

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for certificate to operate water utility in Baker and Union Counties by B & C Water Resources, L.L.C.	DOCKET NO. 041040-WU ORDER NO. PSC-04-1256-PAA-WU ISSUED: December 20, 2004
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The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

ORDER GRANTING ORIGINAL CERTIFICATE NO. 626-W TO OPERATE WATER UTILITY IN BAKER AND UNION COUNTIES TO B & C WATER RESOURCES, L.L.C.

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING INITIAL RATES AND CHARGES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein that establishes initial rates and charges is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

On September 3, 2004, B & C Water Resources, L.L.C. (B & C or utility) filed an application for an original water certificate in Baker and Union Counties. The proposed service area comprises approximately 104,840 acres, of which 33,340 are in Baker County and 71,500 are in Union County. This area is currently undeveloped with no permanent, permitted, potable water wells. The service area is located in both the St. Johns River Water Management District and the Suwannee River Water Management District. None of the service area is in a water use caution area.

Initially B & C intends to provide potable water service to 27 hunt camps dispersed throughout the service area. Service to the hunt camps will begin as soon as practicable after approval of certification by the Commission. Based upon the projected growth in Baker and Union Counties, however, B & C also intends to develop approximately 1,000 single family

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homes over the next 20 years. The utility does not propose to provide wastewater service at the present time. Any current wastewater requirements will be met by private septic systems. When further development occurs, the utility plans to readdress the issue.

The utility's initial application was found to be deficient with respect to the filing fee. The utility corrected the deficiency on October 11, 2004, making that date the official filing date of the completed application. Pursuant to Section 367.031, Florida Statutes, we must grant or deny an application for a certificate of authorization within 90 days after the official filing date of the completed application.

Neither Baker nor Union County has given the Commission jurisdiction over investor-owned water and wastewater utilities in those counties pursuant to Section 367.171(1), Florida Statutes. Nevertheless, Section 367.171(7), Florida Statutes, provides that the Commission has "exclusive jurisdiction over all utility systems whose service transverses county boundaries, whether the counties involved are jurisdictional or nonjurisdictional. . . ." B & C is a single utility system whose facilities and land are functionally related in providing service. According to the application, the utility's system will be managed from a single centrally-located office. Personnel responsible for management, maintenance, customer service and administrative support will be the same for the utility's operations in both counties. Staffing, planning, and budgeting will be done on a system-wide basis rather than on a county by county basis. Operating costs will not vary materially from county to county and rates will be uniform throughout the utility's proposed service area.¹ Baker and Union Counties share contiguous county boundaries.² Because B & C is a single utility system whose service will transverse the contiguous boundaries of Baker and Union Counties, B & C is subject to the exclusive jurisdiction of this Commission, which we exercise in this case pursuant to the provisions of sections 367.171(7), 367.031, and 367.045, Florida Statutes.

ORIGINAL WATER CERTIFICATE

As explained in detail below, we grant B & C Water Resources, L.L.C. Certificate No. 626-W to serve the territory described in Attachment A, effective November 30, 2004. The application is in compliance with the governing statute, Section 367.045, Florida Statutes, Rule 25-30.033, Florida Administrative Code, and other administrative rules concerning an application for an original certificate and initial rates and charges.

¹ See Board of County Commissioners of St. Johns County v. Beard, 601 So. 2d 590, 592-93 (Fla. 1st DCA 1992) (finding that Jacksonville Suburban Utilities Corporation's facilities and land were functionally related such that it comprised a single utility system whose service transverses county boundaries within the meaning of Section 367.171(7), Florida Statutes, and rejecting the notion that the functional relationship referred to requires an actual physical connection between the utility's facilities.).

² See Hernando County v. FPSC, 685 So. 2d 48, 52 (Fla. 1st DCA 1996) (finding that that the requirements of Section 367.171(7) can only be satisfied by evidence that the facilities forming the asserted system exist in contiguous counties across which the service travels. The court further noted that to satisfy the prerequisites of the statute, the Commission must find that the utility facilities are operationally integrated, or functionally related, in utility service delivery rather than fiscal management.). Id. at 51.

Notice. Pursuant to Rule 25-30.030, Florida Administrative Code, the application contained evidence that the required notices were given. No objections to the application were received by the Commission and the protest period has expired. The only response to the notice was filed on October 15, 2004, from the North Central Florida Regional Planning Council indicating that it had no comments with regard to the utility's project.

Service Territory and System Maps. The utility has provided adequate service territory and system maps, which accurately represent the territory described in Attachment A. As noted in the introduction, the territory comprises approximately 104,840 acres with 33,340 acres in Baker County and 71,500 acres in Union County.

Land Ownership. Rule 25-30.033(j), Florida Administrative Code, requires evidence in the form of a warranty deed that the utility owns the land upon which the utility treatment facilities will be located, or a copy of an agreement that provides for the continued use of the land, such as a 99-year lease. The land within the proposed service territory is owned by the utility's affiliate, Plum Creek Timberlands, L.P. (Plum Creek), which has leased the land to 27 hunt clubs spread throughout the area. Due to the remoteness of the hunt camps, B & C proposes to provide each hunt camp with separate potable water facilities. A lease agreement was provided with the application which indicates that B & C intends to lease the land under each well site from Plum Creek. The primary term of the lease is for ten years from the effective date, and as long thereafter as water is produced in paying quantities from the leased premises. The parties intend to execute the lease agreement upon approval of certification by the Commission. Our review of the lease agreement demonstrates that its provisions fulfill the requirement of the rule, because the term of the lease agreement has been designed to be as long as the utility is still charging for service. The utility shall be required to file an executed and recorded lease agreement within 30 days of the issuance date of this Order granting the certificate.

Consistency with Comprehensive Plans. Pursuant to a memorandum of understanding with the Department of Community Affairs (DCA), the DCA provided input on the need for service and comprehensive plan consistency for Union and Baker Counties. Since the proposed service area is predominantly designated agricultural by Union County, the DCA believes there is no need for service beyond the 27 hunt camps. In addition, the DCA believes the utility's proposal is not compatible with the county's Urban Development Area (UDA) strategies which designates four UDAs to receive higher density uses. Only a portion of B & C's proposed service area is in a designated UDA. The DCA notes that Baker County has recognized the need to provide adequate public facilities to populations in unincorporated areas. However, the county does not anticipate the need for a county water district up through the current 2010 planning timeframe because there has not been enough development. In addition, the county has assigned a very low density to the majority of B & C's proposed service area. The DCA concludes that, given the future land use assignments by Union and Baker Counties, and the lack of direction in the comprehensive plans towards central water service in the proposed service area, there is no need for all the requested service area. However, the DCA added that it has been encouraged by discussions with Plum Creek on the large scale planning opportunities afforded by extensive, unified ownership and looks forward to the discussions continuing and resulting in Plum Creek initiating such a program.

In its response to the DCA comments, the utility noted that approximately 1,082 families currently use the hunt club campsites and all require potable water. Further, the utility does not believe it is prudent to only certify the camp site areas, since all the land is owned by Plum Creek. In addition, the utility noted that the Commission has consistently determined that a piecemeal approach to certification is not in the public interest.³ Finally, the utility believes that the local comprehensive plans of Baker and Union Counties do not prohibit the establishment of a water service territory as described in its application, and neither county has filed an objection.

Pursuant to Section 367.045(5)(b), Florida Statutes, the Commission need not consider whether the issuance of a certificate of authorization is inconsistent with the local comprehensive plan of a county or municipality unless a timely objection to the notice of filing is received. While the DCA has indicated there is no need for all the requested service area and that the proposed development is not contemplated by either county's comprehensive plans, neither county has objected; nor has the DCA filed an objection to the application. Further, as we have found in other similar cases, we do not believe that piecemeal certification is in the public interest. In this respect, the DCA also appears to recognize the benefits of having unified ownership over large tracts of land. Finally, we would note that the counties ultimately retain control over any future development through mechanisms such as zoning and construction permits.

Public Interest. Rule 25-30.033(1)(e), Florida Administrative Code, requires the utility to provide a statement showing its financial and technical ability to provide service, the need for service, and the steps the applicant has taken to determine if there are any other utilities in the area which could potentially provide service. The utility's application contained the following information.

With respect to need for service, the application contained letters of request for potable water service from three hunt camps. As noted, the application indicates there are approximately 1,082 families that are members of 27 hunt camps located throughout the proposed service area. All require potable water at the campsites for consumption, cooking, bathing, and cleaning. The application further indicates that the utility and Plum Creek are in the initial stages of discussions with the relevant local governments and the DCA to meet anticipated future growth needs in the area.

With respect to service from other sources, the application indicates that there are no other utilities in the area that have facilities capable of providing the level of service that will be needed. In reaching this conclusion, the application indicates that information had been reviewed in the records of the Commission, the Florida Department of Environmental Protection, and the Florida Department of Health. The closest utility is the City of Butler (Butler) which has lines approximately 1,000 feet from the outside boundary of the proposed service territory. The outside boundary, however, is 2.5 miles from the nearest hunt camp proposed to be served. In

³ See Order No. PSC-04-0980-FOF-WU, issued October 8, 2004, in Docket No. 021256-WU, In re: Application for Certificate to Provide Water Service in Volusia and Brevard Counties by Farnton Water Resources, L.L.C. See also Order No. PSC-92-0104-FOF-WU, issued March 27, 1992, in Docket No. 910114-WU, In re: Application of East Central Florida Services, Inc. for an Original Certificate in Brevard, Orange, and Osceola Counties.

addition, there is an intervening lake between the nearest hunt camp and Butler's point of connection. The utility concludes that it would not be cost effective for Butler to provide service. Because Plum Creek owns all of the land within the proposed service area, the application states that B & C is in an optimal position to provide water service in the most efficient and cost-effective manner.

With respect to financial ability, the application included an organizational chart (Attachment B) in which Plum Creek Timber Company, Inc. (PCTC) is shown at the top of the organization. According to the annual statements provided with the application, PCTC is one of the largest timberland owners in the nation with annual revenues in 2003 of \$1,196,000,000. As described more fully below, B & C intends to finance construction of the water facilities with 60% debt and 40% equity from PCTC. A copy of the funding agreement between B & C and PCTC was provided which indicates that PCTC agrees to provide the utility with the funding necessary to build and operate the utility system.

With respect to technical ability, the application indicates that B & C's land affiliate, Plum Creek, has vast experience in water management through its silvi/agricultural oversight and has been a leader in water conservation and innovative management techniques for nonpotable water. The utility has also retained the services of a consultant with the experience to construct, operate, and maintain the utility's proposed water system.

Based upon all of the above, we find that B & C has shown there is a need for potable water service in the proposed service area and that it is in the best position to provide such service. B & C has also demonstrated that it has the financial and technical ability to provide the service. Therefore, we find it in the public interest to grant B & C Certificate No. 626-W to provide water service in the territory described in Attachment A, effective November 30, 2004. B & C should be required to file an executed and recorded lease agreement within 30 days of the date of the issuance date of this Order.

INITIAL RATES AND RETURN ON INVESTMENT

B & C's proposed rates are based on its projected rate base, cost of capital, and expenses at 80% of design capacity. We have reviewed the proposed rates and charges, and we find that the utility's calculations are reasonable and consistent with those normally used by the Commission in setting initial rates and charges for a utility. B & C shall charge the approved rates and charges until authorized to change them by this Commission in a subsequent proceeding. Within 30 days from the date of our vote in this docket, November 30, 2004, the utility shall file for our staff's review a proposed notice of its approved rates and charges that will be given to each hunt camp in its service territory prior to billing monthly water service. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), Florida Administrative Code. We approve a return on equity of 11.40% plus or minus 100 basis points. The analysis below describes how the utility derived its proposed rates and charges for potable water service.

Projected Rate Base

Utility Plant in Service (UPIS). The proposed UPIS amount of \$248,440 includes the cost for the construction of 27 new potable water wells along with the associated treatment and pumping equipment, structures and improvements, storage tanks, meter installations, and organizational costs. The design capacity will be approximately 134,250 gallons per day (GPD). The utility's proposed UPIS costs and the amounts appear reasonable. The utility's proposed balance of \$248,440 shall be included in UPIS.

Land. As noted above, the utility intends to lease the land under each of its proposed 27 well sites from its affiliate, Plum Creek. Therefore no cost for land shall be included in rate base.

Accumulated Depreciation. Since the utility intends to complete construction of the wells within one year of certification and to immediately begin serving the 27 hunt camps, the utility's proposed accumulated depreciation balance of \$11,635 was based on account balances as of December 31, 2005. The accumulated depreciation balance was calculated using the guidelines for average service lives as set forth in Rule 25-30.140, Florida Administrative Code. We find that the utility's proposed accumulated depreciation balance of \$11,635 is appropriate and shall be included in rate base.

Contributions In Aid of Construction (CIAC) and Accumulated Amortization. Pursuant to Rule 25-30.580, Florida Administrative Code, the maximum amount of net CIAC should not exceed 75% of net plant at design capacity. The minimum amount of CIAC should not be less than the percentage of facilities represented by the water transmission and distribution system. Due to the sparse location of the 27 hunt camps throughout the 104,840 acre service territory, each camp site will have its own well. Therefore, there are no transmission and distribution facilities. The utility's proposed CIAC balance of \$123,264 is based on its proposed plant capacity and meter installation charges which are described below. The associated accumulated amortization balance is \$6,478. We find that the utility's projected CIAC and accumulated amortization balances of \$123,264 and \$6,478, respectively, are reasonable and shall be included in rate base.

Working Capital. The utility proposes to include a working capital allowance of \$1,436 based on 1/8 of its operating and maintenance expenses. Normally there would be no need for working capital for pro forma plant. In this instance, however, the hunting camps exist and service will begin almost immediately. Under these circumstances we find that a working capital allowance is reasonable and the amount of \$1,436 shall be included in rate base.

Based on the above, we find that for purposes of setting initial rates and charges, the utility's proposed rate base of \$121,455 is appropriate. The utility's proposed rate base is shown on Schedule No. 1. The rate base schedule is for informational purposes to establish initial rates and is not intended to formally establish rate base. This is consistent with Commission practice for original certificate applications.

Cost of Capital

The utility's proposed capital structure, which consists of 40% equity and 60% debt, is shown on Schedule No. 2. **The utility proposed an overall cost of capital of 7.56%.** The proposed cost of equity of 11.40% is based on the Commission's current leverage formula⁴. The utility's cost of debt of 5.0% is based on the parent company's average borrowing rate. We find that the utility's proposed overall cost of capital is reasonable and shall be used to calculate the utility's revenue requirements. We also approve a return on equity of 11.40% with a range of plus or minus 100 basis points.

Return on Investment

The utility's proposed return on investment of \$9,182, shown on Schedule 3, is based on its **proposed rate base and overall cost of capital of 7.56%.** We find that this amount is reasonable and shall be included in the utility's revenue requirement.

Revenue Requirement

The utility's proposed revenue requirement of \$27,047, described below, is shown on Schedule 3.

Operating and Maintenance Expenses. The utility's proposed operating and maintenance expense of \$11,491 is based on fuel for power production, chemicals, contractual services, and rent for the well sites. We find that the amount is reasonable and shall be included in the revenue requirement.

Depreciation Expense and CIAC Amortization. The utility's proposed depreciation expense and CIAC amortization of \$11,635 and \$6,478, respectively, are based on the guideline rates reflected in Rule 25-30.140, Florida Administrative Code. We find that these amounts are reasonable and shall be included in the revenue requirement.

Regulatory Assessment Fees (RAFs). The utility's proposed taxes of \$1,217 consists entirely of RAFs in the amount of 4.5% of gross revenues. Since land is rented, there is no property tax expense. Since the utility is a limited liability company, there is no income tax liability. We find that the RAF amount is reasonable and shall be included in the revenue requirement.

Rates

Potable Water Service. The utility's proposed monthly residential and general service water rates are based on a revenue requirement of \$27,047 and its anticipated customer base at 80% of design capacity. The proposed base facility charge and gallonage charge rate structure is considered a conservation rate structure. We find that the utility's proposed monthly rates for

⁴ Order No. PSC-04-0587-PAA-WS, issued June 10, 2004, in Docket No. 040006-WS, In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

residential and general service customers, as shown on Schedule No. 4, are reasonable and we approve them.

Miscellaneous Service Charges. The application contains a request for miscellaneous service charges consistent with Rule 25-30.460, Florida Administrative Code, which defines four categories of miscellaneous service charges. We find that the proposed miscellaneous service charges, as shown on Schedule No. 4, are appropriate and shall be approved.

Service Availability Charges

The utility proposes to provide service to any customer within its service area upon application and payment of meter installation and plant capacity charges. Schedule No. 4 shows the utility's proposed plant capacity charge of \$293.66 per ERC and meter installation charges, which are based on approximately 47% of the estimated plant costs and 100% of the costs of the meters and installation. We find that the proposed service availability policy and charges are consistent with the guidelines in Rule 25-30.580, Florida Administrative Code, and we approve them. The service availability charges shall be effective for connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(2), Florida Administrative Code.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that B & C Water Resources, L.L.C. is granted Certificate No. 626-W to provide water service in the territory described in Attachment A to this Order. It is further

ORDERED that Attachments A and B and Schedules 1 through 4 appended to this Order are incorporated herein. It is further

ORDERED that the utility's initial rates and return on investment are approved as set forth in the body of this Order and in Schedules 1 through 4 appended to this Order. It is further

ORDERED that the portion of this Order establishing the utility's initial rates and charges and return on investment shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850, by the close of business on the date set forth in the Notice of Further Proceedings attached hereto. It is further

ORDERED that within 30 days from the date of the Commission vote in this docket, November 30, 2004, the utility shall file a proposed notice of its approved rates and charges that will be given to each hunt camp in its service territory prior to billing monthly water service. It is further

ORDERED that within 30 days from the date this Order is issued, the utility shall file an executed and recorded lease agreement. It is further

ORDERED that the portion of this Order that establishes rates and charges shall become final upon the issuance of a Consummating Order, but the docket shall remain open pending receipt of an executed and recorded lease agreement and proposed customer notice. Upon receipt of the documents the docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 20th day of December, 2004.

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

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(SEAL)

RG

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action that establishes rates and charges is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule

28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 10, 2005. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request:

- (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or
- (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

B & C WATER RESOURCES, L.L.C.

WATER SERVICE TERRITORY

SERVING ONLY BAKER COUNTY, FLORIDA

TOWNSHIP 3 SOUTH, RANGE 19 EAST: All of Section 23, lying South of U.S. Highway 90; All of Section 24, lying South of U.S. Highway 90; All of Section 25; All of Section 26, lying South of U.S. Highway 90; All of Section 27, lying South of U.S. Highway 90; All of Section 28, lying South of U.S. Highway 90; All of Section 34; All of Section 35; All of Section 36

TOWNSHIP 3 SOUTH, RANGE 20 EAST: All of Section 11; All of Section 13; All of Section 15; All of Section 16; All of Section 17, lying South of U.S. Highway 90; All of Section 18, lying South of U.S. Highway 90; All of Section 20; All of Section 21; All of Section 22; All of Section 23; All of Section 25, lying West of County Road 229; All of Section 26; All of Section 27; All of Section 29; All of Section 30; All of Section 31; All of Section 33; All of Section 35

TOWNSHIP 3 SOUTH, RANGE 21 EAST: All of Section 29; All of Section 30; All of Section 31; All of Section 32

TOWNSHIP 4 SOUTH, RANGE 19 EAST: All of Section 1; All of Section 2; All of Section 3; All of Section 4; All of Section 9; All of Section 10; All of Section 11; All of Section 12; All of Section 13; All of Section 14; All of Section 15; All of Section 16

TOWNSHIP 4 SOUTH, RANGE 20 EAST: All of Section 6; All of Section 7; All of Section 12; All of Section 13; All of Section 14; All of Section 15; All of Section 16; All of Section 18

TOWNSHIP 4 SOUTH, RANGE 21 EAST: All of Section 4; All of Section 5; All of Section 6; All of Section 7; All of Section 8; All of Section 9; All of Section 10, lying East of County Road 121; All of Section 11, lying East of County Road 121; All of Section 12; All of Section 13; All of Section 14; All of Section 15; All of Section 16; All of Section 17; All of Section 18

TOWNSHIP 4 SOUTH, RANGE 22 EAST: All of Section 7; All of Section 18

SERVING ONLY UNION COUNTY, FLORIDA

TOWNSHIP 4 SOUTH, RANGE 19 EAST: All of Section 21; All of Section 22; All of Section 23; All of Section 24; All of Section 25; All of Section 26; All of Section 27; All of Section 28; The east 1/2 of Section 32; All of Section 33; All of Section 34; All of Section 35; All of Section 36

TOWNSHIP 4 SOUTH, RANGE 20 EAST: All of Section 19; All of Section 20; All of Section 21; All of Section 22; All of Section 23; All of Section 24; All of Section 25; All of Section 26; All of Section 27; All of Section 28; All of Section 29; All of Section 30; All of Section 31; All of Section 32; All of Section 33; All of Section 34; All of Section 35; All of Section 36

TOWNSHIP 4 SOUTH, RANGE 21 EAST: All of Section 19; All of Section 20; All of Section 21; All of Section 22; All of Section 23; All of Section 24; All of Section 25; All of Section 26; The Northeast 1/4, the North 1/2 of the Southeast 1/4 and the Southwest 1/4 of the Northwest 1/4; Section 27; The North 1/2, the Northwest 1/4 of the Southeast 1/4 and the Northeast 1/4 of the Southwest 1/4; The North 1/2 of

Section 28; All of Section 29; All of Section 30; All of Section 31; Section 32: the West 1/2; All of Section 36

TOWNSHIP 4 SOUTH, RANGE 22 EAST: All of Section 19; All of Section 30

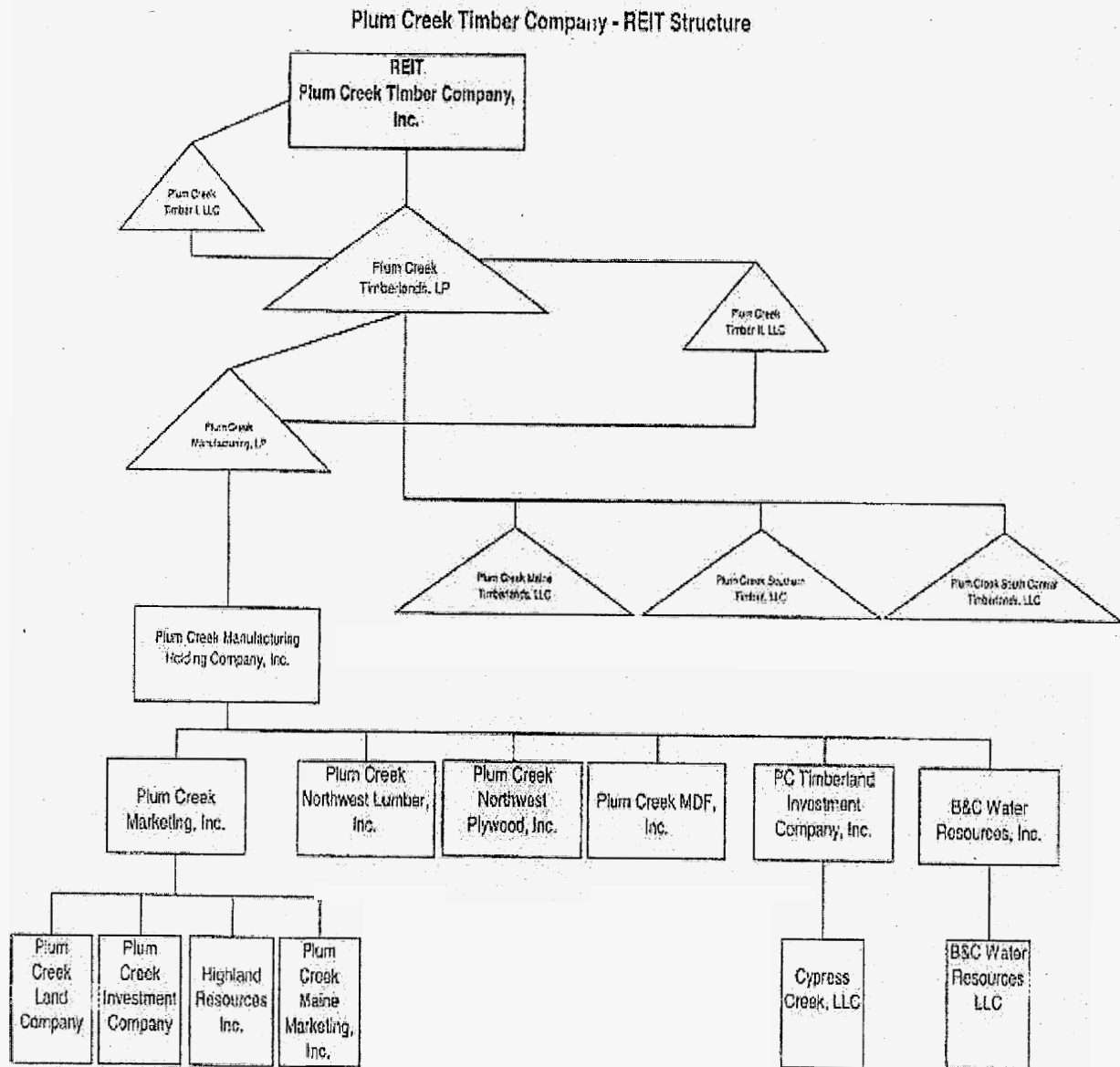
TOWNSHIP 5 SOUTH, RANGE 18 EAST: All of Section 12; All of Section 13; All of Section 14; All of Section 15; All of Section 22; All of Section 23; All of Section 24; All of Section 25; All of Section 26; All of Section 27; All of Section 34; All of Section 35, lying North of County Road 238; All of Section 36, lying North of County Road 238

TOWNSHIP 5 SOUTH, RANGE 19 EAST: All of Section 1; All of Section 2; All of Section 3; All of Section 4; All of Section 5; All of Section 7; All of Section 8; All of Section 9; All of Section 10; All of Section 11; All of Section 12; All of Section 13; All of Section 14; All of Section 15; All of Section 16; All of Section 17; All of Section 18; All of Section 19; All of Section 20; All of Section 21; All of Section 22; All of Section 23; All of Section 24; All of Section 25, lying North of County Road 100; All of Section 27; All of Section 28; All of Section 29; All of Section 30; All of Section 31, lying North of County Road 238; All of Section 32; lying North of County Road 238; All of Section 33; All of Section 34; All of Section 35

TOWNSHIP 5 SOUTH, RANGE 20 EAST: All of Section 1, lying South of County Road 16; All of Section 2; All of Section 3; All of Section 4; All of Section 5; All of Section 6; All of Section 7; All of Section 8; All of Section 9; All of Section 10; All of Section 11; All of Section 12; All of Section 13; All of Section 14; All of Section 15; All of Section 16; All of Section 17; All of Section 18; All of Section 19; All of Section 20; All of Section 21, lying North of County Road 121; All of Section 22, lying North of County Road 121; All of Section 23, lying North of County Road 121; All of Section 28; The Southeast 1/4 of the Northwest 1/4 of Section 29 lying South of County Road 238 and the North 1/2 of the Northwest 1/4 of Section 29; The North 1/2 of Section 30; The Southeast 1/4 and the East 1/2 of the Southwest 1/4 of Section 32; All of Section 33; All of Section 34; All of Section 35

TOWNSHIP 5 SOUTH, RANGE 21 EAST: All of Section 6; All of Section 7; The West 1/4 and the Northwest 1/4 of Southeast 1/4 of Section 8; All of Section 17, lying South of County Road 121 and State Highway 16; Section 18: The South 1/2 of the Southeast 1/4 lying East of County Road 229 and the East 2/3 of the Northeast 1/4 of the Southeast 1/4; All of Section 19, lying North of County Road 229; All of Section 20, lying North of County Road 229; All of Section 29; All of Section 30

TOWNSHIP 6 SOUTH, RANGE 20 EAST: All of Section 2, lying North of County Road 100; All of Section 3; All of Section 4; All of Section 5; All of Section 6; All of Section 8; All of Section 9; All of Section 10; All of Section 16; All of Section 18



B & C WATER RESOURCES, L.L.C.
WATER RATE BASE
AT 80% DESIGN CAPACITY

<u>DESCRIPTION</u>	<u>UTILITY PROPOSED AND COMMISSION APPROVED</u>
Utility Plant in Service	\$ 248,440
Accumulated Depreciation	\$(11,635)
Contributions in Aid of Construction	\$(123,264)
Accumulated Amortization of CIAC	\$ 6,478
Working Capital Allowance	<u>\$ 1,436</u>
Total Rate Base	\$ 121,455

B & C WATER RESOURCES, L.L.C.

COST OF CAPITAL

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>WEIGHT</u>	<u>COST RATE</u>	<u>WEIGHTED COST</u>
Common Equity	\$ 48,582	40.00%	11.40%	4.560%
Debt	<u>\$ 72,873</u>	<u>60.00%</u>	5.00%	<u>3.000%</u>
	\$121,455	100.00%		7.560%

B & C WATER RESOURCES, L.L.C.

REVENUE REQUIREMENT

<u>DESCRIPTON</u>	<u>UTILITY PROPOSED AND COMMISSION APPROVED</u>
Operation & Maintenance Expenses	\$ 11,491
Depreciation Expenses	11,635
CIAC Amortization	(6,478)
Regulatory Assessment Fees	<u>1,217</u>
Total Expenses	\$ 17,865
Return on Investment	<u>9.182</u>
Revenue Requirement	\$ 27,047

B & C WATER RESOURCES, L.L.C.

RATES AND CHARGES

Monthly Water Rates
Residential & General Service

<u>Base Facility Charge</u>	
5/8 x 3/4"	\$ 12.61
3/4"	18.92
1.0"	31.53
1.5"	63.05
2.0"	100.88
Charge per 1,000 gallons	\$ 2.94

Miscellaneous Service Charges

Initial Connection	\$15.00
Normal Reconnection	15.00
Violation Reconnection	Actual Cost
Premises Visit (in lieu of disconnection)	10.00

Service Availability Charges

<u>Meter Installation Fee</u>	
5/8 x 3/4"	\$200.00
3/4"	250.00
1.0"	300.00
1.5"	450.00
2.0"	600.00
<u>Plant Capacity Charge</u>	
Residential per ERC (350 GPD)	\$293.66
General Service per ERC (350 GPD)	293.66
All others per gallon	0.84