

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION
CLERK

DATE: March 25, 2010

TO: Director, Office of the Commission Clerk (Cole)

FROM: Division of Economic Regulation (Wright, Bulecza-Banks, Daniel, Deason, Fletcher, Linn, Rieger, Salnova, Walden),
Office of the General Counsel (Young)

RE: Docket No. 090462-WS – Application for increase in Water and Wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.
County(ies): Marion, Orange, Pasco, Pinellas, Seminole

AGENDA: 4/06/10 – Regular Agenda – Decision on Suspension of Rates and on Interim Rates – Participation is at the Discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Skop

CRITICAL DATES: 60-Day Suspension Date Waived by Company to 04/06/10

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\090462.RCM.DOC

Case Background

Utilities, Inc. of Florida (UIF or Utility) is a Class A utility providing water and wastewater service to 22 systems in the following counties: Marion, Orange, Pasco, Pinellas, and Seminole. UIF is a wholly-owned subsidiary of Utilities, Inc. (UI). The Utility's last rate case was in 2007.¹

¹ See Order No. PSC-07-0505-SC-WS, issued June 13, 2007, in Docket No. 060253-WS, in re: Application for rate increase in Marion, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida

By letter dated September 30, 2009, UIF requested test year approval in order to file an application for general rate relief for all of its counties. The Utility requested that the application be processed using the Proposed Agency Action (PAA) procedure and requested interim rates.

UIF's requested test year for final and interim purposes is the historical year ended December 31, 2008. On February 1, 2010, the Utility filed minimum filing requirements (MFRs) to justify its requested rate increase. By letter dated February 25, 2010, UIF was notified that the MFRs were deficient. UIF corrected the deficiencies through information submitted on March 5, 2010.

In its MFRs, the Utility requested the following annual interim revenue increases for Marion, Orange, Pasco, Pinellas and Seminole Counties.

<u>County</u>	<u>Water Revenue Increase</u>	<u>% Increase</u>	<u>Wastewater Revenue Increase</u>	<u>% Increase</u>
Marion	\$8,727	4.83%	\$14,271	35.83%
Orange	\$23,627	23.44%	N/A	N/A
Pasco	\$467,774	58.03%	\$283,313	63.48%
Pinellas	\$46,332	46.38%	N/A	N/A
Seminole	\$246,035	31.56%	\$134,541	18.08%
Total	\$792,495	40.29%	\$432,125	35.16%

The original 60-day statutory deadline for the Commission to suspend the Utility's requested final rates was April 1, 2010. However, by letter dated February 2, 2010, the Utility agreed to extend the statutory time frame by which the Commission is required to address UIF's interim rate request. This recommendation addresses the suspension of UIF's requested final rates and the Utility's requested interim rates. The Commission has jurisdiction pursuant to Section 367.081 and 367.082, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Utility's proposed final water and wastewater rates be suspended?

Recommendation: Yes. UIF's proposed final water and wastewater rates should be suspended. (Wright, Deason, Linn)

Staff Analysis: Section 367.081(6), F.S., provides that the Commission may, for good cause, withhold consent to the implementation of the requested rates by a vote to that effect within 60 days after the date the rate request is filed. Further, Section 367.081(8), F.S., permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months if: (1) the Commission has not acted upon the requested rate increase; or (2) if the Commission's PAA action is protested by a party other than the Utility.

Staff has reviewed the filing and has considered the information filed in support of the rate application and the proposed final rates. Staff recommends further investigation of this information, including on-site investigations by staff accountants and engineers. Based on the foregoing, staff recommends that the Utility's proposed rate increase be suspended.

Issue 2: Should any interim revenue increase be approved?

Recommendation: Yes, the Utility should be authorized to collect annual water and wastewater revenues as indicated below:

<u>County</u>	<u>Adjusted Test Year Revenues</u>	<u>Revenue Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Marion - Water	\$180,504	\$0	\$175,317	N/A
Marion - Wastewater	\$39,829	\$12,040	\$51,869	30.23%
Orange – Water	\$100,789	\$15,579	\$116,368	15.46%
Pasco – Water	\$806,112	\$386,802	\$1,192,914	47.98%
Pasco -Wastewater	\$446,272	\$253,166	\$699,438	56.73%
Pinellas – Water	\$99,904	\$34,827	\$134,731	34.86%
Seminole - Water	\$779,689	\$177,124	\$956,813	22.72%
Seminole - Wastewater	\$743,954	\$62,074	\$806,028	8.34%

(Wright, Deason, Linn)

Staff Analysis: UIF filed rate base, cost of capital, and operating statements to support its requested interim water and wastewater increases. Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those used in the Utility's most recent rate proceeding and annualizing any rate changes. Staff reviewed UIF's interim request, as well as Order No. PSC-07-0505-SC-WS, the Utility's most recent rate proceeding. Staff's recommended adjustments are discussed below. Staff has attached accounting schedules for each county to illustrate staff's recommended rate base, capital structure, and test year operating income amounts. The rate base schedules are labeled as Nos. 1-A and 1-B, for water and wastewater, respectively, with the adjustments shown on No. 1-C. The capital structure schedule is No. 2. The operating income schedules for water and wastewater, respectively, are labeled as Nos. 3-A and 3-B, with the adjustments shown on No. 3-C.

RATE BASE

For the historical test year ended December 31, 2008, the Utility used the balance sheet approach to calculate interim working capital, which is appropriate for a Class A Utility. The calculated total company working capital was \$2,835,097, and it was allocated to each of UIF's systems based on Equivalent Residential Connections (ERCs) at December 31, 2008.

In Order No. PSC-07-0505-SC-WS, working capital was decreased by \$1,903,373 from the Utility's thirteen-month average cash balance of \$1,979,643 or by approximately 96.15 percent to remove the cash amounts that were transferred to the parent company. Consistent

with the last rate case, staff believes a similar adjustment is appropriate. Applying the same 96.15 percent to the average cash balance of \$2,364,377 included in the working capital calculation for this filing results in a reduction of \$2,273,284 to working capital. Staff's \$2,273,284 reduction to the cash balance in working capital results in a working capital allowance of \$561,813. The following table shows the working capital allowance by county and by water or wastewater service as filed by the utility and as adjusted by staff.

County	As Filed	Staff Adjustment	Staff Adjusted
Marion – Water	\$157,348	\$126,167	\$31,181
Marion - Wastewater	\$23,248	\$18,641	\$4,607
Orange – Water	\$89,873	\$72,063	\$17,810
Pasco - Water	\$891,638	\$714,948	\$176,690
Pasco – Wastewater	\$350,701	\$281,205	\$69,496
Pinellas – Water	\$128,146	\$102,752	\$25,394
Seminole – Water	\$778,234	\$624,017	\$154,217
Seminole – Wastewater	\$415,909	\$333,491	\$82,418
TOTAL	\$2,835,097	\$2,273,284	\$561,813

UIF made a net used and useful adjustment to reduce Marion County's wastewater rate base in the amount of \$20,958, consistent with the last rate order. No other used and useful adjustments were made for the remaining counties, also consistent with the last rate order.

COST OF CAPITAL

In its interim request, UIF used a 10.46 percent return on equity (ROE), which is the minimum of the range of its last authorized ROE from Order No. PSC-07-0505-SC-WS. Based on a 10.46 percent ROE and staff's adjustments to rate base discussed earlier, staff recommends an interim weighted average cost of capital for each system as follows:

County	Requested Weighted Average Cost of Capital	Recommended Weighted Average Cost of Capital
Marion	7.06%	6.81%
Orange	6.86%	6.49%
Pasco	7.10%	6.88%

County	Requested Weighted Average Cost of Capital	Recommended Weighted Average Cost of Capital
Pinellas	6.90%	6.54%
Seminole	7.29%	7.16%

NET OPERATING INCOME

In the Utility's last rate case, the Commission determined that the Ravenna Park system in Seminole County had excessive Infiltration and Inflow (I&I) in the amount of 19.3 percent of the wastewater treated by the City of Sanford. An adjustment of \$20,600 was made in the last rate case reducing the total purchased wastewater treatment expense for Seminole County for excessive I&I. Additional information is still needed related to excessive I&I at Ravenna Park for this docket, therefore staff recommends applying the same 19.3 percent from the last rate case to the purchased wastewater treatment expense for 2008 of \$172,240. This results in an adjustment to reduce purchased wastewater treatment expense in the amount of \$33,242.

Based on the above adjustments, staff recommends the revenue requirements reflected in the following table. These recommended revenue increases will allow the Utility the opportunity to recover its water and/or wastewater operating expenses and earn at the minimum of the last previously recommended return on equity of its water and/or wastewater rate bases.

County	Adjusted Test Year Revenues	Revenue Increase	Revenue Requirement	% Increase
Marion - Water	\$180,504	\$0	\$175,317*	N/A
Marion - Wastewater	\$39,829	\$12,040	\$51,869	30.23%
Orange - Water	\$100,789	\$15,579	\$116,368	15.46%
Pasco - Water	\$806,112	\$386,802	\$1,192,914	47.98%
Pasco - Wastewater	\$446,272	\$253,166	\$699,438	56.73%
Pinellas - Water	\$99,904	\$34,827	\$134,731	34.86%
Seminole - Water	\$779,689	\$177,124	\$956,813	22.72%
Seminole - Wastewater	\$743,954	\$62,074	\$806,028	8.34%

* This revenue requirement is based on the low point of the last authorized return on equity. Staff has determined that for the interim test year, the company earned within its authorized range. As a result, neither a revenue increase nor decrease would be appropriate.

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

Recommendation: The service rates for UIF in effect as of December 31, 2005, should be increased as shown below to generate the recommended revenue increase for the interim period.

<u>County</u>	<u>Increase</u>
Marion - Water	N/A
Marion - Wastewater	30.31%
Orange – Water	15.67%
Pasco – Water	48.62 %
Pasco – Wastewater	56.78%
Pinellas – Water	35.07%
Seminole – Water	23.10%
Seminole - Wastewater	8.36%

The rates, as shown on Schedules No. 4-A and 4-B, should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C., provided the customers have received notice. The rates should not be implemented until the required security has been filed and proper notice has been received by the customers. The Utility should provide proof to staff of the date notice was given within 10 days after the date of the notice. (Wright, Deason, Linn)

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

County	Adjusted Test Year Revenues	Less: Misc. Revenue	Revenues - Service Rates	Revenue Increase	% Rate Increase
Marion - Water	\$180,504	\$1,090	\$179,414	\$0	N/A
Marion - Wastewater	\$39,829	\$105	\$39,724	\$12,040	30.31%
Orange - Water	\$100,789	\$1,385	\$99,404	\$15,579	15.67%
Pasco - Water	\$806,112	\$10,492	\$795,620	\$386,802	48.62%
Pasco - Wastewater	\$446,272	\$368	\$445,904	\$253,166	56.78%

County	Adjusted Test Year Revenues	Less: Misc. Revenue	Revenues - Service Rates	Revenue Increase	% Rate Increase
Pinellas - Water	\$99,904	\$605	\$99,299	\$34,827	35.07%
Seminole - Water	\$779,689	\$13,013	\$766,676	\$177,124	23.10%
Seminole - Wastewater	\$743,954	\$1,110	\$742,844	\$62,074	8.36%

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

Schedule Nos. 4-A and 4-B reflects each of the above systems' current rates, the requested interim and final rates, and staff's recommended interim rates.

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

Recommendation: A corporate undertaking is acceptable contingent upon receipt of the written guarantee of the parent company, Utilities, Inc. (UI), and written confirmation of UI's continued attestation that it does not have any outstanding guarantees on behalf of UI-owned utilities in other states. UI should be required to file a corporate undertaking on behalf of its subsidiaries to guarantee any potential refunds of revenues collected under interim conditions. UI's maximum amount of revenue that needs to be protected is \$714,789 subject to refund in this docket. Pursuant to Rule 25-30.360(6), F.A.C., the Utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C. (Wright, Salnova)

Staff Analysis: Pursuant to Section 367.082, F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the Commission. Utilities, Inc. of Florida (UIF or Company) has requested annual interim revenue increases of \$792,495 for water and \$432,125 for wastewater for systems in the counties referenced in this docket. In accordance with Rule 25-30.360, F.A.C., staff has calculated the potential refund of revenues and interest collected under interim conditions to be \$714,789. This amount is based on an estimated seven months of revenue being collected from staff's recommended interim rates over the Utility's current authorized rates shown on Schedules Nos. 4-A and 4-B.

The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff reviewed the financial statements of the parent company to determine if UI can support a corporate undertaking on behalf of its subsidiary. UI's 2007, 2008, and 2009 financial statements were used to determine the financial condition of the Company. UI reported deficient liquidity and low levels of interest coverage over the review period. In addition, UI experienced a net loss in the amount of \$635,405 in 2008. However, UI improved profitability to sufficient levels in 2009 achieving net income in the amount of \$5,662,600. In addition, over the three year period net income has been on average three times greater than the requested corporate undertaking amount. The Company has also improved its interest coverage ratio in 2009. Finally, UI's average equity ratio has increased to 45.5 percent in 2009 from 40.7 percent in 2008.

Staff believes UI has adequate resources to support a corporate undertaking in the amount requested. Based on this analysis, staff recommends that a corporate undertaking of \$714,789 is acceptable contingent upon receipt of the written guarantee of UI and written confirmation that UI does not have any outstanding guarantees on behalf of UI-owned utilities in other states.

Docket No. 090462-WS

Date: March 25, 2010

Pursuant to Rule 25-30.360(6), F.A.C., the Utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C. In no instance should maintenance and administrative costs associated with any refund be borne by the customers. These costs are the responsibility of, and should be borne by, the Utility.

Docket No. 090462-WS

Date: March 25, 2010

Issue 5: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission's final action on the Utility's requested rate increase. (Young)

Staff Analysis: The docket should remain open pending the Commission's final action on the Utility's requested rate increase.

Utilities, Inc. of Florida - Marion County Schedule of Water Rate Base Test Year Ended 12/31/08				Schedule No. 1-A Docket No. 090462-WS Interim		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	
1 Plant in Service	\$681,677	\$95,815	\$777,492	\$0	\$777,492	
2 Land and Land Rights	28,058	(10,797)	17,261	0	17,261	
3 Non-used and Useful Components	\$0	\$0	0	0	0	
4 Accumulated Depreciation	(296,031)	(1,454)	(297,485)	0	(297,485)	
5 CIAC	(157,814)	0	(157,814)	0	(157,814)	
6 Amortization of CIAC	75,070	(1,976)	73,094	0	73,094	
7 CWIP	14,634	(\$14,634)	0	0	0	
8 Advances for Construction	0	0	0	0	0	
9 Working Capital Allowance	0	157,348	157,348	(126,167)	31,181	
10 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
11 Rate Base	<u>\$345,594</u>	<u>\$224,302</u>	<u>\$569,896</u>	<u>(\$126,167)</u>	<u>\$443,729</u>	

Utilities, Inc. of Florida - Marion County Schedule of Wastewater Rate Base Test Year Ended 12/31/08				Schedule No. 1-B Docket No. 090462-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$175,502	\$7,003	\$182,505	\$0	\$182,505
2 Land and Land Rights	0	10,826	10,826	0	10,826
3 Non-used and Useful Components	0	(20,958)	(20,958)	0	(20,958)
4 Accumulated Depreciation	(46,897)	(7,573)	(54,470)	0	(54,470)
5 CIAC	(7,200)	0	(7,200)	0	(7,200)
6 Amortization of CIAC	643	(104)	539	0	539
7 CWIP	4,680	(4,680)	0	0	0
8 Advances for Construction	0	0	0	0	0
9 Working Capital Allowance	0	23,248	23,248	(18,641)	4,607
10 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
11 Rate Base	<u>\$126,728</u>	<u>\$7,762</u>	<u>\$134,490</u>	<u>(\$18,641)</u>	<u>\$115,849</u>

Utilities, Inc. of Florida - Marion County
Adjustments to Rate Base
Test Year Ended 12/31/08

Schedule No. 1-C
Docket No. 090462-WS
Interim

Explanation	Water	Wastewater
<u>Working Capital</u> To reflect adjustments made in the last rate case.	<u>(\$126,167)</u>	<u>(\$18,641)</u>

Utilities, Inc. of Florida - Marion County
 Capital Structure
 Test Year Ended 12/31/08

Schedule No. 2
 Docket No. 090462-WS
 Interim

Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,706,107)	\$293,893	41.72%	6.65%	2.77%	
2 Short-term Debt	39,713,462	0	39,713,462	(39,648,605)	64,857	9.21%	4.30%	0.40%	
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
4 Common Equity	158,595,058	0	158,595,058	(158,336,126)	258,932	36.76%	10.46%	3.85%	
5 Customer Deposits	4,586	0	4,586	0	4,586	0.65%	6.00%	0.04%	
6 Tax-credits - Zero Cost	6,398	0	6,398	0	6,398	0.91%	0.00%	0.00%	
7 Deferred Income Taxes	<u>75,720</u>	<u>0</u>	<u>75,720</u>	<u>0</u>	<u>75,720</u>	<u>10.75%</u>	0.00%	<u>0.00%</u>	
10 Total Capital	<u>\$378,395,224</u>	<u>\$0</u>	<u>\$378,395,224</u>	<u>(\$377,690,838)</u>	<u>\$704,386</u>	<u>100.00%</u>		<u>7.06%</u>	
Per Staff									
11 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,775,006)	\$224,994	40.21%	6.65%	2.67%	
12 Short-term Debt	39,713,462	0	39,713,462	(39,663,821)	49,641	8.87%	4.30%	0.38%	
13 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
14 Common Equity	158,595,058	0	158,595,058	(158,396,819)	198,239	35.43%	10.46%	3.71%	
15 Customer Deposits	4,586	0	4,586	0	4,586	0.82%	6.00%	0.05%	
16 Tax-credits - Zero Cost	6,398	0	6,398	0	6,398	1.14%	0.00%	0.00%	
17 Deferred Income Taxes	<u>75,720</u>	<u>0</u>	<u>75,720</u>	<u>0</u>	<u>75,720</u>	<u>13.53%</u>	0.00%	<u>0.00%</u>	
20 Total Capital	<u>\$378,395,224</u>	<u>\$0</u>	<u>\$378,395,224</u>	<u>(\$377,835,646)</u>	<u>\$559,578</u>	<u>100.00%</u>		<u>6.81%</u>	
						LOW	HIGH		
RETURN ON EQUITY						<u>10.46%</u>	<u>12.46%</u>		
OVERALL RATE OF RETURN						<u>6.81%</u>	<u>7.52%</u>		

Utilities, Inc. of Florida - Marion County Statement of Water Operations Test Year Ended 12/31/08						Schedule No. 3-A Docket No. 090462-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$169,225</u>	<u>\$20,006</u>	<u>\$189,321</u>	<u>(\$8,727)</u>	<u>\$180,504</u>	<u>(\$5,187)</u> (2.87%)	<u>\$175,317</u>
Operating Expenses							
2 Operation & Maintenance	105,959	(7,756)	98,203	0	98,203		98,203
3 Depreciation	30,432	(7,253)	23,179	0	23,179		23,179
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	17,285	(2,863)	14,422	(393)	14,029	(233)	13,796
6 Income Taxes	<u>0</u>	<u>13,221</u>	<u>13,221</u>	<u>(1,436)</u>	<u>11,785</u>	<u>(1,864)</u>	<u>9,921</u>
7 Total Operating Expense	<u>153,676</u>	<u>(4,651)</u>	<u>149,025</u>	<u>(1,829)</u>	<u>147,196</u>	<u>(2,098)</u>	<u>145,098</u>
8 Operating Income	<u>\$15,549</u>	<u>\$24,657</u>	<u>\$40,206</u>	<u>(\$6,898)</u>	<u>\$33,308</u>	<u>(\$3,090)</u>	<u>\$30,218</u>
9 Rate Base	<u>\$345,594</u>		<u>\$569,896</u>		<u>\$443,729</u>		<u>\$443,729</u>
10 Rate of Return	<u>4.50%</u>		<u>7.06%</u>		<u>7.51%</u>		<u>6.81%</u>

Utilities, Inc. of Florida - Marion County Statement of Wastewater Operations Test Year Ended 12/31/08						Schedule No. 3-B Docket No. 090462-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$37,332</u>	<u>\$16,768</u>	<u>\$54,100</u>	<u>(\$14,271)</u>	<u>\$39,829</u>	<u>\$12,040</u> 30.23%	<u>\$51,869</u>
Operating Expenses							
2 Operation & Maintenance	18,425	13,019	31,444	0	31,444		31,444
3 Depreciation	4,347	2,121	6,468	0	6,498		6,468
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	0	3,578	3,578	(642)	2,936	542	3,478
6 Income Taxes	<u>0</u>	<u>3,121</u>	<u>3,121</u>	<u>(4,858)</u>	<u>(1,737)</u>	<u>4,327</u>	<u>2,590</u>
7 Total Operating Expense	<u>22,772</u>	<u>21,839</u>	<u>44,611</u>	<u>(5,500)</u>	<u>39,111</u>	<u>4,869</u>	<u>43,980</u>
8 Operating Income	<u>\$14,560</u>	<u>(\$5,071)</u>	<u>\$9,489</u>	<u>(\$8,771)</u>	<u>\$718</u>	<u>\$7,171</u>	<u>\$7,889</u>
9 Rate Base	<u>\$126,728</u>		<u>\$134,490</u>		<u>\$115,849</u>		<u>\$115,849</u>
10 Rate of Return	<u>11.49%</u>		<u>7.06%</u>		<u>0.62%</u>		<u>6.81%</u>

**Utilities, Inc. of Florida - Marion County
Adjustment to Operating Income
Test Year Ended 12/31/08**

**Schedule 3-C
Docket No. 090462-WS
Interim**

Explanation	Water	Wastewater
<u>Operating Revenues</u>		
Remove requested interim revenue increase.	<u>(\$8,727)</u>	<u>(\$14,271)</u>
<u>Taxes Other Than Income</u>		
RAFs on revenue adjustments above.	<u>(\$393)</u>	<u>(\$642)</u>
<u>Income Taxes</u>		
To adjust to test year income tax expense.	<u>(\$1,436)</u>	<u>(\$4,858)</u>

Utilities, Inc. of Florida - Marion County Water Monthly Service Rates Test Year Ended 12/31/08		Schedule No. 4-A Docket No. 090462-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$3.73	\$4.03	\$4.22	\$3.84
1"	\$9.32	\$10.07	\$10.55	\$9.60
1-1/2"	\$18.63	\$20.13	\$21.10	\$19.20
2"	\$29.81	\$32.31	\$33.75	\$30.72
3"	\$59.62	\$64.43	\$67.51	\$61.44
4"	\$93.16	\$100.67	\$105.48	\$96.00
6"	\$186.32	\$201.34	\$210.97	\$192.00
Gallonge Charge, per 1,000 Gallons	\$2.24	\$2.42	\$2.53	\$2.31
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$3.73	\$4.03	\$4.22	\$3.84
1"	\$9.32	\$10.07	\$10.55	\$9.60
1-1/2"	\$18.63	\$20.13	\$21.10	\$19.20
2"	\$29.81	\$32.31	\$33.75	\$30.72
3"	\$59.62	\$64.43	\$67.51	\$61.44
4"	\$93.16	\$100.67	\$105.48	\$96.00
6"	\$186.32	\$201.34	\$210.97	\$192.00
Gallonge Charge, per 1,000 Gallons	\$2.24	\$2.42	\$2.53	\$2.31
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$10.45	\$11.29	\$11.81	\$10.77
5,000 Gallons	\$14.93	\$16.13	\$16.87	\$15.39
10,000 Gallons	\$26.13	\$28.23	\$29.52	\$26.94

Utilities, Inc. of Florida - Marion County Wastewater Monthly Service Rates Test Year Ended 12/31/08		SCHEDULE NO. 4-B Docket No. 090462-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential</u>				
Base Facility Charge All Meter Sizes:	\$19.73	\$27.52	\$28.03	\$25.71
Gallorage Charge - Per 1,000 gallons (10,000 gallon cap)	\$2.10	\$2.94	\$2.99	\$2.74
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$19.73	\$27.52	\$28.03	\$25.71
1"	\$49.33	\$68.82	\$70.09	\$64.28
1-1/2"	\$98.65	\$137.62	\$140.16	\$128.55
2"	\$157.85	\$220.23	\$224.28	\$205.99
3"	\$315.69	\$440.43	\$448.54	\$411.37
4"	\$493.27	\$688.18	\$700.86	\$642.78
6"	\$986.54	\$1,376.35	\$1,401.72	\$1,285.55
Gallorage Charge, per 1,000 Gallons	\$2.51	\$3.50	\$3.57	\$3.27
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$26.03	\$36.34	\$37.00	\$33.93
5,000 Gallons	\$30.23	\$42.22	\$42.98	\$39.41
10,000 Gallons (Wastewater Gallorage Cap - 10,000 Gallons)	\$40.73	\$56.92	\$57.93	\$53.11

Utilities, Inc. of Florida - Orange County Schedule of Water Rate Base Test Year Ended 12/31/08			Schedule No. 1-A Docket No. 090462-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$351,708	(\$68,586)	\$283,122	\$0	\$283,122
2 Land and Land Rights	87	14	101	0	101
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(134,640)	61,212	(73,248)	0	(73,248)
5 CIAC	46,633	(85,736)	(39,103)	0	(39,103)
6 Amortization of CIAC	27,683	2,197	29,880	0	29,880
7 CWIP	10,032	(10,032)	0	0	0
8 Advances for Construction	0	0	0	0	0
9 Working Capital Allowance	0	89,873	89,873	(72,063)	17,810
10 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
11 Rate Base	<u>\$301,683</u>	<u>(\$11,058)</u>	<u>\$290,625</u>	<u>(\$72,063)</u>	<u>\$218,562</u>

Utilities, Inc. of Florida - Orange County Adjustments to Rate Base Test Year Ended 12/31/08	Schedule No. 1-C Docket No. 090462-WS Interim
Explanation	Water
<u>Working Capital</u> To reflect adjustments made in the last rate case.	<u>(\$72,063)</u>

Utilities, Inc. of Florida - Orange County Capital Structure Test Year Ended 12/31/08						Schedule No. 2 Docket No. 090462-WS Interim		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Utility								
1 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,882,215)	\$117,785	40.53%	6.65%	2.70%
2 Short-term Debt	39,713,462	0	39,713,462	(39,687,469)	25,993	8.94%	4.30%	0.38%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	158,595,058	0	158,595,058	(158,491,285)	103,773	35.71%	10.46%	3.73%
5 Customer Deposits	2,278	0	2,278	0	2,278	0.78%	6.00%	0.05%
6 Tax-credits - Zero Cost	3,178	0	3,178	0	3,178	1.09%	0.00%	0.00%
7 Deferred Income Taxes	<u>37,618</u>	<u>0</u>	<u>37,618</u>	<u>0</u>	<u>37,618</u>	<u>12.94%</u>	<u>0.00%</u>	<u>0.00%</u>
10 Total Capital	<u>\$378,351,594</u>	<u>\$0</u>	<u>\$378,351,594</u>	<u>(\$378,060,969)</u>	<u>\$290,625</u>	<u>100.00%</u>		<u>6.86%</u>
Per Staff								
11 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,916,502)	\$83,498	38.20%	6.65%	2.54%
12 Short-term Debt	39,713,462	0	39,713,462	(39,695,040)	18,442	8.43%	4.30%	0.36%
13 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
14 Common Equity	158,595,058	0	158,595,058	(158,521,490)	73,568	33.66%	10.46%	3.52%
15 Customer Deposits	2,278	0	2,278	0	2,278	1.04%	6.00%	0.06%
16 Tax-credits - Zero Cost	3,178	0	3,178	0	3,178	1.45%	0.00%	0.00%
17 Deferred Income Taxes	<u>37,618</u>	<u>0</u>	<u>37,618</u>	<u>0</u>	<u>37,618</u>	<u>17.21%</u>	<u>0.00%</u>	<u>0.00%</u>
20 Total Capital	<u>\$378,351,594</u>	<u>\$0</u>	<u>\$378,351,594</u>	<u>(\$378,133,032)</u>	<u>\$218,562</u>	<u>100.00%</u>		<u>6.49%</u>
						LOW	HIGH	
RETURN ON EQUITY						<u>10.46%</u>	<u>12.46%</u>	
OVERALL RATE OF RETURN						<u>6.49%</u>	<u>7.16%</u>	

Utilities, Inc. of Florida - Orange County Statement of Water Operations Test Year Ended 12/31/08						Schedule No. 3-A Docket No. 090462-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$93,791</u>	<u>\$30,625</u>	<u>\$124,416</u>	<u>(\$23,627)</u>	<u>\$100,789</u>	<u>\$15,579</u> 15.46%	<u>\$116,368</u>
Operating Expenses							
2 Operation & Maintenance	89,963	(9,240)	80,723	0	80,723		80,723
3 Depreciation	22,630	(15,248)	7,382	0	7,382		7,382
4 Amortization	0	2,016	2,016	0	2,016		2,016
5 Taxes Other Than Income	9,026	(1,236)	7,790	(1,063)	6,727	701	7,428
6 Income Taxes	<u>0</u>	<u>6,554</u>	<u>6,554</u>	<u>(7,510)</u>	<u>(956)</u>	<u>5,599</u>	<u>4,643</u>
7 Total Operating Expense	<u>121,619</u>	<u>(17,154)</u>	<u>104,465</u>	<u>(8,573)</u>	<u>95,892</u>	<u>6,300</u>	<u>102,192</u>
8 Operating Income	<u>\$(27,828)</u>	<u>\$47,779</u>	<u>\$19,951</u>	<u>(\$15,054)</u>	<u>\$4,897</u>	<u>\$9,280</u>	<u>\$14,177</u>
9 Rate Base	<u>\$301,683</u>		<u>\$290,625</u>		<u>\$218,562</u>		<u>\$218,562</u>
10 Rate of Return	<u>(9.22%)</u>		<u>6.86%</u>		<u>2.24%</u>		<u>6.49%</u>

Utilities, Inc. of Florida - Orange County Adjustment to Operating Income Test Year Ended 12/31/08	Schedule 3-C Docket No. 090462-WS Interim
Explanation	Water
<u>Operating Revenues</u> Remove requested interim revenue increase.	<u>(\$23,627)</u>
<u>Taxes Other Than Income</u> RAFs on revenue adjustments above.	<u>(\$1,063)</u>
<u>Income Taxes</u> To adjust to test year income tax expense.	<u>(\$7,510)</u>

Utilities, Inc. of Florida - Orange County Water Monthly Service Rates Test Year Ended 12/31/08		Schedule No. 4-A Docket No. 090462-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential, General Service and Multi-Family</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$6.45	\$8.21	\$8.82	\$7.46
1"	\$16.13	\$20.53	\$22.07	\$18.66
1-1/2"	\$32.27	\$41.08	\$44.16	\$37.33
2"	\$51.63	\$65.72	\$70.64	\$59.72
3"	\$103.26	\$131.43	\$141.27	\$119.44
4"	\$161.34	\$205.36	\$220.74	\$186.63
6"	\$322.68	\$410.71	\$441.48	\$373.25
Gallonage Charge, per 1,000 Gallons				
First 8,000 gallons	\$2.66	\$3.39	\$3.64	\$3.08
Next 8,000 gallons	\$3.33	\$4.23	\$4.55	\$3.85
Over 16,000 gallons	\$4.00	\$5.09	\$5.47	\$4.63
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$6.45	\$8.21	\$8.82	\$7.46
1"	\$16.13	\$20.53	\$22.07	\$18.66
1-1/2"	\$32.27	\$41.08	\$44.16	\$37.33
2"	\$51.63	\$65.72	\$70.64	\$59.72
3"	\$103.26	\$131.43	\$141.27	\$119.44
4"	\$161.34	\$205.36	\$220.74	\$186.63
6"	\$322.68	\$410.71	\$441.48	\$373.25
Gallonage Charge, per 1,000 Gallons				
	\$2.85	\$3.63	\$3.90	\$3.30
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$14.43	\$18.38	\$19.74	\$16.70
5,000 Gallons	\$19.75	\$25.16	\$27.02	\$22.85
10,000 Gallons	\$34.39	\$43.79	\$47.04	\$39.78

Utilities, Inc. of Florida - Pasco County Schedule of Water Rate Base Test Year Ended 12/31/08			Schedule No. 1-A Docket No. 090462-WS Interim		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$3,641,036	\$437,770	\$4,078,806	\$0	\$4,078,806
2 Land and Land Rights	12,042	(11,522)	520	0	520
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(652,975)	(9,644)	(662,619)	0	(662,619)
5 CIAC	(594,329)	0	(594,329)	0	(594,329)
6 Amortization of CIAC	386,629	(46,712)	339,917	0	339,917
7 Construction Work In Progress	82,871	(82,871)	0	0	0
8 Working Capital Allowance	0	891,638	891,638	(714,948)	176,690
9 Rate Base	<u>\$2,875,274</u>	<u>\$1,178,659</u>	<u>\$4,053,933</u>	<u>(\$714,948)</u>	<u>\$3,338,985</u>

Utilities, Inc. of Florida - Pasco County Schedule of Wastewater Rate Base Test Year Ended 12/31/08				Schedule No. 1-B Docket No. 090462-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$1,252,475	\$123,879	\$1,376,354	\$0	\$1,376,354
2 Land and Land Rights	0	1,218	1,218	0	1,218
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(333,948)	(4,604)	(338,552)	0	(338,552)
5 CIAC	(531,736)	(38,287)	(570,023)	0	(570,023)
6 Amortization of CIAC	369,711	(146,458)	223,253	0	223,253
7 CWIP	42,674	(42,674)	0	0	0
8 Advances for Construction	0	0	0	0	0
9 Working Capital Allowance	0	350,701	350,701	(281,205)	69,496
10 Rate Base	<u>\$799,176</u>	<u>\$243,775</u>	<u>\$1,042,951</u>	<u>(\$281,205)</u>	<u>\$761,746</u>

Docket No. 090462-WS

Date: March 25, 2010

Utilities, Inc. of Florida - Pasco County Adjustments to Rate Base Test Year Ended 12/31/08	Schedule No. 1-C Docket No. 090462-WS Interim	
Explanation	Water	Wastewater
<u>Working Capital</u> To reflect adjustments made in the last rate case.	<u>(\$714,948)</u>	<u>(\$281,205)</u>

Utilities, Inc. of Florida - Pasco County Capital Structure Test Year Ended 12/31/08						Schedule No. 2 Docket No. 090462-WS Interim		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Utility								
1 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$177,858,410)	\$2,141,580	42.02%	6.65%	2.79%
2 Short-term Debt	39,713,462	0	39,713,462	(39,240,854)	472,608	9.27%	4.30%	0.40%
3 Preferred Stock	0	0	0	0	\$0	0.00%	0.00%	0.00%
4 Common Equity	158,595,058	0	158,595,058	(156,708,227)	1,886,831	37.02%	10.46%	3.87%
5 Customer Deposits	31,515	0	31,515	0	31,515	0.62%	6.00%	0.04%
6 Tax Credits - Zero Cost	43,966	0	43,966	0	43,966	0.86%	0.00%	0.00%
7 Deferred Income Taxes	<u>520,374</u>	<u>0</u>	<u>520,374</u>	<u>0</u>	<u>520,374</u>	<u>10.21%</u>	0.00%	<u>0.00%</u>
10 Total Capital	<u>\$378,904,375</u>	<u>\$0</u>	<u>\$378,904,375</u>	<u>(\$373,807,491)</u>	<u>\$5,096,884</u>	<u>100.00%</u>		<u>7.10%</u>
Per Staff								
11 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$178,332,373)	\$1,667,627	40.67%	6.65%	2.70%
12 Short-term Debt	39,713,462	0	39,713,462	(39,345,533)	367,929	8.97%	4.30%	0.39%
13 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
14 Common Equity	158,595,058	0	158,595,058	(157,125,739)	1,469,319	35.83%	10.46%	3.75%
15 Customer Deposits	31,515	0	31,515	0	31,515	0.77%	6.00%	0.05%
16 Tax Credits - Zero Cost	43,966	0	43,966	0	43,966	1.07%	0.00%	0.00%
17 Deferred Income Taxes	<u>520,374</u>	<u>0</u>	<u>520,374</u>	<u>0</u>	<u>520,374</u>	<u>12.69%</u>	0.00%	<u>0.00%</u>
20 Total Capital	<u>\$378,904,375</u>	<u>\$0</u>	<u>\$378,904,375</u>	<u>(\$374,803,644)</u>	<u>\$4,100,731</u>	<u>100.00%</u>		<u>6.88%</u>
						LOW	HIGH	
RETURN ON EQUITY						<u>10.46%</u>	<u>12.46%</u>	
OVERALL RATE OF RETURN						<u>6.88%</u>	<u>7.60%</u>	

Utilities, Inc. of Florida - Pasco County Statement of Water Operations Test Year Ended 12/31/08						Schedule No. 3-A Docket No. 090462-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$800,466</u>	<u>\$473,420</u>	<u>\$1,273,886</u>	<u>(\$467,774)</u>	<u>\$806,112</u>	<u>\$386,802</u> 47.98%	<u>\$1,192,914</u>
Operating Expenses							
2 Operation & Maintenance	\$718,400	(\$79,804)	638,596	0	638,596		638,596
3 Depreciation	166,678	(\$27,711)	138,967	0	138,967		138,967
4 Amortization	0	(3,186)	(3,186)	0	(3,186)		(3,186)
5 Taxes Other Than Income	139,346	(22,258)	116,818	(21,050)	95,768	17,406	113,174
6 Income Taxes	0	94,732	94,732	(158,233)	(63,501)	139,004	75,502
7 Total Operating Expense	<u>1,024,424</u>	<u>(38,497)</u>	<u>985,927</u>	<u>(179,283)</u>	<u>806,644</u>	<u>156,410</u>	<u>963,053</u>
8 Operating Income	<u>(\$223,958)</u>	<u>\$511,917</u>	<u>\$287,959</u>	<u>(\$288,491)</u>	<u>(\$532)</u>	<u>\$230,392</u>	<u>\$229,860</u>
9 Rate Base	<u>\$2,875,274</u>		<u>\$4,053,933</u>		<u>\$3,338,985</u>		<u>\$3,338,985</u>
10 Rate of Return	<u>(7.79%)</u>		<u>7.10%</u>		<u>(0.02%)</u>		<u>6.88%</u>

Utilities, Inc. of Florida - Pasco County Statement of Wastewater Operations Test Year Ended 12/31/08						Schedule No. 3-B Docket No. 090462-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$443,411</u>	<u>\$286,174</u>	<u>\$729,585</u>	<u>(\$283,313)</u>	<u>\$446,272</u>	<u>\$253,166</u> 56.73%	<u>\$699,438</u>
Operating Expenses							
2 Operation & Maintenance	385,324	147,465	32,789	0	532,789		532,789
3 Depreciation	30,285	13,933	44,218	0	44,218		44,218
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	0	54,123	54,123	(12,749)	41,374	11,392	52,766
6 Income Taxes	<u>0</u>	<u>23,374</u>	<u>24,374</u>	<u>(98,128)</u>	<u>(73,754)</u>	<u>90,979</u>	<u>17,225</u>
7 Total Operating Expense	<u>415,609</u>	<u>239,895</u>	<u>655,504</u>	<u>(110,878)</u>	<u>544,626</u>	<u>102,372</u>	<u>646,998</u>
8 Operating Income	<u>\$27,802</u>	<u>\$46,279</u>	<u>\$74,081</u>	<u>(\$172,435)</u>	<u>(\$98,354)</u>	<u>\$150,794</u>	<u>\$52,440</u>
9 Rate Base	<u>\$799,176</u>		<u>\$1,042,951</u>		<u>\$761,746</u>		<u>\$761,746</u>
10 Rate of Return	<u>3.48%</u>		<u>7.10%</u>		<u>(12.91%)</u>		<u>6.88%</u>

Utilities, Inc. of Florida - Pasco County Adjustment to Operating Income Test Year Ended 12/31/08		Schedule 3-C Docket No. 090462-WS Interim	
Explanation	Water	Wastewater	
<u>Operating Revenues</u> Remove requested interim revenue increase.	<u>(\$467,774)</u>	<u>(\$283,313)</u>	
<u>Taxes Other Than Income</u> RAFs on revenue adjustments above.	<u>(\$21,050)</u>	<u>(\$12,749)</u>	
<u>Income Taxes</u> To adjust to test year income tax expense.	<u>(\$158,233)</u>	<u>(\$98,128)</u>	

Utilities, Inc. of Florida - Pasco County Water Monthly Service Rates Test Year Ended 12/31/08				Schedule No. 4-A Docket No. 090462-WS Interim
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential, General Service and Irrigation</u>				
Base Facility Charge by Meter Size:				
5/8"	\$9.57	\$15.25	\$16.34	\$14.22
3/4"	\$14.35	\$22.87	\$24.49	\$21.33
1"	\$23.92	\$38.14	\$40.85	\$35.55
1-1/2"	\$47.85	\$76.27	\$81.69	\$71.11
2"	\$76.55	\$122.02	\$130.70	\$113.77
3"	\$153.11	\$244.05	\$261.40	\$227.55
4"	\$239.23	\$381.32	\$408.44	\$355.53
6"	\$478.46	\$762.65	\$816.90	\$711.07
Gallonge Charge, per 1,000 Gallons	\$3.11	\$4.95	\$5.30	\$4.62
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$18.90	\$30.10	\$32.24	\$28.09
5,000 Gallons	\$25.12	\$40.00	\$42.84	\$37.33
10,000 Gallons	\$40.67	\$64.75	\$69.34	\$60.44

Utilities, Inc. of Florida - Pasco County Wastewater Monthly Service Rates Test Year Ended 12/31/08		SCHEDULE NO. 4-B Docket No. 090462-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential</u>				
ALL (Summertree)	\$11.27	\$18.54	\$19.11	\$17.67
5/8" (Wis Bar)	\$8.67	\$14.28	\$14.71	\$13.59
5/8" (Wis Bar) - Flat	\$25.07	\$41.26	\$42.52	\$39.20
<u>Multi-Residential</u>				
5/8" (Wis Bar)	\$20.95	\$34.49	\$35.54	\$32.84
1" (Wis Bar)	\$21.68	\$35.68	\$36.77	\$33.99
<u>General Service</u>				
All areas served by the Company				
Base Facility Charge by Meter Size:				
5/8"	\$11.38	\$18.72	\$19.30	\$17.84
3/4"	\$17.06	\$28.08	\$28.94	\$26.75
1"	\$28.44	\$46.80	\$48.23	\$44.59
1-1/2"	\$56.88	\$93.62	\$96.48	\$89.17
2"	\$91.01	\$149.80	\$154.37	\$142.68
3"	\$182.02	\$299.60	\$308.74	\$285.36
4"	\$284.40	\$468.32	\$482.40	\$445.87
6"	\$568.80	\$936.25	\$964.80	\$891.74
<u>Gallonge Charge (per 1,000 Gallons)</u>				
All Residential (Summertree) Max 6,000 Gallons	\$9.75	\$15.75	\$16.23	\$15.00
All Residential (Wis Bar) Max 6,000 Gallons	\$6.83	\$11.23	\$11.57	\$10.71
All General Service (Wis Bar)	\$11.49	\$18.90	\$19.48	\$18.01
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$39.98	\$65.79	\$67.80	\$62.68
5,000 Gallons	\$59.12	\$97.29	\$100.26	\$92.69
6,000 Gallons (Wastewater Gallonge Cap - 6,000 Gallons)	\$106.97	\$176.04	\$181.41	\$167.70

Utilities, Inc. of Florida - Pinellas County Schedule of Water Rate Base Test Year Ended 12/31/08				Schedule No. 1-A Docket No. 090462-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$362,956	\$84,794	\$447,750	\$0	\$447,750
2 Land and Land Rights	6,231	20	6,261	0	6,251
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(65,868)	(20,671)	(86,539)	0	(86,539)
5 CIAC	(138,847)	0	(138,847)	0	(138,847)
6 Amortization of CIAC	70,677	(417)	70,260	0	70,260
7 Construction Work in Progress	14,323	(14,323)	0	0	0
8 Advances for Construction	0	0	0	0	0
9 Working Capital Allowance	0	128,146	128,146	(102,752)	25,394
10 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
11 Rate Base	<u>\$249,472</u>	<u>\$177,549</u>	<u>\$427,021</u>	<u>(\$102,752)</u>	<u>\$324,269</u>

Docket No. 090462-WS
Date: March 25, 2010

Utilities, Inc. of Florida - Pinellas County Adjustments to Rate Base Test Year Ended 12/31/08	Schedule No. 1-C Docket No. 090462-WS Interim
Explanation	Water
<u>Working Capital</u> To reflect adjustments made in the last rate case.	<u>(\$102,752)</u>

Utilities, Inc. of Florida - Pinellas County Capital Structure Test Year Ended 12/31/08						Schedule No. 2 Docket No. 090462-WS Interim			
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,826,084)	\$173,916	40.73%	6.65%	2.71%
2	Short-term Debt	39,713,462	0	39,713,462	(39,675,082)	38,380	8.99%	4.30%	0.39%
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4	Common Equity	158,595,058	0	158,595,058	(158,441,831)	153,227	35.88%	10.46%	3.75%
5	Customer Deposits	3,253	0	3,253	0	3,253	0.76%	6.00%	0.05%
6	Tax Credits - Zero Cost	4,538	0	4,538	0	4,538	1.06%	0.00%	0.00%
7	Deferred Income Taxes	<u>53,707</u>	<u>0</u>	<u>53,707</u>	<u>0</u>	<u>53,707</u>	<u>12.58%</u>	0.00%	<u>0.00%</u>
10	Total Capital	<u>\$378,370,018</u>	<u>\$0</u>	<u>\$378,370,018</u>	<u>(\$377,942,997)</u>	<u>\$427,021</u>	<u>100.00%</u>		<u>6.90%</u>
Per Staff									
11	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,874,973)	\$125,027	38.56%	6.65%	2.56%
12	Short-term Debt	39,713,462	0	39,713,462	(39,685,877)	27,585	8.51%	4.30%	0.37%
13	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
14	Common Equity	158,595,058	0	158,595,058	(158,484,899)	110,159	33.97%	10.46%	3.55%
15	Customer Deposits	3,253	0	3,253	0	4,538	1.40%	6.00%	0.06%
16	Tax Credits - Zero Cost	4,538	0	4,538	0	3,253	1.00%	0.00%	0.00%
17	Deferred Income Taxes	<u>53,707</u>	<u>0</u>	<u>53,707</u>	<u>0</u>	<u>53,707</u>	<u>16.56%</u>	0.00%	<u>0.00%</u>
20	Total Capital	<u>\$378,370,018</u>	<u>\$0</u>	<u>\$378,370,018</u>	<u>(\$378,045,749)</u>	<u>\$324,269</u>	<u>100.00%</u>		<u>6.54%</u>
						LOW	HIGH		
RETURN ON EQUITY						<u>10.46%</u>	<u>12.46%</u>		
OVERALL RATE OF RETURN						<u>6.54%</u>	<u>7.22%</u>		

Utilities, Inc. of Florida - Pinellas County Statement of Water Operations Test Year Ended 12/31/08						Schedule No. 3-A Docket No. 090462-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$101,480</u>	<u>\$44,756</u>	<u>\$146,236</u>	<u>(\$46,332)</u>	<u>\$99,904</u>	<u>\$34,827</u> 34.86%	<u>\$134,731</u>
Operating Expenses							
2 Operation & Maintenance	109,778	(25,335)	84,443	0	84,443		84,443
3 Depreciation	17,738	(6,354)	11,384	0	11,384		11,384
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	6,348	4,903	11,251	(2,085)	9,166	1,567	10,733
6 Income Taxes	<u>(10,408)</u>	<u>20,095</u>	<u>9,689</u>	<u>(15,252)</u>	<u>(5,563)</u>	<u>12,515</u>	<u>6,952</u>
7 Total Operating Expense	<u>123,458</u>	<u>(6,691)</u>	<u>116,767</u>	<u>(17,337)</u>	<u>99,430</u>	<u>14,083</u>	<u>113,512</u>
8 Operating Income	<u>(\$21,978)</u>	<u>\$51,447</u>	<u>\$29,469</u>	<u>(\$28,995)</u>	<u>\$474</u>	<u>\$20,744</u>	<u>\$21,218</u>
9 Rate Base	<u>\$249,472</u>		<u>\$427,021</u>		<u>\$324,269</u>		<u>\$324,269</u>
10 Rate of Return	<u>(8.81%)</u>		<u>6.90%</u>		<u>0.15%</u>		<u>6.54%</u>

Utilities, Inc. of Florida - Pinellas County Adjustment to Operating Income Test Year Ended 12/31/08	Schedule 3-C Docket No. 090462-WS Interim
Explanation	Water
<u>Operating Revenues</u> Remove requested interim revenue increase.	<u>(\$46,332)</u>
<u>Taxes Other Than Income</u> RAFs on revenue adjustments above.	<u>(\$2,085)</u>
<u>Income Taxes</u> To adjust to test year income tax expense.	<u>(\$15,252)</u>

Utilities, Inc. of Florida - Pinellas County Water Monthly Service Rates Test Year Ended 12/31/08		Schedule No. 4-A Docket No. 090462-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential, General Service and Multi-Family</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$6.41	\$9.43	\$9.91	\$8.66
1"	\$16.02	\$23.57	\$24.57	\$21.64
1-1/2"	\$32.04	\$47.15	\$47.59	\$43.28
2"	\$51.27	\$75.45	\$79.35	\$69.25
3"	\$102.54	\$150.89	\$158.69	\$138.50
4"	\$160.21	\$235.75	\$247.93	\$216.40
6"	\$320.42	\$471.51	\$495.88	\$432.80
Gallonge Charge, per 1,000 Gallons	\$3.62	\$5.32	\$5.59	\$4.89
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$6.41	\$9.43	\$9.91	\$8.66
1"	\$16.02	\$23.57	\$24.57	\$21.64
1-1/2"	\$32.04	\$47.15	\$47.59	\$43.28
2"	\$51.27	\$75.45	\$79.35	\$69.25
3"	\$102.54	\$150.89	\$158.69	\$138.50
4"	\$160.21	\$235.75	\$247.93	\$216.40
6"	\$320.42	\$471.51	\$495.88	\$432.80
Gallonge Charge, per 1,000 Gallons	\$3.62	\$5.32	\$5.59	\$4.89
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$17.27	\$25.39	\$26.68	\$23.33
5,000 Gallons	\$24.51	\$36.03	\$37.86	\$33.11
10,000 Gallons	\$42.61	\$62.63	\$65.81	\$57.55

Utilities, Inc. of Florida - Seminole County Schedule of Water Rate Base Test Year Ended 12/31/08				Schedule No. 1-A Docket No. 090462-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$6,339,298	(\$2,331,750)	\$4,007,548	\$0	\$4,007,548
2 Land and Land Rights	184,765	(165,113)	19,682	0	19,682
3 Non-used and Useful Components	0	0	0	0	0
4 Construction Wok in Progress	72,343	(72,343)	0	0	0
5 Accumulated Depreciation	(2,275,057)	1,429,929	(845,128)	0	(845,128)
6 CIAC	(914,894)	3,888	(911,006)	0	(911,006)
7 Amortization of CIAC	663,753	28,885	692,638	0	692,638
8 Advances for Construction	0	0	0	0	0
9 Working Capital Allowance	0	778,234	778,234	(624,017)	154,217
10 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
11 Rate Base	<u>\$4,070,238</u>	<u>(\$328,270)</u>	<u>\$3,741,968</u>	<u>(\$624,017)</u>	<u>\$3,117,951</u>

Utilities, Inc. of Florida - Seminole County Schedule of Wastewater Rate Base Test Year Ended 12/31/08			Schedule No. 1-B Docket No. 090462-WS Interim		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$2,329,527	\$524,629	\$2,854,156	\$0	\$2,854,156
2 Land and Land Rights	0	470	470	0	470
3 Non-used and Useful Components	0	0	0	0	0
4 Construction Work in Progress	45,375	(45,375)	0	0	0
5 Accumulated Depreciation	(433,733)	(96,267)	(530,000)	0	(530,000)
6 CIAC	(772,777)	1,795	(770,982)	0	(770,982)
7 Amortization of CIAC	506,911	(13,568)	493,343	0	493,343
8 CWIP	0	0	0	0	0
9 Advances for Construction	0	0	0	0	0
10 Working Capital Allowance	0	415,909	415,909	(333,491)	82,418
11 Rate Base	<u>\$1,675,303</u>	<u>\$787,593</u>	<u>\$2,462,896</u>	<u>(\$333,491)</u>	<u>\$2,129,405</u>

Docket No. 090462-WS

Date: March 25, 2010

Utilities, Inc. of Florida - Seminole County Adjustments to Rate Base Test Year Ended 12/31/08	Schedule No. 1-C Docket No. 090462-WS Interim	
Explanation	Water	Wastewater
<u>Working Capital</u> To reflect adjustments made in the last rate case.	<u>(\$624,017)</u>	<u>(\$333,491)</u>

Utilities, Inc. of Florida - Seminole County Capital Structure Test Year Ended 12/31/08						Schedule No. 2 Docket No. 090462-WS Interim		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Utility								
1 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$177,320,727)	\$2,679,277	43.19%	6.65%	2.87%
2 Short-term Debt	39,713,462	0	39,713,462	(39,122,097)	591,365	9.53%	4.30%	0.41%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	158,595,058	0	158,595,058	(156,234,105)	2,360,953	38.05%	10.46%	3.98%
5 Customer Deposits	30,297	0	30,297	0	30,297	0.49%	6.00%	0.03%
6 Tax Credits - zero cost	42,266	0	42,266	0	42,266	0.68%	0.00%	0.00%
7 Deferred Income Taxes	<u>500,257</u>	<u>0</u>	<u>500,257</u>	<u>0</u>	<u>500,257</u>	<u>8.06%</u>	0.00%	<u>0.00%</u>
8 Total Capital	<u>\$378,881,340</u>	<u>\$0</u>	<u>\$378,881,340</u>	<u>(\$372,676,475)</u>	<u>\$6,204,865</u>	<u>100.00%</u>		<u>7.29%</u>
Per Staff								
9 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$177,775,846)	\$2,224,154	42.39%	6.65%	2.82%
10 Short-term Debt	39,713,462	0	39,713,923	(39,222,746)	490,716	9.35%	4.30%	0.40%
11 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
12 Common Equity	158,595,058	0	158,595,058	(156,635,392)	1,959,666	37.35%	10.46%	3.91%
13 Customer Deposits	30,297	0	30,297	0	30,297	0.58%	6.00%	0.03%
14 Tax Credits - zero cost	42,266	0	42,266	0	42,266	0.81%	0.00%	0.00%
15 Deferred Income Taxes	<u>500,257</u>	<u>0</u>	<u>500,257</u>	<u>0</u>	<u>500,257</u>	<u>9.53%</u>	0.00%	<u>0.00%</u>
16 Total Capital	<u>\$378,881,340</u>	<u>\$0</u>	<u>\$378,881,340</u>	<u>(\$373,633,984)</u>	<u>\$5,247,356</u>	<u>100.00%</u>		<u>7.16%</u>
						LOW	HIGH	
RETURN ON EQUITY						<u>10.46%</u>	<u>12.46%</u>	
OVERALL RATE OF RETURN						<u>7.16%</u>	<u>7.91%</u>	

Utilities, Inc. of Florida - Seminole County Statement of Water Operations Test Year Ended 12/31/08						Schedule No. 3-A Docket No. 090462-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$728,392</u>	<u>\$297,332</u>	<u>\$1,025,724</u>	<u>(\$246,035)</u>	<u>\$779,689</u>	<u>\$177,124</u> 22.72%	<u>\$956,813</u>
Operating Expenses							
2 Operation & Maintenance	904,918	(483,757)	421,161	0	421,161		421,161
3 Depreciation	176,595	(45,241)	131,354	0	131,354		131,354
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	201,190	(90,578)	110,612	(11,072)	99,540	7,971	107,511
6 Income Taxes	<u>0</u>	<u>89,819</u>	<u>89,819</u>	<u>(79,986)</u>	<u>9,833</u>	<u>63,653</u>	<u>73,485</u>
7 Total Operating Expense	<u>1,282,703</u>	<u>(529,757)</u>	<u>752,946</u>	<u>(91,058)</u>	<u>661,888</u>	<u>71,623</u>	<u>733,511</u>
8 Operating Income	<u>\$(554,311)</u>	<u>\$827,089</u>	<u>\$272,778</u>	<u>(\$154,977)</u>	<u>\$117,801</u>	<u>\$105,501</u>	<u>\$223,302</u>
9 Rate Base	<u>\$4,070,238</u>		<u>\$3,741,968</u>		<u>\$3,117,951</u>		<u>\$3,117,951</u>
10 Rate of Return	<u>(13.62)%</u>		<u>7.29%</u>		<u>3.78%</u>		<u>7.16%</u>

Utilities, Inc. of Florida - Seminole County Statement of Wastewater Operations Test Year Ended 12/31/08						Schedule No. 3-B Docket No. 090462-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$689,590</u>	<u>\$188,905</u>	<u>\$878,495</u>	<u>(\$134,541)</u>	<u>\$743,954</u>	<u>\$62,074</u> 8.34%	<u>\$806,028</u>
Operating Expenses							
2 Operation & Maintenance	291,686	218,670	510,356	(\$33,242)	477,114		477,114
3 Depreciation	65,776	18,290	84,066	0	84,066		84,066
4 Amortization	0	(24,289)	(24,289)	0	(24,289)		(24,289)
5 Taxes Other Than Income	0	69,707	69,707	(6,054)	63,653	2,793	66,446
6 Income Taxes	<u>0</u>	<u>59,121</u>	<u>59,121</u>	<u>(31,241)</u>	<u>27,800</u>	<u>22,307</u>	<u>50,187</u>
7 Total Operating Expense	<u>357,462</u>	<u>341,499</u>	<u>698,961</u>	<u>(70,538)</u>	<u>628,423</u>	<u>25,101</u>	<u>653,524</u>
8 Operating Income	<u>\$332,128</u>	<u>(\$152,594)</u>	<u>\$179,534</u>	<u>(\$64,003)</u>	<u>\$115,531</u>	<u>\$36,973</u>	<u>\$152,504</u>
9 Rate Base	<u>\$1,675,303</u>		<u>\$2,462,896</u>		<u>\$2,129,405</u>		<u>\$2,129,405</u>
10 Rate of Return	<u>19.82%</u>		<u>7.29%</u>		<u>5.43%</u>		<u>7.16%</u>

Utilities, Inc. of Florida - Seminole County Adjustment to Operating Income Test Year Ended 12/31/08		Schedule 3-C Docket No. 090462-WS Interim	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
Remove requested interim revenue increase.	<u>(\$246,035)</u>	<u>(\$134,541)</u>	
<u>Operations and Maintenance Expense</u>			
To adjust purchased wastewater for excess I & I.	<u>0</u>	<u>(\$33,242)</u>	
<u>Taxes Other Than Income</u>			
RAFs on revenue adjustments above.	<u>(\$11,072)</u>	<u>(\$6,054)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$79,986)</u>	<u>(\$31,241)</u>	

Utilities, Inc. of Florida - Seminole County Water Monthly Service Rates Test Year Ended 12/31/08		Schedule No. 4-A Docket No. 090462-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential, General Service and Irrigation</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$5.87	\$8.11	\$9.28	\$7.23
1"	\$14.67	\$20.29	\$23.21	\$18.06
1-1/2"	\$29.34	\$40.58	\$46.43	\$36.12
2"	\$46.94	\$64.92	\$74.29	\$57.78
3"	\$93.88	\$129.85	\$148.58	\$115.57
4"	\$146.69	\$202.90	\$232.17	\$180.58
6"	\$293.38	\$405.79	\$464.35	\$361.16
<u>Gallonge Charge, per 1,000 Gallons</u>				
First 8,000 Gallons	\$2.15	\$2.97	\$3.40	\$2.65
Next 8,000 Gallons	\$3.77	\$5.21	\$5.96	\$4.64
Over 16,000 gallons	\$4.84	\$6.68	\$7.65	\$5.96
<u>General Service</u>				
Gallonage Charge, per 1,000 Gallons	\$2.61	\$3.61	\$4.13	\$3.21
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$12.32	\$17.02	\$19.48	\$15.17
5,000 Gallons	\$24.72	\$34.16	\$39.08	\$30.43
10,000 Gallons	\$30.61	\$42.29	\$48.40	\$37.68

Utilities, Inc. of Florida - Seminole County Wastewater Monthly Service Rates Test Year Ended 12/31/08		SCHEDULE NO. 4-B Docket No. 090462-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
Residential				
Base Facility Charge All Meter Sizes:	\$10.51	\$13.13	\$15.15	\$11.39
Gallonge Charge - Per 1,000 gallons (10,000 gallon cap)	\$5.86	\$7.32	\$8.45	\$6.35
Flat Rate (unmetered)	\$35.60	\$44.46	\$51.34	\$38.57
General Service				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$10.51	\$13.13	\$15.15	\$11.39
1"	\$26.27	\$32.80	\$37.87	\$28.47
1-1/2"	\$52.53	\$65.59	\$75.74	\$56.92
2"	\$84.25	\$105.20	\$121.48	\$91.29
3"	\$168.09	\$209.88	\$242.36	\$182.14
4"	\$262.64	\$327.95	\$378.69	\$284.59
6"	\$525.28	\$655.91	\$757.39	\$569.17
Gallonge Charge, per 1,000 Gallons	\$7.03	\$8.78	\$10.13	\$7.62
Typical Residential Bills 5/8" x 3/4" Meter				
3,000 Gallons	\$28.09	\$35.09	\$40.50	\$30.44
5,000 Gallons	\$39.81	\$49.73	\$57.40	\$43.14
10,000 Gallons (Wastewater Gallonge Cap - 10,000 Gallons)	\$69.11	\$86.83	\$99.65	\$74.89