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April 25, 2001

VIA HAND DELIVERY

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OF COUNSEL

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

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RECORDS AND REPORTING

Re: Intercoastal Utilities, Inc.; ~~Docket Nos. 990696-WS~~ and 992040-WS
Our File No. 26003.13

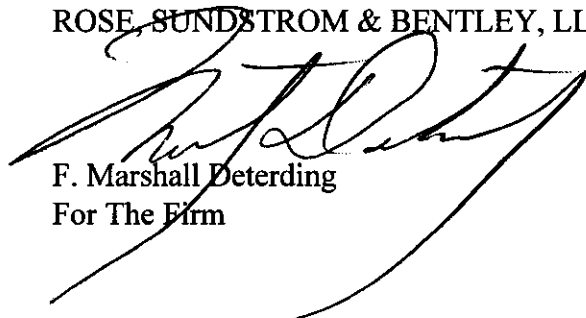
Dear Ms. Bayo:

Attached are the original and fifteen copies of Additional Rebuttal Testimony of H.R. James, Jim L. Bowen, and Michael E. Burton.

Should you or any members of the Commission staff have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD/tmg

Enclosures

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CLP	
CPA	
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James
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FPSC-RECORDS/REPORTING

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 ADDITIONAL REBUTTAL TESTIMONY OF

3 MICHAEL E. BURTON

4 ON BEHALF OF

5 INTERCOASTAL UTILITIES, INC.

6 DOCKET NOS. 990696-WS & 992040-WS

7

8 Q: Are you the same Michael E. Burton who has previously filed testimony in this case?

9 A: Yes I am.

10 Q: What have you reviewed in preparation for your participation in this case.

11 A: I have reviewed the testimony and exhibits previously filed in this case.

12 Q: Have you also reviewed specifically the Additional Direct Testimony of Ms. Deborah
13 Swain, filed March 22, 2001 on behalf of Nocatee Utility Corporation (NUC) in this
14 proceeding?

15 A: Yes I have.

16 Q: Were there portions of these testimonies that caused you concerns?

17 A: Yes. Ms. Swain's testimony purports to correct an error. According to her testimony,
18 the results of her error correction caused NUC's rates to go down substantially. In fact,
19 in her additional direct testimony, Ms. Swain presents a comparison of her "corrected"
20 rates with Intercoastal's rates, as they effect the monthly water and sewer bill of a single
21 family residential customer with a 5/8x3/4 inch meter at various assumed levels of
22 monthly water usage. In that comparison, NUC's "corrected" rates result in a monthly
23 bill for this customer at 10,000 gallons per month that is now \$70.71 compared to \$84.78
24 in her Intervenor Direct Testimony. According to her comparison, NUC's "corrected"
25 rates produce a monthly bill for this customer at 10,000 gallons per month of water usage

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FPSC-RECORDS/REPORTING

1 which is now lower than Intercoastal's bill for the same customer, whereas NUC's rates
2 in Ms. Swain's original testimony resulted in a monthly bill for this customer at 10,000
3 gallons per month that was about 6% higher than Intercoastal's.

4 Q: What is the problem if the "corrected" rates of NUC are in fact now correct?

5 A: There are two problems. First, it was Intercoastal's position from the beginning of this
6 case that Intercoastal's rates, as they affect the monthly bill of a single family residential
7 customer with 10,000 gallons per month of water usage, should and would be no more
8 than, and preferably slightly less than NUC's rates, beginning in 2002, the first year of
9 service to the Nocatee service area. Based upon Ms. Swain's original testimony,
10 Intercoastal's present rates achieved that goal without the need for a reduction. However,
11 now with her "corrected" rates, Intercoastal's posture with regard to its rates from 2002
12 through 2005 has been undermined at the eleventh hour. This is only a short period
13 during the start-up of the service area and our projections show that Intercoastal's rates
14 will have to be reduced to levels lower than NUC's after 2005 in any event. *However,*
15 *had Intercoastal known that NUC's rates would produce a lower monthly water and*
16 *sewer bill for the subject customer, Intercoastal would have initially proposed a*
17 *reduction in its current rates, and a commitment to those reduced rates through 2005,*
18 *in order to achieve that objective.*

19 Q: Are you making such a proposal now?

20 A: Yes. Mr. H.R. James, on behalf of Intercoastal's principals, has instructed me to prepare
21 an analysis that would reduce Intercoastal's rates in 2002 to a level that would result in
22 a monthly water and sewer bill for the subject customer which will be approximately 5%
23 to 6% lower than that customer's bill would be with NUC's rates, and to hold those rates
24 constant through 2005, which is the year in which NUC states that they will reach 80%
25 capacity and therefore, the year upon which NUC's rates are based. This is about the

1 same percentage by which Intercoastal's rates were lower than NUCs rates for this
2 subject customer based upon Ms. Swain's original testimony. Intercoastal will commit
3 to those rates through 2005.

4 Q: Have you prepared such an analysis?

5 A: Yes. But first I must address the second issue that I have with Ms. Swain's additional
6 direct testimony. In order to determine the level of decrease in Intercoastal's rates that
7 will accomplish the objective stated in my answer to the previous question, I had to make
8 a comparison with Ms. Swain's "corrected" rates. Based upon my examination of her
9 Additional Direct Testimony and POD #5, which is the document in which the rates
10 included in her Additional Direct Testimony are calculated and which was submitted in
11 Nocatee Utility Corporation's Response to Staff's Second Set of Interrogatories and
12 Second Request for Production of Documents (hereinafter referred to as POD #5), I
13 believe that her rate calculations are still incorrect.

14 Q: In what way?

15 A. Ms. Swain bases her sewer rate calculations upon sewer ERCs and sewer gallonage
16 estimates derived from the sewer ERCs. However, for rate making purposes, sewer
17 ERCs should be equal to water ERCs, since growth units in the Nocatee service area will
18 be both water and sewer customers, and sewer gallons should be the same as water
19 gallons for rate making, since the gallonage charge portion of sewer bills will be
20 calculated based upon water meter readings.

21 Q: What effect does this have on Ms. Swain's "corrected" rates.

22 A: Since, in the calculation of the sewer rates, Ms. Swain used sewer ERCs which are
23 21,048 instead of water ERCs which are 20,016, her "corrected rates" for the sewer base
24 facility charge are too low because they are derived by dividing the base facility charge
25 revenue requirement by too many ERCs, thus resulting in a lower charge than had she

1 used water ERCs.

2 Q: Does this affect the gallonage rate also?

3 A: Yes. There are two problems with Ms. Swain's calculation of the sewer gallonage rate.
4 First, according to her testimony in her recent deposition, she used sewer gallons derived
5 from sewer ERCs instead of water gallons. Second, she calculated residential and
6 general service sewer gallonage rates as 80% and 96% respectively of the base gallonage
7 rate calculated by dividing the sewer gallonage revenue requirements by the sewer
8 gallons. Even, if the gallons that Ms. Swain used were the correct gallons that would be
9 billed a sewer gallonage charge, she appears to have failed to adjust those gallons by the
10 80% and 90% allowances for residential and general service customers discussed above
11 to calculate the "base" gallonage rate.

12 The sewer gallons used for calculating the base gallonage rate, must be adjusted by those
13 factors so that sufficient revenue will be generated by the billed gallons given that the
14 residential and general service rates are calculated as 80% and 96% respectively of the
15 calculated base gallonage rate. In Ms. Swain's calculation, if you multiplied the portion
16 of her sewer gallons associated with residential usage times the residential rate, and the
17 portion associated with general service usage times the general service rate, the resultant
18 total gallonage revenue would be less than the revenue requirement used in calculating
19 the rates.

20 Q: Did you calculate what you think would be the correct rates for NUC based upon your
21 analysis of Ms. Swain's testimony and the issues that you just discussed?

22 A: Yes. I have performed such calculations on Exhibit MB4-1 and Exhibit MB4-2.

23 Q: Would you explain those Exhibits?

24 A: Yes. Exhibit MB4-1 calculates NUC's water rates and essentially replicates the schedule
25 presented in Ms. Swain's POD #5. The result of my calculation of NUC's water rates

1 is the same as Ms. Swain's. However, I have added an analysis of water gallons at the
2 top right of the Exhibit in anticipation of using the breakout of gallons to residential and
3 general service for calculating sewer rates in Exhibit MB4-2.

4 Q: How did you determine the allocation of total water gallons to residential and general
5 service?

6 A: In my Supplemental Intervenor's Testimony, filed on January 26, 2001, I presented
7 Exhibit MB-6. Page 3 of this exhibit is NUC's projections of units by type and water
8 usage for Phase I. Page 2 of this Exhibit is a compilation of page 3 and it shows that
9 approximately 72.33% of the projected water demands will be from residential customers
10 (assuming the multi-family customers will be classified as general service). Therefore,
11 I used an allocation of 72% of the total water gallons to residential and the rest to general
12 service.

13 Q: Does this affect the water rate calculations?

14 A: No. But it does affect the sewer rate calculations.

15 Q: Can you explain how?

16 A: Yes. In Exhibit MB4-2, I have calculated NUC's sewer rates based upon the costs
17 presented in Ms. Swain's POD #5. However, rather than use the sewer ERCs and sewer
18 gallons that Ms. Swain used, I used water ERCs and water gallons from Exhibit MB4-1.
19 They are shown in the upper right of Exhibit MB4-2 in the column G titled Billable
20 Gallons - Equal to Water. However, the billing units used in the rate calculations are
21 those in column H titled Adjusted for Rate Making by Gallonage Adjustment Factor. In
22 this column, the ERCs are unchanged but the residential and general service billed
23 gallons are adjusted by the factors for water not returned to the sewer in column I titled
24 Gallonage Adjustment Factor for Water not Returned to the Sewer. As you can see the
25 gallons in Column H are less than the billable gallons in column I. This calculates a

1 higher base rate so that when the lower rates for residential and general service are
2 calculated as 80% and 96% of the base calculated rate, application of the higher billable
3 gallons in column G will generate the revenue requirement when the gallons in column
4 G are actually billed.

5 Q: What is the result of this calculation?

6 A: Exhibit MB4-2 calculates NUC sewer rates that are higher than those calculated by Ms.
7 Swain in her POD #5. The gallonage rates are almost the same because the sewer gallons
8 used in Ms. Swain's POD #5 happened to be almost the same as the adjusted gallons in
9 column H in my Exhibit MB4-2. However, the base facility charge calculated in Exhibit
10 MB4-2 is \$11.47 per ERC compared to \$10.91 per ERC in Ms. Swain's Additional
11 Direct Testimony.

12 Q: Does this affect the rate comparison presented in Ms. Swain's Additional Direct
13 Testimony?

14 A: Yes. Ms. Swain's rate comparison shows that with her "corrected" rates, the monthly
15 water and sewer bill of a residential single family customer with 10,000 gallons of water
16 usage will be \$70.71. However, my analysis indicates that this monthly bill would be
17 \$71.17 using the rates calculated in Exhibits MB4-1 and MB4-2.

18 Q: Have you prepared a comparison of the effect of NUC's rates as you have recalculated
19 them to Intercoastal's rates adjusted as you were instructed by Mr. James.

20 A: Yes. Exhibit MB4-3 presents such a comparison.

21 Q: Would you please explain Exhibit MB4-3?

22 A: Yes. Exhibit MB4-3 presents a comparison of Intercoastal's rates to NUC's rates after
23 two adjustments to Intercoastal's rates. First, Intercoastal's rates as presented in Exhibit
24 MB4-3, Page 1 of 2 on lines 8 and 9, columns D, H and L, reflect an allocation of costs
25 similar to the allocation of costs in NUC's rates. The allocation of costs is presented in

1 Exhibits MB4-4 and MB4-5 for water and sewer respectively. As can be seen in Exhibits
2 MB4-4 and MB4-5, these reallocated rates were developed to recover the same revenue
3 as is projected in 1999 in MB4-8, the summary results schedule of my Financial Analysis
4 3rd Revision. As can also be seen on Exhibit MB4-3, Page 1 of 2, line 24, columns D,
5 H and L, recalculation of Intercoastal's rates using similar allocation criteria as NUC
6 used in allocation of its costs results in a rate impact for the subject 10,000 gallon per
7 month residential customer which is less than Intercoastal's current rates, but not as low
8 as NUC's "corrected" rates as adjusted.

9 However, as instructed by Mr. James, I have presented proposed reduced Intercoastal
10 rates shown on Exhibit MB4-3, Page 1 of 2, lines 12 and 13, columns E, I and M. These
11 rates reflect a 5% and 13% reduction in water and sewer rates respectively from the
12 reallocated rates on lines 8 and 9, columns D, H and L.

13 Exhibit MB4-3, Page 1 of 2 then presents a comparison of the impact of NUC's corrected
14 rates as adjusted and the impact of Intercoastal's current, reallocated and proposed rates
15 upon a single family residential customer with 3,000, 5,000, 5,333, 10,000 15,000 and
16 25,000 gallons per month of water usage. Line 24 presents the comparative results for
17 such a customer with 10,000 gallons per month of water usage. This line shows that
18 NUC's proposed rates result in a combined water and sewer bill for this customer of
19 \$71.17, whereas, Intercoastal's proposed rates will result in a monthly bill of \$67.01,
20 5.85% less than NUC.

21 Q: What does Page 2 of 2 of Exhibit MB4-3 show?

22 A: Page 2 of 2 of Exhibit MB4-3 shows the same comparison as is shown on Page 1 of 2 but
23 also includes the monthly effect of amortizing the Service Availability Charges of NUC
24 and Intercoastal in the monthly cost impact. When this component of cost is included,
25 the impact of the NUC rates upon this customer with 10,000 gallons per month of water

1 usage is a combined monthly water and sewer cost of \$82.63, whereas, Intercoastal's
2 proposed rates and Service Availability Charges will result in a monthly cost of \$74.17,
3 10.24% less than NUC.

4 Q: What is the significance of this comparison?

5 A: The comparisons in Exhibit MB4-3, Page 1 of 3, show that Intercoastal's proposed rates
6 result in a combined monthly water and sewer bill for single family residential customers
7 which is virtually equal to that of NUC at 5,333 gallons per month, is 5.85% lower than
8 NUC at 10,000 gallons per month, is 10.81 % lower than NUC at 15,000 gallons per
9 month and is 18.25% lower than NUC at 25,000 gallons per month.

10 Furthermore, when the cost of the Service Availability Charges is factored into the cost
11 comparison by amortizing over 10 years, the impact of Intercoastal's rates and Service
12 Availability Charges upon the total monthly cost of a single family residential customer
13 is lower than that of NUC for all ranges of water usage, ranging from 4.65% lower at
14 3,000 gallons per month to 20.33% lower at 25,000 gallons per month.

15 Q: What does Exhibit MB4-3, Page 3 of 3 show?

16 A: Exhibit MB4-3, Page 3 of 3 presents comparisons of Intercoastal's proposed reclaimed
17 water rates, which are calculated on Exhibit MB4-6, to NUC's proposed reclaimed water
18 rates. Lines 1 through 25 show a comparison including the rates only, and lines 27
19 through 48 show a comparison including the effective cost of amortizing the service
20 availability charge for reclaimed water for 10 years. These comparisons show that for
21 all levels of reclaimed water usage, Intercoastal's rates result in monthly bills that will
22 be lower than with NUC's rates. Considering rates only, Intercoastal's rates result in
23 monthly reclaimed water bills that are lower than NUC's by 9.51% to 10.31% from
24 3,000 to 25,000 gallons per month of usage respectively. Considering rates and the
25 amortized cost of the service availability charges, Intercoastal's rates result in monthly

1 reclaimed water costs that are lower than NUC's by 23.84% to 19.69% from 3,000 to
2 25,000 gallons per month of usage respectively.

3 Q: Have you provided a summary schedule of Intercoastal's proposed rates in response to
4 Ms. Swain's Additional Direct Testimony?

5 A: Yes. I have included a summary of Intercoastal's proposed water, sewer and reclaimed
6 water rates in response to Ms. Swain's Additional Direct Testimony in Exhibit MB4-7.
7 The calculation of these rates is included in Exhibits MB4-4, MB4-5 and MB4-6 for
8 water, sewer and reclaimed water respectively.

9 Q: You mention an Exhibit MB4-8. What is that exhibit and why have you included it?

10 A: Exhibit MB4-8 presents the results of the same projection as was presented in Exhibit
11 MB3 - Financial Analysis 2nd Revision with my Rebuttal Testimony. I have presented
12 it with this testimony in order to show the impacts of the rate proposal included in my
13 testimony. Obviously, reducing rates will cause the achieved return to be less from 2002
14 through 2005 than with Intercoastal's original rate proposal, therefore, it was necessary
15 to include this exhibit to demonstrate that these effects will be within acceptable ranges
16 and what impact it will have upon the Intercoastal's projected rate plan subsequent to
17 2005, the year through which Intercoastal will commit to the reduced rates presented
18 herein.

19 It is important to note that the willingness of Intercoastal's stockholders to accept less
20 than allowed returns during these "start up" years for this new service area is similar to
21 NUC's position of setting initial rates at 80% capacity, which by their own testimony
22 will occur in 2005. Therefore, NUC stockholders are accepting the same type of
23 situation from 2002 through 2005, that being achieved returns which will be less than
24 allowed returns. Intercoastal's rate proposal will put Intercoastal stockholders in a
25 similar position as NUC's stockholders for the short start-up period of the new service

1 area 2002 through 2005. However, our projections are that Intercoastal's rates will have
2 to be reduced in subsequent years, whereas, NUC has produced no such evidence
3 regarding its rates.

4 Q: Can you briefly summarize the impacts as shown in Exhibit MB4-8 of Intercoastal's
5 proposed rates.

6 A: Yes. Exhibit MB4-8 shows that by 2009, in order for Intercoastal's achieved return to
7 not exceed its allowed return, reductions in Intercoastal's water and sewer rates will be
8 required such that by 2009 the combined monthly water and sewer bill of a single family
9 residential customer using 10,000 gallons per month of water will be \$59.30, a reduction
10 of 11.85% from the \$67.27 shown as the impact of Intercoastal's proposed rate upon this
11 customer in 2002 in Exhibit MB4-3 Page 1 of 2, line 24, column M.

12 Q: Will these proposed rate require more subsidy during 2002 through 2005 from
13 Intercoastal's stockholders than was originally projected with Intercoastal's current rates?

14 A: Yes. However, Intercoastal's stockholders have been informed of the order of magnitude
15 of the range of subsidy that will be required, and have committed to provide any subsidies
16 that may be required.

17 Q: Is it your understanding that the Intercoastal stockholders are willing and able to commit
18 to such investments.

19 A: Yes. Mr. James indicated to me that the Intercoastal stockholders were willing and able
20 to make such a commitment.

21 Q: Are there any other changes reflected in Exhibit MB4-8 other than the reduced
22 Intercoastal rate proposal?

23 A: Yes. In preparing for my deposition and during my deposition, we discovered several
24 adjustments that needed to be made to the projections to make them more accurate.
25 None of the adjustments had a material effect upon the outcome of the projections in that

1 the projected combined water and sewer bill for a single family residential customer with
2 10,000 gallons per month of water usage was projected to be \$58.87 in 2009 in Exhibit
3 MB3(which was submitted with my Rebuttal Testimony), whereas that combined bill in
4 Exhibit MB4-8 is projected to be \$59.30, a difference of only \$0.43 or about 0.73%.

5 Q: Does this conclude your testimony?

6 A: Yes.

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**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CALCULATION OF NUC's WATER RATES**

A	B	C	D	E	F	G	H	I
					Percent of Total Billable Gallons	Billable Gallons	No Adjustment Required for Rate Making	
		FACTORED ERCs				20,016	20,016	
		FACTORED GALLONS - RES			72 00%	153,423	153,423	
		FACTORED GALLONS - GS			28 00%	59,664	59,664	
		FACTORED GALLONS - TOTAL			100 00%	213,087	213,087	

PERCENTAGE ASSIGNMENT **FACTORED ERCs** **FACTORED GALLONS**

ACCT	DESCRIPTION	TEST YEAR	BASE FACILITY CHARGE	GAL CHARGE	BASE FACILITY COST	BASE FACILITY CHARGE	GALL COST	GALL CHARGE
OPERATIONS AND MAINTENANCE EXPENSES								
601	Salaries and Wages - Employees	10,000	50 00%	50 00%	5,000	0 2498	5,000	0 0235
603	Salaries and Wages - Officers		100 00%	0 00%	0	0 0000	0	0 0000
604	Employee Pensions and Benefits		50 00%	50 00%	0	0 0000	0	0 0000
610	Purchased Water		0 00%	100 00%	0	0 0000	0	0 0000
615-6	Purchased Power & Fuel for Power Production		0 00%	100 00%	0	0 0000	0	0 0000
618	Chemicals		0 00%	100 00%	0	0 0000	0	0 0000
620	Materials and Supplies	600	50 00%	50 00%	300	0 0150	300	0 0014
63x	Contractual Services	268,470	32 05%	67 95%	86,045	4 2988	182,425	0 8561
641	Rental of Building / Real Property		100 00%	0 00%	0	0 0000	0	0 0000
642	Rental of Equipment		100 00%	0 00%	0	0 0000	0	0 0000
650	Transportation Expense		50 00%	50 00%	0	0 0000	0	0 0000
656-9	Insurance	1,297	100 00%	0 00%	1,297	0 0648	0	0 0000
660	Advertising Expense		50 00%	50 00%	0	0 0000	0	0 0000
666-7	Regulatory Commission Expense		50 00%	50 00%	0	0 0000	0	0 0000
670	Bad Debt Expense		50 00%	50 00%	0	0 0000	0	0 0000
675	Miscellaneous Expense	1,000	50 00%	50 00%	500	0 0250	500	0 0023
TOTAL OPERATION & MAINTENANCE EXPENSES		281,367						
DEPRECIATION AND AMORTIZATION								
403	Depreciation Expense	85,726	100 00%	0 00%	85,726	4 2829	0	0 0000
407	Amortization Expense	(46,036)	100 00%	0 00%	(46,036)	(2 3000)	0	0 0000
TOTAL DEPRECIATION AND AMORTIZATION		39,690						
TAXES OTHER THAN INCOME								
408 10	Utility Regulatory Assessment Fees	22,408	32 27%	67 73%	7,232	0 3613	15,176	0 0712
408 11	Property Taxes	17,268	100 00%	0 00%	17,268	0 8627	0	0 0000
408 12	Payroll Taxes	765	100 00%	0 00%	765	0 0382	0	0 0000
408 13	Other Taxes and Licenses	2,000	100 00%	0 00%	2,000	0 0999	0	0 0000
408 20	TOTI, Other Income and Deductions		100 00%	0 00%	0	0 0000	0	0 0000
TOTAL TAXES OTHER THAN INCOME TAXES		42,441						
INCOME TAXES								
409	Federal, State and Local Income Taxes	39,718	0 00%	100 00%	0	0 0000	39,718	0 1864
TOTAL INCOME TAXES		39,718						
RETURN ON INVESTMENT		92,824	0 00%	100 00%	0	0 0000	92,824	0 4356
TOTAL REVENUE REQUIREMENT		496,040						
LESS MISC REVENUES		0	100 00%	0 00%	0	0 0000	0	0 0000
TOTAL REVENUES FOR RATE SETTING		496,040			160,097	\$7 9985	335,943	\$1 5766

		BASE FACILITY CHARGE	GALLONAGE CHARGES
RESIDENTIAL AND GENERAL SERVICE	Monthly ERC Charge (1)	\$8 0000	
	Billable ERCs	20 016	
	Revenue Test	160 097	
	Revenue Requirement	160 097	
	Variance	(0)	
RESIDENTIAL AND GENERAL SERVICE	Gallonage Rate (1)		\$1 5800
	Billable Gallons		213,087
	Revenue Test		336,677
	Revenue Requirement		335,943
	Variance		734

(1) Rates rounded to two decimal points

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CALCULATION OF NUC's SEWER RATES**

A	B	C	D	E	F	G	H	I
						Billable Gallons - Equal to Water	Adjusted for Rate Making by Gallonage Adjustment Factor	Gallonage Adjustment Factor for Water not Returned to the Sewer
		FACTORED ERCs				20,016	20,016	
		FACTORED GALLONS - RES			72 00%	153,423	122,738	80 00%
		FACTORED GALLONS - GS			28 00%	59,664	57,277	96 00%
		FACTORED GALLONS - TOTAL			100 00%	213,087	180,015	NA

PERCENTAGE ASSIGNMENT **FACTORED ERCs** **FACTORED GALLONS**

ACCT	DESCRIPTION	TEST YEAR	BASE FACILITY CHARGE	GAL	CHARGE	BASE FACILITY COST	BASE FACILITY CHARGE	GALL COST	GALL CHARGE
OPERATIONS AND MAINTENANCE EXPENSES									
701	Salaries and Wages - Employees	10,000	50 00%		50 00%	5,000	0 2498	5,000	0 0278
703	Salaries and Wages - Officers		100 00%		0 00%	0	0 0000	0	0 0000
704	Employee Pensions and Benefits		50 00%		50 00%	0	0 0000	0	0 0000
710	Purchased Sewage Treatment		0 00%		100 00%	0	0 0000	0	0 0000
711	Sludge Removal		0 00%		100 00%	0	0 0000	0	0 0000
715-6	Purchased Power & Fuel for Power Production		0 00%		100 00%	0	0 0000	0	0 0000
718	Chemicals		50 00%		50 00%	0	0 0000	0	0 0000
720	Materials and Supplies	600	50 00%		50 00%	300	0 0150	300	0 0017
73x	Contractual Services	619,933	15 00%		85 00%	92,990	4 6458	526,943	2 9272
741	Rental of Building / Real Property		100 00%		0 00%	0	0 0000	0	0 0000
742	Rental of Equipment		100 00%		0 00%	0	0 0000	0	0 0000
750	Transportation Expense		50 00%		50 00%	0	0 0000	0	0 0000
756-9	Insurance	3,438	50 00%		50 00%	1,719	0 0859	1,719	0 0095
760	Advertising Expense		50 00%		50 00%	0	0 0000	0	0 0000
766-7	Regulatory Commission Expense		50 00%		50 00%	0	0 0000	0	0 0000
770	Bad Debt Expense		50 00%		50 00%	0	0 0000	0	0 0000
775	Miscellaneous Expense	1,000	50 00%		50 00%	500	0 0250	500	0 0028
TOTAL OPERATION & MAINTENANCE EXPENSES		634,971							
DEPRECIATION AND AMORTIZATION									
403	Depreciation Expense	197,565	100 00%		0 00%	197,565	9 8704	0	0 0000
407	Amortization Expense	(112,262)	100 00%		0 00%	(112,262)	(5 6086)	0	0 0000
TOTAL DEPRECIATION AND AMORTIZATION		85,303							
TAXES OTHER THAN INCOME									
408 10	Utility Regulatory Assessment Fees	46,669	22 00%		78 00%	10,267	0 5129	36,402	0 2022
408 11	Property Taxes	30,793	100 00%		0 00%	30,793	1 5384	0	0 0000
408 12	Payroll Taxes	765	100 00%		0 00%	765	0 0382	0	0 0000
408 13	Other Taxes and Licenses	2,000	100 00%		0 00%	2,000	0 0999	0	0 0000
408 20	TOTI, Other Income and Deductions		100 00%		0 00%	0	0 0000	0	0 0000
TOTAL TAXES OTHER THAN INCOME TAXES		80,227							
INCOME TAXES									
409	Federal, State and Local Income Taxes	71,053	0 00%		100 00%	0	0 0000	71,053	0 3947
TOTAL INCOME TAXES		71,053							
RETURN ON INVESTMENT		165,528	0 00%		100 00%	0	0 0000	165,528	0 9195
TOTAL REVENUE REQUIREMENT		1,037,082							
LESS MISC REVENUES		0	100 00%		0 00%	0	0 0000	0	0 0000
TOTAL REVENUES FOR RATE SETTING		1,037,082				229,637	\$11 4727	807,445	\$4 4854

					BASE FACILITY CHARGE	GALLONAGE CHARGES
RESIDENTIAL AND GENERAL SERVICE				Monthly ERC Charge (1)	\$11 4700	
				Billable ERCs	20,016	
				Revenue Test	229,637	
				Revenue Requirement	229,637	
				Variance	0	
RESIDENTIAL	80 00%			Gallonage Rate (1)		\$3 5900
				Billable Gallons		153,423
				Revenue Test		550,789
GENERAL SERVICE	96 00%			Gallonage Rate (1)		\$4 3100
				Billable Gallons		59,664
				Revenue Test		257,152
				Total Gallonage Revenue		807,940
				Revenue Requirement		807,445
				Variance		496

(1) Rates rounded to two decimal points

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
COMPARISON OF NUC AND INTERCOASTAL RATES**

A	B	C	D	E	F	G	H	I	J	K	L	M	N	
1														
2														
3	<u>COMPARISON OF NUC AND INTERCOASTAL (ICU) RATES (1)</u>													
4														
5		<u>WATER</u>				<u>SEWER</u>				<u>TOTAL WATER AND SEWER</u>				
6		NUC	Current ICU	Reallocated ICU	Proposed ICU (2)	NUC	Current ICU	Reallocated ICU	Proposed ICU (2)	NUC	Current ICU	Reallocated ICU	Proposed ICU (2)	
7														
8	BASE FACILITY CHARGE - 1999 TEST YEAR	NA	\$6 91	\$8 78	NA	NA	\$19 10	\$18 35	NA	NA	\$26 01	\$27 13	NA	
9	CHARGE PER 1,000 GALLONS - 1999 TEST YEAR	NA	\$0 89	\$0 74	NA	NA	\$4 48	\$4 10	NA	NA	\$5 37	\$4 84	NA	
10														
11	PERCENTAGE ADJUSTMENT FOR 2002 (3)	NA	NA	NA	-5 00%	NA	NA	NA	-13 00%	NA	NA	NA	-11 29%	
12	BASE FACILITY CHARGE - ADJUSTED FOR 2002	\$8 00	NA	NA	\$8 34	\$11 47	NA	NA	\$15 97	\$19 47	NA	NA	\$24 31	
13	CHARGE PER 1,000 GALLONS - ADJUSTED FOR 2002	\$1 58	NA	NA	\$0 70	\$3 59	NA	NA	\$3 57	\$5 17	NA	NA	\$4 27	
14														
15	<u>COMPARISON OF RATE IMPACTS</u>													
16														
		<u>WATER</u>				<u>SEWER</u>				<u>TOTAL</u>				
		NUC	Current ICU	Reallocated ICU	Proposed ICU - 2002	NUC	Current ICU	Reallocated ICU	Proposed ICU - 2002	NUC	Current ICU	Reallocated ICU	Proposed ICU - 2002	% ICU < NUC
17	GALLONS													
18	3,000	\$12 74	\$9 58	\$11 00	\$10 45	\$22 24	\$32 54	\$30 65	\$28 67	\$34 98	\$42 12	\$41 65	\$37 12	6 11%
19														
20	5,000	\$15 90	\$11 36	\$12 48	\$11 86	\$29 42	\$41 50	\$38 85	\$33 80	\$45 32	\$52 86	\$51 33	\$45 66	0 75%
21														
22	5,333	\$16 43	\$11 66	\$12 73	\$12 09	\$30 62	\$42 99	\$40 22	\$34 99	\$47 04	\$54 64	\$52 95	\$47 08	0 08%
23														
24	10,000	\$23 80	\$15 81	\$16 18	\$15 37	\$47 37	\$63 90	\$59 35	\$51 64	\$71 17	\$79 71	\$75 53	\$67 01	-5 85%
25														
26	15,000	\$31 70	\$20 26	\$19 88	\$18 89	\$47 37	\$63 90	\$59 35	\$51 64	\$79 07	\$84 16	\$79 23	\$70 52	-10 81%
27														
28	25,000	\$47 50	\$29 16	\$27 28	\$25 92	\$47 37	\$63 90	\$59 35	\$51 64	\$94 87	\$93 06	\$86 63	\$77 55	-18 25%

- (1) INTERCOASTAL'S BASE FACILITY CHARGE IS A QUARTERLY CHARGE BUT IS CONVERTED IN THIS SCHEDULE TO A MONTHLY AMOUNT TO FACILITATE COMPARISON TO NUC
- (2) INTERCOASTAL PROPOSES ADJUSTMENTS TO ITS RATES TO REFLECT A CURRENT COST ALLOCATION WITHIN ITS EXISTING RATE STRUCTURE AS PRESENTED IN EXHIBITS MB4-4 AND MB4-5 FOR WATER AND SEWER RESPECTIVELY LINES 8 AND 9 PRESENT THESE RATES WHICH WERE CALCULATED BASED UPON 1999 REVENUE REQUIREMENTS AND 1999 BILLING DETERMINANTS AS PRESENTED IN EXHIBITS MB4-4 FOR WATER AND MB4-5 FOR SEWER
- (3) INTERCOASTAL PROPOSES THAT THE RATES ON LINES 8 AND 9 (SEE NOTE 2) BE REDUCED BY 5% AND 13% FOR THE WATER AND SEWER RATES RESPECTIVELY TO THE RATES ON LINES 12 AND 13 INTERCOASTAL PROPOSES THAT THIS RATE REDUCTION TAKE PLACE AT THE BEGINNING OF 2002 OR, IF SERVICE IS NOT REQUIRED IN THE NOCATEE SERVICE AREA IN 2002, ICU RATES WILL BE REDUCED PRIOR TO THE PROVISION OF SUCH SERVICE IN THE NOCATEE SERVICE AREA INTERCOASTAL COMMITS TO HOLD SUCH RATES CONSTANT THROUGH 2005

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
COMPARISON OF NUC AND INTERCOASTAL RATES**

A	B	C	D	E	F	G	H	I	J	K	L	M	N	
	WATER				SEWER				TOTAL WATER AND SEWER					
	NUC	Current ICU	Reallocated ICU	Proposed ICU - 2002	NUC	Current ICU	Reallocated ICU	Proposed ICU - 2002	NUC	Current ICU	Reallocated ICU	Proposed ICU - 2002	% ICU < NUC	
6	SERVICE AVAILABILITY CHARGES (SAC)	\$235 00	\$234 45	\$234.45	\$234 45	\$1,140 00	\$625.20	\$625.20	\$625 20	\$1,375 00	\$859 65	\$859.65	\$859 65	
7	ANNUAL AMORTIZATION OF SAC OVER 10 YEARS	\$23 50	\$23.45	\$23 45	\$23 45	\$114 00	\$62.52	\$62.52	\$62 52	\$137.50	\$85 97	\$85 97	\$85 97	
8	MONTHLY IMPACT OF ANNUAL AMORTIZATION OF SAC	\$1 96	\$1 95	\$1.95	\$1 95	\$9 50	\$5.21	\$5 21	\$5 21	\$11 46	\$7 16	\$7 16	\$7 16	
11	COMPARISON OF RATE IMPACTS - INCLUDING THE MONTHLY IMPACT OF A 10 YEAR AMORTIZATION OF SERVICE AVAILABILITY CHARGES													
	WATER				SEWER				TOTAL					
	NUC	Current ICU	Reallocated ICU	Proposed ICU - 2002	NUC	Current ICU	Reallocated ICU	Proposed ICU - 2002	NUC	Current ICU	Reallocated ICU	Proposed ICU - 2002	% ICU < NUC	
15	GALLONS													
16	3,000	\$14 70	\$11 53	\$12 95	\$12 40	\$31 74	\$37 75	\$35 86	\$31 88	\$46 44	\$49 28	\$48 81	\$44 28	-4 65%
17														
18	5,000	\$17 86	\$13 31	\$14 43	\$13 81	\$38 92	\$46 71	\$44 06	\$39 01	\$56 78	\$60 02	\$58 49	\$52 82	-6 98%
19														
20	5,333	\$18 39	\$13 61	\$14 68	\$14 04	\$40 12	\$48 20	\$45 43	\$40.20	\$58.50	\$61 80	\$60 11	\$54 24	-7 28%
21														
22	10,000	\$25 76	\$17 76	\$18 13	\$17 32	\$56 87	\$69 11	\$64 56	\$56 85	\$82.63	\$86 87	\$82 69	\$74.17	-10.24%
23														
24	15,000	\$33 66	\$22 21	\$21 83	\$20 84	\$56 87	\$69 11	\$64 56	\$56 85	\$90 53	\$91 32	\$86 39	\$77 68	-14 19%
25														
26	25,000	\$49 46	\$31 11	\$29 23	\$27.87	\$56 87	\$69 11	\$64 56	\$56 85	\$106 33	\$100 22	\$93 79	\$84 71	-20 33%

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04/23/2001

INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
COMPARISON OF NUC AND INTERCOASTAL REUSE RATES

	A	B	C	D	E	F
1						
2						
3	<u>COMPARISON OF NUC AND INTERCOASTAL (ICU) REUSE RATES</u>					
4						
5					RECLAIMED WATER	
6					NUC	Proposed ICU
7						
8	BASE FACILITY CHARGE			\$9.68	\$8.78	
9	CHARGE PER 1,000 GALLONS			\$0.35	\$0.31	
10						
11	<u>COMPARISON OF RATE IMPACTS</u>					
12						
13					NUC	Proposed ICU
14	GALLONS					% ICU < NUC
15	3,000			\$10.73	\$9.71	-9.51%
16	5,000			\$11.43	\$10.33	-9.62%
17	7,830 (1)			\$12.42	\$11.21	-9.77%
18						
19	10,000			\$13.18	\$11.88	-9.86%
20	15,000			\$14.93	\$13.43	-10.05%
21	25,000			\$18.43	\$16.53	-10.31%
22						
23	<u>COMPARISON OF RATE IMPACTS - INCLUDING THE MONTHLY IMPACT OF A 10 YEAR AMORTIZATION OF SERVICE AVAILABILITY CHARGES</u>					
24						
25					NUC	Proposed ICU
26						
27	SERVICE AVAILABILITY CHARGES (SAC)			\$550.00	\$234.45	
28	ANNUAL AMORTIZATION OF SAC OVER 10 YEARS			\$55.00	\$23.45	
29	MONTHLY IMPACT OF ANNUAL AMORTIZATION OF SAC			\$4.58	\$1.95	
30						
31					NUC	Proposed ICU
32	GALLONS					% ICU < NUC
33	3,000			\$15.31	\$11.66	-23.84%
34	5,000			\$16.01	\$12.28	-23.30%
35	7,830 (1)			\$17.00	\$13.16	-22.61%
36						
37	10,000			\$17.76	\$13.83	-22.13%
38	15,000			\$19.51	\$15.38	-21.17%
39	25,000			\$23.01	\$18.48	-19.69%
40						
41						
42						
43						
44						
45						
46						
47						
48						

(1) CONVERSION OF 261 GALLONS PER DAY PER ERC FACTOR FOR REUSE TO A MONTHLY AMOUNT

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CALCULATION OF INTERCOASTAL'S WATER RATES - RATE CALCULATION**

WATER

FACTORED QUARTERLY BILLS
FACTORED QUARTERLY ERCs
FACTORED GALLONS

BILLED	AMOUNTS FOR RATE MAKING
14,171	14,171
19,780	19,780
667,377	660,089

ACCT	DESCRIPTION	PERCENTAGE ASSIGNMENT			FACTORED BILLS		FACTORED ERCs		FACTORED GALLONS		
		TEST YEAR	CUSTOMER CHARGE	BASE FACILITY CHARGE	GAL CHARGE	CUSTOMER COST	CUSTOMER CHARGE	BASE FACILITY COST	BASE FACILITY CHARGE	GALL COST	GALL CHARGE
OPERATIONS AND MAINTENANCE EXPENSES											
601	Salaries and Wages - Employees	204,094	17.75%	50.00%	32.25%	\$36,227	\$2,5564	102,047	\$5,1590	65,820	\$0,0997
603	Salaries and Wages - Directors	0	17.75%	50.00%	32.25%	\$0	\$0,0000	0	\$0,0000	0	\$0,0000
604	Employee Pensions and Benefits	55,975	17.75%	50.00%	32.25%	\$9,936	\$0,7011	27,988	\$1,4149	18,052	\$0,0273
610	Purchased Water	0	0.00%	0.00%	100.00%	\$0	\$0,0000	0	\$0,0000	0	\$0,0000
615	Purchased Power	86,343	0.00%	0.00%	100.00%	\$0	\$0,0000	0	\$0,0000	86,343	\$0,1308
616	Fuel for Power Purchased	0	0.00%	0.00%	100.00%	\$0	\$0,0000	0	\$0,0000	0	\$0,0000
618	Chemicals	49,622	0.00%	0.00%	100.00%	\$0	\$0,0000	0	\$0,0000	49,622	\$0,0752
620	Materials and Supplies	140,427	0.00%	50.00%	50.00%	\$0	\$0,0000	70,214	\$3,5497	70,214	\$0,1064
631	Contractual Svcs - Engineering	27,426	0.00%	50.00%	50.00%	\$0	\$0,0000	13,713	\$0,6933	13,713	\$0,0208
632	Contractual Svcs - Accounting	4,770	0.00%	50.00%	50.00%	\$0	\$0,0000	2,385	\$0,1206	2,385	\$0,0036
633	Contractual Svcs - Legal	2,724	0.00%	50.00%	50.00%	\$0	\$0,0000	1,362	\$0,0689	1,362	\$0,0021
634	Contractual Svcs - Management Fees	53,667	0.00%	50.00%	50.00%	\$0	\$0,0000	26,833	\$1,3566	26,833	\$0,0407
635	Contractual Svcs - Other	19,474	0.00%	50.00%	50.00%	\$0	\$0,0000	9,737	\$0,4923	9,737	\$0,0148
641	Rental of Bldg/Real Property	26,687	0.00%	100.00%	0.00%	\$0	\$0,0000	26,687	\$1,3492	0	\$0,0000
642	Rental of Equipment	6,876	0.00%	100.00%	0.00%	\$0	\$0,0000	6,876	\$0,3476	0	\$0,0000
650	Transportation Expense	37,785	0.00%	50.00%	50.00%	\$0	\$0,0000	18,892	\$0,9551	18,892	\$0,0286
656	Insurance - Vehicles	5,595	0.00%	100.00%	0.00%	\$0	\$0,0000	5,595	\$0,2829	0	\$0,0000
657	Insurance - General Liability	6,549	0.00%	100.00%	0.00%	\$0	\$0,0000	6,549	\$0,3311	0	\$0,0000
658	Insurance - Workers Comp	7,542	0.00%	100.00%	0.00%	\$0	\$0,0000	7,542	\$0,3813	0	\$0,0000
659	Insurance - Other	3,689	0.00%	100.00%	0.00%	\$0	\$0,0000	3,689	\$0,1865	0	\$0,0000
660	Advertising Expense/Amort of Rate Case Exp	1,051	0.00%	50.00%	50.00%	\$0	\$0,0000	525	\$0,0266	525	\$0,0008
666	Regulatory Commission Expense	0	0.00%	50.00%	50.00%	\$0	\$0,0000	0	\$0,0000	0	\$0,0000
670	Bad Debt Expense	1,374	0.00%	50.00%	50.00%	\$0	\$0,0000	687	\$0,0347	687	\$0,0010
675	Misc Expense	6,468	0.00%	50.00%	50.00%	\$0	\$0,0000	3,234	\$0,1635	3,234	\$0,0049
TOTAL OPERATION & MAINTENANCE EXPENSES		748,138				\$46,162	\$3,2575	\$334,556	\$16,9135	\$367,420	\$0,5566
DEPRECIATION AND AMORTIZATION											
403	Depreciation	187,205	0.00%	100.00%	0.00%	\$0	\$0,0000	187,205	\$9,4642	0	\$0,0000
407	Amortization of CIAC	(145,006)	0.00%	100.00%	0.00%	\$0	\$0,0000	(145,006)	(\$7,3308)	0	\$0,0000
	Amortization of Acquisition Adjustment	4,683	0.00%	100.00%	0.00%	\$0	\$0,0000	4,683	\$0,2367	0	\$0,0000
TOTAL DEPRECIATION AND AMORTIZATION		46,882				\$0	\$0,0000	\$46,882	\$2,3701	\$0	\$0,0000
TAXES OTHER THAN INCOME											
408 1	Intangible Tax	496	0.00%	0.00%	100.00%	\$0	\$0,0000	0	\$0,0000	496	\$0,0008
408 11	Other Taxes & Licenses	75	0.00%	100.00%	0.00%	\$0	\$0,0000	75	\$0,0038	0	\$0,0000
408 12		0	0.00%	100.00%	0.00%	\$0	\$0,0000	0	\$0,0000	0	\$0,0000
408 13	Property Taxes	80,664	0.00%	100.00%	0.00%	\$0	\$0,0000	80,664	\$4,0780	0	\$0,0000
408 2		0	0.00%	100.00%	0.00%	\$0	\$0,0000	0	\$0,0000	0	\$0,0000
TOTAL TAXES OTHER THAN INCOME TAXES		81,235				\$0	\$0,0000	\$80,739	\$4,0818	\$496	\$0,0008
INCOME TAXES											
409		0	0.00%	0.00%	100.00%	\$0	\$0,0000	0	\$0,0000	0	\$0,0000
TOTAL INCOME TAXES		0				\$0	\$0,0000	\$0	\$0,0000	\$0	\$0,0000
RETURN ON INVESTMENT		117,991	0.00%	0.00%	100.00%	\$0	\$0,0000	0	\$0,0000	117,991	\$0,1788
TOTAL REVENUE REQUIREMENT		994,246									
LESS MISC & NON OP REVENUES		(5,705)	0.00%	100.00%	0.00%	\$0	\$0,0000	(5,705)	(\$0,2864)	0	\$0,0000
TOTAL REVENUES FOR RATE SETTING		988,541				46,162	\$3,2575	456,472	\$23,0770	485,907	\$0,7361
RATES ROUNDED TO TWO DECIMAL PLACES							\$3,2600		\$23,0800		\$0,7400
TEST AGAINST REVENUE REQUIREMENTS IN MB4-B											
REV IN PROJECTIONS SUPPORTING MB4-B		\$988,541						\$502,634		\$485,907	
REV IN RATE CALCULATION ABOVE		\$988,541								\$988,541	
VARIANCE		0								0	

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**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CALCULATION OF INTERCOASTAL'S WATER RATES - PROPOSED RATES AND REVENUE TEST**

NOTE: PROPOSED RATES ARE IN SHADED AREAS

	A	B	C	D	E	F	G	H	I	J	K	L	M	N		
														REVENUE TEST		
WATER	METER SIZE	METER SIZE ERC FACTOR	UNIT ERC FACTOR	QUARTERLY CUSTOMER COST	METER SIZE ERC COST	QUARTERLY COST PER UNIT	TOTAL QUARTERLY BFC PER BILL	GALLONAGE CHARGE FACTOR	GALLONAGE CHARGE	BILLS	UNITS	GALLONS	BFC REVENUE	GALLONAGE REVENUE		
1																
2	RESIDENTIAL															
3	5/8x3/4	1	NA	\$3 26	\$23 08	NA	\$26.34	1 00	\$0.74	10,959	NA	408,562	\$288,660	\$302,336		
4	3/4	1.5	NA	\$3 26	\$34 62	NA	\$37.88	1 00	\$0.74	0	0	0	\$0	\$0		
5	1	2.5	NA	\$3 26	\$57 70	NA	\$60.96	1 00	\$0.74	2,509	NA	158,558	\$152,949	\$117,333		
6	1 1/2	5	NA	\$3 26	\$115 40	NA	\$118.66	1 00	\$0.74	25	NA	5,481	\$2,967	\$4,056		
7	2	8	NA	\$3 26	\$184 64	NA	\$187.90	1 00	\$0.74	12	NA	1,759	\$2,255	\$1,302		
8	3	16	NA	\$3 26	\$369 28	NA	\$372.54	1 00	\$0.74	0	0	0	\$0	\$0		
9	4	25	NA	\$3 26	\$577 00	NA	\$580.26	1 00	\$0.74	0	0	0	\$0	\$0		
10	6	50	NA	\$3 26	\$1,154 00	NA	\$1,157.26	1 00	\$0.74	0	0	0	\$0	\$0		
11	8	80	NA	\$3 26	\$1,846 40	NA	\$1,849.66	1 00	\$0.74	0	0	0	\$0	\$0		
12	10	115	NA	\$3 26	\$2,654 20	NA	\$2,657.46	1 00	\$0.74	0	0	0	\$0	\$0		
13	12	215	NA	\$3 26	\$4,962 20	NA	\$4,965.46	1 00	\$0.74	0	0	0	\$0	\$0		
14										13,505	0	574,360	\$446,830	\$425,026		
15	GENERAL SERVICE															
16	5/8x3/4	1	NA	\$3 26	\$23 08	NA	\$26.34	1 00	\$0.74	359	NA	11,902	\$9,456	\$8,807		
17	3/4	1.5	NA	\$3 26	\$34 62	NA	\$37.88	1 00	\$0.74	0	0	0	\$0	\$0		
18	1	2.5	NA	\$3 26	\$57 70	NA	\$60.96	1 00	\$0.74	117	NA	13,778	\$7,132	\$10,196		
19	1 1/2	5	NA	\$3 26	\$115 40	NA	\$118.66	1 00	\$0.74	79	NA	17,623	\$9,374	\$13,041		
20	2	8	NA	\$3 26	\$184 64	NA	\$187.90	1 00	\$0.74	75	NA	16,141	\$14,093	\$11,944		
21	3	16	NA	\$3 26	\$369 28	NA	\$372.54	1 00	\$0.74	4	NA	570	\$1,490	\$422		
22	4	25	NA	\$3 26	\$577 00	NA	\$580.26	1 00	\$0.74	4	NA	80	\$2,321	\$59		
23	6	50	NA	\$3 26	\$1,154 00	NA	\$1,157.26	1 00	\$0.74	0	0	0	\$0	\$0		
24	8	80	NA	\$3 26	\$1,846 40	NA	\$1,849.66	1 00	\$0.74	4	NA	1,331	\$7,399	\$985		
25	10	115	NA	\$3 26	\$2,654 20	NA	\$2,657.46	1 00	\$0.74	0	0	0	\$0	\$0		
26	12	215	NA	\$3 26	\$4,962 20	NA	\$4,965.46	1 00	\$0.74	0	0	0	\$0	\$0		
27										642	0	61,425	\$51,265	\$45,455		
28	Multi - Residential Service															
29	5/8x3/4	NA	0.85	\$3.26	NA	\$19.62	NA	1 00	\$0.74	0	0	0	\$0	\$0		
30	3/4	NA	0.85	\$3.26	NA	\$19.62	NA	1 00	\$0.74	0	0	0	\$0	\$0		
31	1	NA	0.85	\$3.26	NA	\$19.62	NA	1 00	\$0.74	0	0	0	\$0	\$0		
32	1 1/2	NA	0.85	\$3.26	NA	\$19.62	NA	1 00	\$0.74	0	0	0	\$0	\$0		
33	2	NA	0.85	\$3.26	NA	\$19.62	NA	1 00	\$0.74	0	0	0	\$0	\$0		
34	3	NA	0.85	\$3.26	NA	\$19.62	NA	1 00	\$0.74	0	0	0	\$0	\$0		
35	4	NA	0.85	\$3.26	NA	\$19.62	NA	1 00	\$0.74	4	16	0	\$327	\$0		
36	6	NA	0.85	\$3.26	NA	\$19.62	NA	1 00	\$0.74	4	91	6,075	\$1,798	\$4,496		
37	8	NA	0.85	\$3.26	NA	\$19.62	NA	1 00	\$0.74	4	36	1,223	\$719	\$905		
38	10	NA	0.85	\$3.26	NA	\$19.62	NA	1 00	\$0.74	0	0	0	\$0	\$0		
39	12	NA	0.85	\$3.26	NA	\$19.62	NA	1 00	\$0.74	0	0	0	\$0	\$0		
40										12	143	7,298	\$2,845	\$5,401		
41	Wholesale Service															
42	5/8x3/4	NA	0.37	\$3.26	NA	\$8.54	NA	0.70	\$0.52	0	0	0	\$0	\$0		
43	3/4	NA	0.37	\$3.26	NA	\$8.54	NA	0.70	\$0.52	0	0	0	\$0	\$0		
44	1	NA	0.37	\$3.26	NA	\$8.54	NA	0.70	\$0.52	0	0	0	\$0	\$0		
45	1 1/2	NA	0.37	\$3.26	NA	\$8.54	NA	0.70	\$0.52	0	0	0	\$0	\$0		
46	2	NA	0.37	\$3.26	NA	\$8.54	NA	0.70	\$0.52	0	0	0	\$0	\$0		
47	3	NA	0.37	\$3.26	NA	\$8.54	NA	0.70	\$0.52	0	0	0	\$0	\$0		
48	4	NA	0.37	\$3.26	NA	\$8.54	NA	0.70	\$0.52	12	205	24,294	\$1,790	\$12,633		
49	6	NA	0.37	\$3.26	NA	\$8.54	NA	0.70	\$0.52	0	0	0	\$0	\$0		
50	8	NA	0.37	\$3.26	NA	\$8.54	NA	0.70	\$0.52	0	0	0	\$0	\$0		
51	10	NA	0.37	\$3.26	NA	\$8.54	NA	0.70	\$0.52	0	0	0	\$0	\$0		
52	12	NA	0.37	\$3.26	NA	\$8.54	NA	0.70	\$0.52	0	0	0	\$0	\$0		
53										12	205	24,294	\$1,790	\$12,633		
54	REVENUE TEST															
55							BILLING UNITS & PROJECTED REVENUE			14,171	348	667,377	\$502,729	\$488,514		
56							REQUIRED BILLING UNITS & REVENUE			14,171	NA	667,377	\$502,634	\$485,907		
57							VARIANCE			0	NA	0	95	2,607		

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CALCULATION OF INTERCOASTAL'S SEWER RATES - RATE CALCULATION**

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SEWER

FACTORED QUARTERLY BILLS
FACTORED QUARTERLY ERCs
FACTORED GALLONS

BILLED	AMOUNTS FOR RATE MAKING
12,715	12,715
16,279	16,279
271,015	271,015

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ACCT	DESCRIPTION	PERCENTAGE ASSIGNMENT			FACTORED BILLS		FACTORED ERCs		FACTORED GALLONS		
		TEST YEAR	CUSTOMER CHARGE	BASE FACILITY CHARGE	GAL CHARGE	CUSTOMER COST	CUSTOMER CHARGE	BASE FACILITY COST	BASE FACILITY CHARGE	GALL COST	GALL CHARGE
OPERATIONS AND MAINTENANCE EXPENSES											
701	Salaries and Wages - Employees	325,110	17.75%	50.00%	32.25%	\$57,707	\$4,072	162,555	\$9,985	104,848	\$0,369
703	Salaries and Wages - Directors	0	17.75%	50.00%	32.25%	\$0	\$0,000	0	\$0,000	0	\$0,000
704	Employee Pensions and Benefits	86,557	17.75%	50.00%	32.25%	\$15,364	\$1,084	43,278	\$2,658	27,914	\$0,103
710	Purchased Wastewater Treatment	0	0.00%	0.00%	100.00%	\$0	\$0,000	0	\$0,000	0	\$0,000
711	Purchased Power	141,350	0.00%	0.00%	100.00%	\$0	\$0,000	0	\$0,000	141,350	\$0,521
715	Fuel for Power Purchased	90,700	0.00%	0.00%	100.00%	\$0	\$0,000	0	\$0,000	90,700	\$0,337
716	Purchased Fuel for Power Production	0	0.00%	0.00%	100.00%	\$0	\$0,000	0	\$0,000	0	\$0,000
718	Chemicals	81,242	0.00%	50.00%	50.00%	\$0	\$0,000	40,621	\$2,495	40,621	\$0,149
720	Materials and Supplies	250,228	0.00%	50.00%	50.00%	\$0	\$0,000	125,114	\$7,685	125,114	\$0,467
731	Contractual Svcs - Engineering	39,894	0.00%	50.00%	50.00%	\$0	\$0,000	19,947	\$1,225	19,947	\$0,073
732	Contractual Svcs - Accounting	4,230	0.00%	50.00%	50.00%	\$0	\$0,000	2,115	\$0,129	2,115	\$0,008
733	Contractual Svcs - Legal	4,711	0.00%	50.00%	50.00%	\$0	\$0,000	2,356	\$0,147	2,356	\$0,008
734	Contractual Svcs - Mgmt Fees	46,333	0.00%	50.00%	50.00%	\$0	\$0,000	23,167	\$1,423	23,167	\$0,085
735	Contractual Svcs - Other	34,374	0.00%	15.00%	85.00%	\$0	\$0,000	5,156	\$0,317	29,218	\$0,107
741	Rental of Bldg/ Real Property	23,162	0.00%	100.00%	0.00%	\$0	\$0,000	23,162	\$1,422	0	\$0,000
742	Rental of Equipment	5,956	0.00%	100.00%	0.00%	\$0	\$0,000	5,956	\$0,365	0	\$0,000
750	Transportation Expense	33,754	0.00%	50.00%	50.00%	\$0	\$0,000	16,877	\$1,037	16,877	\$0,062
756	Insurance - Vehicles	4,728	0.00%	50.00%	50.00%	\$0	\$0,000	2,364	\$0,145	2,364	\$0,008
757	Insurance - General Liab	4,986	0.00%	50.00%	50.00%	\$0	\$0,000	2,493	\$0,153	2,493	\$0,009
758	Insurance - Workers Comp	6,527	0.00%	50.00%	50.00%	\$0	\$0,000	3,264	\$0,205	3,264	\$0,012
759	Insurance - Other	3,108	0.00%	50.00%	50.00%	\$0	\$0,000	1,554	\$0,095	1,554	\$0,005
760	Amort of Rate Case Expense	56,996	0.00%	50.00%	50.00%	\$0	\$0,000	28,498	\$1,756	28,498	\$0,105
766	Regulatory Commission Expense	0	0.00%	50.00%	50.00%	\$0	\$0,000	0	\$0,000	0	\$0,000
770	Bad Debt Expense	2,553	0.00%	50.00%	50.00%	\$0	\$0,000	1,276	\$0,078	1,276	\$0,004
775	Misc Expense	5,613	0.00%	50.00%	50.00%	\$0	\$0,000	2,806	\$0,172	2,806	\$0,010
TOTAL OPERATION & MAINTENANCE EXPENSES		1,252,112				\$73,071	\$5,156	\$512,559	\$31,485	\$666,482	\$2,459
		1,195,116									
DEPRECIATION AND AMORTIZATION											
403	Depreciation	437,543	0.00%	100.00%	0.00%	\$0	\$0,000	437,543	\$26,877	0	\$0,000
407	Amortization of CIAC	(265,894)	0.00%	100.00%	0.00%	\$0	\$0,000	(265,894)	(\$16,334)	0	\$0,000
	Amortization of Acquisition Adjustment	6,253	0.00%	100.00%	0.00%	\$0	\$0,000	6,253	\$0,384	0	\$0,000
TOTAL DEPRECIATION AND AMORTIZATION		177,901				\$0	\$0,000	\$177,901	\$10,928	\$0	\$0,000
TAXES OTHER THAN INCOME											
408.1	Intangible Tax	0	0.00%	0.00%	100.00%	\$0	\$0,000	0	\$0,000	0	\$0,000
408.11	Other Taxes & Licenses	75	0.00%	100.00%	0.00%	\$0	\$0,000	75	\$0,004	0	\$0,000
408.12		0	0.00%	100.00%	0.00%	\$0	\$0,000	0	\$0,000	0	\$0,000
408.13	Property Taxes	129,725	0.00%	100.00%	0.00%	\$0	\$0,000	129,725	\$7,968	0	\$0,000
408.2		0	0.00%	100.00%	0.00%	\$0	\$0,000	0	\$0,000	0	\$0,000
TOTAL TAXES OTHER THAN INCOME TAXES		129,800				\$0	\$0,000	\$129,800	\$7,973	\$0	\$0,000
INCOME TAXES											
409		68,765	0.00%	0.00%	100.00%	\$0	\$0,000	0	\$0,000	68,765	\$0,253
TOTAL INCOME TAXES		68,765				\$0	\$0,000	\$0	\$0,000	\$68,765	\$0,253
RETURN ON INVESTMENT		377,164	0.00%	0.00%	100.00%	\$0	\$0,000	0	\$0,000	377,164	\$1,391
TOTAL REVENUE REQUIREMENT		2,005,742									
LESS MISC & NON OP REVENUES		(7,972)	0.00%	100.00%	0.00%	\$0	\$0,000	(7,972)	(\$0,487)	0	\$0,000
TOTAL REVENUES FOR RATE SETTING		1,997,770				73,071	\$5,156	812,289	\$49,893	1,112,411	\$4,104
RATES ROUNDED TO TWO DECIMAL PLACES						\$5,160		\$49,900		\$4,100	
TEST AGAINST REVENUE REQUIREMENTS IN MB4-8											
REV IN PROJECTIONS SUPPORTING MB4-8		1,997,770				BFC REVENUE		888,359	GALLONAGE REVENUE		1,112,411
REV IN RATE CALCULATION ABOVE		1,997,770							TOTAL REVENUE		\$1,997,770
VARIANCE		0									

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CALCULATION OF INTERCOASTAL'S SEWER RATES - PROPOSED RATES AND REVENUE TEST**

NOTE: PROPOSED RATES ARE IN SHADED AREAS

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
												REVENUE TEST		
	SEWER													
	METER SIZE	METER SIZE ERC FACTOR	UNIT ERC FACTOR	QUARTERLY CUSTOMER COST	METER SIZE ERC COST	QUARTERLY COST PER UNIT	TOTAL QUARTERLY BFC PER BILL	GALLONAGE CHARGE FACTOR	GALLONAGE CHARGE	BILLS	UNITS	GALLONS	BFC REVENUE	GALLONAGE REVENUE
1														
2	RESIDENTIAL													
3	5/8x3/4	1	NA	\$5.16	\$49.90	NA	\$55.06	1.00	\$4.10	10,718	NA	208,677	\$590,133	\$855,576
4	3/4	1.5	NA	\$5.16	\$74.85	NA	\$80.01	1.00	\$4.10	0	0	0	\$0	\$0
5	1	2.5	NA	\$5.16	\$124.75	NA	\$129.91	1.00	\$4.10	1,664	NA	35,794	\$216,170	\$146,755
6	1 1/2	5	NA	\$5.16	\$249.50	NA	\$254.66	1.00	\$4.10	2	NA	0	\$509	\$0
7	2	8	NA	\$5.16	\$399.20	NA	\$404.36	1.00	\$4.10	4	NA	120	\$1,517	\$492
8	3	16	NA	\$5.16	\$798.40	NA	\$803.56	1.00	\$4.10	0	0	0	\$0	\$0
9	4	25	NA	\$5.16	\$1,247.50	NA	\$1,252.66	1.00	\$4.10	0	0	0	\$0	\$0
10	6	50	NA	\$5.16	\$2,495.00	NA	\$2,500.16	1.00	\$4.10	0	0	0	\$0	\$0
11	8	80	NA	\$5.16	\$3,992.00	NA	\$3,997.16	1.00	\$4.10	0	0	0	\$0	\$0
12	10	115	NA	\$5.16	\$5,738.50	NA	\$5,743.66	1.00	\$4.10	0	0	0	\$0	\$0
13	12	215	NA	\$5.16	\$10,728.50	NA	\$10,733.66	1.00	\$4.10	0	0	0	\$0	\$0
14										12,388	0	244,591	\$608,430	\$1,002,823
15	GENERAL SERVICE													
16	5/8x3/4	1	NA	\$5.16	\$49.90	NA	\$55.06	1.00	\$4.10	183	NA	3,857	\$10,076	\$15,814
17	3/4	1.5	NA	\$5.16	\$74.85	NA	\$80.01	1.00	\$4.10	0	0	0	\$0	\$0
18	1	2.5	NA	\$5.16	\$124.75	NA	\$129.91	1.00	\$4.10	43	NA	1,691	\$5,586	\$6,933
19	1 1/2	5	NA	\$5.16	\$249.50	NA	\$254.66	1.00	\$4.10	42	NA	5,915	\$10,696	\$24,252
20	2	8	NA	\$5.16	\$399.20	NA	\$404.36	1.00	\$4.10	37	NA	6,179	\$14,961	\$25,334
21	3	16	NA	\$5.16	\$798.40	NA	\$803.56	1.00	\$4.10	4	NA	570	\$3,214	\$2,337
22	4	25	NA	\$5.16	\$1,247.50	NA	\$1,252.66	1.00	\$4.10	2	NA	70	\$2,505	\$287
23	6	50	NA	\$5.16	\$2,495.00	NA	\$2,500.16	1.00	\$4.10	0	0	0	\$0	\$0
24	8	80	NA	\$5.16	\$3,992.00	NA	\$3,997.16	1.00	\$4.10	4	NA	844	\$15,989	\$3,460
25	10	115	NA	\$5.16	\$5,738.50	NA	\$5,743.66	1.00	\$4.10	0	0	0	\$0	\$0
26	12	215	NA	\$5.16	\$10,728.50	NA	\$10,733.66	1.00	\$4.10	0	0	0	\$0	\$0
27										315	0	19,126	\$63,027	\$78,417
28	Multi - Residential Service													
29	5/8x3/4	1	0.9	\$5.16	NA	\$44.91	NA	1.00	\$4.10	0	0	0	\$0	\$0
30	3/4	1.5	0.9	\$5.16	NA	\$44.91	NA	1.00	\$4.10	0	0	0	\$0	\$0
31	1	2.5	0.9	\$5.16	NA	\$44.91	NA	1.00	\$4.10	0	0	0	\$0	\$0
32	1 1/2	5	0.9	\$5.16	NA	\$44.91	NA	1.00	\$4.10	0	0	0	\$0	\$0
33	2	8	0.9	\$5.16	NA	\$44.91	NA	1.00	\$4.10	0	0	0	\$0	\$0
34	3	16	0.9	\$5.16	NA	\$44.91	NA	1.00	\$4.10	0	0	0	\$0	\$0
35	4	25	0.9	\$5.16	NA	\$44.91	NA	1.00	\$4.10	4	16	0	\$739	\$0
36	6	50	0.9	\$5.16	NA	\$44.91	NA	1.00	\$4.10	4	91	6,075	\$4,107	\$24,908
37	8	80	0.9	\$5.16	NA	\$44.91	NA	1.00	\$4.10	4	36	1,223	\$1,637	\$5,014
38	10	115	0.9	\$5.16	NA	\$44.91	NA	1.00	\$4.10	0	0	0	\$0	\$0
39	12	215	0.9	\$5.16	NA	\$44.91	NA	1.00	\$4.10	0	0	0	\$0	\$0
40										12	143	7,298	\$6,484	\$29,922
41	Wholesale Service													
42	5/8x3/4	1	NA	NA	NA	NA	NA	NA	NA	0	0	0	\$0	\$0
43	3/4	1.5	NA	NA	NA	NA	NA	NA	NA	0	0	0	\$0	\$0
44	1	2.5	NA	NA	NA	NA	NA	NA	NA	0	0	0	\$0	\$0
45	1 1/2	5	NA	NA	NA	NA	NA	NA	NA	0	0	0	\$0	\$0
46	2	8	NA	NA	NA	NA	NA	NA	NA	0	0	0	\$0	\$0
47	3	16	NA	NA	NA	NA	NA	NA	NA	0	0	0	\$0	\$0
48	4	25	NA	NA	NA	NA	NA	NA	NA	0	0	0	\$0	\$0
49	6	50	NA	NA	NA	NA	NA	NA	NA	0	0	0	\$0	\$0
50	8	80	NA	NA	NA	NA	NA	NA	NA	0	0	0	\$0	\$0
51	10	115	NA	NA	NA	NA	NA	NA	NA	0	0	0	\$0	\$0
52	12	215	NA	NA	NA	NA	NA	NA	NA	0	0	0	\$0	\$0
53										0	0	0	\$0	\$0
54														
55	REVENUE TEST						BILLING UNITS & PROJECTED REVENUE			12,715	143	271,015	\$877,941	\$1,111,162
56							REQUIRED BILLING UNITS & REVENUE			12,715	NA	271,015	\$885,359	\$1,112,411
57							VARIANCE			0	NA	0	(7,418)	(1,249)

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
CALCULATION OF INTERCOASTAL'S RECLAIMED WATER RATES - RATE CALCULATION**

	A	B	C	D	E	F	G
1							
2	<u>RECLAIMED WATER</u>						
3							
4							
5	ASSUMED RECLAIMED WATER USAGE IN GALLONS PER ERC PER DAY						261
6	RECLAIMED WATER USAGE PER ERC IN 1,000 GALLONS PER MONTH						7 830
7							
8	MONTHLY REVENUE REQUIREMENT PER ERC (FROM MB4-7						\$11 22
9	MONTHLY BASE FACILITY CHARGE PER ERC (EQUAL TO WATER) (1)						\$8 7800
10							
	GALLONAGE CHARGE REVENUE REQUIREMENT PER ERC (CALCULATED AS MONTHLY REVENUE REQUIREMENT PER ERC MINUS MONTHLY CUSTOMER COST CHARGE PER CUSTOMER MINUS MONTHLY ERC CHARGE PER ERC)						\$2 4400
11	GALLONAGE CHARGE PER 1,000 GALLONS						\$0 3116
12	<u>MONTHLY COST PER ERC</u>						\$11 2198
13							
14							
15	<u>QUARTERLY BASE FACILITY CHARGE PER ERC</u>						\$26.34
16							
17							
18	<u>GALLONAGE RATE PER 1,000 GALLONS</u>						
19							
20	ALL CLASSES	ALL METER SIZES					\$0.31
21							
22							
23	<u>SERVICE AVAILABILITY CHARGE (EQUAL TO WATER) (2)</u>						
24							
25	ALL CLASSES	PER ERC					\$234.45

(1) THE BASE FACILITY CHARGE FOR RECLAIMED WATER IS SET EQUAL TO THE BASE FACILITY CHARGE FOR WATER DUE TO THE MARKET LIMITATIONS GENERALLY CONSIDERED TO LIMIT RECLAIMED WATER RATES TO THE PRICE OF POTABLE WATER

(2) THE SERVICE AVAILABILITY CHARGE FOR RECLAIMED WATER IS SET EQUAL TO THE SERVICE AVAILABILITY CHARGE FOR WATER DUE TO THE MARKET LIMITATIONS GENERALLY CONSIDERED TO LIMIT RECLAIMED WATER RATES TO THE PRICE OF POTABLE WATER

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
SUMMARY OF INTERCOASTAL'S PROPOSED RATES**

1	A METER SIZE	B C D E WATER				F G H I SEWER				J K RECLAIMED WATER	
		QUARTERLY CUSTOMER COST	QUARTERLY COST PER UNIT	TOTAL QUARTERLY BFC PER BILL	GALLONAGE CHARGE	QUARTERLY CUSTOMER COST	QUARTERLY COST PER UNIT	TOTAL QUARTERLY BFC PER BILL	GALLONAGE CHARGE	TOTAL QUARTERLY BFC PER BILL	GALLONAGE CHARGE
2											
3											
4	RESIDENTIAL										
5	5/8x3/4	NA	NA	\$26 34	\$0.74	NA	NA	\$55 06	\$4 10	\$26 34	\$0 31
6	3/4	NA	NA	37 88	0.74	NA	NA	80 01	4 10	(2)	0 31
7	1	NA	NA	60 96	0.74	NA	NA	129 91	4 10	(2)	0 31
8	1 1/2	NA	NA	118 66	0.74	NA	NA	254 66	4 10	(2)	0 31
9	2	NA	NA	187 90	0.74	NA	NA	404 36	4 10	(2)	0 31
10	3	NA	NA	372 54	0.74	NA	NA	803 56	4 10	(2)	0 31
11	4	NA	NA	580 26	0.74	NA	NA	1,252.66	4 10	(2)	0 31
12	6	NA	NA	1,157 26	0.74	NA	NA	2,500 16	4 10	(2)	0 31
13	8	NA	NA	1,849 66	0.74	NA	NA	3,997 16	4 10	(2)	0 31
14	10	NA	NA	2,657 46	0.74	NA	NA	5,743 66	4 10	(2)	0 31
15	12	NA	NA	4,965 46	0.74	NA	NA	10,733 66	4 10	(2)	0 31
16											
17	GENERAL SERVICE										
18	5/8x3/4	NA	NA	\$26 34	\$0 74	NA	NA	\$55 06	\$4 10	\$26 34	\$0 31
19	3/4	NA	NA	37 88	0 74	NA	NA	80 01	4 10	(2)	0 31
20	1	NA	NA	60 96	0 74	NA	NA	129 91	4 10	(2)	0 31
21	1 1/2	NA	NA	118 66	0 74	NA	NA	254 66	4 10	(2)	0 31
22	2	NA	NA	187 90	0 74	NA	NA	404 36	4 10	(2)	0 31
23	3	NA	NA	372 54	0 74	NA	NA	803 56	4 10	(2)	0 31
24	4	NA	NA	580 26	0 74	NA	NA	1,252 66	4 10	(2)	0 31
25	6	NA	NA	1,157 26	0 74	NA	NA	2,500 16	4 10	(2)	0 31
26	8	NA	NA	1,849 66	0 74	NA	NA	3,997 16	4 10	(2)	0 31
27	10	NA	NA	2,657 46	0 74	NA	NA	5,743 66	4 10	(2)	0 31
28	12	NA	NA	4,965 46	0 74	NA	NA	10,733 66	4 10	(2)	0 31
29											
30	Multi - Residential Service										
31	5/8x3/4	\$3 26	\$19 62	(1)	\$0 74	\$5 16	\$44 91	(1)	\$4 10	\$26 34	\$0 31
32	3/4	3 26	19 62	(1)	0 74	5 16	44 91	(1)	4 10	(2)	0 31
33	1	3 26	19 62	(1)	0 74	5 16	44 91	(1)	4 10	(2)	0 31
34	1 1/2	3 26	19 62	(1)	0 74	5 16	44 91	(1)	4 10	(2)	0 31
35	2	3 26	19 62	(1)	0 74	5 16	44 91	(1)	4 10	(2)	0 31
36	3	3 26	19 62	(1)	0 74	5 16	44 91	(1)	4 10	(2)	0 31
37	4	3 26	19 62	(1)	0 74	5 16	44 91	(1)	4 10	(2)	0 31
38	6	3 26	19 62	(1)	0 74	5 16	44 91	(1)	4 10	(2)	0 31
39	8	3 26	19 62	(1)	0 74	5 16	44 91	(1)	4 10	(2)	0 31
40	10	3 26	19 62	(1)	0 74	5 16	44 91	(1)	4 10	(2)	0 31
41	12	3 26	19 62	(1)	0 74	5 16	44 91	(1)	4 10	(2)	0 31
42											
43	Wholesale Service										
44	5/8x3/4	\$3 26	\$8 54	(1)	\$0 52	NA	NA	NA	NA	NA	NA
45	3/4	3 26	8 54	(1)	0 52	NA	NA	NA	NA	NA	NA
46	1	3 26	8 54	(1)	0 52	NA	NA	NA	NA	NA	NA
47	1 1/2	3 26	8 54	(1)	0 52	NA	NA	NA	NA	NA	NA
48	2	3 26	8 54	(1)	0 52	NA	NA	NA	NA	NA	NA
49	3	3 26	8 54	(1)	0 52	NA	NA	NA	NA	NA	NA
50	4	3 26	8 54	(1)	0 52	NA	NA	NA	NA	NA	NA
51	6	3 26	8 54	(1)	0 52	NA	NA	NA	NA	NA	NA
52	8	3 26	8 54	(1)	0 52	NA	NA	NA	NA	NA	NA
53	10	3 26	8 54	(1)	0 52	NA	NA	NA	NA	NA	NA
54	12	3 26	8 54	(1)	0 52	NA	NA	NA	NA	NA	NA

(1) COST PER UNIT TIMES NUMBER OF UNITS
(2) BFC FOR 5/8X3/4 INCH METER TIMES THE ERC EQUIVALENCY FACTOR FOR EACH METER SIZE

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
SUMMARY**

Scenario 1 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

Average Monthly Cost per ERC assumes a Single Family Residential customer with 10,000 Gallons per Month Average Water Usage.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Water											
Rate Adjustment Plan	0.0%	0.0%	0.0%	-5.0%	0.0%	0.0%	0.0%	22.5%	0.0%	2.1%	-2.2%
Achieved Return	13.47%	0.76%	-0.27%	-2.88%	-2.93%	-2.14%	-1.37%	7.19%	5.32%	7.07%	7.08%
Allowed Return	12.04%	7.39%	7.41%	7.09%	7.08%	7.08%	7.10%	7.19%	7.05%	7.07%	7.08%
Avg Mo.Cost / SF Res ERC	\$15.81	\$16.18	\$16.18	\$15.37	\$15.37	\$15.37	\$15.37	\$18.83	\$18.83	\$19.22	\$18.80
Achieved Return (Millions)	\$0.118	\$0.020	(\$0.007)	(\$0.134)	(\$0.139)	(\$0.103)	(\$0.066)	\$0.342	\$0.315	\$0.411	\$0.403
Allowed Return (Millions)	\$0.105	\$0.189	\$0.187	\$0.331	\$0.337	\$0.341	\$0.342	\$0.342	\$0.418	\$0.411	\$0.403
Rate Base (Millions)	\$0.876	\$2.558	\$2.518	\$4.669	\$4.761	\$4.811	\$4.819	\$4.754	\$5.925	\$5.821	\$5.685
Sewer											
Rate Adjustment Plan	0.0%	0.0%	0.0%	-13.0%	0.0%	0.0%	0.0%	-11.4%	0.0%	-6.4%	-5.4%
Achieved Return	7.80%	2.87%	5.50%	-1.80%	0.02%	3.85%	7.67%	7.19%	7.44%	7.07%	7.08%
Allowed Return	12.04%	7.39%	7.41%	7.09%	7.08%	7.08%	7.10%	7.19%	7.05%	7.07%	7.08%
Avg Mo.Cost / SF Res ERC	\$63.90	\$59.35	\$59.35	\$51.63	\$51.63	\$51.63	\$51.63	\$45.75	\$45.75	\$42.81	\$40.50
Achieved Return (Millions)	\$0.377	\$0.135	\$0.236	(\$0.178)	\$0.002	\$0.365	\$0.692	\$0.569	\$0.817	\$0.761	\$0.741
Allowed Return (Millions)	\$0.582	\$0.348	\$0.319	\$0.700	\$0.689	\$0.672	\$0.640	\$0.569	\$0.775	\$0.761	\$0.741
Rate Base (Millions)	\$4.834	\$4.713	\$4.298	\$9.868	\$9.733	\$9.482	\$9.019	\$7.922	\$10.987	\$10.771	\$10.461
Water & Sewer											
Effect on W&S Bill	NA	-5.2%	0.0%	-11.3%	0.0%	0.0%	0.0%	-3.6%	0.0%	-3.9%	-4.4%
Achieved Return	8.67%	2.13%	3.37%	-2.15%	-0.95%	1.83%	4.52%	7.19%	6.70%	7.07%	7.08%
Allowed Return	12.04%	7.39%	7.41%	7.09%	7.08%	7.08%	7.10%	7.19%	7.05%	7.07%	7.08%
Avg Mo.Cost / SF Res ERC	\$79.71	\$75.53	\$75.53	\$67.01	\$67.01	\$67.01	\$67.01	\$64.58	\$64.58	\$62.04	\$59.30
Achieved Return (Millions)	\$0.495	\$0.155	\$0.230	(\$0.312)	(\$0.137)	\$0.262	\$0.626	\$0.911	\$1.133	\$1.173	\$1.144
Allowed Return (Millions)	\$0.687	\$0.537	\$0.505	\$1.031	\$1.026	\$1.013	\$0.983	\$0.911	\$1.193	\$1.173	\$1.144
Rate Base (Millions)	\$5.710	\$7.271	\$6.817	\$14.537	\$14.493	\$14.293	\$13.838	\$12.676	\$16.912	\$16.593	\$16.146

NOTE: THE REDUCTION IN THE AVG. MO COST PER ERC IN 2000, IS THE RESULT OF REALLOCATION OF COSTS AND RESTRUCTURING OF RATES, AND DOES NOT RESULT IN A REDUCTION IN RATE REVENUE. ALL CHANGES IN THE AVG MO COST PER ERC IN YEARS SUBSEQUENT TO 2000 WOULD BE ACHIEVED BY "ACROSS THE BOARD" ADJUSTMENTS IN RATES.

**INTERCOASTAL UTILITIES
WATER & SEWER SYSTEM
SUMMARY**

Scenario 2 - Intercoastal Utilities Water and Sewer Rates w/ Intercoastal Capital Plan - 70% Debt / 30% Equity

Average Monthly Cost per ERC assumes a Single Family Residential customer with 10,000 Gallons per Month Average Water Usage.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Water											
Rate Adjustment Plan	0.0%	0.0%	0.0%	-5.0%	0.0%	0.0%	0.0%	24.9%	0.0%	2.4%	-2.4%
Achieved Return	13.47%	0.76%	-0.27%	-2.88%	-2.93%	-2.14%	-1.37%	8.03%	6.05%	7.97%	7.96%
Allowed Return	12.04%	7.39%	7.41%	7.62%	7.62%	7.64%	7.78%	8.03%	7.93%	7.97%	7.96%
Avg Mo.Cost / SF Res ERC	\$15.81	\$16.18	\$16.18	\$15.37	\$15.37	\$15.37	\$15.37	\$19.20	\$19.20	\$19.66	\$19.18
Achieved Return (Millions)	\$0.118	\$0.020	(\$0.007)	(\$0.134)	(\$0.139)	(\$0.103)	(\$0.066)	\$0.382	\$0.358	\$0.464	\$0.453
Allowed Return (Millions)	\$0.105	\$0.189	\$0.187	\$0.356	\$0.363	\$0.368	\$0.375	\$0.382	\$0.470	\$0.464	\$0.453
Rate Base (Millions)	\$0.876	\$2.558	\$2.518	\$4.669	\$4.761	\$4.811	\$4.819	\$4.754	\$5.925	\$5.821	\$5.685
Sewer											
Rate Adjustment Plan	0.0%	0.0%	0.0%	-13.0%	0.0%	0.0%	0.0%	-9.8%	0.0%	-4.7%	-5.3%
Achieved Return	7.80%	2.87%	5.50%	-1.80%	0.02%	3.85%	7.56%	8.03%	7.84%	7.97%	7.96%
Allowed Return	12.04%	7.39%	7.41%	7.62%	7.62%	7.64%	7.78%	8.03%	7.93%	7.97%	7.96%
Avg Mo.Cost / SF Res ERC	\$63.90	\$59.35	\$59.35	\$51.63	\$51.63	\$51.63	\$51.63	\$46.56	\$46.56	\$44.35	\$41.98
Achieved Return (Millions)	\$0.377	\$0.135	\$0.236	(\$0.178)	\$0.002	\$0.365	\$0.682	\$0.636	\$0.861	\$0.859	\$0.833
Allowed Return (Millions)	\$0.582	\$0.348	\$0.319	\$0.752	\$0.742	\$0.725	\$0.701	\$0.636	\$0.871	\$0.859	\$0.833
Rate Base (Millions)	\$4.834	\$4.713	\$4.298	\$9.868	\$9.733	\$9.482	\$9.019	\$7.922	\$10.987	\$10.771	\$10.461
Water & Sewer											
Effect on W&S Bill	NA	-5.2%	0.0%	-11.3%	0.0%	0.0%	0.0%	-1.9%	0.0%	-2.7%	-4.4%
Achieved Return	8.67%	2.13%	3.37%	-2.15%	-0.95%	1.83%	4.45%	8.03%	7.21%	7.97%	7.96%
Allowed Return	12.04%	7.39%	7.41%	7.62%	7.62%	7.64%	7.78%	8.03%	7.93%	7.97%	7.96%
Avg Mo.Cost / SF Res ERC	\$79.71	\$75.53	\$75.53	\$67.01	\$67.01	\$67.01	\$67.01	\$65.77	\$65.77	\$64.01	\$61.17
Achieved Return (Millions)	\$0.495	\$0.155	\$0.230	(\$0.312)	(\$0.137)	\$0.262	\$0.616	\$1.018	\$1.220	\$1.323	\$1.285
Allowed Return (Millions)	\$0.687	\$0.537	\$0.505	\$1.108	\$1.104	\$1.092	\$1.076	\$1.018	\$1.341	\$1.323	\$1.285
Rate Base (Millions)	\$5.710	\$7.271	\$6.817	\$14.537	\$14.493	\$14.293	\$13.838	\$12.676	\$16.912	\$16.593	\$16.146

NOTE.

THE REDUCTION IN THE AVG. MO. COST PER ERC IN 2000, IS THE RESULT OF REALLOCATION OF COSTS AND RESTRUCTURING OF RATES, AND DOES NOT RESULT IN A REDUCTION IN RATE REVENUE. ALL CHANGES IN THE AVG. MO. COST PER ERC IN YEARS SUBSEQUENT TO 2000 WOULD BE ACHIEVED BY "ACROSS THE BOARD" ADJUSTMENTS IN RATES

**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
SUMMARY**

Scenario 1R- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 100% Debt / 0% Equity

Average Monthly Cost per ERC assumes 10,000 Gallons per Month Average Water Usage per ERC

Reclaimed Water	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Rate Plan				-27.5%	0.0%	0.0%	0.0%	-0.0%	-1.8%	-0.5%	-2.9%
Achieved Return				5.48%	4.61%	5.05%	5.55%	6.84%	6.83%	6.86%	6.90%
Allowed Return				6.75%	6.77%	6.79%	6.81%	6.84%	6.83%	6.86%	6.90%
Avg Mo. Cost / ERC				\$11.22	\$11.22	\$11.22	\$11.22	\$11.22	\$11.01	\$10.95	\$10.63
Achieved Return (Millions)				\$0.125	\$0.120	\$0.142	\$0.165	\$0.196	\$0.216	\$0.223	\$0.227
Allowed Return (Millions)				\$0.154	\$0.177	\$0.191	\$0.202	\$0.196	\$0.216	\$0.223	\$0.227
Rate Base (Millions)				\$2.287	\$2.611	\$2.813	\$2.964	\$2.869	\$3.166	\$3.255	\$3.290

ASSUMED RECLAIMED WATER USAGE PER DAY
ASSUMED RECLAIMED WATER USAGE PER MONTH

261 GALLONS PER DAY
7.830 1,000 GALLONS PER MONTH

BASE FACILITY CHARGE PER ERC	\$8.7800	\$8.7800	\$8.7800	\$8.7800	\$8.7800	\$8.7800	\$8.7800	\$8.7800	\$8.7800	\$8.7800	\$8.7800
GALLONAGE CHARGE REVENUE REQUIREMENT PER ERC	\$2.44	\$2.44	\$2.44	\$2.44	\$2.44	\$2.44	\$2.44	\$2.44	\$2.23	\$2.17	\$1.85
GALLONAGE CHARGE PER 1,000 GALLONS	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.28	\$0.28	\$0.24
MONTHLY BILL	\$11.22	\$11.22	\$11.22	\$11.22	\$11.22	\$11.22	\$11.22	\$11.22	\$11.01	\$10.95	\$10.63

SOURCE: BURTON & ASSOCIATES
C:\DATA\123\ICU\SPRDSHTS\DEPOS\1\MB31RAF2 WK4

**INTERCOASTAL UTILITIES
RECLAIMED WATER SYSTEM
SUMMARY**

Scenario 2R- Intercoastal Utility's Reclaimed Water Rates w/ Intercoastal Capital Plan - 70% Debt / 30% Equity

Average Monthly Cost per ERC assumes 10,000 Gallons per Month Average Water Usage per ERC

Reclaimed Water	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Rate Plan				-27.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.5%
Achieved Return				5.57%	4.70%	5.14%	5.64%	6.75%	7.33%	7.54%	7.97%
Allowed Return				7.78%	7.76%	7.80%	7.84%	7.89%	7.87%	7.92%	7.97%
Avg Mo. Cost / ERC				\$11.30	\$11.30	\$11.30	\$11.30	\$11.30	\$11.30	\$11.30	\$11.24
Achieved Return (Millions)				\$0.127	\$0.123	\$0.145	\$0.167	\$0.194	\$0.232	\$0.245	\$0.262
Allowed Return (Millions)				\$0.177	\$0.203	\$0.219	\$0.232	\$0.226	\$0.249	\$0.258	\$0.262
Rate Base (Millions)				\$2.287	\$2.611	\$2.813	\$2.964	\$2.869	\$3.166	\$3.255	\$3.290

ASSUMED RECLAIMED WATER USAGE PER DAY
ASSUMED RECLAIMED WATER USAGE PER MONTH

261 GALLONS PER DAY
7,830 1,000 GALLONS PER MONTH

BASE FACILITY CHARGE PER ERC	\$8.7800	\$8.7800	\$8.7800	\$8.7800	\$8.7800	\$8.7800	\$8.7800	\$8.7800	\$8.7800	\$8.7800
GALLONAGE CHARGE REVENUE REQUIREMENT PER ERC	\$2.52	\$2.52	\$2.52	\$2.52	\$2.52	\$2.52	\$2.52	\$2.52	\$2.52	\$2.46
GALLONAGE CHARGE PER 1,000 GALLONS	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.31
MONTHLY BILL	\$11.30	\$11.30	\$11.30	\$11.30	\$11.30	\$11.30	\$11.30	\$11.30	\$11.30	\$11.24