

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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CLERK

DATE: APRIL 3, 2003

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (KYLE, MERCHANT, MAUREY) *JKL*
OFFICE OF THE GENERAL COUNSEL (GERVASI, HOLLEY) *GM*

RE: DOCKET NO. 020071-WS - APPLICATION FOR RATE INCREASE IN
MARION, ORANGE, PASCO, PINELLAS, AND SEMINOLE COUNTIES BY
UTILITIES, INC. OF FLORIDA.

AGENDA: 4/15/03 - REGULAR AGENDA - DECISION ON INTERIM RATES - NO
ORAL ARGUMENT REQUESTED

CRITICAL DATES: 60-DAY INTERIM CONSIDERATION DATE: 04/29/03
(EXTENSION GRANTED BY UTILITY)

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\020071.RCM

CASE BACKGROUND

Utilities, Inc. of Florida (UIF or utility) is a Class A utility providing water and wastewater service to 23 systems in the following counties: Marion, Orange, Pasco, Pinellas, and Seminole. UIF is a wholly-owned subsidiary of Utilities, Inc. (UI).

By letter dated February 26, 2002, UIF requested test year approval in order to file an application for general rate relief for all of its systems. On June 28, 2002, the utility filed minimum filing requirements (MFRs) to justify its requested rate increase. By letter dated July 19, 2002, the utility was notified that the MFRs were deficient. In response to that deficiency letter, the utility submitted additional explanations, schedules and data on September 3, 2002. However, by letter dated September 11, 2002, the utility was notified by staff that the MFRs were still deficient. UIF corrected the remaining deficiencies on

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October 3, 2002. Thus, staff notified the utility that October 3, 2002, was established as the official date of filing for the utility's rate case.

UIF's requested test year for final and interim purposes is the historical year ended December 31, 2001. The utility has requested that the rate case be scheduled directly for hearing, and it filed its direct testimony with its June 28, 2002, MFR filing. The Office of Public Counsel (OPC) served its Notice of Intervention in this docket and by Order No. PSC-02-1026-PCO-WS, issued July 29, 2002, OPC's intervention was acknowledged.

On October 31, 2002, UIF materially amended its MFR rate schedules, and as such, the official date of filing was reset to that date. By letter dated December 4, 2002, UIF waived the 60-day statutory deadline for the Commission to consider interim rates to April 29, 2003. The utility also waived the 8-month statutory deadline for final action on UIF's application to October 28, 2003. By Order PSC-03-0030-PCO-WS, issued January 6, 2003, the Commission suspended the utility's rate increase request.

On March 6, 2003, OPC filed a Motion for Extension of Time to File Testimony (Motion for Extension of time), a Motion to Dismiss the Petition for Rate Increase filed in this docket by UIF, and a Request for Oral Argument on both Motions. On March 10, 2003, UIF filed a Response to OPC's Motion to Dismiss and a Request for Oral Argument on both Motions. OPC has since withdrawn its Motion to Dismiss, both parties have withdrawn their Requests for Oral Argument, and UIF has stated that it does not oppose OPC's Motion for Extension of Time. By Order No. PSC-03-0389-PCO-WS, issued March 20, 2003, the Prehearing Officer granted OPC's Motion for Extension of Time, and incorporated UIF's further waiver of the 8-month statutory date. Therefore, the deadline for Commission action on final rates is November 25, 2003.

In its MFRs, the utility requested total company annual interim revenues of \$1,433,786 for water and \$1,019,014 for wastewater. This represents a revenue increase of \$120,660 (9.19%) for water and \$256,242 (33.59%) for wastewater. The utility's most recent rate proceeding for Marion and Pinellas Counties was addressed by Order No. PSC-94-0739-FOF-WS, issued June 16, 1994, in Docket No. 930826-WS. UIF's most recent rate proceeding for Orange, Pasco and Seminole Counties was addressed by Order No. PSC-95-0574-FOF-WS, issued May 9, 1995, in Docket No. 940917-WS.

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Subsequent to these cases, the Commission approved the acquisition of the Wis-Bar and Sunshine Systems in Pasco County from Bartelt Enterprises by Order No. PSC-01-1655-PAA-WS, issued August 13, 2001, in Docket No. 000793-WS (Consummating Order No. PSC-01-1824-CO-WS issued September 11, 2001). Further, the Commission approved the sale of the Druid Isles water system and a portion of the Oakland Shores water system in Orange County to the City of Maitland by Order No. PSC-99-2171-FOF-WU, issued November 8, 1999, in Docket No. 981589-WU. The Commission also approved the sale of the Green Acres facilities in Seminole County to the City of Altamonte Springs by Order No. PSC-99-2373-FOF-WS, issued December 6, 1999, in Docket No. 991288-WS. The utility is not requesting any changes in its miscellaneous service or service availability charges. This recommendation addresses the utility's request for interim rates.

The Commission has jurisdiction pursuant to Section 367.082, Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should any interim revenue increase be approved for the water and wastewater systems in Pasco County and the water systems in Seminole County?

RECOMMENDATION: No. The utility's request for interim revenue increases for the water and wastewater systems in Pasco County and the water systems in Seminole County should be denied because the utility provided county-wide revenue requirements instead of calculations based on individual systems having stand-alone rates. (KYLE, MERCHANT)

STAFF ANALYSIS: In its MFRs, UIF requested interim rates which would be uniform for all systems within each individual county. However, the existing rate structures for the water and wastewater systems in Pasco County and the water systems in Seminole County utilize non-uniform rates. Specifically, the Pasco County systems include separate rates for the systems acquired from Bartelt Enterprises, Inc., and the Oakland Shores system in Seminole County was included in the Orange County rate structure in the last rate case, because the system served customers in both counties. As stated above, the Orange County portion of the system was sold to the City of Maitland, leaving the Seminole County portion with a rate structure different from the other Seminole County water systems. The utility did not provide sufficient data in its MFRs to calculate separate interim revenue requirements for those systems that have different rates within given counties. The utility was advised of this issue at the time staff issued its initial MFR deficiency notice, and did not file additional data.

In Order No. PSC-95-1327-FOF-WS, issued November 1, 1995, in Docket No. 950495-WS, the Commission denied interim rates with respect to certain systems operated by Southern States Utilities, Inc. The Commission stated, in relevant part:

Because the utility did not provide plant-specific MFRs for those plants included in Docket No. 920199-WS, we cannot calculate stand-alone revenue requirements for those facilities.

Accordingly, because the utility did not provide sufficient data in its MFRs to calculate separate interim revenue requirements

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for each system, staff recommends that the interim rate increases requested for the water and wastewater systems in Pasco County and the water systems in Seminole County be denied.

ISSUE 2: Should any interim revenue increase be approved?

RECOMMENDATION: Yes. Interim rate increases should be approved for the wastewater systems in Seminole County and the water systems in Marion, Orange and Pinellas Counties. On an interim basis, the utility should be allowed to collect annual water and wastewater revenues as indicated below. No increase should be approved for the Marion County wastewater system, as it is earning within its authorized rate of return. The docket should remain open pending the Commission's final action on the utility's requested rate increase. (KYLE)

<u>System</u>	<u>Test Year Revenue</u>	<u>\$ Revenue Increase</u>	<u>Interim Revenue Requirement</u>	<u>% Revenue Increase</u>
Marion Water	\$151,712	\$15,113	\$166,825	9.96%
Marion Wastewater	\$58,529	\$0	\$58,529	0.00%
Orange Water	\$84,904	\$11,792	\$96,696	13.89%
Pinellas Water	\$56,101	\$3,675	\$59,776	6.55%
Seminole Wastewater	\$398,991	\$202,023	\$601,014	50.63%

STAFF ANALYSIS: UIF requested interim rates designed to generate annual total company water revenues of \$1,433,786 and wastewater revenues of \$1,019,014. This represents a water revenue increase of \$120,660 (9.19%) and a wastewater revenue increase of \$256,242 (33.59%). The utility has filed rate base, cost of capital, and operating statements to support its requested water and wastewater increases.

Pursuant to Section 367.082(5)(b)(1), Florida Statutes, the achieved rate of return for interim purposes shall be calculated by applying appropriate adjustments consistent with those used in the utility's most recent rate proceeding. Staff has reviewed the utility's interim request, as well as prior orders concerning the utility's systems. Staff's recommended adjustments are discussed below. We have attached accounting schedules to illustrate staff's recommended rate base, capital structure, and test year operating income amounts. Each county has a separate set of schedules, and is identified as such. The rate base schedule is labeled as No. 1, the capital structure schedule is No. 2, and the operating income schedule is No. 3.

RATE BASE

The utility filed a thirteen-month average rate base for the year ended December 31, 2001. For interim purposes, the utility calculated working capital using the formula method or 1/8 of operating and maintenance (O&M) expenses. Based on our analysis, staff believes that the following adjustments are necessary to the utility's rate base.

Marion County Water and Wastewater Systems

Staff's review of the utility's MFRs revealed that certain adjustments ordered in the most recent rate proceeding have not been properly made by the utility. Staff recommends that water plant in service be decreased by \$14,314, that land be increased by \$4,467 and that accumulated depreciation be decreased by \$1,608 to reflect adjustments consistent with Order No. PSC-94-0739-FOF-WS, issued June 16, 1994, in Docket No. 930826-WS. Further, staff recommends that wastewater plant in service be decreased by \$1,633, that land be increased by \$720 and that accumulated depreciation be decreased by \$94.

In its most recent rate proceeding, the Commission approved the use of the formula method for calculating working capital for the Marion County systems; therefore, UIF's methodology in this filing is appropriate for interim purposes. Staff is recommending adjustments to the utility's O&M expenses in a later section. Accordingly, staff recommends corresponding reductions of \$181 to water working capital and \$71 to wastewater working capital.

Orange County Water Systems

Staff's review of the utility's MFRs revealed that certain adjustments ordered in the Orange County systems' most recent rate proceeding have not been properly made by the utility. Staff recommends that water plant in service be decreased by \$7,056, and that accumulated depreciation be decreased by \$8,491 to reflect adjustments consistent with Order No. PSC-95-0574-FOF-WS, issued May 9, 1995, in Docket No. 940917-WS.

In its most recent rate proceeding, the Commission required the use of the balance sheet method for calculating working capital for the Orange County systems; therefore, UIF's formula methodology reflecting a balance of \$9,335 in its MFRs is inappropriate for

interim purposes. Staff has recalculated the working capital for Orange County using the balance sheet method. In the process of its calculation, staff reviewed the balance sheet method working capital calculation used by the utility in its MFRs for final rates, and the total UIF balance sheet filed by the utility. Staff discovered that UIF's working capital calculation for final rates yielded an average total company working capital of \$1,634,531, without any explanation or support for adjustments made to individual components. Staff was particularly concerned about the high cash balance in UIF's calculation in relation to accounts payable and other liabilities. Staff's prima facie review of the utility's balance sheet as filed in MFR Schedules A-18 and A-19 noted that the cash balance approximated the amount the used in the utility's calculation, but that the accounts payable balance was substantially higher. Calculating working capital using the 13-month average amounts from Schedules A-18 and A-19 would result in a negative total company working capital of \$6,200,290. This will be an issue subject to further development of the record in the determination of final rates; however, staff believes that for purposes of interim rates, a prima facie review of the data presented by the utility is not conclusive and, accordingly, staff recommends that the \$9,335 working capital requested for the Orange County water systems be disallowed.

Pinellas County Water Systems

Staff's review of the utility's MFRs revealed that certain adjustments ordered in the most recent rate proceeding had not been properly made by the utility. Staff recommends that water plant in service be decreased by \$30,651, that land be decreased by \$3,701 and that accumulated depreciation be increased by \$2,171 to reflect adjustments consistent with Order No. PSC-94-0739-FOF-WS, issued June 16, 1994, in Docket No. 930826-WS.

In its most recent rate proceeding, the Commission approved the use of the formula method for calculating working capital for the Pinellas County systems; therefore UIF's methodology in this filing is appropriate for interim purposes. Staff is recommending adjustments to the utility's O&M expenses in a later section. Accordingly, staff recommends a corresponding reduction of \$65 in water working capital for Pinellas County.

Seminole County Wastewater Systems

Staff's review of the utility's MFRs revealed that certain adjustments ordered in the most recent rate proceeding had not been properly made by the utility. Staff recommends that water plant in service be decreased by \$33,688, and that accumulated depreciation be decreased by \$46,683 to reflect adjustments consistent with Order No. PSC-95-0574-FOF-WS, issued May 9, 1995, in Docket No. 940917-WS.

Staff noted that the utility's balance sheet submitted as Schedule A-19 of the MFRs reflected \$48,000 in Advances for Construction which were not included in its calculation of interim rate base. Staff recommends decreasing rate base by \$48,000.

In its most recent rate proceeding, the Commission required the use of the balance sheet method for calculating working capital for the Seminole County systems; therefore, UIF's methodology in its MFRs is inappropriate for interim purposes. As noted in the discussion of working capital for the Orange County systems, staff has estimated the average total company working capital to be a negative \$6,200,290, using the balance sheet method. Accordingly, staff recommends that the \$53,883 working capital requested for the Seminole County wastewater systems be disallowed.

COST OF CAPITAL

In its MFRs, UIF used a thirteen-month average capital structure, which consisted of allocated investor sources of capital and deferred income taxes from Utilities, Inc. (the parent) and actual customer deposits for each county included in UIF's filing. The utility's requested interim cost of capital is shown below.

<u>System</u>	<u>Requested Cost of Capital</u>
Marion Water and Wastewater	9.53%
Orange Water	9.12%
Pinellas Water	9.40%
Seminole Wastewater	9.51%

Staff has reviewed the utility's calculations, and we believe that three adjustments are appropriate. First, pursuant to Section 367.082(5)(b)(3), Florida Statutes, the required rate of return for

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an interim increase shall be calculated using the minimum of the range of the last authorized rate of return on equity (ROE) established in the most recent individual rate proceeding of the utility. ROE was last established for the Marion and Pinellas systems by Order No. PSC-94-0739-FOF-WS, issued June 16, 1994, in Docket No. 930826-WS. In that order, the authorized return on equity was 10.64%, with a range of 9.64% to 11.64%. ROE was last established for the Orange and Seminole systems by Order PSC-95-0574-FOF-WS, issued May 9, 1995, in Docket No. 940917-WS, as 10.83%, with a range of 9.83% to 11.83%. Using the minimum of these ranges, for interim purposes, staff recommends ROE of 9.64% for the Marion water and wastewater systems and the Pinellas water systems. The ROE for the Orange water systems and the Seminole wastewater systems should be 9.83%.

Staff's second adjustment relates to the utility's cost of long-term and short-term debt. Staff's review of Schedule D-1 of the utility's revised MFRs reflects cost rates of 8.73% and 3.01% for long-term and short-term debt, respectively. The utility's interim calculation was not revised and reflects incorrect cost rates. Staff believes that the cost rates in the revised MFRs for final rates should be used for interim purposes.

Finally, staff compared the accumulated deferred income tax and deferred tax credits included in Schedule D-1 of the interim schedules with the amounts included in Schedules C-6 and C-7 of the MFRs, and found differences which were not explained or supported by UIF. In recalculating the system's capital structure, staff allocated the total company accumulated deferred taxes of \$236,232 in Schedule C-6 and the total company deferred tax credits of \$114,663 in Schedule C-7 to the various systems in proportion to their respective rate bases.

Based on the above, staff's recommended rate of return (ROR) for interim purposes should be as shown below. Schedule No. 2 illustrates staff's recommended ROR.

<u>System</u>	<u>Staff Recommended Minimum ROR</u>	<u>Range of ROR</u>
Marion Water and Wastewater	8.02%	8.02% to 8.88%
Orange Water	7.90%	7.90% to 8.69%
Pinellas Water	7.93%	7.93% to 8.76%
Seminole Wastewater	7.33%	7.33% to 8.08%

NET OPERATING INCOME

Operating Expenses

The utility made several adjustments to operating expenses for interim purposes. Staff has reviewed these and we believe that several adjustments are appropriate, as discussed below.

In its interim O&M expenses, UIF requested amortization of rate case expense. The utility also included in taxes other than income an adjustment for proforma payroll taxes. Based on staff's review, these adjustments are not appropriate on an interim basis and should be disallowed. Further, staff's review of the previous rate cases for UIF indicate that adjustments should be made to depreciation expense in order to be consistent with the prior cases. These recommended adjustments are detailed below.

<u>System</u>	<u>Adjustment: Increase (Decrease)</u>		
	<u>Rate Case Expense</u>	<u>Depreciation Expense</u>	<u>Taxes Other Than Income</u>
Marion Water	(\$1,448)	(\$803)	(\$2,049)
Marion Wastewater	(\$563)	\$126	(\$176)
Orange Water	(\$806)	(\$199)	(\$1,639)
Pinellas Water	(\$519)	(\$905)	(\$5,472)
Seminole Wastewater	(\$3,253)	(\$955)	(\$12,279)

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Net Operating Income

Based on these adjustments, staff recommends that the appropriate test year operating income amounts, before any revenue increase, are as shown below. Schedule No. 3-A illustrates staff's recommended net operating income, with adjustments reflected on Schedule No. 3-B.

<u>System</u>	<u>Net Operating Income (Loss)</u>	<u>Test Year Achieved ROR</u>
Marion Water	\$12,585	4.68%
Marion Wastewater	\$7,636	9.23%
Orange Water	(\$877)	(1.13)%
Pinellas Water	\$12,291	6.73%
Seminole Wastewater	(\$21,130)	(1.56)%

Staff notes that the utility's filing reflected that the Marion County wastewater systems were earning above their previously authorized rate of return by an immaterial amount; therefore, no interim adjustment is appropriate for the Marion County wastewater rates.

REVENUE REQUIREMENT

Based on the above, staff recommends interim revenue requirements as shown below and as shown on attached Schedule No. 3. The corresponding interim increases in annual water and wastewater revenues are shown below. This will allow the utility the opportunity to recover its operating expenses and earn returns on its rate bases as shown below.

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<u>System</u>	<u>Test Year Revenue</u>	<u>\$ Revenue Increase</u>	<u>Interim Revenue Requirement</u>	<u>% Revenue Increase</u>
Marion Water	\$151,712	\$15,113	\$166,825	9.96%
Marion Wastewater	\$58,529	\$0	\$58,529	0.00%
Orange Water	\$84,904	\$11,792	\$96,696	13.89%
Pinellas Water	\$56,101	\$3,675	\$59,776	6.55%
Seminole Wastewater	\$398,991	\$202,023	\$601,014	50.63%

ISSUE 3: What are the appropriate interim water and wastewater rates?

RECOMMENDATION: The service rates for UIF in effect as of December 31, 2001, should be increased as shown below to generate the recommended revenue increase for the interim period.

<u>System</u>	<u>Increase</u>
Marion Water	10.05%
Orange Water	14.31%
Pinellas Water	6.69%
Seminole Wastewater	51.15%

The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice. The rates should not be implemented until the required security has been filed and proper notice has been received by the customers. The utility should provide proof to staff of the date notice was given within 10 days after the date of the notice. (KYLE)

STAFF ANALYSIS: Staff recommends that interim service rates for UIF be designed to allow the utility the opportunity to generate additional annual operating revenues as shown below. To determine the appropriate increase to apply to the service rates, miscellaneous service and other revenues should be removed from the test year revenues. The calculation is as follows:

<u>System</u>	<u>Revenue Requirement</u>	<u>Less: Misc. Revenue</u>	<u>Revenues - Service Rates</u>	<u>\$ Revenue Increase</u>	<u>% Rate Increase</u>
Marion Water	\$166,825	\$1,275	\$165,550	\$15,113	10.05%
Orange Water	\$96,696	\$2,470	\$94,226	\$11,792	14.31%
Pinellas Water	\$59,776	\$1,190	\$58,586	\$3,675	6.69%
Seminole Wastewater	\$601,014	\$4,031	\$596,983	\$202,023	51.15%

The approved rates should be effective for service rendered on

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or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice. The rates should not be implemented until the required security has been filed and proper notice has been received by the customers. The utility should provide proof to staff of the date notice was given within 10 days after the date of the notice.

Schedule No. 4 reflects each of the above system's current rates, the requested interim and final rates, and staff's recommended interim rates.

ISSUE 4: What is the appropriate security to guarantee the interim increase?

RECOMMENDATION: The utility should be required to file a corporate undertaking by the parent company, Utilities, Inc. (UI), to guarantee any potential refunds of water and wastewater revenues collected under interim conditions. The corporate undertaking should be in the cumulative amount of \$763,989. Pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code. (KYLE, MAUREY)

STAFF ANALYSIS: Pursuant to Section 367.082(2)(a), Florida Statutes, the excess of interim rates over the previously authorized rates shall be collected under guarantee subject to refund with interest. Staff has reviewed the financial data of the utility and its parent company and recommends approval of a corporate undertaking guaranteed by the parent company. Staff has calculated the potential refund of water and wastewater revenues and interest collected under interim conditions to be \$175,608. This amount is based on an estimated nine months of revenue being collected from staff's recommended interim rates over the previously authorized rates shown on Schedule No. 4.

The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. UIF is a wholly-owned subsidiary of UI, which provides all investor capital to its subsidiaries. Staff reviewed the financial statements of the parent company to determine if UIF can support a corporate undertaking. UI's 1999, 2000 and 2001 financial statements were used in determining the financial condition of the Company. UI has minimal liquidity and experienced a significant decline in net income and interest coverage from 2000 to 2001. However, if a one-time \$9.8 million merger-related charge is reversed, UI's financial performance would show a 3-year trend of stable equity capitalization, interest coverage, and profitability.

UI is currently guaranteeing corporate undertakings in the amount of \$565,833. This request will bring the cumulative amount to \$741,441. Staff believes UIF has adequate resources to support

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a corporate undertaking of this amount. Based on this analysis, staff recommends that a cumulative corporate undertaking of \$741,441 is acceptable contingent upon the receipt of the written guarantee of UI. This brief financial analysis is only appropriate for deciding if the utility can support a corporate undertaking in the amount proposed and should not be considered a finding regarding staff's position on other issues in the rate case.

The corporate undertaking should state that it will be released or terminated upon subsequent order of the Commission addressing any refund requirements. Also, pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code.

In no instance should maintenance and administrative costs associated with any refund be borne by the customers. The costs are the responsibility of, and should be borne by, the utility.

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ISSUE 5: Should this docket be closed?

RECOMMENDATION: No. This docket should remain open pending the Commission's final action on the utility's requested rate increase.
(GERVASI, KYLE)

STAFF ANALYSIS: This docket should remain open pending the Commission's final action on the utility's requested rate increase.

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UTILITIES, INC. OF FLORIDA: MARION CO. SCHEDULE OF WATER RATE BASE TEST YEAR ENDED 12/31/01			SCHEDULE NO. 1-A DOCKET 020071-WS			
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR	
1 UTILITY PLANT IN SERVICE	\$639,910	\$0	\$639,910	(\$14,314)	\$625,596	
2 LAND & LAND RIGHTS	12,615	0	12,615	4,467	17,082	
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0	
4 ACCUMULATED DEPRECIATION	(302,921)	0	(302,921)	1,608	(301,313)	
5 CIAC	(134,337)	0	(134,337)	0	(134,337)	
6 AMORTIZATION OF CIAC	44,137	0	44,137	0	44,137	
7 WORKING CAPITAL ALLOWANCE	13,283	0	13,283	(181)	13,102	
8 ALLOCATED PLANT	<u>4,884</u>	<u>0</u>	<u>4,884</u>	<u>0</u>	<u>4,884</u>	
RATE BASE	<u>\$277,571</u>	<u>\$0</u>	<u>\$277,571</u>	<u>(\$8,420)</u>	<u>\$269,151</u>	

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UTILITIES, INC. OF FLORIDA: MARION CO. SCHEDULE OF WASTEWATER RATE BASE TEST YEAR ENDED 12/31/01			SCHEDULE NO. 1-B DOCKET 020071-WS		
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$149,913	\$0	\$149,913	(\$1,633)	\$148,280
2 LAND	10,080	0	10,080	720	10,800
3 NON-USED & USEFUL COMPONENTS	(17,812)	0	(17,812)	0	(17,812)
4 ACCUMULATED DEPRECIATION	(64,072)	0	(64,072)	94	(63,978)
5 CIAC	(450)	0	(450)	0	(450)
6 AMORTIZATION OF CIAC	18	0	18	0	18
7 WORKING CAPITAL ALLOWANCE	5,196	0	5,196	(71)	5,125
8 ALLOCATED PLANT	<u>727</u>	<u>0</u>	<u>727</u>	<u>0</u>	<u>727</u>
RATE BASE	<u>\$83,600</u>	<u>\$0</u>	<u>\$83,600</u>	<u>(\$890)</u>	<u>\$82,710</u>

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UTILITIES, INC. OF FLORIDA: MARION CO.		SCHED. NO. 1-C	
ADJUSTMENTS TO RATE BASE		DOCKET 020071-WS	
TEST YEAR ENDED 12/31/01			
EXPLANATION	WATER	WASTEWATER	
<u>PLANT IN SERVICE</u>			
To Correct Adjustments From Prior Rate Case	<u>(\$14,314)</u>	<u>(\$1,633)</u>	
<u>LAND</u>			
To Correct Adjustments From Prior Rate Case	<u>\$4,467</u>	<u>\$720</u>	
<u>NON-USED AND USEFUL</u>			
To reflect net non-used and useful adjustment	<u>0</u>	<u>0</u>	
<u>ACCUMULATED DEPRECIATION</u>			
To Correct Adjustments From Prior Rate Case	<u>\$1,608</u>	<u>\$94</u>	
<u>WORKING CAPITAL</u>			
To adjust for adjustments to O & M Expense	<u>(\$181)</u>	<u>(\$71)</u>	

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UTILITIES, INC. OF FLORIDA: MARION CO.
 CAPITAL STRUCTURE
 TEST YEAR ENDED 12/31/01

SCHEDULE NO. 2
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DESCRIPTION	TOTAL CAPITAL	SPECIFIC ADJUSTMENTS (EXPLAIN)	PRO RATA ADJUSTMENTS	CAPITAL RECONCILED TO RATE BASE	RATIO	COST RATE	WEIGHTED COST	
PER UTILITY 2001 - 13-MONTH AVERAGE								
1 LONG TERM DEBT	\$72,476,923	\$0	(\$72,312,117)	\$164,806	45.63%	8.59%	3.92%	
2 SHORT-TERM DEBT	13,255,885	0	(13,225,517)	30,368	8.41%	6.62%	0.56%	
3 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%	
4 COMMON EQUITY	73,349,304	0	(73,181,230)	168,074	46.54%	11.03%	5.13%	
5 CUSTOMER DEPOSITS	(4,865)	0	0	(4,865)	-1.35%	6.00%	-0.08%	
6 DEFERRED INCOME TAXES	2,788	0	0	2,788	0.77%	0.00%	0.00%	
7 DEFERRED ITC'S-ZERO COST	0	0	0	0	0.00%	0.00%	0.00%	
8 TOTAL CAPITAL	<u>\$159,080,035</u>	<u>\$0</u>	<u>(\$158,718,864)</u>	<u>\$361,171</u>	<u>100.00%</u>		<u>9.53%</u>	
PER STAFF 2001 - 13-MONTH AVERAGE								
9 LONG TERM DEBT	\$72,476,923	\$0	(\$72,327,147)	\$149,776	42.57%	8.73%	3.72%	
10 SHORT-TERM DEBT	13,255,885	0	(\$13,228,491)	27,394	7.79%	3.01%	0.23%	
11 PREFERRED STOCK	0	0	\$-0	0	0.00%	0.00%	0.00%	
12 COMMON EQUITY	73,349,304	0	(\$73,197,725)	151,579	43.08%	9.64%	4.15%	
13 CUSTOMER DEPOSITS	(4,865)	0	\$0	(4,865)	-1.38%	6.00%	-0.08%	
14 DEFERRED INCOME TAXES	2,788	16,047	\$0	18,835	5.35%	0.00%	0.00%	
15 DEFERRED ITC'S-ZERO COST	0	<u>9,142</u>	<u>\$0</u>	<u>9,142</u>	<u>2.60%</u>	0.00%	<u>0.00%</u>	
16 TOTAL CAPITAL	<u>\$159,080,035</u>	<u>\$25,188</u>	<u>(\$158,753,363)</u>	<u>\$351,861</u>	<u>100.00%</u>		<u>8.02%</u>	
					LOW	HIGH		
RETURN ON EQUITY					<u>9.64%</u>	<u>11.64%</u>		
OVERALL RATE OF RETURN					<u>8.02%</u>	<u>8.88%</u>		

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: MARION CO. STATEMENT OF WATER OPERATIONS TEST YEAR ENDED 12/31/01				SCHEDULE NO. 3-A DOCKET 020071-WS			
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	<u>\$151,712</u>	<u>\$21,088</u>	<u>\$172,800</u>	<u>(\$21,088)</u>	<u>\$151,712</u>	<u>\$15,113</u> 9.96%	<u>\$166,825</u>
OPERATING EXPENSES:							
2 OPERATION & MAINTENANCE	\$106,262	\$0	\$106,262	(\$1,448)	\$104,814		\$104,814
3 DEPRECIATION	20,933	200	21,133	(803)	20,330		20,330
4 AMORTIZATION	(3,999)	0	(3,999)	0	(3,999)		(3,999)
5 TAXES OTHER THAN INCOME	16,742	1,976	18,718	(2,049)	16,669	680	17,349
6 INCOME TAXES	<u>(4,954)</u>	<u>11,734</u>	<u>6,780</u>	<u>(5,467)</u>	<u>1,313</u>	<u>5,431</u>	<u>6,744</u>
7 TOTAL OPERATING EXPENSES	<u>\$134,984</u>	<u>\$13,910</u>	<u>\$148,894</u>	<u>(\$9,767)</u>	<u>\$139,127</u>	<u>\$6,111</u>	<u>\$145,238</u>
8 OPERATING INCOME	<u>\$16,728</u>	<u>\$7,178</u>	<u>\$23,906</u>	<u>(\$11,321)</u>	<u>\$12,585</u>	<u>\$9,002</u>	<u>\$21,587</u>
9 RATE BASE	<u>\$277,571</u>		<u>\$277,571</u>		<u>\$269,151</u>		<u>\$269,151</u>
10 RATE OF RETURN	<u>6.03%</u>		<u>8.61%</u>		<u>4.68%</u>		<u>8.02%</u>

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: MARION CO. STATEMENT OF WASTEWATER OPERATIONS		SCHEDULE NO. 3-B DOCKET 020071-WS						
TEST YEAR ENDED 12/31/01								
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT	
1 OPERATING REVENUES	<u>\$58,529</u>	<u>(\$555)</u>	<u>\$57,974</u>	<u>\$555</u>	<u>\$58,529</u>	\$0 0.00%	<u>\$58,529</u>	
OPERATING EXPENSES								
2 OPERATION & MAINTENANCE	\$41,564	\$0	\$41,564	(\$563)	\$41,001		\$41,001	
3 DEPRECIATION	4,155	(1,157)	2,999	126	3,125		3,125	
4 AMORTIZATION	(12)	0	(12)	0	(12)		(12)	
5 TAXES OTHER THAN INCOME	4,151	128	4,279	(176)	4,103	0	4,103	
6 INCOME TAXES	<u>2,178</u>	<u>(236)</u>	<u>1,942</u>	<u>735</u>	<u>2,677</u>	0	<u>2,677</u>	
7 TOTAL OPERATING EXPENSES	<u>\$52,036</u>	<u>(\$1,265)</u>	<u>\$50,772</u>	<u>\$122</u>	<u>\$50,893</u>	\$0	<u>\$50,893</u>	
8 OPERATING INCOME	<u>\$6,493</u>	<u>\$710</u>	<u>\$7,202</u>	<u>\$433</u>	<u>\$7,636</u>	\$0	<u>\$7,636</u>	
9 RATE BASE	<u>\$83,600</u>		<u>\$83,600</u>		<u>\$82,710</u>		<u>\$82,710</u>	
10 RATE OF RETURN	<u>7.77%</u>		<u>8.61%</u>		<u>9.23%</u>		<u>9.23%</u>	

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: MARION CO.		SCHED. NO. 3-C	
ADJUSTMENTS TO OPERATING INCOME		DOCKET 020071-WS	
TEST YEAR ENDED 12/31/01			
EXPLANATION	WATER	WASTEWATER	
<u>OPERATING REVENUES</u>			
Remove requested final revenue increase	<u>(\$21,088)</u>	<u>\$555</u>	
<u>OPERATION & MAINTENANCE EXPENSE</u>			
Remove Rate Case Amortization Expense	<u>(\$1,448)</u>	<u>(\$563)</u>	
<u>DEPRECIATION EXPENSE-NET</u>			
Correct Adjustments From Prior Rate Case	<u>(\$803)</u>	<u>\$126</u>	
<u>TAXES OTHER THAN INCOME</u>			
1 RAFs on revenue adjustments above	(\$949)	\$25	
2 Correct Utility's Adjustments	(73)	(48)	
3 Remove Pro-forma Payroll Tax Adjustment	<u>(1,027)</u>	<u>(153)</u>	
Total	<u>(\$2,049)</u>	<u>(\$176)</u>	
<u>INCOME TAXES</u>			
To adjust to test year income tax expense	<u>(\$5,467)</u>	<u>\$735</u>	

UTILITIES, INC. OF FLORIDA: MARION CO.		SCHEDULE NO. 4-A		
WATER BIMONTHLY SERVICE RATES		DOCKET 020071-WS		
TEST YEAR ENDED 12/31/01				
	Rates Prior to <u>Filing</u>	Utility Requested <u>Interim</u>	Utility Requested <u>Final</u>	Staff Recom. <u>Interim</u>
<u>Residential, General Service and Multi-Family</u>				
Base Facility Charge:				
Meter Size:				
5/8" x 3/4"	\$8.16	\$9.38	\$10.61	\$8.98
1"	\$20.40	\$23.46	\$26.52	\$22.45
1-1/2"	\$40.79	\$46.91	\$53.03	\$44.89
2"	* \$65.28	\$0.00	\$0.00	\$71.84
3"	* \$130.54	\$0.00	\$0.00	\$143.65
4"	\$203.98	\$234.58	\$265.17	\$224.47
6"	* \$407.95	\$0.00	\$0.00	\$448.93
* The utility has approved rates, but currently no customers, for these meter sizes.				
Gallonage Charge, per 1,000				
Gallons	\$2.25	\$2.54	\$3.02	\$2.48
<u>Typical Residential Bills</u>				
<u>5/8" x 3/4" Meter Size</u>				
3,000 Gallons	\$14.91	\$17.00	\$19.67	\$16.42
5,000 Gallons	\$19.41	\$22.08	\$25.71	\$21.38
10,000 Gallons	\$30.66	\$34.78	\$40.81	\$33.78

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: ORANGE CO. SCHEDULE OF WATER RATE BASE TEST YEAR ENDED 12/31/01			SCHEDULE NO. 1-A DOCKET 020071-WS		
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$192,432	\$0	\$192,432	(\$7,056)	\$185,376
2 LAND & LAND RIGHTS	2,783	0	2,783	0	2,783
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
4 ACCUMULATED DEPRECIATION	(105,683)	0	(105,683)	8,491	(97,192)
5 CIAC	(38,403)	0	(38,403)	0	(38,403)
6 AMORTIZATION OF CIAC	21,337	0	21,337	0	21,337
7 WORKING CAPITAL ALLOWANCE	9,335	0	9,335	(9,335)	0
8 ALLOCATED PLANT	<u>3,960</u>	<u>0</u>	<u>3,960</u>	<u>0</u>	<u>3,960</u>
RATE BASE	<u>\$85,761</u>	<u>\$0</u>	<u>\$85,761</u>	<u>(\$7,900)</u>	<u>\$77,861</u>

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: ORANGE CO.		SCHED. NO. 1-B
ADJUSTMENTS TO RATE BASE		DOCKET 020071-WS
TEST YEAR ENDED 12/31/01		
EXPLANATION	WATER	
<u>PLANT IN SERVICE</u>		
To Correct Adjustments from Prior Order	<u>(\$7,056)</u>	
<u>ACCUMULATED DEPRECIATION</u>		
To Correct Adjustments from Prior Order	<u>\$8,491</u>	
<u>WORKING CAPITAL</u>		
To Adjust to the Balance Sheet Method	<u>(\$9,335)</u>	

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: ORANGE CO. CAPITAL STRUCTURE TEST YEAR ENDED 12/31/01				SCHEDULE NO. 2 DOCKET 020071-WS			
DESCRIPTION	TOTAL CAPITAL	SPECIFIC ADJUSTMENTS (EXPLAIN)	PRO RATA ADJUSTMENTS	CAPITAL RECONCILED TO RATE BASE	RATIO	COST RATE	WEIGHTED COST
PER UTILITY 2001 - 13-MONTH AVERAGE							
1 LONG TERM DEBT	\$72,476,923	\$0	(\$72,441,291)	\$35,632	41.55%	8.59%	3.57%
2 SHORT-TERM DEBT	13,255,885	0	(13,249,370)	6,515	7.60%	6.62%	0.50%
3 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
4 COMMON EQUITY	73,349,304	0	(73,313,243)	36,061	42.05%	11.23%	4.72%
5 CUSTOMER DEPOSITS	4,765	0	0	4,765	5.56%	6.00%	0.33%
6 DEFERRED INCOME TAXES	2,788	0	0	2,788	3.25%	0.00%	0.00%
7 DEFERRED ITC'S-ZERO COST	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
8 TOTAL CAPITAL	<u>\$159,089,665</u>	<u>\$0</u>	<u>(\$159,003,904)</u>	<u>\$85,761</u>	<u>100.00%</u>		<u>9.13%</u>
PER STAFF 2001 - 13-MONTH AVERAGE							
9 LONG TERM DEBT	\$72,476,923	\$0	(\$72,446,441)	\$30,482	39.15%	8.73%	3.42%
10 SHORT-TERM DEBT	13,255,885	0	(\$13,250,310)	5,575	7.16%	3.01%	0.22%
11 PREFERRED STOCK	0	0	\$-0	0	0.00%	0.00%	0.00%
12 COMMON EQUITY	73,349,304	0	(\$73,318,455)	30,849	39.62%	9.83%	3.89%
13 CUSTOMER DEPOSITS	4,765	0	0	4,765	6.12%	6.00%	0.37%
14 DEFERRED INCOME TAXES	2,788	1,380	0	4,168	5.35%	0.00%	0.00%
15 DEFERRED ITC'S-ZERO COST	<u>0</u>	<u>2,023</u>	<u>0</u>	<u>2,023</u>	<u>2.60%</u>	0.00%	<u>0.00%</u>
16 TOTAL CAPITAL	<u>\$159,089,665</u>	<u>\$3,403</u>	<u>(\$159,015,206)</u>	<u>\$77,862</u>	<u>100.00%</u>		<u>7.90%</u>
					<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY					<u>9.83%</u>	<u>11.83%</u>	
OVERALL RATE OF RETURN					<u>7.90%</u>	<u>8.69%</u>	

DOCKET NO. 020071-WS
 DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: ORANGE CO. STATEMENT OF WATER OPERATIONS TEST YEAR ENDED 12/31/01							SCHEDULE NO. 3-A DOCKET 020071-WS	
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT	
1 OPERATING REVENUES	<u>\$86,186</u>	<u>\$15,542</u>	<u>\$101,728</u>	<u>(\$16,824)</u>	<u>\$84,904</u>	<u>\$11,792</u> 13.89%	<u>\$96,696</u>	
OPERATING EXPENSES:								
2 OPERATION & MAINTENANCE	\$74,682	\$0	\$74,682	(\$806)	\$73,876		\$73,876	
3 DEPRECIATION	7,229	2	7,231	(199)	7,032		7,032	
4 AMORTIZATION	(1,265)	0	(1,265)	0	(1,265)		(1,265)	
5 TAXES OTHER THAN INCOME	9,323	862	10,185	(1,639)	8,546	531	9,077	
6 INCOME TAXES	<u>(6,592)</u>	<u>2,956</u>	<u>(3,636)</u>	<u>1,228</u>	<u>(2,408)</u>	<u>4,238</u>	<u>1,830</u>	
7 TOTAL OPERATING EXPENSES	<u>\$83,377</u>	<u>\$3,820</u>	<u>\$87,197</u>	<u>(\$1,416)</u>	<u>\$85,781</u>	<u>\$4,768</u>	<u>\$90,549</u>	
8 OPERATING INCOME	<u>\$2,809</u>	<u>\$11,722</u>	<u>\$14,531</u>	<u>(\$15,408)</u>	<u>(\$877)</u>	<u>\$7,024</u>	<u>\$6,147</u>	
9 RATE BASE	<u>\$85,761</u>		<u>\$85,761</u>		<u>\$77,861</u>		<u>\$77,861</u>	
10 RATE OF RETURN	<u>3.28%</u>		<u>16.94%</u>		<u>(1.13%)</u>		<u>7.90%</u>	

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: ORANGE CO. ADJUSTMENTS TO OPERATING INCOME TEST YEAR ENDED 12/31/01		SCHED. NO. 3-B DOCKET 020071-WS
EXPLANATION		WATER
<u>OPERATING REVENUES</u>		
To Remove requested final revenue increase		<u>(\$16,824)</u>
<u>OPERATION & MAINTENANCE EXPENSE</u>		
To Remove Rate Case Expense Amortization		<u>(\$806)</u>
<u>DEPRECIATION EXPENSE-NET</u>		
To Correct Adjustment for Prior Order		<u>(\$199)</u>
<u>TAXES OTHER THAN INCOME</u>		
1 RAFs on revenue adjustments above		(\$757)
2 To Remove Proforma Payroll Tax Adjustment		(920)
3 To Correct Utility's Calculation		38
Total		<u>(1,639)</u>
<u>INCOME TAXES</u>		
To adjust to test year income tax expense		<u>\$1,228</u>

UTILITIES, INC. OF FLORIDA: ORANGE CO.		SCHEDULE NO. 4-A		
WATER BIMONTHLY SERVICE RATES		DOCKET 020071-WS		
TEST YEAR ENDED 12/31/01				
	Rates Prior to <u>Filing</u>	Utility Requested <u>Interim</u>	Utility Requested <u>Final</u>	Staff Recom. <u>Interim</u>
<u>Residential and General Service</u>				
Base Facility Charge:				
Meter Size:				
5/8" x 3/4"	\$12.16	\$14.29	\$23.34	\$13.90
1"	\$30.32	\$35.63	\$58.20	\$34.66
1-1/2"	* \$60.74	\$0.00	\$0.00	\$69.43
2"	* \$97.19	\$0.00	\$0.00	\$111.10
3"	* \$194.33	\$0.00	\$0.00	\$222.14
4"	* \$303.66	\$0.00	\$0.00	\$347.11
6"	* \$607.30	\$0.00	\$0.00	\$694.20
* The utility has approved rates, but currently no customers, for these meter sizes.				
Gallonage Charge, per 1,000				
Gallons	\$2.07	\$2.52	\$4.04	\$2.37
<u>Typical Residential Bills</u>				
5/8" x 3/4" Meter Size				
3,000 Gallons	\$18.37	\$21.85	\$35.46	\$21.01
5,000 Gallons	\$22.51	\$26.89	\$43.54	\$25.75
10,000 Gallons	\$32.86	\$39.49	\$63.74	\$37.60

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: PINELLAS CO. SCHEDULE OF WATER RATE BASE TEST YEAR ENDED 12/31/01			SCHEDULE NO. 1-A DOCKET 020071-WS		
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$374,535	\$0	\$374,535	(\$30,651)	\$343,884
2 LAND & LAND RIGHTS	6,106	0	6,106	(3,701)	2,405
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
4 ACCUMULATED DEPRECIATION	(75,413)	0	(75,413)	(2,171)	(77,584)
5 CIAC	(138,847)	0	(138,847)	0	(138,847)
6 AMORTIZATION OF CIAC	42,423	0	42,423	0	42,423
7 WORKING CAPITAL ALLOWANCE	3,612	0	3,612	(65)	3,547
8 ALLOCATED PLANT	<u>6,692</u>	<u>0</u>	<u>6,692</u>	<u>0</u>	<u>6,692</u>
RATE BASE	<u>\$219,108</u>	<u>\$0</u>	<u>\$219,108</u>	<u>(\$36,588)</u>	<u>\$182,520</u>

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: PINELLAS CO.		SCHED. NO. 1-B
ADJUSTMENTS TO RATE BASE		DOCKET 020071-WS
TEST YEAR ENDED 12/31/01		
EXPLANATION	WATER	
<u>PLANT IN SERVICE</u>		
To Correct Adjustments per Last Rate Case	<u>(\$30,651)</u>	
<u>LAND</u>		
To Correct Adjustments per Last Rate Case	<u>(\$3,701)</u>	
<u>ACCUMULATED DEPRECIATION</u>		
To Correct Adjustments per Last Rate Case	<u>(\$2,171)</u>	
<u>WORKING CAPITAL</u>		
To Adjust for O&M Adjustment	<u>(\$65)</u>	

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: PINELLAS CO.			SCHEDULE NO. 2				
CAPITAL STRUCTURE			DOCKET 020071-WS				
TEST YEAR ENDED 12/31/01							
DESCRIPTION	TOTAL CAPITAL	SPECIFIC ADJUSTMENTS (EXPLAIN)	PRO RATA ADJUSTMENTS	CAPITAL RECONCILED TO RATE BASE	RATIO	COST RATE	WEIGHTED COST
PER UTILITY 2001 - 13-MONTH AVERAGE							
1 LONG TERM DEBT	\$72,476,923	\$0	(\$72,379,922)	\$97,001	44.27%	8.59%	3.80%
2 SHORT-TERM DEBT	13,255,885	0	(13,238,150)	17,735	8.09%	6.62%	0.54%
3 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
4 COMMON EQUITY	73,349,304	0	(73,251,133)	98,171	44.80%	11.10%	4.97%
5 CUSTOMER DEPOSITS	3,413	0	0	3,413	1.56%	6.00%	0.09%
6 DEFERRED INCOME TAXES	2,788	0	0	2,788	1.27%	0.00%	0.00%
7 DEFERRED ITC'S-ZERO COST	0	0	0	0	0.00%	0.00%	0.00%
8 TOTAL CAPITAL	<u>\$159,088,313</u>	<u>\$0</u>	<u>(\$158,869,205)</u>	<u>\$219,108</u>	<u>100.00%</u>		<u>9.41%</u>
PER STAFF 2001 - 13-MONTH AVERAGE							
9 LONG TERM DEBT	\$72,476,923	\$0	(\$72,401,934)	\$74,989	41.09%	8.73%	3.59%
10 SHORT-TERM DEBT	13,255,885	0	(\$13,242,170)	13,715	7.51%	3.01%	0.23%
11 PREFERRED STOCK	0	0	\$-0	0	0.00%	0.00%	0.00%
12 COMMON EQUITY	73,349,304	0	(\$73,273,412)	75,892	41.58%	9.64%	4.01%
13 CUSTOMER DEPOSITS	3,413	0	0	3,413	1.87%	6.00%	0.11%
14 DEFERRED INCOME TAXES	2,788	6,982	0	9,770	5.35%	0.00%	0.00%
15 DEFERRED ITC'S-ZERO COST	0	4,742	0	4,742	2.60%	0.00%	0.00%
16 TOTAL CAPITAL	<u>\$159,088,313</u>	<u>\$11,724</u>	<u>(\$158,917,516)</u>	<u>\$182,521</u>	<u>100.00%</u>		<u>7.93%</u>
					LOW	HIGH	
RETURN ON EQUITY					<u>9.64%</u>	<u>11.64%</u>	
OVERALL RATE OF RETURN					<u>7.93%</u>	<u>8.76%</u>	

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: PINELLAS CO.				SCHEDULE NO. 3-A			
STATEMENT OF WATER OPERATIONS				DOCKET 020071-WS			
TEST YEAR ENDED 12/31/01							
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	<u>\$55,088</u>	<u>\$16,818</u>	<u>\$71,906</u>	<u>(\$15,805)</u>	<u>\$56,101</u>	<u>\$3,675</u> 6.55%	<u>\$59,776</u>
OPERATING EXPENSES:							
2 OPERATION & MAINTENANCE	\$28,893	\$0	\$28,893	(\$519)	\$28,374		\$28,374
3 DEPRECIATION	12,220	0	12,220	(905)	11,315		11,315
4 AMORTIZATION	(1,190)	(2,602)	(3,792)	0	(3,792)		(3,792)
5 TAXES OTHER THAN INCOME	4,767	5,525	10,292	(5,472)	4,820	165	4,985
6 INCOME TAXES	<u>2,077</u>	<u>3,397</u>	<u>5,474</u>	<u>(2,381)</u>	<u>3,093</u>	<u>1,321</u>	<u>4,414</u>
7 TOTAL OPERATING EXPENSES	<u>\$46,767</u>	<u>\$6,320</u>	<u>\$53,087</u>	<u>(\$9,277)</u>	<u>\$43,810</u>	<u>\$1,486</u>	<u>\$45,296</u>
8 OPERATING INCOME	<u>\$8,321</u>	<u>\$10,498</u>	<u>\$18,819</u>	<u>(\$6,528)</u>	<u>\$12,291</u>	<u>\$2,189</u>	<u>\$14,480</u>
9 RATE BASE	<u>\$219,108</u>		<u>\$219,108</u>		<u>\$182,520</u>		<u>\$182,520</u>
10 RATE OF RETURN	<u>3.80%</u>		<u>8.59%</u>		<u>6.73%</u>		<u>7.93%</u>

UTILITIES, INC. OF FLORIDA: PINELLAS CO.		SCHED. NO. 3-B
ADJUSTMENTS TO OPERATING INCOME		DOCKET 020071-WS
TEST YEAR ENDED 12/31/01		
EXPLANATION		WATER
<u>OPERATING REVENUES</u>		
To Remove requested final revenue increase		<u>(\$15,805)</u>
<u>OPERATION & MAINTENANCE EXPENSE</u>		
To Remove Rate Case Expense Amortization		<u>(\$519)</u>
<u>DEPRECIATION EXPENSE-NET</u>		
To Correct Adjustments per Last Rate Case		<u>(\$905)</u>
<u>TAXES OTHER THAN INCOME</u>		
1 RAFs on revenue adjustments above		(\$711)
2 To Correct Utility's Calculation		7
3 To Remove Pro-forma Payroll Tax Adjustment		<u>(4,768)</u>
Total		<u>(\$5,472)</u>
<u>INCOME TAXES</u>		
To adjust to test year income tax expense		<u>(\$2,381)</u>

UTILITIES, INC. OF FLORIDA: PINELLAS CO. WATER BIMONTHLY SERVICE RATES TEST YEAR ENDED 12/31/01		SCHEDULE NO. 4-A DOCKET 020071-WS		
	Rates Prior to <u>Filing</u>	Utility Requested <u>Interim</u>	Utility Requested <u>Final</u>	Staff Recom. <u>Interim</u>
<u>Residential and General Service</u>				
Base Facility Charge:				
Meter Size:				
5/8" x 3/4"	\$9.10	\$11.38	\$26.39	\$9.71
1"	\$22.76	\$28.45	\$66.00	\$24.28
1-1/2" *	\$45.52	\$0.00	\$0.00	\$48.57
2"	\$72.81	\$91.01	\$211.15	\$77.68
3" *	\$145.64	\$0.00	\$0.00	\$155.38
4" *	\$227.53	\$0.00	\$0.00	\$242.75
6" *	\$455.05	\$0.00	\$0.00	\$485.49
* The utility has approved rates, but currently no customers, for these meter sizes.				
Gallonage Charge, per 1,000				
Gallons	\$1.07	\$1.43	\$3.02	\$1.14
<u>Typical Residential Bills</u>				
5/8" x 3/4" Meter Size				
3,000 Gallons	\$12.31	\$15.67	\$35.45	\$13.13
5,000 Gallons	\$14.45	\$18.53	\$41.49	\$15.41
10,000 Gallons	\$19.80	\$25.68	\$56.59	\$21.11

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: SEMINOLE COUNTY			SCHEDULE NO. 1-A		
SCHEDULE OF WASTEWATER RATE BASE			DOCKET 020071-WS		
TEST YEAR ENDED 12/31/2001					
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$2,299,641	\$0	\$2,299,641	(\$33,688)	\$2,265,953
2 LAND	24,281	0	24,281	0	24,281
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
4 ACCUMULATED DEPRECIATION	(775,058)	0	(775,058)	46,863	(728,195)
5 CIAC	(610,051)	0	(610,051)	0	(610,051)
6 AMORTIZATION OF CIAC	380,218	0	380,218	0	380,218
7 CONSTRUCTION WORK IN PROGRESS	57,895	0	57,895	0	57,895
8 ADVANCES FOR CONSTRUCTION	0	0	0	(48,000)	(48,000)
9 WORKING CAPITAL ALLOWANCE	53,883	0	53,883	(53,883)	0
10 ALLOCATED PLANT	<u>11,262</u>	<u>0</u>	<u>11,262</u>	<u>0</u>	<u>11,262</u>
RATE BASE	<u>\$1,442,071</u>	<u>\$0</u>	<u>\$1,442,071</u>	<u>(\$88,708)</u>	<u>\$1,353,363</u>

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: SEMINOLE COUNTY ADJUSTMENTS TO RATE BASE TEST YEAR ENDED 12/31/2001		SCHED. NO. 1-B DOCKET 020071-WS
EXPLANATION	WASTEWATER	
<u>PLANT IN SERVICE</u>		
To Reflect Adjustments from Prior Rate Case	<u>(\$33,688)</u>	
<u>ACCUMULATED DEPRECIATION</u>		
To Reflect Adjustments from Prior Rate Case	<u>\$46,863</u>	
<u>ADVANCES FOR CONSTRUCTION</u>		
To Adjust Rate Base to Include Advances	<u>(\$48,000)</u>	
<u>WORKING CAPITAL</u>		
To Adjust Working Capital to Balance Sheet Method	<u>(\$53,883)</u>	

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: SEMINOLE COUNTY				SCHEDULE NO. 2			
CAPITAL STRUCTURE				DOCKET 020071-WS			
TEST YEAR ENDED 12/31/2001							
DESCRIPTION	TOTAL CAPITAL	SPECIFIC ADJUSTMENTS (EXPLAIN)	PRO RATA ADJUSTMENTS	CAPITAL RECONCILED TO RATE BASE	RATIO	COST RATE	WEIGHTED COST
PER UTILITY 2001 - 13-MONTH AVERAGE							
1 LONG TERM DEBT	\$72,476,923	\$0	(\$71,270,839)	\$1,206,084	44.77%	8.59%	3.85%
2 SHORT-TERM DEBT	13,255,885	0	(13,035,370)	220,515	8.19%	6.62%	0.54%
3 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
4 COMMON EQUITY	73,349,304	0	(72,128,660)	1,220,644	45.31%	11.08%	5.02%
5 CUSTOMER DEPOSITS	43,948	0	0	43,948	1.63%	6.00%	0.10%
6 DEFERRED INCOME TAXES	2,788	0	0	2,788	0.10%	0.00%	0.00%
7 DEFERRED ITC'S-ZERO COST	0	0	0	0	0.00%	0.00%	0.00%
8 TOTAL CAPITAL	<u>\$159,128,848</u>	<u>\$0</u>	<u>(\$156,434,869)</u>	<u>\$2,693,979</u>	<u>100.00%</u>		<u>9.51%</u>
PER STAFF 2001 - 13-MONTH AVERAGE							
9 LONG TERM DEBT	\$72,476,923	\$0	(\$71,974,735)	\$502,188	37.11%	8.73%	3.24%
10 SHORT-TERM DEBT	13,255,885	0	(\$13,164,036)	91,849	6.79%	3.01%	0.20%
11 PREFERRED STOCK	0	0	\$-0	0	0.00%	0.00%	0.00%
12 COMMON EQUITY	73,349,304	0	(\$72,841,071)	508,233	37.55%	9.83%	3.69%
13 CUSTOMER DEPOSITS	43,948	0	0	43,948	3.25%	6.00%	0.19%
14 DEFERRED INCOME TAXES	2,788	136,668	0	139,456	10.30%	0.00%	0.00%
15 DEFERRED ITC'S-ZERO COST	0	67,689	0	67,689	5.00%	0.00%	0.00%
16 TOTAL CAPITAL	<u>\$159,128,848</u>	<u>\$204,357</u>	<u>(\$157,979,842)</u>	<u>\$1,353,363</u>	<u>100.00%</u>		<u>7.33%</u>
					<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY					<u>9.83%</u>	<u>11.83%</u>	
OVERALL RATE OF RETURN					<u>7.33%</u>	<u>8.08%</u>	

DOCKET NO. 020071-WS

DATE: April 3, 2003

UTILITIES, INC. OF FLORIDA: SEMINOLE COUNTY STATEMENT OF WASTEWATER OPERATIONS TEST YEAR ENDED 12/31/2001						SCHEDULE NO. 3-A DOCKET 020071-WS	
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	<u>\$386,850</u>	<u>\$252,972</u>	<u>\$639,822</u>	<u>(\$240,831)</u>	<u>\$398,991</u>	<u>\$202,023</u> 50.63%	<u>\$601,014</u>
OPERATING EXPENSES							
2 OPERATION & MAINTENANCE	\$431,066	\$0	\$431,066	(\$3,253)	\$427,813		\$427,813
3 DEPRECIATION	\$51,967	(\$24,250)	\$27,717	(\$955)	\$26,762		\$26,762
4 AMORTIZATION	(\$16,666)	\$0	(\$16,666)	\$0	(\$16,666)		(\$16,666)
5 TAXES OTHER THAN INCOME	\$24,276	\$12,673	\$36,949	(\$12,279)	\$24,670	\$9,091	\$33,761
6 INCOME TAXES	<u>(\$66,831)</u>	<u>\$103,419</u>	<u>\$36,588</u>	<u>(\$79,046)</u>	<u>(\$42,458)</u>	<u>\$72,600</u>	<u>\$30,142</u>
7 TOTAL OPERATING EXPENSES	<u>\$423,812</u>	<u>\$91,842</u>	<u>\$515,654</u>	<u>(\$95,533)</u>	<u>\$420,121</u>	<u>\$81,691</u>	<u>\$501,812</u>
8 OPERATING INCOME	<u>(\$36,962)</u>	<u>\$161,130</u>	<u>\$124,168</u>	<u>(\$145,298)</u>	<u>(\$21,130)</u>	<u>\$120,332</u>	<u>\$99,202</u>
9 RATE BASE	<u>\$1,442,07</u> <u>1</u>		<u>\$1,442,071</u>		<u>\$1,353,363</u>		<u>\$1,353,363</u>
10 RATE OF RETURN	<u>(2.56%)</u>		<u>8.61%</u>		<u>(1.56%)</u>		<u>7.33%</u>

UTILITIES, INC. OF FLORIDA: SEMINOLE COUNTY		SCHED. NO. 3-B
ADJUSTMENTS TO OPERATING INCOME		DOCKET 020071-WS
TEST YEAR ENDED 12/31/2001		
EXPLANATION		WASTEWATER
<u>OPERATING REVENUES</u>		
To Remove requested final revenue increase		<u>(\$240,831)</u>
<u>OPERATION & MAINTENANCE EXPENSE</u>		
To Remove Rate Case Amortization Expense		<u>(\$3,253)</u>
<u>DEPRECIATION EXPENSE-NET</u>		
To Reflect Adjustments from Prior Rate Case		<u>(\$955)</u>
<u>TAXES OTHER THAN INCOME</u>		
1 RAFs on revenue adjustments above		(\$10,837)
2 To Remove Pro-forma Payroll Tax		(1,290)
3 To Correct Utility's Adjustment		<u>(152)</u>
Total		<u>(\$12,279)</u>
<u>INCOME TAXES</u>		
To adjust to test year income tax expense		<u>(\$79,046)</u>

UTILITIES, INC. OF FLORIDA: SEMINOLE CO. WASTEWATER BI-MONTHLY SERVICE RATES TEST YEAR ENDED 12/31/2001		SCHEDULE NO. 4-A DOCKET 020071-WS		
	<u>Rates Prior to Filing</u>	<u>Utility Requested Interim</u>	<u>Utility Requested Final</u>	<u>Staff Recom. Interim</u>
<u>Residential</u>				
Base Facility Charge:				
All Meter Sizes	\$16.83	\$28.61	\$38.71	\$25.44
Gallonge Charge - Per 1,000 gallons	\$2.36	\$3.67	\$5.51	\$3.57
Flat Rate (Unmetered)	49.66	84.42	114.22	\$75.06
<u>General Service</u>				
Base Facility Charge:				
Meter Size:				
5/8" x 3/4"	\$16.83	\$28.61	\$38.71	\$25.44
1"	\$42.06	\$71.50	\$96.74	\$63.57
1-1/2"	\$84.19	\$143.12	\$193.64	\$127.25
2"	\$134.70	\$228.99	\$309.81	\$203.60
3"	* \$269.38	\$0.00	\$0.00	\$407.17
4"	\$420.91	\$715.55	\$968.09	\$636.21
6"	* \$841.81	\$0.00	\$0.00	\$1,272.40
* The utility has approved rates, but currently no customers, for these meter sizes.				
Gallonge Charge, per 1,000 Gallons	\$2.81	\$4.38	\$5.51	\$4.25
<u>Typical Residential Bills</u>				
5/8" x 3/4" meter				
3,000 Gallons	\$23.91	\$39.62	\$55.24	\$36.15
5,000 Gallons	\$28.63	\$46.96	\$66.26	\$43.29
10,000 Gallons	\$40.43	\$65.31	\$93.81	\$61.14
(Wastewater Gallonge Cap - 20,000 Gallons Bi-Monthly)				