Hopping Green & Sams

Attorneys and Counselors

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May 14, 2003

BY HAND DELIVERY

Blanca Bayó
Director, Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 000694-WU
Water Management Services, Inc.

Dear Ms. Bayó:

Enclosed for filing on behalf of Water Management Services, Inc. are the original and fifteen copies of its Supplemental Petition for Limited Proceeding, with exhibits.

By copy of this letter, this document has been furnished to the parties on the attached certificate of service.

Please stamp and return the enclosed extra copy of this filing. If you have any questions regarding this filing, please give me a call at 425-2313.

Very truly yours,

Richard D. Melson

RDM/mee
Enclosures
cc: Certificate of Service

04306 MAY 14 03
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Water Management Services, Inc. for a Limited Proceeding to Increase Water Rates in Franklin County	)	Docket No. 000694-WU
	)	Filed: May 14, 2003

SUPPLEMENTAL PETITION FOR LIMITED PROCEEDING

Water Management Services, Inc. (WMSI) hereby files this Supplemental Petition for Limited Proceeding to update and amend the Petition filed in this docket on June 6, 2000. In support of this supplemental petition, WMSI states:

BACKGROUND

1. Original Petition. On June 6, 2000, WMSI filed a petition for limited proceeding to recover the revenue requirement associated with the cost of a new water main necessitated by the Department of Transportation's decision to build a new bridge connecting St. George Island (WMSI's service territory) to the mainland (where WMSI's wells are located) and to demolish portions of the existing bridge on which WMSI's existing water main is located. The capital cost of the project, including other improvements required on the mainland, was initially estimated at $6,223,334. As additional information became available, this estimate was revised to $5,968,167 in response to staff data requests. Based on DOT's original

construction schedule for the bridge, the new main was projected to be complete in March 2003.

2. Initial Proposal for Phased Rate Increase. WMSI requested authority to implement the required rate increase in three phases.

(a) Phase I rates would become effective November 1, 2000 and would be designed to recover revenue requirements associated with captial expenditures through December 2001.

(b) Phase II rates would become effective January 1, 2002, and would be designed to recover revenue requirements associated with projected capital expenditures through completion of the project.

(c) Phase III rates would become effective six months after the actual in service-date of the project and would be designed to recover the revenue requirement associated with the actual captial costs incurred. For the first twelve months, Phase III rates would be subject to a credit or surcharge in the amount necessary to true up any over- or under-recovery during Phases I and II.

3. Commission's Phase I Order. By Order No. PSC-00-2227-PAA-WU, dated November 21, 2000 ("Phase I Order"), the Commission:

(a) determined that the construction of the new water main was justified and that the prudent costs should be recovered through a rate or charge to be determined in Phase III;

(b) determined that the installation of a 12-inch line (rather than a smaller 10-inch line) was prudent and cost-effective and that 100% of the prudently-incurred costs should be recovered through a rate or charge to be determined in Phase III;

(c) determined that a proposed pipeline from Well No. 1 to Well No. 4, a new aerator, and a new high service pump and controls were prudent and that 100% of the prudently-incurred costs should be recovered through a rate or charge to determined in Phase III; and

(d) granted temporary Phase I rates designed to produce additional revenues of $82,707 per year (an increase of 11.3%) based on the projected debt service requirements for estimated captial expenditures through June 30, 2002.

4. Change in Phase II Timetable. The Phase I Order contemplated that Phase II rates would become effective in July 2002, but did not establish either a termination date for Phase I rates or a specific filing deadline for Phase II rates. In October 2001, WMSI filed a motion requesting approval (if necessary) to delay the setting of Phase II rates. By Order No. PSC-01-2188-PCO-WU, the Commission determined that no approval was required, but acknowledged WMSI's intent to delay the filing.

5. Subsequent Developments. A number of changes have occurred since the filing of the original Petition and the entry of the Phase I Order.

(a) Due to changes in DOT's bridge project schedule, the projected in-service date of the new main has changed from March 2003 to October 2003.

(b) The estimated capital cost of the new transmission main and the other approved work on the mainland has decreased from $5,968,167 to $4,935,646. This $1 million savings is attributable in large part to the decision by WMSI management to reject all bids for the bulk of the transmission main construction and to negotiate separately with material suppliers and installation contractors to achieve a better price.

(c) WMSI has been able to obtain financing through a State Revolving Fund (SRF) loan program administered by the Department of Environmental Regulation (DEP). The principal amount of the approved SRF loans is $6,161,683, of which $5,903,770 is available to pay project costs after provisions for capitalized interest and partial funding of a loan reserve account. This results in a weighted average debt cost of 3.46%, versus the 10.5% to 11.5% initially projected.

(d) WMSI's eminent domain case through which it was seeking to recover all or part of the cost of the new main from DOT was unsuccessful, and WMSI obtained no recovery from the state.

ADDITIONAL PROJECT

6. Fire Flow Concerns. There are on-going concerns about the adequacy of fire protection for St. George Island. As the Commission stated at pages 6 to 7 of the Phase I Order:

> During the customer meeting, numerous customers, as well as the St. George Island Fire Chief, voiced their concerns over the fact that the utility does not currently have sufficient water and pressure available to provide fire protection to the entire island. Everyone agreed that it would be prudent to increase the size of the causeway pipeline [to 12"] in order to provide better fire protection for the residents. Although not required by Franklin County ordinance, WMSI is striving to provide adequate fire flow to the residents of St. George Island.
>
> * * *
>
> We note that although the 12-inch pipe will greatly increase the volume and pressure of the water delivered to the island, the ability to provide adequate fire protection throughout the island will be limited by the size and layout of the distribution system.

7. Required Fire Protection Improvements. As noted by the Commission, WMSI's ability to provide fire protection is limited by the size and layout of the distribution system, many of whose mains are not of sufficient size to provide for adequate fire flow. WMSI has determined that, given the new 12-inch transmission main to the island, fire flow protection can be substantially improved by installing approximately 17,700 feet of 6" and 8" mains, installing a new 200,000 gallon elevated storage tank, increasing high service pumping capacity, adding an emergency generator, and other plant improvements. The new 200,000 gallon elevated tank, which is larger than WMSI's

existing tank, will be constructed at an elevation of 140 feet to the low water line, or 42 feet higher than the existing tank. This increased elevation will provide a pressure of 65 psi throughout the system, compared with the maximum pressure of 43 psi from the utility's existing elevated tank. This new elevated tank, in combination with the additional and enlarged distribution lines and high speed pumps, will provide 500 gallons per minute on a sustained basis for 4 hours as a fire-flow reserve, a capability which the utility does not now have. The total capital cost of the fire flow and related improvements is estimated at $1,150,829.

8. Availablility of Low Cost Funds. The SRF loans were approved based on cost estimates made before WMSI was successful in negotiating reduced prices for construction of the 12-inch main to the island. As a result, the SRF loans provide disbursable proceeds of $5,903,770, versus the revised cost of $4,935,646 for the 12-inch main and the other improvements on the mainland. If WMSI does not utilize the remaining SRF funds, it would lose access to $968,124 of funding at a cost of just over 3%. According to DEP, it is unlikely that such funding would become available to WMSI in the future, given budgetary cuts and the existence of governmental projects competing for SRF loans.

9. Recovery of Fire Flow Project Costs. Because the remaining available funding of $968,128 under the SRF loans compares favorably to the $1,150,829 cost of the fire flow and

related improvements, WMSI has determined that it is prudent to proceed with these improvements and has amended the contract with Boh Brothers (the contractor for the 12-inch main) to include this additional work. WMSI requests that the Commission determine that these fire flow and related improvements are prudent, and that 100% of the cost of such improvements should be recovered through the rates set in this limited proceeding.

PHASE II RATES

10. Phase I Incremental Revenues vs. Incremental Revenue Requirement. Based on current projections, the additional revenues available to WMSI by October 2003 as a result of the Phase I rate increase ($276,487) will be slightly less than the interest-related revenue requirement associated with the transmission main and fire flow improvement projects ($279,542) through that date. Those additional revenues are not sufficient, however, to cover depreciation expense of $23,200 associated with improvements on the mainland that were transferred from CWIP to Plant in Service at the end of 2000 and 2001. This leaves a total revenue requirement shortfall of $26,255 through October 2003 associated with these projects.

11. Phase II Revenue Requirement. The on-going revenue requirement associated with the projected final capital investment in these projects (including interest, depreciation, property taxes), plus amortization of rate case expense, is

$568,549.[1] This compares with $95,598 in incremental revenues that will be produced during 2003 as a result of the Phase I rate increase. Thus a Phase II rate increase of $472,951 is required to cover the revenue requirements associated with these projects.

12. Phase II Rate Request. WMSI requests that the Commission approve Phase II rates, to become effective as quickly as possible, but in no event later than October 1, 2003, that are designed to produce an additional $472,951 above the revenues produced by Phase I rates. This requires an increase of 50% over Phase I rates, and represents a total increase of 67% over the rates that were in effect prior to Phase I.

13. Rate Impact Comparison. Even with the addition to this proceeding of the fire flow improvement project, the total rate increase to customers of 67% is substantially less than the 138% increase that was being projected at the time of the customer meeting in this docket. This change is due to WMSI having successfully obtained low cost financing through the SRF loan program and having negotiated a favorable price for installation of the 12-inch main.

CASH FLOW ANALYSIS

14. 2002 Cash Requirements. As stated above, WMSI is expected to have an approximate $26,000 revenue requirement

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[1] As discussed in paragraph 15 below, this calculation assumes a service life of 20 years for the portion of the transmission main that is attached to the bridge and exposed to the elements.

shortfall through October 2003 associated with the limited proceeding projects. Based on the terms of the SRF loan, however, the cash flow shortfall is much greater. WMSI must make a cash deposit of $209,785 no later than May 15, 2003 into a Loan Repayment Reserve Account. On November 15, 2003, WMSI must make its first semiannual principal and interest payment of $209,823. These two payments total $419,608, leaving a cash flow shortfall of over $143,000 which WMSI will have to meet from other resources. Accordingly, it is important that Phase II rates be implemented as quickly as possible, so that WMSI can begin generating the funds necessary to meet subsequent semiannual debt service requirements.

DEPRECIATION RATE

15. Depreciation Rate. In connection with this rate change, WMSI requests that the Commission establish a depreciable service life of 20 years for the portion of the transmission main attached to the bridge and exposed to the elements. This compares with the guideline depreciation life of 40 years for buried ductile iron pipe. Pursuant to Rule 25-30.140, WMSI is submitting as Schedule 3 of Exhibit B to this Petition the detailed justification for establishing a shorter service life for this particular main. WMSI requests that this shorter life be approved effective as of the anticipated October, 2003 in-service date of the transmission main and be used in calculating

Phase II rates and subsequent Phase III rates in this limited proceeding.

PHASE III RATES

16. Timing of Phase III Rates. WMSI's original Petition proposed that Phase III Rates be implemented within six months after the project was placed in service and final costs were known. Because all aspects of the project are now under contract, the Phase II rates should be very close to the final Phase III rates. WMSI recognizes that staff may require some time after the project in placed in service to conduct its review of the prudency of specific expenditures. WMSI therefore proposes to file its request for Phase III rates concurrently with the filing of the Company's 2003 annual report. WMSI recommends that the Commission set Phase III rates approximately 6 months after the receipt of that filing. At that time, the Commission would also implement any credit or surcharge necessary to correct the over- or under-collection of revenue requirements during Phases I and II.

SUPPORTING DOCUMENTS

17. Documentation. The following exhibits are submitted in support of WMSI's Phase II rate request:

(a) Exhibit A entitled "WMSI Interim Report" contains a more detailed discussion of the events which have occurred since the date of the Phase I Order.

(b) Exhibit B consists of a number of schedules:

(i) Schedule 1 calculates the Phase II revenue requirement using the proposed methodology; shows the projected revenues produced by Phase I rates during 2003 based on projected billing factors; calculates the proposed rate increase factor for Phase II; and shows proposed Phase II rates and revenues based on projected 2003 billing factors.

(ii) Schedule 2 shows, by vendor, the actual cost incurred, and estimated cost to complete, for the limited proceeding projects.

(iii) Schedule 3 shows the projected costs by plant account and calculates depreciation factors and depreciation expense. It contains the information required by Rule 25-30.140 in support of the establishment of a 20 year service life for the portion of the transmission line that is attached to the bridge and exposed to the elements. This schedule also shows the estimate of personal property tax expense and the rate case expense associated with this limited proceeding.

(iv) Schedule 4 shows the construction costs and construction period interest expense (by

month) estimated at the time of the Phase I Order; shows the current actual and estimated construction costs and interest expense (by month); calculates the effective average interest rate going forward; and compares the Phase I interest-related revenue requirement to the actual Phase I incremental revenues collected.

(v) Schedule 5 shows actual consumption and revenues from November 2000 through December 2002, and calculates the incremental revenues generated by the Phase I rates over this period.

WHEREFORE, WMSI respectfully requests that the Commission:

(1) enter a PAA order determining that 100% of the prudently-incurred costs of the fire flow improvement project and related improvements shall be recovered through the rates set in this limited proceeding;

(2) enter a PAA order establishing a depreciable service life of 20 years for the portion of the transmission main attached to the bridge;

(3) enter a final order granting a temporary Phase II rate increase effective as soon as possible, but in any event no later than October 1, 2003, in the annual amount of $472,951 (for a total increase over pre-Phase

I rates of $568,549), with the increase subject to true-up in the same manner specified in the Phase I Order;

(4) acknowledge that the Company will file its Phase III rate request concurrently with the filing of its 2003 annual report and find that Phase III rates will be set within approximately six months after the filing of that request; and

(5) grant such other relief as is necessary and proper.

RESPECTFULLY SUBMITTED this 14th day of May, 2003.

HOPPING GREEN & SAMS

By: _____

Richard D. Melson
P.O. Box 6526
Tallahassee, FL 32314
(850) 425-2313

Attorneys for
Water Management Services, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery this 14th day of May, 2003, to the following:

Lawrence (Larry) Harris
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Steve Burgess
Office of Public Counsel
Carlton Building, 8th Floor
Tallahassee, FL 32399

Attorney

WMSI INTERIM REPORT

Background

In June, 2000, WMSI petitioned for a limited proceeding to recover the costs associated with replacing its supply main on the bridge connecting the mainland with St. George Island. This project was necessitated by the replacement of the bridge by the State of Florida.

The petition set out certain costs that would be associated with the project, and proposed a three phase rate increase to recover costs. Phase I rates, which would be effective November 1, 2000, would be designed to recover the revenue requirement associated with construction through December, 2001. Phase II rates would be designed to recover the revenue requirement associated with construction through the end of the project in March, 2003. Phase III rates would become effective six months after the project was in service, and would effectively true up any revenue requirement over- or under-runs and carrying cost of the completed project. In addition, the true up would capture the costs or benefits, if any, of WMSI's pursuit of damages against the State for reverse condemnation.

In November, 2000, the Commission approved a temporary rate increase of approximately 11.30% for Phase I, and extended Phase I through June, 2002 rather than through December, 2001. The rate increase approved by the Commission was based on the estimated average CWIP balance of $752,241 for that phase and an estimated cost of debt of 10.50%.

Status of Phase I - Review of Actual Events

The Commission had identified June, 2002 as the end of Phase I based on the scheduling information provided by WMSI. WMSI had indicated that in the first six months of Phase I, ending April, 2001, it would incur approximately $860,000 in expenditures related to the construction and rerouting of approaches to the bridge, tie-ins to and between the wells, and upgrades of the plant, all related to this supply main project. Then, from May, 2001 through June, 2002, there would be a break in construction and only minimal engineering expenditures would be incurred, such that at the end of June, 2002, WMSI would have accumulated approximately $898,000 in expenditures. Then in July, 2002, construction on the bridge itself was to begin in earnest, until approximately $6,000,000 in total expenditures would be incurred. Phase II was to have begun in July, 2002.

In reality, construction has been occurring at a steady pace. By, June, 2002, WMSI had incurred approximately $1.5 million in construction expenditures compared to the $898,000 estimated for that period. However, WMSI was able to offset the costs of this accelerated rate of construction by obtaining substantially lower cost financing. WMSI successfully obtained financing from DEP for the bulk of construction costs at an effective rate of approximately 3.34% (compared to the 10.50% anticipated when the commission authorized Phase I rates) through a State Revolving Fund (SRF) loan administered by the Florida Department of Environmental Protection. Because of this, WMSI has been able to get by with the Phase I level of rates. By October, 2003, WMSI will have collected approximately $276,000 in revenues from the Phase I rate increase and will have incurred approximately $279,000 in Phase I interest-

EXHIBIT A

related revenue requirements.

The Need for Phase II Rates

With regard to interest-related revenue requirements, WMSI will be at nearly breakeven with revenues collected when the project goes into service in October, 2003. But that narrow analysis understates the overall impact of the project on WMSI. Under the SRF Loan Agreement, WMSI must make a cash deposit of $209,785 no later than May 15, 2003 into a Loan Repayment Reserve Account. Then, on November 15, 2003, WMSI must make its first semiannual principal and interest payment of $209,823.

In addition, in December, 2000, and December, 2001, WMSI transferred $319,627 and $45,999, respectively, from CWIP to Plant in Service. These were costs associated with the initial rerouting of approach lines. WMSI has been booking depreciation for these transferred amounts, even though the Phase I rates allowed for no such recovery. Through October, 2003, this will amount to $23,200 in unrecovered depreciation expense.

In summary, the project-related revenue requirement (excluding rate case expense) incurred by WMSI through the October, 2003 in-service date of this project will be:

Interest expense	$ 279,542
Unfunded depreciation expense	23,200
	$ 302,742

Given the terms of the SRF Loan Agreement, the cash requirements through November 15, 2003 are even greater:

Reserve Fund Deposit	$ 209,785
November 15 first P&I payment	209,823
	$ 419,608

These figures compare to the $276,487 that will have been received from Phase I rates if they remain in effect through October, 2003. It is therefore essential that Phase II rates, based on the final project costs, including related depreciation and personal property tax expenses, be authorized and placed in effect as soon as possible.

Review of Project Costs

In its application, WMSI estimated that the cost of the project, including some related plant improvements, would be $5,968,167. That estimate was based upon the expressed preference by DOT that the water main should be installed by the primary bridge contractor, Boh Bros., who had already given a cost estimate to DOT and WMSI. WMSI's management and engineer believed that the cost provided by the bridge contractor was excessive. WMSI was then able to convince DOT that WMSI should be allowed to bid the project separately, so long as it did not interfere with DOT's construction schedule. But if it did, WMSI would be liable for project delay costs. WMSI bid out the project and received bids from three contractors.

WMSI's engineer recommended accepting the low bid of $3,185,156. However, WMSI's management concluded that all the bids were too high, due primarily to a provision in the underlying DOT contract with the bridge contractor, Boh Bros., which would impose liquidated damages of $610,000 per month on WMSI's water line contractor in the event that contractor caused a delay in the overall project. WMSI therefore rejected all bids and began negotiating with the various contractors and suppliers individually to secure a lower price.

After extensive negotiations, WMSI was able to contract separately for the materials and supplies at a substantial cost savings, and was also able to work out a contractual arrangement with Boh Bros. for installation of the pipe only. This lower cost contract with Boh Bros. was negotiated after WMSI filed suit against both Boh Bros. and DOT seeking to have the liquidated damages provision in the Boh Bros./DOT contract removed or modified. That suit resulted in a court order approving a less onerous liquidated damages provision as it related to the water line installation. As the owner, WMSI was able to purchase all of the pipe from the same supplier for 12% less than the same pipe had been quoted to all of the bidders during the bid process. The pipe hangers were also purchased direct from the manufacturer at a substantial savings. This litigation and negotiation process resulted in an overall price for the water main installation (excluding the first 5,000 feet which was installed under an earlier turnkey contract with Blankenship) of $2,425,725, representing a savings to WMSI of $759,431 as compared with the low bid price of $3,185,156. As a result of this and other savings, the construction components that served as the basis for WMSI's original cost estimate will be completed for $4,935,645 rather than $5,968,167. That is an overall savings of $1,032,522.

Request to Include Fire Fighting Capacity in Project

The SRF loan WMSI was able to obtain was sufficient to cover the entire cost of the initial estimate. If WMSI were to not utilize the remaining funds, it would lose access to approximately $1 million of funding at a cost of just over 3%. According to DEP, it is unlikely such funding will again become available, especially with the budgetary cuts being experienced at state and federal levels. When the Commission issued its order on WMSI's limited proceeding application, it found the construction of the new water transmission main to be justified. Included in that justification were the observations that the St. George Island Fire Chief and numerous residents voiced concern that current water pressure was inadequate to provide fire protection, that the new main would provide capacity for fire flow, and that WMSI was striving to provide adequate fire flow.

However, increasing the water pressure to St. George Island will not, in and of itself, allow for the delivery of water throughout the island at a pressure adequate to provide fire protection. Many of the mains on the island were not sized for that purpose. Additional 6 and 8 inch mains are necessary, as is additional storage at a higher elevation, additional high service pumping capacity, emergency generation, and various other plant improvements. The new 200,000 gallon elevated tank, which is larger than WMSI's existing tank, will be constructed at an elevation of 140 feet to the low water line, which is 42 feet higher than the existing tank. This additional elevation will give the utility a pressure of 65 psi throughout the system, compared with the maximum pressure of 43 psi from the existing elevated tank. This new elevated tank, in

combination with the additional and enlarged distribution lines and high speed pumps, will provide 500 gallons per minute on a sustained basis for 4 hours as a fire-flow reserve, a capability which the utility does not now have. WMSI has been able to contract for these additional fire flow and related improvements to be done at a cost of $1,150,829.

The Commission's order specifically recognized the need for fire protection and the desire for such fire protection by the island's residents. If WMSI can take advantage of the money it saved through its negotiating efforts with regard to the supply mains, the fire protection facilities can be built now with virtually no impact on the limited rate request as originally submitted, while still passing on the benefits of a 3% financing rate that will probably not be available in the future.

Therefore, WMSI requests that the fire protection improvement costs be included in its development of Phase II rates. That means that Phase II rates would be based on a construction cost of $6,086,474. This is only $118,307 greater than the originally estimated amount of $5,968,167, which did not include the fire protection project consisting of over 17,000 feet of 6" and 8" mains, the new 200,000 gallon elevated tank, greater pumping capacity, increased emergency generation and other related improvements. Further, when the benefit of the lower cost SRF loan funds is taken into account, the total rate increase to customers will be approximately 67% versus the originally projected increase of 138% which did not include the fire flow improvements.

WATER MANAGEMENT SERVICES, INC. - DOCKET NO. 000694-WU
REVENUE REQUIREMENT - PHASE II
BASED ON TOTAL PROJECT COSTS, PLACED IN SERVICE OCTOBER, 2003

The formula for determining the increased revenue requirement associated with the cost incurred, cumutavely in PHASES I and II of replacing the water supply main is:

RR = [(i + d+ pp)*(U-N) + LC]/(1-RAF) = $568,549

where:
RR = Revenue Requirement
i = Interest rate on loan associated with utility plant constructed
d = depreciation rate for utility plant constructed, per PSC guidelines
U = Utility plant constructed to replace water supply main and associated appurtenances less 1/2 yr depr.
N = Net proceeds of any recovery from taking by DOT
LC = 1/4 * allowable expense for pursuing limited proceeding
pp = personal property tax on tax value of project assets
RAF = 4.5% Regulatory Assessment Fee

PHASE II ASSUMPTIONS:

		Source:
RR =		
i =	3.46%	Effective Interest Rate on Supply Main & Fire Protection Projects
d =	4.23%	Rule 25-30.140, F.A.C. & Sch. 3, page 1
U =	$5,957,660	Total Project Cost (Schedule 2) less one-half year depreciation
N =	$0	Proceeds from Damages Suit
LC =	$10,436	Sch. 3, page 2
pp =	1.25%	Sch. 3, page 2
RAF =	4.50%	PSC Rule 25-30.120, F.A.C.

EXHIBIT B

WATER MANAGEMENT SERVICES INC - DOCKET NO. 000694-WU
PROPOSED RATE INCREASE FACTOR
REVENUE SCHEDULE AT PRESENT (PHASE I) RATES AND PROPOSED PHASE II RATES
2002 BASE YEAR

PROPOSED INCREASE FACTOR OVER PHASE I REVENUES: $\frac{\text{Phase I Rev. + (Req Rev. for Phases II - Phase I Rev Dff.)}}{\text{Phase I Revenues}} = \frac{\$941,646 + \$472,951}{\$941,646} = 1.502$

2002 ADJUSTED FOR GROWTH

Meter Size	Billing Units *	M -Gals	PHASE I RATES BFC	PHASE I RATES $/MG	PHASE I RATES Base Revenue	PHASE I RATES MG Revenue	PHASE I RATES Total	PHASE I RATE DIFF. BFC	PHASE I RATE DIFF. $/MG	PHASE I RATE DIFF. Revenue	PROJECTED PHASEII RATES Increase * Factor	PROJECTED PHASEII RATES BFC	PROJECTED PHASEII RATES $/MG	PROJECTED PHASEII RATES Base Revenue	PROJECTED PHASEII RATES MG Revenue	PROJECTED PHASEII RATES Total
Residential Service																
5/8" x 3/4"	19,197	140,947	$23.26	$2.20	446,551	310,608	757,159	$2 36	$0 22	76,868	1 502	$34 94	$3 31	$670,836	$466,614	$1,137,450
1"	372	7,679	$58.15	$2 20	21,660	16,923	38,582	$5 90	$0 22	3,917	1 502	87 36	3 31	32,538	25,422	57,961
Subtotal Residential	19,569	148,626			$468,211	$327,531	$795,741			$80,785				$703,374	$492,036	$1,195,410
General Service																
5/8" x 3/4"	602	9,682	$23 26	$2 20	14,012	21,335	35,348	$2 36	$0 22	3,589	1 502	$34 94	$3 31	$21,050	$32,051	$53,101
1"	126	2,461	$58 15	$2 20	7,321	5,424	12,745	$5 90	$0 22	1,294	1 502	87 36	3 31	10,998	8,149	19,146
1 1/2"	37	3,652	$116 32	$2 20	4,357	8,048	12,405	$11 81	$0 22	1,259	1 502	174 74	3 31	6,545	12,091	18,635
2"	60	1,737	$186 09	$2 20	11,256	3,829	15,084	$18 89	$0 22	1,531	1.502	279 56	3 31	16,909	5,752	22,661
3" Compound	16	450	$372 18	$2 20	5,808	991	6,799	$37 78	$0.22	690	1 502	559 12	3 31	8,725	1,489	10,215
3" Turbine	17	2,373	$407 10	$2 20	6,777	5,230	12,006	$41 33	$0 22	1,219	1 502	611 57	3.31	10,180	7,856	18,036
4 " Turbine	12	1,871	$697.87	$2 20	8,713	4,122	12,835	$70 85	$0 22	1,303	1 502	1,048 38	3 31	13,088	6,193	19,281
6" Turbine	12	9,317	$1,453 90	$2.20	18,151	20,531	38,682	$147 60	$0 22	3,927	1 502	2,184 14	3 31	27,268	30,843	58,111
Subtotal Gen. Service	883	31,542			$76,394	$69,511	$145,905			$14,813				$114,763	$104,424	$219,187
Total Metered Service	20,453	180,168			$544,604	$397,042	$941,646			$95,598				$818,137	$596,460	$1,414,597
Average Growth Factor (1675/1610)		1 040														
Misc Revenues							5,759									5,759
Total Operating Revenue							$947,405									$1,420,356

* Actual 2002 BU x ratio of 2002/2001 YE cust

* Percent increase of Phase II over Phase I rates is. 50 23%

WATER MANAGEMENT SERVICES, INC.
COMPARATIVE RATE SCHEDULES

Residential and General Service

Meter Size	Previous Rates BFC per month	PHASE I Rates BFC per month	Proposed PHASE II Rates BFC per month
5/8" x 3/4"	$20.90	$23.26	$34.94
1"	$52.25	$58.15	$87.36
1 1/2"	$104.51	$116.32	$174.74
2"	$167.20	$186.09	$279.56
3" Compound	$334.40	$372.18	$559.12
3" Turbine	$365.77	$407.10	$611.57
4 " Turbine	$627.02	$697.87	$1,048.38
6" Turbine	$1,306.30	$1,453.90	$2,184.14
Gallonage Charge, $/MG	$1.98	$2.20	$3.31
Average Residential Bill @ 7.34 MG per month	$35.43	$39.41	$59.24

WMSI - CWIP - Supply Main Project
Recap by Vendor - Actual Costs through 2002 and Estimated Costs through Completion (October, 2003)
Esimate to Complete
Cost of Fire Protection

Schedule 2
5/14/03

Approved Supply Main Project

		2000	2001	2002	Totals thru 2002	Remaining	Proj. Total
Brown	Legal - related to DOT suit; negotiation of contracts and materials	13,500.00	10,000.00	70,000.00	93,500.00		93,500
Parker	Legal - related to DOT suit	5,257.82	0.00	0.00	5,257.82		5,258
B & P	Legal - related to DOT suit	12,017.67	0.00	0.00	12,017.67		12,018
Ugalde	Legal - related to DOT suit	277.50	0.00	0.00	277.50		278
R. Holt	Utility Easement	20,150.50			20,150.50		20,151
Thomas	Engineering design, supervision, procurring SRF loan, negotiation of contracts and materials	96,720.00	144,650.00	268,520.00	509,890.00	252,610	762,500
C&C Consultg	Insurance			1,734.00	1,734.00		1,734
App. Times	Bid Notice		72.00	0.00	72.00		72
Tall Democrat	Bid Notice		188.62	0.00	188.62		189
Franklin Chron.	Bid Notice		157.50	0.00	157.50		158
AMEX	Bid Notice			171.72	171.72		172
DEP	Permits	2,300.00	50.00	550.00	2,900.00		2,900
E.G. Brown	Surveying	975.00	0.00	0.00	975.00		975
Rodenberry	Surveying		720.00	0.00	720.00		720
Withers Coastal	Construction re piping on bridge approahes & rerouted roads	225,396.04	3,592.96	650.00	229,639.00		229,639
Boh Bros	Construction re placement & assembly of pipe on bridge	2,579.70	0.00	152,711.00	155,290.70	1,147,984	1,303,275
Blankenship	Construction re improvements to plant including pump, piping, aerator, piping between well & bridge; 1st 5,000 feet of bridge pipe		540,871.31	651,408.62	1,192,279.93	117,207	1,309,487
U.S. Filter	Materials - Hangers		561.20	0.00	561.20		561
Weldcraft	Materials - Hangers			493,504.20	493,504.20	90,556	584,060
Clow	Materials - Pipe			76,398.84	76,398.84	349,924	426,323
Consolidated	Materials - Coating					181,678	181,678
Totals		379,174.23	700,863.59	1,715,648.38	2,795,686.20	2,139,959	4,935,645
				Estimated Amount in Limited Proceeding Application			5,968,167
				Savings from original estimate			1,032,522

Fire Protection Project

Boh Bros	Contract to add storage capacity, emergency generation, pumping & plant improvements & enlargement of distribution lines to provide fire protection capacity						1,150,829
				Difference from original estimate, incl. fire protection			118,307
				Total, Supply Main and Fire Protection			6,086,474

WATER MANAGEMENT SERVICES, INC.
CALCULATION OF AVERAGE DEPRECIATION RATE

NARUC Acct	Supply Main Project Plant Component	Total	PSC Average Service Life, yrs		Annual Depr. Expense
331	Mains & appurtenances	$491,317	43.00		$11,426
331	Mains & Appurt., exposed	3,259,090	20.00	*	162,955
303	Easements	20,150	0.00		0
320	Aerator upgrade, pump & appurt.	181,888	22.00		8,268
320	Chlorinator	16,419	10.00		1,642
311	Electrical & control system for wells	86,309	20.00		4,315
		$4,055,173	21.50		$188,605
	Fire Protection Project (see note)				
331	17,700 ft of 6" & 8" mains & appurt.	$361,269	43.00		$8,402
330	200,000 gal. elev. tank	439,043	37.00		11,866
304	Plant improvements to accom. increased pumping and electrical	306,665	33.00		9,293
310	Emergency generator	43,852	20.00		2,193
		$1,150,829	36.24		$31,753
	Total, both projects	$5,206,002	23.63		$220,359
	Average life		4.233%		
	Engineering & Overheads (dep @ avg)	$880,472	23.63		$37,268
	Total, including E & O	$6,086,474	23.63		$257,627
			4.233%		

Note: Markup, ins., spare parts allocated and included in Fire Protection Project, above, per contract bid. 141,658 1.140 ratio

Note: PSC Service Lives, per Rule 25-30.140(2)(a), F.A.C., for Class A&B Utilities, except as noted by asterisk and explained on Page 2 of this schedule.

WATER MANAGEMENT SERVICES, INC.
DETAIL OF DEPRECIATION RATES BY CONTRACT FOR SUPPLY MAIN PROJECT
SUPPORT FOR NON-GUIDELINE RATE FOR MAINS AND APPURTENANCES - EXPOSED

NARUC Account	Contractor	Total	PSC Average Service Life, yrs	
331	Withers Coastal - Mains & Apprt.	229,639	43	
	Boh Brothers			
331	**Mains & Appurt. - exposed**	1,233,664	**20**	*
311	Electrical (W.O. Change #1)	69,611	20	
	Subtotal	1,303,275		
	Blankenship			
331	**Mains & Appurt. - exposed**	832,804	**20**	*
331	Mains & Appurt.	261,678	43	
320	Aerator upgrade, pump & appurt.	181,888	22	
320	Chlorinator	16,419	10	
311	Control system for wells	16,698	20	
	Subtotal	1,309,487		
	Materials - Mains & Appurt. - exposed			
331	U.S. Filter - hangers	561	**20**	*
331	Weldcraft - hangers	584,060	**20**	*
331	Clow - D.I. pipe	426,323	**20**	*
331	Consolidated - coating	181,678	**20**	*
	Easements	20,150	0	
	Subtotal	1,212,772		

* "Mains & Appurt. - exposed" consists of Cement Lined Ductile Iron Pipe that is installed above ground, suspended from a bridge over salt water, in an area of frequent hurricanes. The guideline depreciation rate for D.I. pipe is 40 years. The expected life for this pipe, under these adverse environmental conditions, is 15 - 20 years, per advisory letter from project engineer, dated May 12, 2003 (page 3 of this schedule). The proposed depreciation life for this pipe is 20 years. The differential in annual depreciation expense for this pipe (including allocated overheads in the cost), using a 20 year life rather than a 40 year life, is an additional $95,257.

LES THOMAS CONSULTING ENGINEERS

10017 Leafwood Dr.
Tallahassee, Fl.
850-562-1810 *LThomasPE@AOL.COM* *fax 850-562-9741*

May 12, 2003

Mr. Gene Brown
Water Management Services, Inc.
3848 Killearn Court
Tallahassee, Fl. 32308

RE: Ductile Iron Pipe
St. George Island Water System Transmission & Treatment Improvements

Dear Mr. Brown:

I have researched the life expectancy for Cement Lined Ductile Iron Pipe installed similar to our conditions. There does not appear to be an situations similar to ours - installed above ground, suspended from a bridge, over salt water, in an area of frequent hurricanes.

At this particular time, as you know, we are replacing the existing Cement Lined Ductile Iron Pipe, which is currently suspended from the bridge between East Point and St. George Island. This is necessary as the Florida Department of Transportation is going to demolish and use the existing bridge as a fish haven because the bridge itself has excessive structural failures after just 35 years. We are replacing the existing pipe which has deteriorated as well, with new pipe rather than reuse the existing because of the proposed excessive costs to remove it, clean it, refinish it and re-hang it, which far exceeded the cost to buy new pipe and hang that.

Because of these extenuating circumstances, it does not seem reasonable to base judgements and future planning costs based on the textbook buried life expectancy, therefore:

I recommend that you not use a life expectancy of greater than 15 to 20 years for this pipeline.

If I may be of further assistance, please feel free to call. and in consideration of the fact that at this present time

Sincerely,

Les M. Thomas, P.E., C.V.S.
Owner
Les Thomas Consulting Engineers
Florida PE 24705,
SAVE International Certified Value Specialist 850901

WATER MANAGEMENT SERVICES, INC.
LIMITED PROCEEDINGS EXPENSE

Firm or Vendor	Counsel or Consultant	Hourly Rate	Total * Estimate of Charges	Type of Service Rendered
Hopping Green & Sams	Richard Melson	$220.00	$12,530	Legal representation re Phase I - limited proceeding
		$250.00	$8,000	Legal representation re Phases II - limited proceeding
Management & Regulatory Consultants, Inc.	Frank Seidman	$95.00	$11,216	Regulatory consulting, preparation of schedules for Phase I of limited proceeding, assist w/SRF application
		$100.00	$8,000	Analysis for & preparation of Phase II
Filing fees			$1,000	
Misc. copying, notices, out of pocket expenses.			$1,000	
Total Expense			$41,746	

* Assumes that the limited proceeding is resolved without a formal hearing.

PERSONAL PROPERTY TAX EXPENSE

	Basis	Tax	Pct
Based on 2001 Tax Rate	420,250.00	5,233.79	1.25%

WATER MANAGEMENT SERVICES , INC.
CONSTRUCTION WORK IN PROGRESS - SUPPLY MAIN

Estimated Construction Expenditures and Interest Expense
Based on Order No. PSC-00-2227-PAA-WU

	Est. Construction Expenditures		Est. Int. Exp.	
	Monthly	Cumulative	@ 10.50%	Cum. Exp.
Jan, 2000	0.00	0.00	0.00	0.00
Feb	0.00	0.00	0.00	0.00
Mar	0.00	0.00	0.00	0.00
Apr	0.00	0.00	0.00	0.00
May	0.00	0.00	0.00	0.00
June	0.00	0.00	0.00	0.00
July	56,250.00	56,250.00	492.19	492.19
Aug	101,250.00	157,500.00	1,378.13	1,870.31
Sep	7,500.00	165,000.00	1,443.75	3,314.06
Oct	4,500.00	169,500.00	1,483.13	4,797.19
Nov	115,893.08	285,393.08	2,497.19	7,294.38
Dec	115,893.08	401,286.17	3,511.25	10,805.63
Jan, 2001	115,893.08	517,179.25	4,525.32	15,330.95
Feb	115,893.08	633,072.33	5,539.38	20,870.33
Mar	115,893.08	748,965.42	6,553.45	27,423.78
Apr	115,893.08	864,858.50	7,567.51	34,991.29
May	1,993.00	866,851.50	7,584.95	42,576.24
June	1,993.00	868,844.50	7,602.39	50,178.63
July	1,993.00	870,837.50	7,619.83	57,798.46
Aug	1,993.00	872,830.50	7,637.27	65,435.73
Sep	1,993.00	874,823.50	7,654.71	73,090.43
Oct	1,993.00	876,816.50	7,672.14	80,762.58
Nov	1,993.00	878,809.50	7,689.58	88,452.16
Dec	1,993.00	880,802.50	7,707.02	96,159.18
Jan, 2002	1,993.00	882,795.50	7,724.46	103,883.64
Feb	1,993.00	884,788.50	7,741.90	111,625.54
Mar	1,993.00	886,781.50	7,759.34	119,384.88
Apr	1,993.00	888,774.50	7,776.78	127,161.66
May	1,993.00	890,767.50	7,794.22	134,955.87
June	6,750.00	897,517.50	7,853.28	142,809.15
July	845,108.25	1,742,625.75	15,247.98	158,057.13
Aug	845,108.25	2,587,734.00	22,642.67	180,699.80
Sep	845,108.25	3,432,842.25	30,037.37	210,737.17
Oct	845,108.25	4,277,950.50	37,432.07	248,169.23
Nov	845,108.25	5,123,058.75	44,826.76	292,996.00
Dec	845,108.25	5,968,167.00	52,221.46	345,217.46

WATER MANAGEMENT SERVICES , INC
CONSTRUCTION WORK IN PROGRESS - SUPPLY MAIN

Actual Construction Expenditures and Interest Expense

		Actual Construction Expend		Debt Components - Capital Sources Available for Project (see notes on page 3)								
		Monthly	Cumulative	Bank of Perry	Rate	GSB - Const	Rate	DEP	Rate	Weighted Interest	Cum	Weighted Rate
Jan, 2000		0 00	0.00	0 00	10 50%					0 00	0 00	
Feb		0 00	0.00	0 00	10 50%					0 00	0 00	
Mar		0 00	0.00	0 00	10 50%					0 00	0 00	
Apr		15,792 12	15,792.12	15,792.12	10 50%					138 18	138 18	10 50%
May		7,547 08	23,339.20	23,339 20	10 50%					204 22	342 40	10 50%
June		19,807 77	43,146.97	43,146 97	10 50%					377 54	719 94	10 50%
July		19,535.32	62,682.29	62,682 29	10 50%					548 47	1,268 41	10 50%
Aug		26,270.70	88,952.99	88,952 99	10 50%					778 34	2,046 74	10 50%
Sep		9,000 00	97,952 99	97,952 99	10 50%					857 09	2,903 83	10 50%
Oct		76,889 10	174,842 09	174,842 09	10 50%					1,529.87	4,433 70	10 50%
Nov		65,987 90	240,829.99	240,829.99	10 50%					2,107 26	6,540 96	10 50%
Dec		118,193 74	359,023.73	359,023 73	10 50%					3,141 46	9,682 42	10 50%
Jan, 2001		14,693 33	373,717.06	373,717 06	10.50%					3,270 02	12,952 45	10 50%
Feb		16,758 33	390,475 39	247,853 01	10 50%	142,622 38	9 50%			3,297 81	16,250 25	10 13%
Mar		11,982 96	402,458 35	214,835 97	10 50%	187,622 38	9 50%			3,365 16	19,615 41	10 03%
Apr		15,216.83	417,675 18	180,052 80	9 00%	237,622 38	9 50%			3,231 57	22,846 98	9 28%
May		13,246 29	430,921 47	193,299 09	9 00%	237,622 38	9 50%			3,330 92	26,177 90	9 28%
June		12,713 34	443,634 81	177,012 43	9 00%	266,622 38	9.50%			3,438 35	29,616 26	9 30%
July		101,814 28	545,449 09	171,961 82	9 00%	373,487 27	9 50%			4,246 49	33,862 75	9 34%
Aug		68,639 85	614,088 94	173,185 15	8 00%	440,903 79	9 50%			4,645 06	38,507 80	9 08%
Sep		11,633 34	625,722 28	109,230 68	8 00%	516,491 60	9 50%			4,817 10	43,324 90	9 24%
Oct		156,932 66	782,654 94	234,740 69	7 00%	547,914 25	9 50%			5,706 98	49,031 87	8 75%
Nov		179,550 16	962,205 10	299,669 95	7 00%	662,535 15	9 50%			6,993 14	56,025 02	8 72%
Dec		97,682 22	1,059,887 32	397,352 17	7 00%	662,535 15	9 00%			7,286 90	63,311 92	8 25%
Jan, 2002		6,580 00	1,066,467 32	92,032 21	7 00%	203,943 61	7 50%	770,491 50	3 34%	3,958 19	67,270 11	4 45%
Feb		7,230 00	1,073,697 32		7 00%	203,943 61	7 50%	1,069,321 50	3 34%	4,253 92	71,524 03	4 75%
Mar		6,630 00	1,080,327 32		7 00%	202,622 57	7 50%	1,079,401 50	3 34%	4,273 75	75,797 78	4 75%
Apr		136,536 05	1,216,863 37		7 00%	201,420 47	7 50%	1,220,157 50	3 34%	4,658 40	80,456 18	4 59%
May		89,415 60	1,306,278 97		7 00%	200,168 88	7 50%	1,230,237 50	3 34%	4,678 66	85,134 84	4 30%
June		212,843 66	1,519,122 63		7 00%	198,950 62	7 50%	1,322,482 50	3 34%	4,928 05	90,062 89	3 89%
July		107,841 63	1,626,964 26		7 00%	197,684 42	7 50%	1,538,826 50	3 34%	5,522 90	95,585 79	4 07%
Aug		79,420 70	1,706,384 96		7 00%	196,449 63	7.50%	1,650,167 50	3 34%	5,825 40	101,411 19	4 10%
Sep		155,312 68	1,861,697 64	3,362 23	7 00%	195,207 91	7 50%	1,663,127 50	3 34%	5,873 36	107,284 55	3 79%
Oct		433,280 29	2,294,977 93		7 00%	193,917 51	7 50%	2,306,458 50	3 34%	7,638 08	114,922 63	3 99%
Nov		15,154 73	2,310,132 66		7 00%	192,659 19	7 50%	2,356,635 50	3 34%	7,770 02	122,692 65	4 04%
Dec		465,403 04	2,775,535 70	208,892 60	7 00%	191,352 60	7 50%	2,375,290 50	3 34%	9,032 37	131,725 02	3 91%
Jan, 2003		218,646.00	2,994,181 70	210,207 36	7 00%	190,037 84	7 50%	2,593,936 50	3 34%	9,641 00	141,366 02	3 86%
Feb		215,279 00	3,209,460 70	211,530 34	7 00%	188,714 86	7 50%	2,809,215 50	3 34%	10,240 24	151,606 26	3 83%
Mar		134,081 00	3,343,541.70	212,900 90	7 00%	187,344 30	7 25%	2,943,296 50	3 34%	10,574 21	162,180 47	3 80%
Apr		412,513 00	3,756,054 70	214,279 75	7 00%	185,965 45	7.25%	3,355,809 50	3 34%	11,723 24	173,903 70	3 75%
May	Est	388,403 22	4,144,457 92	215,666 92	7 00%	184,578 28	7 25%	3,744,212 72	3 34%	12,805 09	186,708 79	3 71%
June	Est.	388,403 22	4,532,861 13	217,062 47	7 00%	183,182 73	7 25%	4,132,615 93	3 34%	13,886 94	200,595 74	3 68%
July	Est	388,403 22	4,921,264.35	218,466 46	7.00%	181,778 74	7 25%	4,521,019 15	3 34%	14,968 79	215,564 53	3 65%
Aug	Est.	388,403.22	5,309,667 57	219,878 93	7 00%	180,366 27	7.25%	4,909,422 37	3 34%	16,050 64	231,615 17	3 63%
Sep	Est	388,403 22	5,698,070 78	221,299 93	7 00%	178,945.27	7.25%	5,297,825 58	3 34%	17,132 49	248,747 66	3 61%
Oct	Est	388,403 22	6,086,474 00	222,729 52	7 00%	177,515 68	7 25%	5,686,228 80	3 34%	18,214 33	266,962 00	3 59%
Nov			6,086,474 00	6,626 54	7 00%	176,077 46	7 25%	5,903,770 00	3 34%	17,551 14	284,513 14	3 46%

WATER MANAGEMENT SERVICES, INC.
NOTES TO DEBT SERVICE SCHEDULE

1. In 2000, and in January, 2001, all supply main construction was funded by the Citizens Bank of Perry note.
2. Beginning in February, 2001, a construction loan was secured from Gulf State Bank (GSB). Construction was funded first, by the GSB loan, with all remaining, by the Bank of Perry note.
3. In January, 2002, draws became available from the DEP State Revolving Fund loan. The GSB construction loan was paid down and renewed at a lower level. Construction was funded first from DEP draws, second from the GSB construction loan, and any excess from the Bank of Perry note.
4. For the purpose of setting Phase II rates, the ongoing cost of debt in November, 2003 is used.

DEP Loan Weighted Average Cost

Loan Amt	Int. Rate	Interest on Loan Amt	Loan Fee Amort.	Effective Interest	Eff. Int. on Loan
3,000,000	3.05%	91,500	10,625	102,125	3.40%
3,080,883	2.93%	90,270	10,911	101,181	3.28%
6,080,883	(Notes 1,2)	181,770	21,536	203,306	3.34%

	Amort. yrs	Ann. Amort.	Loan Costs
297,011	19.00	15,632	Loan Reserve net of interest earned (see note)
118,075	20.00	5,904	Loan Service Fees
415,086	(Note 3)	21,536	Total Annual Amortization

Notes:
1. The actual principal of the loan is $6,161,683, which includes $80,800 of capitalized interest. However, since the Phase I rates provided revenue to cover interest during construction directly , for ratemaking purposes the loan amount excludes the capitalized interest.

2. The actual amount available for construction = $6,080,883 less $177,113 toward Reserve = $5,903,770.

3. The Loan Reserve Account is an interest bearing account, the amount of which is not available to the utility except in the event of a default of payment. Even then it must be replenished. In order to reflect the benefit to ratepayers of the interest earned, the $89,887 interest that would be earned over 20 years is deducted from the required reserve of $386,898 to determine the amount to be amortized as a loan cost.

Required Reserve	386,898	
FV in 20 Yrs	476,785	
Int. earned	89,887	
At int. rate of	1.05%	current 12 mo. CD rate

Required Reserve	386,898
Less int earned	89,887
Net to be amort.	297,011

WATER MANAGEMENT SERVICES, INC.
COMPARISON

	Interest * Revenue Requirement	Revenue Collected @ Phase I Rates
Jan, 2000		
Feb		
Mar		
Apr	145	
May	359	
June	754	
July	1,328	
Aug	2,143	
Sep	3,041	
Oct	4,643	
Nov	6,849	
Dec	10,139	12,895
Jan, 2001	13,563	
Feb	17,016	
Mar	20,540	
Apr	23,924	
May	27,411	
June	31,012	
July	35,458	
Aug	40,322	
Sep	45,366	
Oct	51,342	
Nov	58,665	
Dec	66,295	103,939
Jan, 2002	70,440	
Feb	74,894	
Mar	79,369	
Apr	84,247	
May	89,146	
June	94,307	195,252
July	100,090	
Aug	106,190	
Sep	112,340	
Oct	120,338	
Nov	128,474	
Dec	137,932	195,252
Jan, 2003	148,027	
Feb	158,750	
Mar	169,822	
Apr	182,098	
May	195,507	
June	210,048	
July	225,722	
Aug	242,529	
Sep	260,469	
Oct	279,541	276,487
Nov	297,920	
Dec	316,297	290,217

* Interest expense plus RAF effect

WATER MANAGEMENT SERVICES , INC
Detail of Customers, Gallons and Revenue under Phase I Rates

	Nov, 2000	Dec	SUM 2000	Jan, 2001	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	SUM 2001	FINAL 2001
Customers																	
5/8"	1,474	1484	2,958	1490	1492	1501	1507	1509	1518	1522	1528	1537	1541	1550	1558	18253	18200
1"	37	37	74	37	38	39	38	38	39	39	38	39	39	39	39	462	461
1.5"	3	3	6	3	3	3	3	3	3	3	3	3	3	3	3	36	36
2"	5	5	10	5	5	5	5	5	5	5	5	5	5	5	5	60	60
3"	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	12	12
	1	1	2	1	2	2	1	1	1	1	3	3	1	1	2	19	21
4"	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	12	12
6"	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	12	12
Gals (000)	11,602.7	9,408.0	21,011	14,943.8	8,208 5	14,904.0	14,581 1	15,359.5	24,389 6	19,793 7	19,581 5	13,939 9	12,012.6	13,879 6	9,263.2	180,857 0	181,230 5
BFC/Gal Rate																	
5/8"	$23 26	$23.26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26
1"	58.15	58 15	58 15	58.15	58 15	58.15	58 15	58 15	58.15	58 15	58 15	58 15	58 15	58 15	58 15	58 15	58 15
1 5"	116 32	116 32	116.32	116.32	116 32	116 32	116.32	116 32	116 32	116 32	116 32	116 32	116 32	116.32	116 32	116 32	116 32
2"	186 09	186 09	186 09	186 09	186.09	186 09	186 09	186 09	186 09	186 09	186 09	186 09	186 09	186 09	186 09	186 09	186 09
3" Comp	372 18	372 18	372 18	372 18	372.18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18
3" Turb	407 10	407 10	407 10	407.10	407 10	407 10	407 10	407 10	407 10	407 10	407 10	407 10	407 10	407 10	407 10	407 10	407 10
4"	697 87	697 87	697.87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87
6"	1,453 90	1,453.90	1,453 90	1,453 90	1,453.90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90
$/1000 Gal	$1 98	$2 20	$2 20	$2.20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20
Revenues																	
5/8"	$34,285 24	$34,517 84	$68,803 08	$34,657 40	$34,703.92	$34,913 26	$35,052 82	$35,099 34	$35,308 68	$35,401 72	$35,541 28	$35,750 62	$35,843 66	$36,053 00	$36,239 08	$424,564 78	$423,327 69
1"	2,151 55	2,151 55	4,303 10	2,151 55	2,209 70	2,267 85	2,209 70	2,209 70	2,267 85	2,267 85	2,209 70	2,267 85	2,267 85	2,267 85	2,267 85	26,865 30	26,813 05
1 5"	348 96	348 96	697 92	348 96	348 96	348 96	348 96	348 96	348 96	348 96	348 96	348 96	348 96	348 96	348 96	4,187 52	4,187 52
2"	930 45	930 45	1,860 90	930 45	930 45	930 45	930 45	930 45	930 45	930 45	930 45	930 45	930 45	930 45	930 45	11,165 40	11,165 40
3"	372 18	372 18	744 36	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	4,466 16	4,466 16
	407 10	407 10	814 20	407 10	814 20	814 20	407 10	407 10	407 10	407 10	1,221 30	1,221 30	407 10	407 10	814 20	7,734 90	8,549 10
4"	697 87	697 87	1,395 74	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	8,374 44	8,374 44
6"	1,453 90	1,453 90	2,907 80	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	17,446 80	17,446 80
Gallons	22,973 35	20,697 60	43,670 95	32,876 36	18,058 70	32,788 80	32,078 42	33,790 90	53,657 12	43,546 14	43,079 30	30,667 78	26,427 72	30,535 12	20,379 04	397,885 40	398,707 11
Total	$63,621	$61,577	$125,198	$73,896	$59,590	$74,587	$73,551	$75,310	$95,444	$85,426	$85,855	$73,711	$68,750	$73,066	$63,504	$902,690 70	$903,037 27
Rate Differential																	
BFC																	
5/8"	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36
1"	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90
1 5"	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81
2"	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89
3" Comp	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78
3" Turb	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33
4"	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85
6"	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60
$/1000 Gal	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22
Revenue Differential																	
BFC																	
5/8"	$3,479	$3,502	$6,981	$3,516	$3,521	$3,542	$3,557	$3,561	$3,582	$3,592	$3,606	$3,627	$3,637	$3,658	$3,677	$43,077	$42,952
1"	218	218	437	218	224	230	224	224	230	230	224	230	230	230	230	2,726	2,720
1 5"	35	35	71	35	35	35	35	35	35	35	35	35	35	35	35	425	425
2"	94	94	189	94	94	94	94	94	94	94	94	94	94	94	94	1,133	1,133
3" Comp	38	38	76	38	38	38	38	38	38	38	38	38	38	38	38	453	453
3" Turb	41	41	83	41	83	83	41	41	41	41	124	124	41	41	83	785	868
4"	71	71	142	71	71	71	71	71	71	71	71	71	71	71	71	850	850
6"	148	148	295	148	148	148	148	148	148	148	148	148	148	148	148	1 771	1,771
$/1000 Gal	2,553	2,070	4,622	3,288	1,806	3,279	3,208	3,379	5,366	4,355	4,308	3,067	2,643	3,054	2,038	39 789	39 871
Total	$6,677	$6,218	$12,895	$7,450	$6,020	$7,520	$7,416	$7,592	$9,606	$8,604	$8,648	$7,434	$6,937	$7,369	$6,414	$91,010	$91,044

WATER MANAGEMENT SERVICES , INC
Detail of Customers, Gallons and Revenue under Phase I Rates

	Jan 2002	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Sum of Months	Final Adjusted 2002
Customers														
5/8"	1562	1565	1569	1574	1579	1584	1592	1592	1600	1605	1612	1621	19055	19031
1"	39	39	39	39	39	39	39	41	41	41	41	41	478	479
1 5"	3	3	3	3	3	3	3	3	3	3	3	3	36	36
2"	5	5	5	5	5	5	5	5	5	5	5	5	60	60
3"	1	1	1	1	1	1	1	1	1	2	2	2	15	15
	2	2	1	1	2	2	2	1	1	0	1	1	16	16
4"	1	1	1	1	1	1	1	1	1	1	1	1	12	12
6"	1	1	1	1	1	1	1	1	1	1	1	1	12	12
Gals (000)	10,116 7	9,072 9	13,375 0	13,615 8	15,781 4	22,674 2	20,508 4	21,364 5	14,621 7	13,218 4	11,974 0	11,373 5	177,696 5	173,480 7
BFC														
5/8"	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26	$23 26
1"	58 15	58 15	58 15	58 15	58 15	58 15	58 15	58 15	58 15	58 15	58 15	58 15	58 15	58 15
1 5"	116 32	116 32	116 32	116 32	116 32	116 32	116 32	116 32	116 32	116 32	116 32	116 32	116 32	116 32
2"	186 09	186 09	186 09	186 09	186 09	186 09	186 09	186 09	186 09	186 09	186 09	186 09	186 09	186 09
3" Comp	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18
3" Turb	407 10	407 10	407 10	407 10	407 10	407 10	407 10	407 10	407 10	407 10	407 10	407 10	407 10	407 10
4"	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87
6"	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90
$/1000 Gal	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20	$2 20
Revenue														
5/8"	$36,332 12	$36,401 90	$36,494 94	$36,611 24	$36,727 54	$36,843 84	$37,029 92	$37,029 92	$37,216 00	$37,332 30	$37,495 12	$37,704 46	$443,219 30	$442,668 51
1"	2,267 85	2,267 85	2,267 85	2,267 85	2,267 85	2,267 85	2,267 85	2,384 15	2,384 15	2,384 15	2,384 15	2,384 15	27,795 70	27,864 94
1 5"	348 96	348 96	348 96	348 96	348 96	348 96	348 96	348 96	348 96	348 96	348 96	348 96	4,187 52	4,187 52
2"	930 45	930 45	930 45	930 45	930 45	930 45	930 45	930 45	930 45	930 45	930 45	930 45	11,165 40	11,165 40
3"	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	372 18	744 36	744 36	744 36	5,582 70	5,582 70
	814 20	814 20	407 10	407 10	814 20	814 20	814 20	407 10	407 10	0 00	407 10	407 10	6,513 60	6,827 76
4"	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	697 87	8,374 44	8,374 44
6"	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	1,453 90	17,446 80	17,446 80
Gallons	22,256 74	19,960 38	29,425 00	29,954 76	34,719 08	49,883 24	45,118 48	47,001 90	32,167 74	29,080 48	26,342 80	25,021 70	390,932 30	381,657 50
Total	$65,474	$63,248	$72,398	$73,044	$78,332	$93,612	$89,034	$90,626	$75,978	$72,972	$70,805	$69,693	$915,218	$905,776
Rate Differential														
BFC														
5/8"	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36	$2 36
1"	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90	5 90
1 5"	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81	11 81
2"	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89	18 89
3" Comp	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78	37 78
3" Turb	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33	41 33
4"	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85	70 85
6"	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60	147 60
$/1000 Gal	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22	$0 22
Revenue Differential														
BFC														
5/8"	$3,686	$3,693	$3,703	$3 715	$3,726	$3,738	$3,757	$3 757	$3,776	$3,788	$3,804	$3 826	$44 970	$44 913
1"	230	230	230	230	230	230	230	242	242	242	242	242	2,820	2 826
1 5"	35	35	35	35	35	35	35	35	35	35	35	35	425	425
2"	94	94	94	94	94	94	94	94	94	94	94	94	1,133	1 133
3" Comp	38	38	38	38	38	38	38	38	38	76	76	76	567	567
3" Turb	83	83	41	41	83	83	83	41	41	0	41	41	661	661
4"	71	71	71	71	71	71	71	71	71	71	71	71	850	850
6"	148	148	148	148	148	148	148	148	148	148	148	148	1,771	1 771
$/1000 Gal	2,226	1,996	2,943	2,995	3,472	4,988	4,512	4,700	3,217	2,908	2,634	2,502	39,093	38,166
Total	$6,611	$6,388	$7,303	$7,368	$7,897	$9,425	$8,968	$9,127	$7,662	$7,362	$7,146	$7,035	$92,291	$91,313
													Total Differential through December, 2002	$195 252
													Total 2000	$12 895
													Total 2001	$91,044
													Total 2002	$91,313