360.90
4"				N/A	\$721.81
6"					
General Service Gallonage Charge, per 1,000 gallons	N/A	N/A	N/A	\$2.46	\$3.13
<b>TYPICAL MONTHLY BILL COMPARISONS</b>					
- Residential Usage (gallons) -					
3,000	\$6.00	\$6.19	\$13.40	\$24.06	\$22.27
5,000	\$6.00	\$6.19	\$13.40	\$28.98	\$27.49
10,000	\$6.00	\$6.19	\$13.40	\$31.44	\$30.10

UTILITY: LAKE PLACID UTILITIES, INC.  
 SYSTEM: WATER  
 COUNTY: HIGHLANDS  
 DOCKET NO. 951027-WS

Schedule 7  
 Page 1 of 2

**RATE SCHEDULE**

**Schedule of Rate Decrease After Expiration of  
 Amortization Period for Rate Case Expense**

**Water**

**Monthly Rates**

<b><u>Residential</u></b>	<b>Commission Approved Rates</b>	<b>Rate Decrease</b>
Base Facility Charge (meter size):		
5/8" x 3/4"	\$13.06	\$1.07
3/4"	\$19.58	\$1.61
1"	\$32.64	\$2.69
1-1/2"	\$65.28	\$5.37
2"	\$104.46	\$8.60
3"	\$208.91	\$17.19
4"	\$326.42	\$26.87
6"	\$652.83	\$53.73
 Gallonage Charge, per 1,000 gallons	 \$2.38	 \$0.20

<b><u>General Service and all other classes</u></b>	<b>Commission Approved Rates</b>	<b>Rate Decrease</b>
Base Facility Charge (meter size):		
5/8" x 3/4"	\$13.06	\$1.07
3/4"	\$19.58	\$1.61
1"	\$32.64	\$2.69
1-1/2"	\$65.28	\$5.37
2"	\$104.45	\$8.60
3"	\$208.91	\$17.19
4"	\$326.42	\$26.87
6"	\$652.83	\$53.73
 Gallonage Charge, per 1,000 gallons	 \$2.38	 \$0.20

**UTILITY: LAKE PLACID UTILITIES, INC.**  
**SYSTEM: WASTEWATER**  
**COUNTY: HIGHLANDS**  
**DOCKET NO. 951027-WS**

**Schedule 7**  
**Page 2 of 2**

**RATE SCHEDULE**

**Schedule of Rate Decrease After Expiration of  
 Amortization Period for Rate Case Expense**

**Wastewater**

**Monthly Rates**

<b><u>Residential</u></b>	<b>Commission Approved Rates</b>	<b>Rate Decrease</b>
Base Facility Charge (meter size):		
5/8" x 3/4"	\$14.44	\$1.34
3/4"	\$21.65	\$2.01
1"	\$36.09	\$3.35
1-1/2"	\$72.18	\$6.70
2"	\$115.49	\$10.71
3"	\$230.98	\$21.43
4"	\$360.90	\$33.48
6"	\$721.81	\$66.96
 Gallonage Charge, per 1,000 gallons (Maximum 6,000 gallons)	 \$2.61	 \$0.24

<b><u>General Service and all other classes</u></b>	<b>Commission Approved Rates</b>	<b>Rate Decrease</b>
Base Facility Charge (meter size):		
5/8" x 3/4"	\$14.44	\$1.34
3/4"	\$21.65	\$2.01
1"	\$36.09	\$3.35
1-1/2"	\$72.18	\$6.70
2"	\$115.49	\$10.71
3"	\$230.98	\$21.43
4"	\$360.90	\$33.48
6"	\$721.81	\$66.96
 Gallonage Charge, per 1,000 gallons	 \$3.13	 \$0.29

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UTILITIES INC

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Attachment A

Water Treatment Plant Data

Florida Public Service Commission

Company: Lake Florida Utilities, Inc.  
 Docket No.: 951027-WS  
 Test Year Ended: December 31, 1994

Schedule: P-3  
 Page: 1 of 1  
 Preparer: DS

Explanation: Provide the following information for each water treatment plant. If the system has water plants that are interconnected, the data for those plants may be combined. All flow data must be obtained from the monthly operating reports (MORs) sent to the Department of Environmental Regulation.

Year Ended 1994 Information		Date	MGD (100's)
1	<u>Plant Capacity:</u> The hydraulic rated capacity. If different from that shown on the DER operating or construction permit, provide an explanation.		876
2	<u>Maximum Day:</u> The single day with the highest pumpage rate for the test year. Explain on a separate page, if fire flow, line-breaks or other unusual occurrences affected the flow this day.  (a) The meter was caking up. Flow measurement was estimated for well #1.	2/14/96	61
3	<u>Five-Day Max Year:</u> The five days with the highest pumpage rate from any one month in the test year.	2/4/96 2/11/96 2/13/96 2/14/96 2/16/96 Average	63 57 54 58 57 63
4	<u>Average Daily Flow /for the year:</u>		68
5	<u>Required Fire Flow:</u> The standards will be those as set by the Insurance Service Organization or by a governmental agency ordinance.  400 gpm for two hours.		40



DOCKET NO. 951027-WS  
 Year ended December 31, 1994

Attachment B

UTILITY NAME: LK. PLACID UTILITIES, INC.

WATER TREATMENT PLANT USED AND USEFUL CALCULATION

$$\% \text{ USED AND USEFUL} = \frac{(2 + 4 + 5 - 6)}{1} = 39.31 \%$$

(1) Capacity of plant (with largest unit out of service) _____		288,000 GPD	
(2) Maximum Daily Flow _____		81,000 GPD	
(3) Average Daily Flow _____		40,000 GPD	
(4) Fire flow capacity required _____		48,000 Gal	
Fire flow available _____		48,000 Gal	
(5) Margin Reserve (not to exceed 20% of present ERC's):			
(a) Average number of unit connections	154		
(b) Average yearly customer growth in unit connections for most recent 5 years	5		
(c) Construction time for additional capacity (in months)	18		
Margin Reserve =	$5b \times (5c/12) \times (2/5a) =$	3,021 GPD	
(6) Excessive Unaccounted for water		18,784 GPD	
(a) Total amount	21,150 GPD	52.88 % of Avg. Daily Flow	
(b) Reasonable amount	2,356 GPD	12.50 % of Legitimate daily flow	

Attachment C  
 Florida Public Service Commission

Wastewater Treatment Plant Data

Company: Lake Placid Utilities, Inc.  
 Docket No.: 951027-WS  
 Test Year Ended: December 31, 1994

Schedule: P-4  
 Page: 1 of 1  
 Preparer: BR

Explanation: Provide the following information for each wastewater treatment plant. All flow data must be obtained from the monthly operating reports (MORs) sent to the Department of Environmental Regulation.

	Year Ended 1995 Information	
	MONTH	GPD (1000's)
1. <u>Plant Capacity:</u>		30
The hydraulic rated capacity. If different from that shown on the MRA operating or construction permit, provide an explanation.		
(a) The operating capacity is 30,000 GPD.		
2. <u>Average Daily Flow Max Month:</u>	Feb-95	33
An average of the daily flows during the peak usage month during the test year. Explain, on a separate page, if this peak-month was influenced by abnormal infiltration due to rainfall periods.		

DOCKET NO. 951027-WS  
 Year ended December 31, 1994

UTILITY NAME: LK. PLACID UTILITIES, INC.

WASTEWATER TREATMENT PLANT USED AND USEFUL CALCULATION  
 -----

$$\% \text{ USED AND USEFUL} = \frac{(2 + 3 - 4)}{1} = 30.46 \%$$

- (1) Capacity of plant w/lgst clarifier out 90,000 GPD  
 -----  
 (2) Average Daily Flow 33,000 GPD  
 -----  
 (3) Margin Reserve (not to exceed 20% of present ERC's):

- (a) Average number of customers in ERCs 150  
 -----  
 (b) Average yearly customer growth in  
 ERC's for most recent 5 years 7  
 -----  
 (c) Construction time for additional  
 capacity (in months) 36  
 -----

$$\text{Margin Reserve} = 3b \times (3c/12) \times ((2)/(3a)) = 3367 \text{ GPD}$$

\*24,048=legitimate flows=19,085 + 2,693+2270(I&I) , -----

(4) Excessive Infiltration

- (a) Total amount 11,222 GPD 34.01 % of Avg. Daily Flow  
 -----  
 (b) Reasonable amount 2,270 GPD  
 -----  
 Excessive amount of I&I 8,952 GPD 27.13% of Avg. Daily Flow

\*February reading. Since this is a seasonal system and most residents were there we may assume this to be a maximum month for this system.