

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of ATLANTIS	)	DOCKET NO. 880756-WS
UTILITIES COMPANY for rate increase	)	ORDER NO. 20793
in Palm Beach County.	)	ISSUED: 2-21-89

The following Commissioners participated in the disposition of this matter.

MICHAEL McK. WILSON, Chairman  
 THOMAS M. BEARD  
 BETTY EASLEY  
 JOHN T. HERNDON

NOTICE OF PROPOSED AGENCY ACTIONORDER SETTING FINAL RATES AND  
 ESTABLISHING MISCELLANEOUS SERVICE CHARGES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission of its intent to grant, in part, pursuant to Section 367.081, Florida Statutes, the rate application of Atlantis Utilities Company (Atlantis or the utility), a utility subject to this Commission's jurisdiction, providing service to customers in Palm Beach County, Florida.

BACKGROUND

Atlantis provides water and wastewater services in Palm Beach County and is subject to this Commission's rate-setting jurisdiction. The utility's service area is predominantly residential in character, but service is also provided to some general service customers, most notably a hospital complex and close-by health care facilities. Atlantis produces its own water, but wastewater is collected for subsequent treatment and disposal at a regional treatment facility in West Palm Beach.

APPLICATION

On July 28, 1988, Atlantis filed a petition to adjust its rates pursuant to Section 367.081, Florida Statutes. A \$60,608 revenue increase for water service was requested, which amount would be somewhat offset by a simultaneous \$37,281 revenue reduction for wastewater service. On a comparative basis for the test year ended December 31, 1987, the proposed rates would generate \$23,327 (or about 4.4%) more in net revenues than existing rates.

The utility did not request collection of interim rates, preferring to await completion of our review of this pleading before implementing new charges. The utility's rates were changed on or about February 22, 1988, pursuant to an earlier petition for indexing of expenses and for recovery of greater expenses for purchased treatment services in Docket No. 871302-WS. The utility's water and wastewater rates were last changed in a general rate proceeding in Docket No. 810057-WS, based upon a 1980 calendar year test period. More recently, in Docket No. 870149-WS, this Commission reviewed the overall level of the utility's rates for evidence of possible

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overearnings. Using a 1986 calendar year test period, we concluded that, while wastewater rates appeared to be too large, water rates were too modest and that overearnings were not indicated on a combined basis.

#### CUSTOMER MEETING

A customer meeting, properly noticed, was conducted in the utility's service area on October 10, 1988. About ten customers attended this meeting. The proposed rate adjustments were discussed, but the customers appeared most concerned about the quality of water service. According to customer testimony, most residential users have purchased in-house softening and, in some cases, filtration equipment due to dissatisfaction with the taste and hardness of water. The customers were informed that a staff recommendation concerning both rates and service would be prepared after the technical staff completed its investigation. The customers were also informed that the Commission would likely render its rate-setting decision in the form of a proposed agency action order, which decision would become final unless a valid protest was timely filed.

#### QUALITY OF SERVICE

Atlantis' service area is located approximately eight miles south of the City of West Palm Beach in Palm Beach County. The utility serves approximately 1,050 single family residential connections and 95 general service connections. Our analysis of Atlantis' overall quality of service is derived from our evaluation of the condition of the utility's plant and facilities, the quality of the utility's product, and the customer testimony.

Atlantis receives its water from five wells. The water is pumped to a cascade aerator and into two 300,000 gallon concrete ground storage tanks. Gas chlorination is used for disinfection. High service pumps maintain adequate pressure in the system using a hydropneumatic tank. The pumps are activated when pressure in the system drops below 55 pounds per square inch (psi). The plant has an emergency diesel generator that is capable of supplying power to the entire plant in the event of an emergency. The water distribution system consists of ductile iron, asbestos cement, and pvc pipe ranging in size from 4 to 12 inches in diameter.

Atlantis does not treat the wastewater collected. The raw sewage is pumped to the City of Lake Worth's system which, in turn, pumps it to the regional facility in West Palm Beach. Atlantis' system consists of 8, 10, and 12 inch collection lines and nine lift stations. We conducted an engineering inspection of the facilities on October 11, 1988. The operation and general condition of the facilities was satisfactory.

The utility has one violation on file with the Department of Health and Rehabilitative Services (HRS). HRS is the agency authorized to enforce the Department of Environmental Regulation's (DER) rules in this county. The chlorination system is required to have adequate weighing devices and automatic switchover equipment per Rule 17-555.320(5)(a),

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Florida Administrative Code (FAC). In its application, the utility requested a \$14,000 pro forma provision for the required work with completion scheduled in three months. Later, the utility advised us that the actual cost of this chlorination equipment would be \$20,990 and use of this actual cost was requested. We hereby approve this request. Upon installation of this equipment, the utility will be in compliance with all rules and regulations.

The treated water provided by the utility meets all state and federal standards. The raw water from the aquifer in this area typically contains high amounts of calcium carbonate hardness. While it is aesthetically unpleasant, the level of hardness is below state standards and poses no health problems. The raw water also is high in color and ranges from 40 to 60 in color units. The utility utilizes chlorine to bleach the water to meet the state requirement of 15 color units. This is a cost efficient and acceptable method used by many utilities in the area.

One customer, Mr. John Lynch, expressed concern regarding the hardness of the water and indicated that approximately 80% of the customers in the service area have water softeners. Mr. Lynch testified that improved water service was needed, and that wholesale purchase of water service from a nearby public or private utility should be considered.

Another concern was the discoloration of dark clothes after they have been washed several times. This is likely due to the high amount of chlorine in the water. The utility uses the chlorine dosage to decrease the color to acceptable state standards. While DER has no requirement regarding the maximum amount of chlorine that may be added to the water, it does not recommend residuals in the system exceeding 5 milligrams per liter (mg/l). Measurements taken at the plant indicate residuals averaging 3 mg/l.

Mr. Lynch also expressed concern regarding corrosion of his icemaker plumbing. Mr. Redding also testified regarding plumbing corrosion problems. He said that he had to replace his hot water heater within four years and was told by a local plumber that it was caused by his softening unit. The test results for corrosion show that the water meets state standards in the distribution system.

Mr. George Tracy was concerned about the utility applying for a rate increase while there is a possibility of an acquisition by the City of Atlantis. It was explained to Mr. Tracy that a possible acquisition by the City has no bearing on this current rate proceeding.

Dr. Bove's primary concern was the chlorine odor in the water. As previously discussed, the chlorine dosage is a form of treatment necessary to meet state standards.

Mr. Zencoe reported that water color was occasionally a problem. The utility later informed our Staff that a new fire department had been randomly flushing the hydrants without coordinating this activity with the utility. The turbulence caused by this flushing loosens rust in the older cast iron

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lines by a flow reversal, that under normal conditions would not occur. This can cause a temporary rusty color in the water. The utility is currently coordinating this flushing with the fire department in an effort to keep the customers advised. The current City of Atlantis' Newsletter has scheduled times when the flushing will occur so that the customers are prepared.

Although the water meets state standards, the general consensus of the customers at the meeting was that they would prefer additional treatment at the plant or possibly an interconnection with another system that has advanced treatment. To eliminate individual home softening units, the utility, at a minimum, would have to add a central softening system if it chose to further treat the water. Although we have no other complaints regarding the utility's quality of service on file, nor does DER, we believe a feasibility study should be performed to explore what alternatives are available to address these customers' concerns. Therefore, we order the utility to perform a feasibility study for a central softening plant or interconnection with an advanced water treatment system. The study should include all capital costs and operation and maintenance expenses associated with each alternative. The utility can contact our Staff engineer for more specific details. This study shall be submitted within six months of the date of the final order. Should the City of Atlantis or any other governmental agency purchase the utility within that time frame, the study will not be required. We understand that the utility has already performed some work preliminary to such a study.

Based on the condition of the plant and the fact that the water meets all standards, we find the current quality of service satisfactory, although we are ordering the utility to perform the feasibility study. According to the utility, this study will cost about \$5,000. We will allow recovery of this added expense over a four year period for a \$1,250 addition to test year expenses.

#### RATE BASE

Our calculations of the utility's water rate base and sewer rate base are attached as Schedules Nos. 1-A and 1-B, respectively. Our adjustments to the rate base calculation are listed on Schedule No. 1-C.

The rate base value is a summation of its constituent plant, CIAC, reserve account, and working capital components. We find Atlantis' rate base amounts are \$230,889 and \$43,472 for the respective water and wastewater divisions.

#### Used and Useful Plant

In the past overearnings case, Docket No. 870149-WS, the water plant, water distribution, and sewage collection systems were found to be 100% used and useful. The conditions have not changed since that finding.

Fire flow needs for the system have been set at 2500 gallons per minute (gpm) for a duration of four hours. In

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1983, fire flow capacity for the plant was changed from 1500 gpm to 2500 gpm as a result of the National Fire Protection Association's regulations for providing adequate fire flow needs for systems serving hospitals. When John F. Kennedy Hospital, Atlantis' largest customer, expanded in 1983, fire flow needs for the hospital, and subsequently Atlantis' system, were increased. The hospital paid for the majority of the improvements required to provide the additional flow.

The water distribution and sewage collection systems are sized for the existing customers. The service area is approaching build-out with only a few parcels of land undeveloped. Based on the above, we find the water plant and distribution system and sewage collection system to be 100% used and useful.

#### Working Capital

The utility's proposed provision for working capital was computed using the balance sheet approach, which methodology compares current and deferred asset and liability accounts. In 1987, a portion (\$8,964) of the utility's average cash balance was on deposit in an interest-earning savings account (escrow account) in accordance with this Commission's instructions in the overearnings proceeding. When working capital is measured using the balance sheet approach, interest-bearing accounts are typically excluded. Accordingly, working capital is reduced by \$8,964 to remove this escrow account.

#### COST OF CAPITAL

The utility requested a 12.14% return on equity investment. The utility reported that, with the exception of a small customer deposit balance, the net investment in plant facilities was derived from parent company funding. The balance sheet for Paul A. Kintz Construction Company, the parent company, reveals a capital structure consisting exclusively of common stock investments. In the utility's last general rate proceeding, Docket No. 810057-WS, the utility's cost of capital was also established based upon intercompany funding entirely from equity sources. This Commission uses a leverage graph to establish the return on equity for regulated water and sewer utilities. According to our current leverage formula, adopted by Order No. 19718, in Docket No. 880006-WS, the cost of equity for Atlantis is 12.13% and the range of reasonableness for equity earnings is 11.13% to 13.13%.

When the equity capital and customer deposit balances and their respective cost rates are weighed, the resulting overall cost of capital is 12.10%. Allowing a 1% plus or minus range on equity investment, the range of reasonableness is 11.10% to 13.10%. The attached Schedule No. 2 shows the capital structure and derived cost of capital for this utility system.

#### NET OPERATING INCOME

Attached as Schedules Nos. 3-A and 3-B are the operating income statements for the utility's water and sewer systems. Several adjustments have been made to these schedules and these are itemized on Schedule No. 3-C.

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#### Overearnings Expenses

In 1987, the utility's books and records, its billing procedures and its operating practices were reviewed by members of our Staff to determine whether excessive rates were being collected. We concluded that review of earnings with a finding that excessive rates were not evident when the water and wastewater divisions were considered together. The utility incurred various expenses for outside legal and accounting assistance during this overearnings investigation. While those payments are recoverable business expenses, they are not representative charges on a going-forward basis. Therefore, we find it appropriate to authorize amortization of these charges totalling \$8,247 over a four-year recovery period for a \$6,186 reduction to test year expenses.

#### Water Testing Expenses

The utility requested a pro forma expense of \$1,380 for water testing to meet requirements of the Palm Beach County Wellfield Protection Ordinance. The requested pro forma adjustment provides for amortization of the expected \$4,140 cost over three years.

During the test year, the utility expensed \$1,606 for primary, secondary and unregulated organics testing. These tests are required by DER and are in addition to those required by the Wellfield Protection Ordinance previously mentioned. However, DER also requires that these tests be performed every three years. Therefore, we authorize a reduction of \$1,071 to test year expenses to reflect amortization over three years.

#### Purchased Treatment Expense

The utility's revenue request included a \$235,051 pro forma provision for purchase of wastewater treatment services. That expense is based upon projected unit (86¢ per thousand gallons) treatment charges and certain fixed monthly payments relating to Atlantis' share of the cost of operating a regional wastewater treatment plant in West Palm Beach. That annual expense included a \$1,309 monthly payment (\$15,708 annually) for temporary use of loaned plant capacity, while expansion of the regional wastewater plant was proceeding. We have been advised that construction of this plant expansion is near completion, and that the payment for loaned capacity, which was reduced to \$515 per month in October of 1988, will be eliminated in its entirety by 1989. Accordingly, we find it appropriate to remove this \$15,708 portion of the expense for purchase of treatment services by Atlantis Utilities Company.

#### Rate Case Expense

Atlantis' petition includes a projected total rate case cost of \$30,000, to be amortized over four years, for a \$7,500 addition to actual 1987 operating expenses. Based upon the information we have reviewed and further discussion with company personnel by Staff, it appears that the actual expense will be about \$24,000. This \$6,000 savings, amortized over the normal four year recovery period, results in a \$1,500 reduction

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to test year expenses. Accordingly, we find it appropriate to reduce rate case expense by \$1,500.

Based on the above adjustments, we calculate an operating loss of \$21,967 for the water system and operating income of \$62,970 for the sewer system.

REVENUE REQUIREMENT

To give the utility the opportunity to earn a 12.10% overall rate of return, annual operating revenues for water should be increased by \$57,915, for total annual water operating revenues of \$195,259. Sewer revenues should be decreased by \$57,922, for total annual sewer operating revenues of \$332,733. The increase in water revenues is offset by a corresponding reduction in sewer revenues.

RATES

The following rates are designed to generate annual revenues of \$195,259 for water service and \$332,733 for sewer service:

SCHEDULE OF RATES

WATER  
RESIDENTIAL AND GENERAL SERVICE  
(MONTHLY)

<u>Meter Size</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Rates</u>	<u>Commission Approved Rates</u>
5/8" x 3/4"	\$ 2.07	\$ 3.10	\$ 2.90
3/4"	3.11	4.65	4.35
1"	5.19	7.75	7.25
1-1/2"	10.37	15.50	14.50
2"	16.59	24.80	23.20
3"	33.17	49.60	46.40
4"	51.84	77.50	72.50
6"	103.67	155.00	145.00
Gallage Charge per 1,000 gallons	\$ .30	\$ .42	\$ .43

PRIVATE FIRE PROTECTION  
(MONTHLY)

<u>Line Size</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Rates</u>	<u>Commission Approved Rates</u>
2"	\$ 5.11	\$ 7.64	\$ 7.73
3"	10.22	15.28	15.47
4"	15.97	23.88	24.17
6"	31.94	47.76	48.33

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PUBLIC FIRE SERVICE  
(ANNUAL CHARGE)

<u>Service Description</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Rates</u>	<u>Commission Approved Rates</u>
Per year per hydrant	\$ 57.25	\$100.55	\$ 95.61

SEWER RESIDENTIAL SERVICE  
(MONTHLY)

<u>Meter Size</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Rates</u>	<u>Commission Approved Rates</u>
All Sizes	\$ 4.38	\$ 4.08	\$ 3.73
Gallorage Charge	\$ 2.17	\$ 1.97	\$ 1.85
Maximum Gallons	10,000	10,000	10,000
Minimum Bill	\$ 4.38	\$ 4.08	\$ 3.73
Maximum Bill	\$ 26.08	\$ 23.77	\$ 22.23

GENERAL SERVICE  
(MONTHLY)

<u>Meter Size</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Rates</u>	<u>Commission Approved Rates</u>
5/8" x 3/4"	\$ 4.38	\$ 4.08	\$ 3.73
3/4"	6.59	6.12	5.61
1"	10.97	6.80	9.34
1-1/2"	21.91	13.60	18.66
2"	35.05	21.76	29.85
3"	70.12	43.52	59.71
4"	109.55	102.00	93.29
6"	219.09	204.00	186.58
Gallorage Charge (No Maximum)	\$ 2.17	\$ 1.97	\$ 1.85

The approved rates will be effective for meter readings on or after thirty days from the stamped approval date on the revised tariff sheets. The revised tariff sheets will be approved upon our Staff's verification that the tariffs are consistent with our decision, that the protest period has expired and the proposed customer notice is appropriate.



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MISCELLANEOUS SERVICE CHARGES

Rule 25-30.345, Florida Administrative Code, permits utilities to assess charges for miscellaneous services. The principal purpose of such charges is to provide a means by which the utility can recover its costs of providing miscellaneous services from those customers who require the services. Thus, costs are borne by the cost causer rather than the general body of ratepayers. Second Revised Staff Advisory Bulletin (SAB) No. 13 encourages utilities to establish charges for the following miscellaneous services:

INITIAL CONNECTION - This charge would be levied for service initiation at a location where service did not exist previously.

NORMAL RECONNECTION - This charge would be levied for transfer of service to a new customer account at a previously served location, or reconnection of service subsequent to a customer requested disconnection.

VIOLATION RECONNECTION - This charge would be levied prior to reconnection of an existing customer after disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment.

PREMISES VISIT CHARGE (IN LIEU OF DISCONNECTION) - This charge would be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

The charges requested by the utility are consistent with Second Revised SAB No. 13 and are hereby approved. The following table provides the present and approved service charges:

WATER

	<u>Present</u>	<u>Approved</u>
Initial Connection	\$ -0-	\$15.00
Normal Reconnection	\$ -0-	\$15.00
Violation Reconnection	\$ 7.50	\$15.00
Premises Visit	\$ -0-	\$10.00

SEWER

	<u>Present</u>	<u>Approved</u>
Initial Connection	\$ -0-	\$15.00
Normal Reconnection	\$ -0-	\$15.00
Violation Reconnection	Actual Cost	Actual Cost
Premises Visit	\$ -0-	\$10.00

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When both water and sewer service are provided, only a single charge is appropriate unless circumstances beyond the control of the utility require multiple actions. If a utility must disconnect service to a sewer-only customer, actual costs incurred may be recovered from the customer before service is restored.

These new miscellaneous service charges are effective for service provided on or after the stamped approval date on the tariff sheets. The tariff sheets will be approved upon our Staff's verification that the tariffs are consistent with our decision and the protest period has expired.

#### SERVICE AVAILABILITY POLICY

By Order No. 10182, issued on August 5, 1981, in Docket No. 810057-WS, we ordered the utility to discontinue collecting service availability charges due to the high levels of contributions in aid of construction (CIAC). At that time, the CIAC level for water was 73.68% and the CIAC level for sewer was 91.03%. In the instant application, the CIAC level for water is 74.43% and the CIAC level for sewer is 88.32%.

Water CIAC is approaching the maximum level of 75% and sewer is above the maximum level of 75%, as prescribed by Rule 25-30.580, Florida Administrative Code. Therefore, we order the utility to continue its present policy of not collecting service availability charges.

This docket shall remain open until the utility submits the feasibility study or is acquired by the City of Atlantis or any other governmental body.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Atlantis Utilities Company, for a change in rates and charges for water and sewer service to customers in Palm Beach County, is granted, in part, as set out in the body of this order. It is further

ORDERED that the provisions of this order issued as proposed agency action, shall become final unless an appropriate petition in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by close of business on March 14, 1989. It is further

ORDERED that these new rates, as set out in the body of this Order, shall be effective for meter readings thirty days after the stamped approval date on the tariff sheets submitted to reflect the rates approved in this Order, provided this order is not protested. It is further

ORDERED that the new charges, as set out in the body of this Order, shall be effective for service rendered after the stamped approval date on the tariff sheets submitted to reflect the charges approved in this Order, provided this Order is not protested. It is further

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ORDERED that the rate increase approved herein will not become effective until tariff pages are filed and approved by the Commission. It is further

ORDERED that in the event this Order becomes final, the utility shall notify each customer of the rate changes authorized herein and explain the reasons for those changes. A letter of explanation should be submitted to the Commission for prior approval. It is further.

ORDERED that this docket shall remain open until Atlantis Utilities Company submits the feasibility study ordered herein or until the utility is acquired by the City of Atlantis or another governmental body.

By ORDER of the Florida Public Service Commission  
this 21st day of FEBRUARY 1989

  
STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

SFS

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on March 14, 1989. In the absence of such a petition, this order shall become effective March 15, 1989, as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent 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.

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If this order becomes final and effective on March 15, 1989, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting 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 of the effective date 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.

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ATLANTIS UTILITIES COMPANY  
 SCHEDULE OF WATER RATE BASE  
 TEST YEAR ENDED 12/31/87

SCHEDULE NO. 1-A  
 DOCKET NO. 880756-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMM. ADJUSTMENTS	COMM. ADJUSTED TEST YEAR
UTILITY PLANT IN SERVICE	\$ 1,145,928	\$ 14,000	\$ 1,159,928	\$ 8,990	\$ 1,168,918
LAND	26,354	0	26,354	0	26,354
NON-USED & USEFUL COMPONENTS	0	0	0	0	0
C.W.I.P.	0	0	0	0	0
C.I.A.C.	(882,930)	0	(882,930)	0	(882,930)
ACCUMULATED DEPRECIATION	(244,503)	(412)	(244,915)	(265)	(245,180)
AMORTIZATION OF C.I.A.C.	157,802	0	157,802	0	157,802
ADVANCES FOR CONSTRUCTION	0	0	0	0	0
WORKING CAPITAL ALLOWANCE	10,497	0	10,497	(4,572)	5,925
RATE BASE	\$ 213,148	\$ 13,588	\$ 226,736	\$ 4,153	\$ 230,889

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ATLANTIS UTILITIES COMPANY  
SCHEDULE OF SEWER RATE BASE  
TEST YEAR ENDED 12/31/87

SCHEDULE NO. 1-B  
DOCKET NO. 880756-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMM. ADJUSTMENTS	COMM. ADJUSTED TEST YEAR
UTILITY PLANT IN SERVICE	\$ 1,016,378	\$ 0	\$ 1,016,378	\$ 0	\$ 1,016,378
LAND	0	0	0	0	0
NON-USED & USEFUL COMPONENTS	0	0	0	0	0
C.W.I.P.	0	0	0	0	0
C.I.A.C.	(897,629)	0	(897,629)	0	(897,629)
ACCUMULATED DEPRECIATION	(322,813)	0	(322,813)	0	(322,813)
AMORTIZATION OF C.I.A.C.	241,843	0	241,843	0	241,843
ADVANCES FOR CONSTRUCTION	0	0	0	0	0
WORKING CAPITAL ALLOWANCE	10,085	0	10,085	(4,392)	5,693
RATE BASE	\$ 47,864	\$ 0	\$ 47,864	(4,392)	\$ 43,472

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ATLANTIS UTILITIES COMPANY  
 ADJUSTMENTS TO RATE BASE  
 TEST YEAR ENDED 12/31/87

SCHEDULE NO. 1-C  
 PAGE 1 OF 1  
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DESCRIPTION	WATER	SEWER
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PLANT IN SERVICE		
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Adjustment to reflect updated contract cost of chlorine scale weighing system	8,990	
	*****	
ACCUMULATED DEPRECIATION		
-----		
Adjustment to reflect pro forma provision (average balance) for depreciation of chlorine scales	(265)	
	*****	
WORKING CAPITAL		
-----		
Adjustment to exclude interest-earning account balance (Escrow account in Docket No. 870149-WS)	(4,572)	(4,392)
	*****	*****

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ATLANTIS UTILITIES COMPANY  
 CAPITAL STRUCTURE  
 TEST YEAR ENDFD 12/31/87

SCHEDULE NO. 2  
 DOCKET NO. 880756-WS

DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	WEIGHTED COST	COMM. ADJUSTMENTS TO UTILITY EXHIBIT	BALANCE PER COMM.	WEIGHT	COST	WEIGHTED COST
LONG TERM DEBT	\$ 0	0.00%	0.00%	0.00%	\$ 0	\$ 0	0.00%	0.00%	0.00%
SHORT TERM DEBT	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	2,142	0.78%	8.00%	0.06%	0	2,142	0.78%	8.00%	0.06%
PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
COMMON EQUITY	272,458	99.22%	12.14%	12.05%	(239)	272,219	99.22%	12.13%	12.04%
INVESTMENT TAX CREDITS	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
DEFERRED INCOME TAXES	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
OTHER CAPITAL	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
TOTAL CAPITAL	\$ 274,600	100.00%		12.11%	\$ (239)	\$ 274,361	100.00%		12.10%

RANGE OF REASONABLENESS

LOW HIGH

EQUITY

11.13% 13.13%

OVERALL RATE OF RETURN

11.10% 13.10%



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ATLANTIS UTILITIES COMPANY  
 DEPARTMENT OF WATER OPERATIONS  
 YEAR ENDED 12/31/87

SCHEDULE NO. 3-A  
 DOCKET NO. 880756-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMM. ADJUSTMENTS	COMM ADJUSTED TEST YEAR	REVENUE INCREASE OR (DECREASE)	REVENUE REQUIREMENT
OPERATING REVENUES	\$ 136,825	\$ 61,127	\$ 197,952	\$ (60,608)	\$ 137,344	\$ 57,915	\$ 195,259
OPERATING EXPENSES							
OPERATION AND MAINTENANCE	\$ 121,646	\$ 6,728	\$ 128,374	\$ (3,725)	\$ 124,649	\$ 0	\$ 124,649
DEPRECIATION	8,742	824	9,566	529	10,095	0	10,095
AMORTIZATION	0	0	0	0	0	0	0
TAXES OTHER THAN INCOME	24,227	1,855	26,082	(1,515)	24,567	1,448	26,015
INCOME TAXES	0	6,455	6,455	(6,455)	0	6,563	6,563
TOTAL OPERATING EXPENSES	\$ 154,615	\$ 15,862	\$ 170,477	\$ (11,166)	\$ 159,311	\$ 8,011	\$ 167,322
OPERATING INCOME	\$ (17,790)	\$ 45,265	\$ 27,475	\$ (49,442)	\$ (21,967)	\$ 49,904	\$ 27,937
RATE BASE	\$ 213,148		\$ 226,736		\$ 230,889		\$ 230,889
RATE OF RETURN	-8.35%		12.12%		-9.51%		12.10%

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ATLANTIS UTILITIES COMPANY  
STATEMENT OF SEWER OPERATIONS  
TEST YEAR ENDED 12/31/87

SCHEDULE NO. 3-B  
DOCKET NO. 880756-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMM. ADJUSTMENTS	COMM. ADJUSTED TEST YEAR	REVENUE INCREASE OR (DECREASE)	REVENUE REQUIREMENT
OPERATING REVENUES	\$ 298,304	\$ 55,070	\$ 353,374	\$ 37,281	\$ 390,655	\$ (57,922)	\$ 332,733
OPERATING EXPENSES							
OPERATION AND MAINTENANCE	\$ 241,960	\$ 77,103	\$ 319,063	(19,490)	\$ 299,573	\$ 0	\$ 299,573
DEPRECIATION	3,987	0	3,987	0	3,987	0	3,987
AMORTIZATION	0	0	0	0	0	0	0
TAXES OTHER THAN INCOME	21,308	1,885	23,193	932	24,125	(1,448)	22,677
INCOME TAXES	0	1,356	1,356	(1,356)	0	1,236	1,236
TOTAL OPERATING EXPENSES	\$ 267,255	\$ 80,344	\$ 347,599	(19,914)	\$ 327,685	\$ (212)	\$ 327,473
OPERATING INCOME	\$ 31,049	(25,274)	\$ 5,775	\$ 57,195	\$ 62,970	(57,710)	\$ 5,260
RATE BASE	\$ 47,864		\$ 47,864		\$ 43,472		\$ 43,472
RATE OF RETURN	64.87%		12.07%		144.85%		12.10%

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ATLANTIS UTILITIES COMPANY  
 ADJUSTMENTS TO OPERATING STATEMENT  
 TEST YEAR ENDED 12/31/87

SCHEDULE NO. 3-C  
 PAGE 1 OF 1  
 DOCKET NO. 880756-WS

DESCRIPTION	WATER	SEWER
-----		
OPERATING REVENUES		
-----		
Reversal of requested revenue adjustments	(60,608)	37,281
	-----	-----
OPERATING EXPENSES		
-----		
1. Adjustment to amortize actual water testing charges over three year period	(1,071)	
2. Adjustment to amortize charges relating to the overearnings investigation over a four year period	(3,154)	(3,032)
3. Adjustment to show discontinuance of loaned capacity charge in payment for purchased treatment services		(15,708)
4. Adjustment to reflect estimate of unexpended rate case costs (\$6,000/4 years)	(750)	(750)
5. Provision for amortization of study regarding review of water plant facilities (\$5,000/4 years)	1,250	
	-----	-----
	(3,725)	(19,490)
	-----	-----
DEPRECIATION		
-----		
Adjustment due to greater cost of chlorine weighing scales	529	
	-----	
TAXES OTHER THAN INCOME TAXES		
-----		
Gross receipts tax relating to requested rate adjustments	(1,515)	932
	-----	-----
INCOME TAXES		
-----		
Adjustment to reverse pro forma provision for income taxes. Reversal permits new revenue need computation	(6,455)	(1,356)
	-----	-----
OPERATING REVENUES		
-----		
Adjustment to reflect approved calculation of revenue requirement	57,915	(57,922)
	-----	-----
TAXES OTHER THAN INCOME TAXES		
-----		
Gross receipts tax relating to approved revenues	1,448	(1,448)
	-----	-----
INCOME TAXES		
-----		
Income taxes relating to approved revenues	6,563	1,236
	-----	-----