

SCANNED

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center, 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

M E M O R A N D U M

AUGUST 22, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF WATER & WASTEWATER (AUSTIN, MUNROE, ZHANG) *SA, MM, C.Z.*
 DIVISION OF LEGAL SERVICES (VACCARO) *W*

RE: DOCKET NO. ~~960444~~ WU - APPLICATION FOR INCREASED WATER RATES AND SERVICE AVAILABILITY CHARGES BY LAKE UTILITY SERVICES, INC.
 COUNTY: LAKE

AGENDA: SEPTEMBER 3, 1996 - REGULAR AGENDA - DECISION ON INTERIM RATES - PARTICIPATION IS LIMITED TO COMMISSIONERS AND STAFF

CRITICAL DATES: 60-DAY SUSPENSION DATE: SEPTEMBER 7, 1996

SPECIAL INSTRUCTIONS: I:\PSC\WAW\WP\960444WU.RCM

CASE BACKGROUND

Lake Utility Services, Inc., (LUSI or utility) is a Class B utility located in Lake County. LUSI is a wholly-owned subsidiary of Utilities, Inc. and provides no wastewater service. The service area is composed of sixteen subdivisions, which are served by ten water plants. The minimum filing requirements (MFRs) filed in this docket indicate that the service area contained a total of 915 customers at the end of 1995. According to the St. Johns River Water Management District (SJRWMD), LUSI is in a water conservation area.

On December 24, 1987, LUSI was granted Original Certificate No. 496-W by Order No. 18605 in Docket No. 871080. On February 20, 1991, by Order No. 24139, in Docket No. 900906-WU, the Commission transferred all Utilities, Inc. of Florida systems in Lake County to Lake Utility Services, Inc.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 960444-WU
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By proposed agency action (PAA) Order No. PSC-95-1228-FOF-WU, issued on October 5, 1995, the Commission approved a limited proceeding to restructure rates and ordered the utility to supply necessary information regarding its service availability policy within 90 days. However, on October 26, 1995, LUSI protested the Commission's order. On March 4, 1996, LUSI filed an offer of settlement.

By Order No. PSC-96-0504-AS-WU, the Commission accepted the settlement proposal. In the settlement, LUSI agreed to file this current rate case (Docket No. 960444-WU) and propose uniform rates and uniform service availability charges for all of its operations in Lake County, except for Four Lakes/Harbor Oaks and Lake Saunders Acres. As part of the settlement, the utility stipulated to the use of "Staff's Proposed Rate Structure (Revised)" in Docket No. 950232-WU, for the purpose of calculating interim rates. Therefore, the rates included in "Staff Proposed Rate Structure (Revised)", pursuant to Order No. PSC-96-0504-AS-WU, are LUSI's current Commission approved rates immediately prior to any interim adjustment in this rate case.

The utility reported adjusted test year operating revenues of \$313,946 for its water operations for 1995. The utility has never had a full rate case before the Commission; therefore, there is no previously established rate of return on equity.

The utility filed this application for a rate increase on June 3, 1996. The utility was notified of several deficiencies in the filing by staff. Those deficiencies were corrected and the official filing date was established as July 9, 1996. The utility's requested test year for both interim and final rates is the historical period ended December 31, 1995. Also, the utility requested that this case be processed using the PAA procedure pursuant to Section 367.081(8), Florida Statutes.

For interim purposes, the utility has requested total revenue of \$399,013 for its water operations. This represents a revenue increase of \$85,067 (27.10%) for water, designed to produce a rate of return of 9.94%. For final rate purposes, the utility has requested total revenues of \$447,182 for its water operations. This revenue reflects a revenue increase of \$133,236 (42.40%). The utility's final revenues are based on the utility's requested overall rate of return of 10.24%.

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DISCUSSION OF ISSUES

ISSUE 1: Should the utility's proposed water rates be suspended?

RECOMMENDATION: Yes. The utility's proposed rates should be suspended pending further investigation. (ZHANG)

STAFF ANALYSIS: Section 367.081(6), Florida Statutes, provides that the rates proposed by the utility shall become effective within sixty (60) days after filing unless the Commission votes to withhold consent to implementation of the requested rates. Further, Section 367.081(8), Florida Statutes, states that the utility may implement its requested rates (under bond and subject to refund) at the expiration of five months if: (1) the Commission has not acted upon the requested rate increase; or (2) if the Commission's PAA action is protested by a party other than the utility.

Staff has reviewed the filing and has considered the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. We believe it is reasonable and necessary to require further amplification and explanation regarding this data, and to require production of additional and/or corroborative data. This further examination by staff will include on-site investigations by staff accountants, engineers and rate analysts. Based on the above, staff recommends that the utility's proposed rates be suspended.

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ISSUE 2: Should an interim revenue increase be approved?

RECOMMENDATION: Yes. The utility should be authorized, on an interim basis, to collect annual water revenue as indicated below.
(ZHANG)

	<u>Revenues</u>	<u>\$ Increase</u>	<u>% Increase</u>
Water	\$399,013	\$85,067	27.10%

STAFF ANALYSIS: The utility requested interim rates for its water system designed to generate annual revenues of \$399,013. This amount represents an increase of \$85,067 (27.10%). The test year for interim rates is the historical year ended December 31, 1995. The utility filed rate base, cost of capital and operating statements to support its requested increase.

Staff has attached accounting schedules to illustrate the recommended rate base, capital structure, and test year operating income amounts. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on the schedules without further discussion in the body of this recommendation. The rate base schedule is Schedule No. 1. The capital structure schedule is Schedule No. 2. Schedules Nos. 3-A and 3-B are the operating statement and adjustments to the operating statement. The recommendations by staff are discussed below.

RATE BASE

In its application, the utility has used a simple average to calculate its requested water rate base. The utility also used the formula method to calculate its requested allowance for working capital. Since the utility is a class B utility, the MFRs are consistent with the averaging and working capital requirements of Rule 25-30.433, Florida Administrative Code. Staff's analysis of the MFRs indicates that no adjustments are needed to the utility's requested rate base. Section 367.082(5)(b)(1), Florida Statutes, requires that the required rate of return be calculated by applying appropriate adjustments consistent with those used in the utility's most recent rate proceeding. Considering this is the first full rate case since the utility came under the Commission's jurisdiction and the utility made no adjustments to its per book rate base amounts for interim purposes, staff believes that the utility's requested rate base was calculated in accordance with the interim statute. Based on the above, staff recommends approval of the utility's requested rate base of \$959,919 for water.

COST OF CAPITAL

In its MFRs, the utility used a simple average capital structure and made no specific adjustments. The utility determined its cost of capital using a blended capital structure of the utility's actual deferred income taxes and customer deposits, with the remainder of its capital reconciled to rate base using its parent company's, Utilities, Inc., ratio of investor sources of capital. Using the actual debt cost for long-term debt of 9.19% and short-term debt of 9.12%, a return on customer deposits of 8% and the mid-point of the current leverage graph for the return on equity (ROE) of 11.66%, the utility requested an overall cost of capital of 9.94%.

Staff recommends that an adjustment to the cost of equity is appropriate for interim purposes. Section 367.082(5)(b)(3), Florida Statutes, provides that "last authorized rate of return on equity" means the minimum of the range of the last authorized rate of return on equity established in the most recent individual rate proceeding of the utility. Further, Section 367.082(6), Florida Statutes, states that the Commission is allowed to establish interim rates for a utility which does not have an authorized rate of return previously established by the Commission. Staff calculated the minimum of the required rate of return on equity of 10.61%, using the leverage formula determined by the Commission in Order No. PSC-96-0729-FOF-WS, issued on May 31, 1996. This treatment has been consistently applied by the Commission in interim rate proceedings for utilities with no previously established ROE. In addition, staff has also used a return on customer deposits of 6% instead of the 8% used by the utility. This adjustment is consistent with Rule 25-30.311(4)(a), Florida Administrative Code, which establishes minimum interest rate on customer deposits. Based on the above, staff has calculated an overall rate of return of 9.47% for interim purposes.

NET OPERATING INCOME

In its MFRs, the utility made no specific adjustments to its revenue and operation and maintenance expenses. Staff has reviewed all components to calculate the utility's net operating income and recommended that they are appropriate except for its test year income tax expense. Based on staff's prima facie review of the MFRs, we are unable to reconcile the utility's income tax calculation with staff's. Accordingly, we have adjusted the utility's test year income tax expense for interim purposes. We will review the utility's calculation in detail as part of the staff audit and further investigation. Based on the utility's filing and staff's recommended adjustment, test year operating

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income, before any revenue increase, is \$36,746 for water. This represents an achieved rate of return of 3.83% for water.

REVENUE REQUIREMENT

Staff has calculated the interim revenue requirement using the actual operating expenses for the year ended December 31, 1995 and a 9.47% overall rate of return on an average rate base. However, this resulted in a revenue requirement that is greater than that requested by the utility. Consistent with Commission practice, we have limited the recommended interim revenue requirement to the amount requested. (See Order No. PSC-93-1113-FOF-WS, Docket No. 920734-WS, issued on July 30, 1993 and Order No. PSC-96-0125-FOF-WS, Docket No. 950495-WS issued on January 25, 1996). Accordingly, staff recommends approval of an interim revenue requirement of \$399,013. This represents an annual increase of \$85,067 (27.10%) for water.

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ISSUE 3: What is the appropriate interim rate structure for LUSI?

RECOMMENDATION: LUSI's rate structure should be a uniform rate structure for the following subdivisions: Clermont I, Clermont II, Amber Hill, The Oranges, Lake Ridge, The Vistas, Highland Point, Crescent Bay, Crescent West, Crescent Hills, Preston Cove, and South Clermont Area. This interim rates proceeding should serve as the implementation of a uniform rate structure for the above-mentioned subdivisions. The utility's Four Lakes/Harbor Oaks and Lake Saunders Acres rate structure should not be affected in this interim rates proceeding. The interim increase, if any, for Four Lakes\Harbor Oaks and Lake Saunders Acres should be applied to their current rates. (AUSTIN)

STAFF ANALYSIS: As stated in the case background, there currently exist two different rate structures amongst the twelve subdivisions involved in this interim rate proceeding. The different rate structures resulted from mutually exclusive systems being interconnected. Previously, a limited proceeding (Docket No. 950232-WU) was conducted in order to restructure water rates. By Order No. PSC-95-1228-FOF-WU, the Commission approved the limited proceeding which proposed uniform rates for the twelve subdivisions. However, the utility protested the order.

As a settlement of the protest, the utility stipulated that it would file an application for a rate increase and also that it would propose uniform rates and uniform service availability charges in that proceeding. The utility also stipulated to the use of "Staff's Proposed Rate Structure (Revised)", in Docket No. 950232-WU, for the purpose of calculating interim rates. Past Commission practice prohibits a utility from redesigning rate structure in interim proceedings. By Order No. PSC-96-0504-AS-WU, the Commission approved the offer of settlement. Therefore, the rates included in "Staff Proposed Rate Structure (Revised)", pursuant to this Order, are LUSI's current Commission approved rates immediately prior to any interim adjustment in this rate case. The Order also clarified that the proposed rate structure did not affect the utility's Four Lakes\Harbor Oaks and Lake Saunders Acres. According to the utility, these subdivision were not, nor were they planned to be, physically interconnected.

Staff is recommending that a uniform rate structure for the twelve subdivisions (Clermont I, Clermont II, Amber Hill, The Oranges, Lake Ridge, The Vistas, Highland Point, Crescent Bay, Crescent West, Crescent Hills, Preston Cove, and South Clermont Area), pursuant to Order No. PSC-96-0504-AS-WU, be implemented in this interim rate proceeding. The interim increase, if any for these subdivisions, should be applied to "Staff's Proposed Rate Structure (Revised)" developed in Docket No. 950232-WU. The

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interim increase, if any, for Four Lakes\Harbor Oaks and Lake
Saunders Acres should be applied to their current rates.

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ISSUE 4: What are the appropriate interim water service rates for LUSI?

RECOMMENDATION: The interim service rates for LUSI should be designed to allow the utility the opportunity to generate annual operating revenues of \$399,013 for its water system excluding miscellaneous revenues. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice. The rates may not be implemented until proper notice has been received by the customers. The utility should provide proof of the date notice was given no less than 10 days after the date of notice. (AUSTIN)

STAFF ANALYSIS: Staff recommends that interim water service rates for LUSI be designed to allow the utility the opportunity to generate additional annual operating revenues of \$85,067 for its water system. This results in an increase of 27.10% excluding miscellaneous revenues, in its existing water rates, when applied as an across the board increase to total revenues.

The interim rates should be implemented for service rendered on or after the stamped approval date on the tariff sheets provided the customers have received notice 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 should provide proof of the date the notice was given no less than 10 days after the date of notice. The revised tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision, that the proposed notice to the customers of the approved increase is adequate and the required security discussed under Issue 5 has been filed.

The utility's test year, settlement, proposed interim and proposed final rates, and staff's recommended interim rates are shown on Schedules Nos. 4-A, 4-B, 4-C and 4-D.

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ISSUE 5: What is the appropriate security to guarantee the interim increases?

RECOMMENDATION: A corporate undertaking in the amount of \$66,442 guaranteed by Lake Utility Services, Inc.'s, parent company, Utilities, Inc., should be accepted as security. (AUSTIN)

STAFF ANALYSIS: Pursuant to Section 367.082, Florida Statutes, the excess of interim rates over the previously authorized rates should be collected under guarantee and subject to refund with interest. According to staff's calculations, the amount that should be held subject to refund is \$66,442. Based on the review of LUSI's financial data, the Division of Auditing and Financial Analysis has determined that LUSI is unable to qualify for a corporate undertaking on its own. However in its application for a rate increase, it was indicated that its parent company, Utilities, Inc. (UI) would guarantee LUSI's corporate undertaking.

The Division of Auditing and Financial Analysis has reviewed the financial data of UI. The parent company's records indicate that it has sufficient liquidity, ownership equity, profitability, and interest coverage. Therefore, staff recommends that UI be authorized to provide a corporate undertaking to guarantee the corporate undertaking of its subsidiary, LUSI, for the interim rate revenues in the amount of \$66,442. Additionally, the utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund, pursuant to Rule 25-30.360 (6), Florida Administrative Code.

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Water	\$399,013	\$85,067	27.10%

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LAKE UTILITY SERVICES, INC.
 SCHEDULE OF WATER RATE BASE
 INTERIM TEST YEAR ENDED 12/31/95

SCHEDULE NO. 1
 DOCKET NO. 960444-WU

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 1,946,058	0 \$	1,946,058	0	1,946,058
2 LAND	3,730	0	3,730	0	3,730
3 NON-USED & USEFUL COMPONENTS	0	(49,361)	(49,361)	0	(49,361)
4 ACCUMULATED DEPRECIATION	(131,754)	0	(131,754)	0	(131,754)
5 CIAC	(881,203)	0	(881,203)	0	(881,203)
6 AMORTIZATION OF CIAC	109,430	0	109,430	0	109,430
7 ACQUISITION ADJUSTMENT	(70,169)	0	(70,169)	0	(70,169)
8 ACCUM. AMORT. OF ACQ. ADJUS.	7,095		7,095	0	7,095
9 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
10 DEFERRED TAXES	0	0	0	0	0
11 WORKING CAPITAL ALLOWANCE	26,093	0	26,093	0	26,093
RATE BASE	\$ 1,009,280	(49,361) \$	959,919	0	959,919

LAKE UTILITY SERVICES, INC.
 CAPITAL STRUCTURE
 INTERIM TEST YEAR ENDED 12/31/95

SCHEDULE NO. 2
 DOCKET NO. 960444-WU

DESCRIPTION	TOTAL CAPITAL	SPECIFIC ADJUSTMENTS (EXPLAIN)	PRO RATA ADJUSTMENTS	CAPITAL RECONCILED TO RATE BASE	RATIO	COST RATE	WEIGHTED COST
PER UTILITY							
1 LONG TERM DEBT	40,625,000	0	(40,191,038)\$	433,962	45.21%	9.19%	4.15%
2 SHORT-TERM DEBT	7,381,250	0	(7,302,403)	78,847	8.21%	9.12%	0.75%
3 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
4 COMMON EQUITY	37,868,798	0	(37,464,278)	404,520	42.14%	11.66%	4.91%
5 CUSTOMER DEPOSITS	14,518	0	0	14,518	1.51%	8.00%	0.12%
6 DEFERRED ITC'S-ZERO COST	0	0	0	0	0.00%	0.00%	0.00%
7 DEFERRED ITC'S-WTD COST	0	0	0	0	0.00%	0.00%	0.00%
8 DEFERRED INCOME TAXES	28,071	0	0	28,071	2.92%	0.00%	0.00%
9 TOTAL CAPITAL	<u>85,917,637</u>	<u>0</u>	<u>(84,957,719)\$</u>	<u>959,918</u>	<u>100.00%</u>		<u>9.94%</u>
PER STAFF							
10 LONG TERM DEBT	40,625,000	0	(40,191,038)\$	433,962	45.21%	9.19%	4.15%
11 SHORT-TERM DEBT	7,381,250	0	(7,302,402)	78,848	8.21%	9.12%	0.75%
12 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
13 COMMON EQUITY	37,868,798	0	(37,464,278)	404,520	42.14%	10.61%	4.47%
14 CUSTOMER DEPOSITS	14,518	0	0	14,518	1.51%	6.00%	0.09%
15 DEFERRED ITC'S-ZERO COST	0	0	0	0	0.00%	0.00%	0.00%
15 DEFERRED ITC'S-WTD COST	0	0	0	0	0.00%	0.00%	0.00%
16 DEFERRED INCOME TAXES	28,071	0	0	28,071	2.92%	0.00%	0.00%
17 TOTAL CAPITAL	<u>85,917,637</u>	<u>0</u>	<u>(84,957,718)\$</u>	<u>959,919</u>	<u>100.00%</u>		<u>9.47%</u>
RANGE OF REASONABLENESS					LOW	HIGH	
RETURN ON EQUITY					<u>10.61%</u>	<u>12.61%</u>	
OVERALL RATE OF RETURN					<u>9.47%</u>	<u>10.31%</u>	

LAKE UTILITY SERVICES, INC.
 STATEMENT OF WATER OPERATIONS
 INTERIM TEST YEAR ENDED 12/31/95

SCHEDULE NO. 3-A
 DOCKET NO. 960444-WU

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	339,294	59,719	399,013	(85,067)	313,946	85,067	399,013
OPERATING EXPENSES:						27.10%	
2 OPERATION AND MAINTENANCE	218,965	0	218,965	0	218,965 \$		218,965
3 DEPRECIATION (NET OFF CIAC AMOR.)	29,578	0	29,578	0	29,578		29,578
4 ACQ. ADJ. AMORTIZATION	(2,175)	0	(2,175)	0	(2,175)		(2,175)
5 TAXES OTHER THAN INCOME	35,332	6,084	41,416	(3,828)	37,588	3,828	41,416
6 INCOME TAXES	9,066	6,796	15,862	(22,618)	(6,756)	30,570	23,814
7 TOTAL OPERATING EXPENSES	290,766	12,880	303,646	(26,446)	277,200	34,398	311,598
8 OPERATING INCOME	48,528	46,839	95,367	(58,621)	36,746	50,669	87,415
9 RATE BASE	1,009,280		959,919		959,919		959,919
RATE OF RETURN	4.81%		9.93%		3.83%		9.11%

EXPLANATION	WATER
(1) OPERATING REVENUES	
a) Reverse utility's proposed revenue increase	\$ (85,067)
	0
	0
	0
	<u>\$ (85,067)</u>
(2) TAXES OTHER THAN INCOME TAXES	
a) Regulatory assessment fees related to revenue adjustment	(3,828)
	0
	0
	<u>\$ (3,828)</u>
(3) INCOME TAXES	
a) Income taxes associated with adjusted test year income	\$ <u>(22,618)</u>
(4) OPERATING REVENUES	
a) Adjustment to reflect recommended revenue requirement	\$ <u>85,067</u>
(5) TAXES OTHER THAN INCOME TAXES	
a) Regulatory assessment fees on additional revenues	\$ <u>3,828</u>
(6) INCOME TAXES	
a) Income taxes related to recommended income amount	\$ <u>30,570</u>

CRESCENT BAY, PRESTON COVE, SOUTH CLERMONT REGION AND ALL FUTURE AREAS SERVED

Residential	Rates Prior to Filing	Rates Approved In Settlement	Utility Requested Interim	Staff Recommended Interim
Base Facility Charge:				
<u>Meter Size:</u>				
5/8 x 3/4"	\$16.52	\$6.80	\$16.00	\$8.64
3/4"	--	--	--	\$0.00
1"	--	\$17.00	\$24.00	\$21.61
1 1/2"	--	\$34.00	\$40.00	\$43.21
2"	--	\$54.40	\$80.00	\$69.14
3"	--	--	\$128.00	\$0.00
4"	--	--	\$256.00	\$0.00
6"	--	--	\$400.00	\$0.00
Gallage Charge per 1,000 Gallons	\$1.86	\$0.84	\$0.91	\$1.07
General Service				
Base Facility Charge:				
<u>Meter Size:</u>				
5/8 x 3/4"	\$16.52	\$6.80	\$16.00	\$8.64
3/4"	\$24.74	--	--	\$0.00
1"	\$41.24	\$17.00	\$24.00	\$21.61
1 1/2"	\$82.49	\$34.00	\$40.00	\$43.21
2"	\$131.97	\$54.40	\$80.00	\$69.14
3"	\$263.94	--	\$128.00	\$0.00
4"	\$412.41	--	\$256.00	\$0.00
6"	--	--	\$400.00	\$0.00
Gallage Charge per 1,000 Gallons	\$1.86	\$0.84	\$0.91	\$1.07
5/8" x 3/4" meter				
Typical Residential Bill				
3,000 Gallons	\$22.10	\$9.32	\$18.73	\$11.85
5,000 Gallons	\$25.82	\$11.00	\$20.55	\$13.98
10,000 Gallons	\$35.12	\$15.20	\$25.10	\$19.32

LAKE UTILITY SERVICES, INC

SCHEDULE NO. 4-B

COUNTY: LAKE

DOCKET NO. 960444-WU

RATE SCHEDULE - MONTHLY WATER RATES (BI-MONTHLY BILLING CYCLE)

TEST YEAR ENDING: DECEMBER 31, 1995

CLERMONT I & II, AMBER HILL, HIGHLAND POINT, THE ORANGES, LAKE RIDGE CLUB, THE VISTAS I & II
CRESCENT WEST, LAKE CRESCENT HILLS

Residential and General Service	Rates Prior to Filing	Rates Approved In Settlement	Utility Requested Interim	Staff Recommended Interim
Base Facility Charge:				
<u>Meter Size:</u>				
5/8 x 3/4"	\$7.035 (A)	\$6.80	\$16.00	\$8.64
3/4"	--		--	\$0.00
1"	--	\$17.00	\$24.00	\$21.61
1 1/2"	--	\$34.00	\$40.00	\$43.21
2"	--	\$54.40	\$80.00	\$69.14
3"	--	--	\$128.00	\$0.00
4"	--	--	\$256.00	\$0.00
6"	--	--	\$400.00	\$0.00
Gallonage Charge per 1,000 Gallons	\$0.69	\$0.84	\$0.91	\$1.07
<u>5/8" x 3/4" meter</u>				
<u>Typical Residential Bill</u>				
3,000 Gallons	\$7.04	\$9.32	\$18.73	\$11.85
5,000 Gallons	\$7.04	\$11.00	\$20.55	\$13.98
10,000 Gallons	\$10.49	\$15.20	\$25.10	\$19.32
(A) Includes 5,000 gallons per month				

LAKE UTILITY SERVICES, INC

SCHEDULE NO. 4-C

COUNTY: LAKE

DOCKET NO. 960444-WU

RATE SCHEDULE - MONTHLY WATER RATES (BI-MONTHLY BILLING CYCLE)

TEST YEAR ENDING: DECEMBER 31, 1995

HARBOR OAKS AND FOUR LAKES SUBDIVISIONS

Residential and General Service	Rates Prior to Filing	Utility Requested Interim	Staff Recommended Interim
Base Facility Charge:			
<u>Meter Size:</u>			
5/8 x 3/4"	\$5.54 (A)	\$7.00	\$7.04
3/4"	--	--	\$0.00
1"	--	\$10.50	\$0.00
1 1/2"	--	\$17.50	\$0.00
2"	--	\$35.00	\$0.00
3"	--	\$56.00	\$0.00
4"	--	\$112.00	\$0.00
6"	--	\$175.00	\$0.00
Gallage Charge per 1,000 Gallons	\$0.81	\$0.85	\$1.03
5/8" x 3/4" meter			
Typical Residential Bill			
3,000 Gallons	\$5.54	\$9.55	\$10.13
5,000 Gallons	\$7.16	\$11.25	\$12.19
10,000 Gallons	\$11.21	\$15.50	\$17.34
(A) Includes 3,000 gallons per month			

LAKE UTILITY SERVICES, INC

COUNTY: LAKE

RATE SCHEDULE - MONTHLY WATER RATES (BI-MONTHLY BILLING CYCLE)

TEST YEAR ENDING: DECEMBER 31, 1995

SCHEDULE NO. 4-D

DOCKET NO. 960444-WU

LAKE SAUNDERS ACRES

Residential and General Service	Rates Prior to Filing	Utility Requested Interim	Staff Recommended Interim
Base Facility Charge:			
<u>Meter Size:</u>			
5/8 x 3/4"	\$16.52	\$16.00	\$21.00
3/4"	--	--	\$0.00
1"	--	\$24.00	\$0.00
1 1/2"	--	\$40.00	\$0.00
2"	--	\$80.00	\$0.00
3"	--	\$128.00	\$0.00
4"	--	\$256.00	\$0.00
6"	--	\$400.00	\$0.00
Gallonage Charge per 1,000 Gallons	\$1.86	\$0.91	\$2.36

5/8" x 3/4" meter

Typical Residential Bill

3,000 Gallons	\$22.10	\$18.73	\$28.09
5,000 Gallons	\$25.82	\$20.55	\$32.82
10,000 Gallons	\$35.12	\$25.10	\$44.64