

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation of water
and wastewater rates for
possible overearnings by
Plantation Bay Utility Co. in
Volusia County.

DOCKET NO. 011451-WS
ORDER NO. PSC-01-2480-PCO-WS
ISSUED: December 20, 2001

The following Commissioners participated in the disposition of
this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

ORDER INITIATING INVESTIGATION INTO RATES AND CHARGES
AND MAKING REVENUES SUBJECT TO REFUND

BY THE COMMISSION:

BACKGROUND

Plantation Bay Utility Company (Plantation Bay or utility) is
a Class C water and wastewater utility operating in Volusia County.
The system serves approximately 734 customers. For the test period
ended December 31, 2000, the utility reported operating revenues of
\$212,826 for water and \$141,058 for wastewater and operating
expenses of \$107,658 for water and \$73,038 for wastewater. This
resulted in a net operating income of \$16,167 for water and \$19,718
for wastewater. The service territory extends into both Volusia
and Flagler counties.

Since its certification, docketed activity for this utility
has included an application for a miscellaneous service charge
(Docket No. 880477-WS), request for name change (Docket No. 911112-
WS), a territory amendment (Docket No. 950181-WS), and a request
for a staff assisted rate case (Docket No 951296-WS). In addition
to these mentioned docketed activities, the utility has taken
advantage of price indexing and pass-through opportunities.

DOCUMENT NUMBER-DATE

15822 DEC 20 01

FPSC-COMMISSION CLERK

This utility is within the St. Johns River Water Management District (SJRWMD). The service area is located thirteen miles north of Daytona Beach at the intersection of Old Dixie Hwy. and Interstate 95. The utility's service territory is in a defined water use caution area, but according to SJRWMD staff, the utility is within prescribed usage levels.

A review of Plantation Bay's 2000 Annual Report indicated that the utility's water and wastewater systems may have exceeded its last authorized return on equity investment. Consequently, we conducted an audit of the utility's rate base, capital structure and operating position for the test period ended December 31, 2000. Based on the results of the audit, we believe it is necessary and appropriate to initiate an investigation into the potential overearnings of this utility. We have jurisdiction pursuant to Sections 367.081, 367.082, and 367.121, Florida Statutes.

INITIATION OF OVEREARNINGS INVESTIGATION

Section 367.082, Florida Statutes, authorizes us to initiate an investigation of a utility's earnings upon a preliminary demonstration that the utility is earning a rate of return which is outside the range of reasonableness. To the extent that the achieved rate of return exceeds the required rate of return applied to rate base, we may require revenues to be collected subject to refund pending the result of the investigation. (Sections 367.082(1)and(5), Florida Statutes).

Our preliminary analysis indicates that during 2000 the utility's water system earned a 28.80% return, while its wastewater system earned a 32.35% return. Using the utility's 2000 capital structure, the maximum of the range of reasonableness for the rate of return is 11.04%. Therefore, based on the results of our preliminary analysis, a full investigation of this utility's earnings for water and wastewater service is appropriate.

USE OF YEAR END RATE BASE PERIOD

Pursuant to Section 367.082(5)(a), Florida Statutes, we must determine the interim revenue deficiency (or excess) by comparing a utility's achieved return and its required rate of return using either an average investment rate base or an end-of-period

investment rate base. Thus, we have the authority and the discretion to decide when interim rates should be established under year-end conditions rather than under average test year conditions.

To measure the utility's "achieved rate of return" (actual income) for the interim test period, we apply appropriate adjustments from the utility's most recent rate case. This replication of prior adjustments does not determine whether an average or a year-end test year shall be employed. The rate base timing issue is not a carryover adjustment from a prior case, since use of a year-end test year, where appropriate, must be justified in each docket.

Typically, a year-end basis for final rate purposes must be preceded by a showing of extraordinary growth in investment and/or expenses. According to the audit, the utility completed several large construction projects totaling \$325,579 and \$772,916 for water and wastewater, respectively. An average test year would allow only half of the cost for these improvements and facilities in rate base, therefore allowing a return on only half of the utility's investment. In our opinion, the difference in revenue requirement is sufficient to justify use of a year-end rate base. Accordingly, we find the use of the historical test year ended December 31, 2000, in calculating interim revenues, is appropriate and shall be used.

ANNUAL WATER AND WASTEWATER REVENUES
TO BE HELD SUBJECT TO REFUND

Test year water operating revenues, as adjusted, totaled \$208,859 for the year ended December 31, 2000. The corresponding annual water revenue requirement, based on adjusted revenues, rate base and operating expenses, totals \$169,532. Test year wastewater operating revenues, as adjusted, totaled \$153,106 over the same period. The corresponding annual wastewater revenue requirement, based on adjusted revenues, rate base and operating expenses, totals \$123,083.

Using the upper boundary of 11.27% for return on equity, in conjunction with the appropriate cost rates for other components in the utility's capital structure, yields a 11.04% overall rate of return. Our preliminary review indicates that the utility is

earning a return of 28.80% on the water system and 32.35% on the wastewater system.

Section 367.082(5)(b), Florida Statutes, requires that adjustments consistent with those made in the last individual rate proceeding shall be made in arriving at the achieved rate of return of the utility. Additionally, the statute requires the annualization of any rate changes that occurred during the test period. For the purpose of this interim recommendation, the attached schedules reflect year-end test year balances, as well as specific adjustments. Since there was no filing on the part of the utility, the audit amounts do not necessarily reflect the utility's position. This order reflects the appropriate adjustments, the nature and magnitude of which are discussed below.

RATE BASE

Plant in Service:

During the year 2000, the utility completed several large construction projects and made additions to utility plant-in-service (UPIS), totaling \$333,883 and \$772,916 for water and wastewater, respectively. Upon examination of the additions, we have determined that one of the projects had been double-booked as stated in Audit Exception No. 1.

Due to this accounting error, UPIS shall be reduced by \$113,038 and \$188,277 for water and wastewater, respectively. The utility's contributions in aid of construction (CIAC) balances shall also be reduced by equal amounts.

Non Used And Useful:

By applying the used and useful methodology used in the utility's last rate case, we determined that the water treatment plant is 63.10% used and useful and the wastewater plant is 25.40% used and useful. We find that the water distribution and the wastewater collection systems are 100% used and useful. We have applied these percentages to the applicable rate base components and expense accounts for the test year ended December 31, 2000. The amounts resulting from our calculations are shown below:

Account Description	Water Treatment Plant	Wastewater Treatment Plant
Non Used & Useful Plant	\$ (371,481)	\$ (406,730)
Accumulated Depreciation	\$ 278,114	\$ 396,481
Non Used & Useful Land	\$ (12,455)	n/a
Net Non Used & Useful Plant	\$ (105,822)	\$ (10,249)
Depr. Exp	\$ (19,739)	\$ (1,381)
Property Taxes	\$ (1,932)	\$ (2,012)

Accumulated Depreciation:

Audit Exception No. 1 states that accumulated depreciation should be decreased by \$2,955 and \$5,012 for water and wastewater, respectively, to correct the double booking error. Additionally, we have calculated accumulated depreciation using the prescribed rates in Rule 25-30.140, Florida Administrative Code. This results in a \$970 increase to water accumulated depreciation and a \$2,141 decrease to wastewater accumulated depreciation. Based on the above adjustments, accumulated depreciation balances are \$1,176,578 for water and \$992,699 for wastewater.

CIAC:

As discussed above and in Audit Exception No. 1, we have reduced CIAC by \$113,038 and \$188,277 for the water and wastewater systems, respectively, to reflect the correction due to the double booking error. This adjustment results in CIAC balances of \$1,441,639 for the water system and \$2,113,197 for the wastewater system, for the test year ended December 31, 2000.

Accumulated Amortization of CIAC:

The utility reported accumulated amortization of CIAC balances of \$274,823 and \$411,535 for water and wastewater, respectively, as of December 31, 2000. As stated in Audit Exception No. 2, we have examined the additions to accumulated amortization and determined that as of December 31, 1994, the utility stopped recording

amortization on the amounts collected for system capacity and meter installation. We calculated amortization on all system capacity and meter installation charges collected after 1994. Based on our calculations, accumulated amortization shall be increased by \$78,656 for water and \$124,346 for wastewater. We have also made an adjustment to decrease accumulated amortization by \$2,956 for water and \$5,012 for wastewater, to correct a double booking error.

Based on the above-mentioned adjustments, accumulated amortization of CIAC shall be increased by \$75,700 (\$78,656-\$2,956) for water by \$119,334 (\$124,346-\$5,012) for wastewater.

Working Capital:

Section 367.082(5)(b)1, Florida Statutes, requires that in calculating interim rates, adjustments be made consistent with those in the utility's rate proceeding. Consistent with the methodology used in Plantation Bay's last rate case, we calculated working capital using the formula method. Based on our preliminary review and the use of the formula method, we find that a working capital allowance of \$11,693 for the water system and \$10,535 for the wastewater system is appropriate.

Rate Base Summary:

Based on the foregoing, we find that the appropriate test year rate bases are \$211,445 and \$134,557 for the water and wastewater systems, respectively. The rate bases are shown on Schedules Nos. 1-A and 1-B, and the related adjustments are shown on Schedule No. 1-C.

COST OF CAPITAL

The utility reported a balance of \$2,531,000 for "Advances from Associated Companies." The long-term debt belongs to Ecocen Corp., the original owners of the development, which has a cost rate of 10% and an accrued interest balance of \$1,040,367, as of December 31, 2000. As disclosed in Audit Disclosure No. 1, we determined that no loan payments had been made since loan inception. The utility has also stopped accruing interest on this debt.

In Order No. PSC-00-1165-PAA-WS, issued June 27, 2000, in Docket No. 990245-WS, Sun Communities Finance, the utility recorded related party long term debt with no cost assignment and no available debt instrument. We found that the debt should be characterized as other common equity rather than long-term debt given the related party status of the "debt." Based on the above, we have adjusted the capital structure to include the debt for Plantation Bay as common equity.

In Order No. PSC-96-0934-FOF-WS, issued July 18, 1996, in Docket No. 951296-WS, we found it appropriate to establish a return on equity of 10.27% for this utility, with a range of 9.27%-11.27%, to be used in future proceedings. Consistent with Section 367.082(5)(b), Florida Statutes, the appropriate return on equity for interim refund purposes is calculated using the maximum of the last authorized range. The utility's capital structure has been reconciled with the rate base we have determined as stated above. Applying the upper boundary of 11.27% for return on equity, in conjunction with the appropriate cost rates for other components in the utility's capital structure, yields a 11.04% overall rate of return for interim purposes.

The return on equity and overall rate of return are shown on Schedule No. 2.

OPERATING INCOME

Operating Revenue:

On January 1, 2000 the utility implemented a price index and pass-through rate adjustment, which increased water and wastewater annual revenues by \$3,451 and \$6,476, respectively. Additionally, on September 1, 2000, the utility had its rates reduced for a four year rate reduction, pursuant to Section 367.0816, Florida Statutes. We have recalculated the water and wastewater revenues using the rates from the utility's most recent Commission approved tariff. Based on these calculations, we have decreased water revenues by \$3,967 and increased wastewater revenues by \$12,048.

Operation and Maintenance Expenses:

According to Audit Exception No. 4, the utility made several errors when allocating expenses between water and wastewater. In addition, we find that the utility included \$8,104 in test year expenses for pump repairs that should have been amortized over five years. We have made an adjustment to reduce water contractual services by \$6,483 (\$8,104-\$1,621). The errors have been corrected and are shown in the table below:

DESCRIPTION	WATER	WASTEWATER
Reallocate Purchased Power (615/715)	\$ (242)	\$ 242
Amortize Pump Repairs (631)	\$ (6,483)	\$ 0
Reallocate Testing Cost (631/731)	\$ (8,190)	\$ 8,190
Reallocate Well Repairs (636/736)	\$ 234	\$ (234)
Reallocate Mowing Costs (675/775)	\$ 566	\$ (566)
Total	\$(14,115)	\$ 7,632

Based on the adjustments discussed above, the balances for the test year O&M expenses shall be \$93,543 and \$84,278 for water and wastewater, respectively.

Depreciation Expenses (Net of CIAC Amortization):

The utility recorded \$65,595 of net water depreciation expense and \$24,518 of net wastewater depreciation expense. We recalculated test year depreciation expense using the rates prescribed in Rule 25-30.140, Florida Administrative Code, which resulted in increases of \$4,027 and \$9,867 for water and wastewater test year depreciation expense, respectively.

As discussed previously, an adjustment shall be made to increase test year amortization expense by \$13,806 and \$21,396 for water and wastewater, respectively, to reflect the corrected accumulated amortization account balances.

We also reduced depreciation expense by \$2,956 for water and \$5,012 for wastewater, to reflect the correction for the double

booking error and by \$19,739 and \$1,381 for water and wastewater, respectively, to remove non used and useful depreciation expense.

Based on the above, test year depreciation shall be reduced by \$32,474 for water and \$17,922 for wastewater.

Taxes Other Than Income:

The utility recorded test year taxes other than income of \$23,406 and \$20,176. We made an adjustment to decrease water regulatory assessment fees by \$179 and to increase wastewater regulatory assessment fees by \$542, to reflect our adjustment to annualized test year revenues. We have also made an adjustment to decrease property taxes by \$1,932 for water and \$2,012 for wastewater due to our adjustment for non used and useful plant.

Our adjustments cause revenue decreases of \$39,327 for water and \$30,023 for wastewater. The revenue decreases generate reductions in regulatory assessment fees of \$1,770 for water and \$1,351 for wastewater.

REVENUE REQUIREMENT FOR THE INTERIM PERIOD

Based on our adjustments, the revenue requirement shall be \$169,532 for water and \$123,083 for wastewater, which represents a decrease of \$39,327 or 18.83% for the water system and \$30,023 or 19.61% for the wastewater system. However, pursuant to Section 367.081(4)(d), Florida Statutes, the revenues associated with the price index and pass-through rate increase are subject to refund for fifteen months after the filing of the annual report for the year the increase was implemented. Plantation Bay implemented its price index and pass-through rate increase on January 1, 2000. The utility filed its 2000 Annual Report on May 8, 2001; therefore the revenues generated by the index and pass-through are subject to refund through August 8, 2002. Based on the above, \$35,876 (\$39,327 less \$3,451) in water revenues and \$23,455 (\$30,023 less \$6,576) in wastewater revenues shall be held subject to refund pending our final determination.

APPROPRIATE SECURITY TO GUARANTEE THE AMOUNT SUBJECT TO REFUND

Pursuant to Section 367.082, Florida Statutes, when revenues are held subject to refund, the utility is authorized to continue collecting the previously authorized rates. The amount of potential overearnings on an annual basis is \$39,327 for the water system and \$30,023 for the wastewater system. However, \$3,451 of the potential water overearnings and \$6,576 of the potential wastewater overearnings are the result of a 2000 price index and pass-through rate adjustment. Pursuant to Section 367.081(4)(d), Florida Statutes, the revenues associated with the price index and pass-through rate adjustments are already subject to refund. Therefore, only \$35,876 and \$23,447 in annual water and wastewater revenues, respectively, shall be collected under guarantee, subject to refund with interest. Assuming a 8-month time frame, the potential refund amount is \$24,316 for water and \$15,892 for wastewater.

Based on the above, we have reviewed the financial data of the utility in order to determine whether Plantation Bay can support a corporate undertaking of \$40,208. The criteria for a corporate undertaking includes sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. We have reviewed the 1998, 1999 and 2000 annual reports of Plantation Bay to determine the financial condition of the utility. Our analysis shows that Plantation Bay has no equity due to negative retained earnings for each of the three years. Based upon this analysis, we find that Plantation Bay cannot support a corporate undertaking in the amount of \$40,208. Therefore, the utility shall provide a letter of credit, bond or escrow agreement to guarantee the funds collected subject to refund.

If the security provided is an escrow account, said account shall be established between the utility and an independent financial institution pursuant to a written escrow agreement. We shall be a party to the written escrow agreement and a signatory to the escrow account. The written escrow agreement shall state the following:

1. The account is established at the direction of this Commission for the purpose set forth above;

2. No withdrawals of funds shall occur without the prior approval of the Commission through the Director of the Division of the Commission Clerk and Administrative Services;
3. The account shall be interest bearing;
4. Information concerning that escrow account shall be available from the institution to the Commission or its representative at all times;
5. The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt; and
6. Pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla 3d. DCA 1972), escrow accounts are not subject to garnishments.

The utility shall deposit 17.18% of water revenues and 15.31% of wastewater revenues collected into the escrow account each month to secure for a possible refund. The escrow agreement shall also state the following:

1. If a refund to the customers is required, all interest earned on the escrow account shall be distributed to the customers; and
2. If a refund to the customers is not required, the interest earned on the escrow account shall revert to the utility.

If the security provided is a bond or a letter of credit, said instrument shall be in the amount of \$40,208. If the utility chooses a bond as security, the bond shall state that it will be released or should terminate only upon our subsequent order addressing overearnings or requiring a refund. If the utility chooses to provide a letter of credit as security, the letter of credit shall state that it is irrevocable for the period it is in effect and that it will be in effect until we render a final order addressing overearnings or requiring a refund.

Irrespective of the type of security provided, the utility shall keep an accurate and detailed account of all monies it receives. Pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to

refund. Should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code.

In no instance shall maintenance and administrative costs associated with any refund be borne by the customers. The costs are the responsibility of, and shall be borne by, the utility. Finally, the utility shall be on notice that if it does not comply with the requirements stated in this order, show cause proceedings will be initiated.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that an investigation of the wastewater rates and charges of Plantation Bay Utility Company shall be initiated. It is further

ORDERED that all matters contained in the schedules attached hereto are by reference incorporated herein. It is further

ORDERED that Plantation Bay Utility Company shall provide a bond, escrow account or letter of credit in the amount of \$40,208 as set forth in the body of this Order, as a guarantee of any potential refund of revenues collected subject to refund. It is further

ORDERED that no later than the 20th of each month, Plantation Bay Utility Company shall file monthly reports consistent with the requirements set forth in the body of this Order. Should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code. It is further

ORDERED that Plantation Bay Utility Company shall be on notice that failure to comply on a timely basis with the requirements of this order will result in the initiation of a show cause proceeding. It is further

ORDERED that this docket shall remain open.

ORDER NO. PSC-01-2480-PCO-WS
DOCKET NO. 011451-WS
PAGE 13

By ORDER of the Florida Public Service Commission this 20th
day of December, 2001.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)

LDH

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

ORDER NO. PSC-01-2480-PCO-WS

DOCKET NO. 011451-WS

PAGE 14

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

ORDER NO. PSC-01-2480-PCO-WS

DOCKET NO. 011451-WS

PAGE 15

PLANTATION BAY UTILITY COMPANY		SCHEDULE NO 1-AA	
SCHEDULE OF WATER RATE BASE		DOCKET 011451-WS	
TEST YEAR ENDED 12/31/00			
DESCRIPTION	Balance PER UTILITY	COMMISSION ADJUST- MENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$2,652,552	(\$113,038)	\$2,539,514
2 LAND & LAND RIGHTS	\$33,754	\$0	\$33,754
3 NON-USED & USEFUL COMPONENTS	\$0	(\$105,822)	(\$105,822)
4 ACCUMULATED DEPRECIATION	(\$1,178,563)	\$1,985	(\$1,176,578)
5 CIAC	(\$1,554,677)	\$113,038	(\$1,441,639)
6 AMORTIZATION OF CIAC	\$274,823	\$75,700	\$350,523
1 WORKING CAPITAL ALLOWANCE	\$0	\$11,693	\$11,693
RATE BASE	<u>\$227,889</u>	<u>(\$16,444)</u>	<u>\$211,445</u>

ORDER NO. PSC-01-2480-PCO-WS

DOCKET NO. 011451-WS

PAGE 16

PLANTATION BAY UTILITY COMPANY		SCHEDULE NO. 1-B	
SCHEDULE OF WASTEWATER RATE BASE		DOCKET 011451-WS	
TEST YEAR ENDED 12/31/00			
DESCRIPTION	BALANCE PER UTILITY 12/31/00	COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION 12/31/00
1 UTILITY PLANT IN SERVICE	\$2,846,945	(\$188,277)	\$2,658,668
2 LAND	\$50,631	\$0	\$50,631
3 NON-USED & USEFUL COMPONENTS	\$0	(\$10,249)	(\$10,249)
4 ACCUMULATED DEPRECIATION	(\$999,852)	\$7,153	(\$992,699)
5 CIAC	(\$2,301,474)	\$188,277	(\$2,113,197)
6 AMORTIZATION OF CIAC	\$411,535	\$119,334	\$530,869
11 WORKING CAPITAL ALLOWANCE	<u>\$0</u>	<u>\$10,535</u>	<u>\$10,535</u>
RATE BASE	<u>\$7,785</u>	<u>\$126,772</u>	<u>\$134,557</u>

PLANTATION BAY UTILITY COMPANY		SCHED. NO. 1-C	
ADJUSTMENTS TO RATE BASE		DOCKET 011451-WS	
TEST YEAR ENDED 12/31/00		PAGE 1 OF 1	
EXPLANATION	WATER	WASTEWATER	
<u>PLANT IN SERVICE</u>			
To correct double booking error (AE 1)	<u>(\$113,038)</u>	<u>(\$188,277)</u>	
<u>NON-USED AND USEFUL</u>			
Non-used and useful Plant	(\$371,481)	(\$406,730)	
Non-used & Useful Accum Depr	278,114	396,481	
Non-used & USeful land	<u>(12,455)</u>	<u>0</u>	
Total	<u>(\$105,822)</u>	<u>(\$10,249)</u>	
<u>ACCUMULATED DEPRECIATION</u>			
To correct double booking error (AE 1)	\$2,955	\$5,012	
Depreciation Adjustment Per Rule	<u>(970)</u>	<u>2,141</u>	
Total	<u>\$1,985</u>	<u>\$7,153</u>	
<u>CIAC</u>			
To correct double booking error (AE 1)	<u>\$113,038</u>	<u>\$188,277</u>	
<u>ACCUM. AMORT. OF CIAC</u>			
To correct double booking error (AE 1)	(2,956)	(5,012)	
CIAC collected after 1994 (AE 2)	<u>78,656</u>	<u>124,346</u>	
Total	<u>\$75,700</u>	<u>\$119,334</u>	
<u>WORKING CAPITAL</u>			
Working Capital Provision (1/8 of O&M)	<u>\$11,693</u>	<u>\$10,535</u>	

PLANTATION BAY UTILITY COMPANY		SCHEDULE NO. 2 DOCKET 011451-WS						
SCHEDULE OF CAPITAL STRUCTURE								
TEST YEAR ENDED 12/31/00								
CAPITAL COMPONENT	PER UTILITY	SPECIFIC ADJUST-MENTS	BAL		BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
			BEFORE PRO RATA ADJ	PRO RATA ADJUST-MENTS				
1. COMMON STOCK	\$1,000	\$0	\$1,000					
2. RETAINED EARNINGS	(2,835,049)	303,049	(2,532,000)					
3. PAID IN CAPITAL	0		0					
4. OTHER COMMON EQUITY	0	<u>2,531,000</u>	<u>2,531,000</u>					
5. TOTAL COMMON EQUITY	(\$2,834,049)	\$2,834,049	0	330,857	330,857	95.62%	11.27%	10.78%
6. LONG TERM DEBT	2,531,000	(2,531,000)	0	0	0	0.00%	0.00%	0.00%
7. CUSTOMER DEPOSITS	<u>15,145</u>	<u>0</u>	<u>15,145</u>	0	<u>15,145</u>	<u>4.38%</u>	6.00%	<u>0.26%</u>
8. TOTAL	<u>(\$287,904)</u>	<u>\$303,049</u>	<u>\$15,145</u>	<u>\$330,857</u>	<u>\$346,002</u>	<u>100.00%</u>		<u>11.04%</u>
RANGE OF REASONABLENESS						<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY						<u>9.27%</u>	<u>11.27%</u>	
OVERALL RATE OF RETURN						<u>9.13%</u>	<u>11.04%</u>	

PLANTATION BAY UTILITY COMPANY			SCHEDULE NO. 3-A		
STATEMENT OF WATER OPERATIONS			DOCKET 011451-WS		
TEST YEAR ENDED 12/31/00					
DESCRIPTION	BALANCE PER UTILITY 12/31/00	COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION 12/31/00	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	<u>\$212,826</u>	<u>(\$3,967)</u>	<u>\$208,859</u>	<u>(\$39,327)</u> -18.83%	<u>\$169,532</u>
OPERATING EXPENSES:					
2 OPERATION & MAINTENANCE	107,658	(14,115)	93,543		93,543
3 DEPRECIATION (NET)	65,595	(32,474)	33,121		33,121
4 AMORTIZATION	0	0	0		0
5 TAXES OTHER THAN INCOME	23,406	(2,110)	21,296	(1,770)	19,526
6 INCOME TAXES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
7 TOTAL OPERATING EXPENSES	<u>\$196,659</u>	<u>(\$48,699)</u>	<u>\$147,960</u>	<u>(\$1,770)</u>	<u>\$146,190</u>
8 OPERATING INCOME	<u>\$16,167</u>	<u>\$44,732</u>	<u>\$60,899</u>	<u>(\$37,557)</u>	<u>\$23,342</u>
9 RATE BASE	<u>\$227,889</u>		<u>\$211,445</u>		<u>\$211,445</u>
10 RATE OF RETURN	<u>7.09%</u>		<u>28.80%</u>		<u>11.04%</u>

PLANTATION BAY UTILITY COMPANY			SCHEDULE NO. 3-B DOCKET 011451-WS		
STATEMENT OF WASTEWATER OPERATIONS					
TEST YEAR ENDED 12/31/00					
DESCRIPTION	BALANCE PER UTILITY 12/31/00	COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION 12/31/00	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	<u>\$141,058</u>	<u>\$12,048</u>	<u>\$153,106</u>	<u>(\$30,023)</u> -19.61%	<u>\$123,083</u>
OPERATING EXPENSES					
2 OPERATION & MAINTENANCE	\$76,646	\$7,632	\$84,278		\$84,278
3 DEPRECIATION (NET)	\$24,518	(\$17,922)	\$6,596		\$6,596
4 AMORTIZATION	\$0	\$0	\$0		\$0
5 TAXES OTHER THAN INCOME	\$20,176	(\$1,470)	\$18,706	(\$1,351)	\$17,355
6 INCOME TAXES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$-0</u>	<u>\$0</u>
7 TOTAL OPERATING EXPENSES	<u>\$121,340</u>	<u>(\$11,760)</u>	<u>\$109,580</u>	<u>(\$1,351)</u>	<u>\$108,229</u>
8 OPERATING INCOME	<u>\$19,718</u>	<u>\$23,808</u>	<u>\$43,526</u>	<u>(\$28,672)</u>	<u>\$14,854</u>
9 RATE BASE	<u>\$7,785</u>		<u>\$134,557</u>		<u>\$134,557</u>
10 RATE OF RETURN	<u>253.28%</u>		<u>32.35%</u>		<u>11.04%</u>

PLANTATION BAY UTILITY COMPANY
 ADJUSTMENTS TO OPERATING INCOME
 TEST YEAR ENDED 12/31/00

SCHED. NO. 3-C
 DOCKET 011451-WS
 PAGE 1 OF 1

EXPLANATION	WATER	WASTEWATER
<u>OPERATING REVENUES</u>		
To annualize revenues	<u>(\$3,967)</u>	<u>\$12,048</u>
<u>OPERATION & MAINTENANCE EXPENSE</u>		
1 To reallocate Purchased Power expenses (AE No 4)	(\$242)	\$242
2 To Amortize pump repairs (Audit Except No 4-3)	(6,483)	0
3 Reallocate well repairs from wastewater (AE No 4)	234	(234)
4 Reallocate & mowing costs (AE No 4-4)	566	(566)
5 Reallocate testing costs (AE No 4-4)	<u>(8,190)</u>	<u>8,190</u>
Total	<u>(\$14,115)</u>	<u>\$7,632</u>
<u>DEPRECIATION EXPENSE-NET</u>		
1 Non Used and Useful Adjustment	(\$19,739)	(\$1,381)
2 To correct double booking error (Audit Exception No. 1)	(2,956)	(5,012)
3 To record amortization on CIAC collected after 1994 (AE No. 2)	(13,806)	(21,396)
4 To reflect recalculation of Depr per Rule 25-30.140 FAC	<u>4,027</u>	<u>9,867</u>
Total	<u>(\$32,474)</u>	<u>(\$17,922)</u>
<u>TAXES OTHER THAN INCOME</u>		
1 RAFs on revenue adjustment above	(\$179)	\$542
2 Non Used and Useful Property Taxes	<u>(1,932)</u>	<u>(2,012)</u>
Total	<u>(\$2,110)</u>	<u>(\$1,470)</u>