

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of SOUTH BROWARD)	DOCKET NO. 890360-WS
UTILITY, INC. for increased water and)	ORDER NO. 22047
sewer rates in Broward County)	ISSUED: 10-13-89
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

ORDER GRANTING INTERIM RATES AND CHARGES

BY THE COMMISSION:

BACKGROUND

South Broward Utility, Inc. (South Broward or utility) is a Class C water and sewer utility with approximately 1,018 water customers and 987 sewer customers. On June 5, 1989 the utility filed its application for a rate increase and its Minimum Filing Requirements (MFRs). There were deficiencies in the MFRs and on August 15, 1989, South Broward filed its amended MFRs which corrected the deficiencies. August 15, 1989 was established as the official filing date.

In its application, the utility requested final rates which would produce annual operating revenues of \$1,061,083 for water service and \$970,263 for sewer service. Those requested revenues exceed projected 1990 test year revenues by \$662,312 (166.09%) and \$411,087 (73.52%) for water and sewer, respectively. The utility requested an interim increase based on 1988 actual data. The utility calculated an interim increase based on a fair rate of return, however, the utility limited the requested interim increase to annual revenues of

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\$203,004 for water and \$284,663 for sewer. The requested interim increase exceeds 1988 annual revenues by \$33,834 (20%) for water and \$47,444 (20%) for sewer.

South Broward proposed that the permanent rate increase be implemented in three steps. Each step would increase the rates by one-third of the total amount of the increase sought. The utility proposed that the first step of the permanent rate increase would be effective on the date of the final order of the Commission approving the permanent rates and would increase the rates to an amount equal to one-third of the permanent rate increase. The second step of the permanent rate increase would be effective one year after the date that the Commission's order granting the interim rate increase became effective. The third step of the permanent rate increase would be effective two years after the effective date of the interim rates.

The test year for this rate application is the projected twelve-month period ended December 31, 1990, based on a historical base year ended December 31, 1988.

SUSPENSION OF PROPOSED RATES

Section 367.081(6), Florida Statutes, provides that the rate schedules proposed by the utility shall become effective within sixty (60) days after filing unless the Commission issues an order withholding consent to the operation of the proposed rates requested. Further, the above-referenced statute permits the proposed rates to go into effect, under bond, within (8) months after filing unless final action has been taken by the Commission.

We have reviewed the filing and found that the utility has made and proposes to make substantial plant additions. In addition, the utility has proposed numerous adjustments to its rate base and operating statements. Also, this is the first rate case for this utility since it began operations in 1986. We have considered the proposed rates, the amount of the additional revenues sought thereunder and the supporting data which has been submitted. Accordingly, we find that it is appropriate to require further amplification, explanation and substantiation of the data filed by the utility, as well as

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additional and/or corroborative data. In addition, we believe a public hearing on this matter, in the utility's service area, is indicated. In consideration of the above, we find it appropriate to suspend the utility's proposed rate schedules.

INTERIM RATES AND CHARGES

Our review of the information filed in the application indicates that, pursuant to Section 367.0822, Florida Statutes, it is appropriate, on an interim basis, to provide the utility with the opportunity to increase its annual water revenues by \$32,325 and its sewer revenues by \$38,951.

Rate Base

The utility used a year-end rate base for interim purposes. We have calculated an average rate base using a simple (beginning and end of year balances) average and adjusted all rate base components to average amounts, to be consistent with Commission policy of using an average test year. Additionally, we have excluded, for interim purposes, the balance of construction-work-in-progress at the end of the year, since this construction is not currently in use by current customers. Based on the foregoing, we find the appropriate average rate bases to be \$1,803,163 for the water system and \$1,894,990 for the sewer system. Schedules showing the calculation of these figures are attached to this Order as Schedules Nos. 1-A and 1-B. The adjustments to these schedules are itemized on Schedule No. 1-C.

Capital Structure

The utility's rate of return calculation utilized the leverage graph formula adopted in Order No. 19718, issued on July 26, 1988. This resulted in a return on equity of 14.35%. We have updated this return for the new leverage graph approved by the Commission in Order No. 21775, issued on August 23, 1989, and effective on September 14, 1989. This results in an overall rate of return that the utility would be entitled to for interim purposes of 11.16%. However, as noted in the Background section of this Order, the utility limited its

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interim request. The limit results in less than a fair rate of return for interim purposes. Schedules showing the calculations of those figures are attached to this Order as Schedule No. 2-A. The adjustments to this schedule are itemized on Schedule No. 2-B.

Net Operating Income

We find it appropriate to make several corrections to the utility's operating statements as filed. First, we have included regulatory assessment fees that were omitted from the expenses listed. Second, based on the billing analysis, we calculated annual revenues for 1988 and compared them to 1988 recorded revenue. The recorded revenue levels were increased to equal the billing analysis revenue calculation. We also included regulatory assessment fees on this increase to revenue. Further, we calculated the amount of interim revenues the utility would be entitled to, which resulted in more annual revenues on an interim basis than asked for by the utility. Thus, we have limited the increase to the interim revenue requirement requested. Finally, the utility failed to include regulatory assessment fees on the interim increase to revenue. We have included these fees in test year expenses.

Revenue Requirements

Allowing for South Broward's recovery of adjusted test year operating expenses and applicable approved rate of return on its rate bases, we find it appropriate on an interim basis to increase annual water revenues by \$32,325 (18.94%) to \$203,004 and annual sewer revenues by \$38,951 (15.85%) to \$284,663.

Our schedules showing the calculation of those figures are attached as Schedules Nos. 3-A and 3-B. The adjustments to these schedules are itemized on Schedule No. 3-C. A breakdown of operation and maintenance expenses for water and sewer is reflected on Schedules 4 and 5, respectively. A breakdown of taxes other than income is reflected on Schedule No. 6.

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Interim Rates

In order to allow South Broward the opportunity to generate the approved revenue requirements, we hereby approve the rates set forth below. The utility's current rates, proposed interim rates, and our approved interim rates are shown for comparison.

SCHEDULE OF RATES

WATER

RESIDENTIAL AND GENERAL SERVICE

<u>Meter Size</u>	<u>Minimum Gallonage Allowance</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Interim Rates</u>	<u>Commission Approved Interim Rates</u>
5/8"	3,000	\$ 6.00	\$ 7.20	\$ 7.14
1"	5,000	10.00	12.00	11.89
1-1/2"	10,000	20.00	24.00	23.79
2"	16,000	32.00	38.40	38.06
3"	30,000	60.00	72.00	71.36
4"	50,000	100.00	120.00	118.94
Over Minimum Allowance		\$ 1.50	\$ 1.80	\$ 1.78

MULTI-RESIDENTIAL SERVICE

<u>Meter Size</u>	(1) <u>Minimum Gallonage Allowance</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Interim Rates</u>	<u>Commission Approved Interim Rates</u>
Per Unit	3,000	\$ 4.00	\$ 4.80	\$ 4.76
Over Minimum Allowance		\$ 1.50	\$ 1.80	\$ 1.78

(1) Minimum gallonage allowance is determined by multiplying number of units times 3,000 gallons

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FIRE HYDRANTS

PUBLIC OR PRIVATE

(ANNUAL CHARGE)

<u>Description</u>	<u>Utility Present Rate</u>	<u>Utility Proposed Interim Rate</u>	<u>Commission Approved Interim Rate</u>
Per Hydrant	\$ 100.00	\$ 100.00	\$ 118.94

SEWER

RESIDENTIAL

<u>Meter Size</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Interim Rates</u>	<u>Commission Approved Interim Rates</u>
All Sizes	\$13.00 or 195% of water bill, whichever is greater	\$15.60 or 195% of water bill, whichever is greater	\$15.06 or 190% of water bill, whichever is greater
(Sewer Cap 12,000)	-	-	-

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GENERAL SERVICE

<u>Meter Size</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Interim Rates</u>	<u>Commission Approved Interim Rates</u>
All Sizes	\$16.00 or 195% of water bill, whichever is greater	No G/S interim rates proposed	\$18.54 or 190% of water bill, whichever is greater

MULTI-RESIDENTIAL SERVICE

<u>Meter Size</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Interim Rates</u>	<u>Commission Approved Interim Rates</u>
All Sizes	\$ 8.66 or 195% of water bill, whichever is greater	No M/R interim rates proposed	\$ 10.03 or 190% of water bill, whichever is greater

The interim rates will become 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 Commission Staff's verification that the tariffs are consistent with our decision, the appropriate security has been filed with the Commission to guarantee that the funds are available in the event a refund is required and the proposed customer notice is adequate.

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Interim Plant Capacity Charges

The utility has requested approval of a plant capacity charge of \$753 per equivalent residential connection (ERC) for water and \$602 per ERC for sewer, on an interim basis. Presently, the utility does not have an approved water or sewer plant capacity charge, but does have an approved meter installation charge for which it seeks no change.

The approved service availability policy on file "requires the developer to install all water transmission and distribution lines and mains and all sewage collection and transmission lines and mains necessary to provide service to his development." Additionally, the developer is required to pay the appropriate meter installation charge based on the size meter installed.

The contributions-in-aid-of-construction (CIAC) levels as of December 31, 1988 were 47.35% for water and 50.73% for sewer. Allowing the utility to implement the requested plant capacity charges of \$753 per ERC for water and \$602 per ERC for sewer will increase the CIAC levels to 62.80% for water and 68.17% for sewer. We have used those facilities already in place, those facilities presently under construction and those facilities planned for immediate construction in our calculation of the CIAC levels. The above noted percentage levels will increase slightly due to the fact that developers are required to install the facilities necessary to provide water and/or sewer service within their area being developed, as discussed in the previous paragraph. The projected levels of CIAC fall within the guidelines of Rule 25-30.580, Florida Administrative Code. Accordingly, we approve these charges on an interim basis.

The interim plant capacity charges will become effective for all connections made on or after the stamped approval date on the revised tariff sheets. The revised tariff sheets will be approved upon Staff verification that the tariffs are consistent with the Commission's decision, the appropriate security has been filed with the Commission to guarantee that the funds are available in the event a refund is required and the proposed notice is adequate. The proposed notice should be mailed to those parties known by the utility who will be affected by the change in the utility's service availability policy.

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The present, proposed and recommended service availability charges are shown below for comparison. Our calculations of the CIAC levels are reflected on Schedule No. 7 attached to this Order.

METER INSTALLATION CHARGES

<u>Meter Size</u>	<u>Utility Present Charge</u>	<u>Utility Proposed Charge</u>	<u>Commission Approved Interim Charge</u>
5/8" x 3/4"	\$ 125.00	\$ 125.00	\$ 125.00
1"	\$ 200.00	\$ 200.00	\$ 200.00
1-1/2"	\$ 300.00	\$ 300.00	\$ 300.00
2" and Over	to be negotiated	to be negotiated	to be negotiated

PLANT CAPACITY CHARGES

WATER

<u>Description</u>	<u>Utility Present Charge</u>	<u>Utility Proposed Charge</u>	<u>Commission Approved Interim Charge</u>
Residential (Per ERC)*	-0-	\$ 753.00	\$ 753.00
All Others (Per GPD)	-0-	-	\$ 2.15

*Water ERC = 350 GPD

SEWER

<u>Description</u>	<u>Utility Present Charge</u>	<u>Utility Proposed Charge</u>	<u>Commission Approved Interim Charge</u>
Residential (Per ERC)*	-0-	\$ 602.00	\$ 602.00
All Others (Per GPD)	-0-	-	\$ 2.15

*Sewer ERC = 280 GPD

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Security for Refund

Pursuant to Section 367.082, Florida Statutes, the excess of interim rates over the previously authorized rates shall be collected under guarantee subject to refund. This utility, standing alone, does not have the financial strength to support a corporate undertaking of \$500,000, the amount we find necessary to secure a possible refund. Our Staff contacted the utility and it has elected to file an irrevocable letter of credit in the amount of \$500,000 to secure any potential refund. We will accept the irrevocable letter of credit.

Also, pursuant to Rule 25-30.360(5), Florida Administrative Code, the utility shall provide a report by the 20th of each month indicating the monthly and total water and sewer service revenues collected subject to refund and the monthly and total water and sewer plant capacity charges collected subject to refund.

Based upon the foregoing, it is

ORDERED by the Florida Public Service Commission that the proposed final rate schedules filed by South Broward Utility, Inc. are hereby suspended. It is further

ORDERED that the request of South Broward Utility, Inc. for an interim increase in water and sewer rates is hereby approved as set forth in the body of this Order. It is further

ORDERED that the request of South Broward Utility, Inc. for authorization to collect an interim plant capacity charge for both water and sewer is hereby approved. It is further

ORDERED that the increased rates and charges are subject to refund with interest pending the outcome of this proceeding. It is further

ORDERED that South Broward Utility, Inc. shall submit an irrevocable letter of credit in the amount of \$500,000 to secure any potential refund. It is further

ORDERED that South Broward Utility, Inc. shall submit, pursuant to Rule 25-30.360(5), Florida Administrative Code, a

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report by the 20th day of each month indicating the monthly and total revenues collected subject to refund. It is further

ORDERED that South Broward Utility, Inc. shall file revised tariff pages in accordance with the provisions of this Order, as well as a proposed notice to customers and those who will be affected by the change in service availability charges, detailing the increased rates and charges and the reasons therefor. The notices shall be submitted to the Commission for prior approval. It is further

ORDERED that the interim rates will be effective for meter readings 30 days on or after the stamped approval date on the revised tariff sheets. It is further

ORDERED that the interim plant capacity charges will be effective for all connections made on or after the stamped approval date on the revised tariff sheets. It is further

ORDERED that the revised tariff sheets will be approved upon Commission Staff's verification that the tariff sheets are consistent with the Commission's decision, the appropriate security has been filed to guarantee any potential refund and the proposed customer notices are adequate.

By ORDER of the Florida Public Service Commission
this 13th day of OCTOBER, 1989.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

NSD

by: Kay Fejz
Chief, Bureau of Records

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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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or sewer utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

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SOUTH BROWARD UTILITY, INC.
SCHEDULE OF WATER RATE BASE
TEST YEAR ENDED DECEMBER 31, 1988

SCHEDULE NO. 1-A
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COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	PSC ADJUSTMENTS	PSC ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 3,460,217	\$ 0	\$ 3,460,217	25,668	\$ 3,485,885
2					
3 LAND	260,006	0	260,006	0	260,006
4					
5 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
6					
7 C.W.I.P.	616,083	0	616,083	(616,083)	0
8					
9 C.I.A.C.	(1,761,573)	0	(1,761,573)	88,470	(1,673,103)
10					
11 ACCUMULATED DEPRECIATION	(567,301)	0	(567,301)	121,595	(445,706)
12					
13 AMORTIZATION OF C.I.A.C.	282,937	0	282,937	(106,856)	176,081
14					
15 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
16					
17 WORKING CAPITAL ALLOWANCE	0	0	0	0	0
18					
19 RATE BASE	\$ 2,290,369	\$ 0	\$ 2,290,369	(487,206)	\$ 1,803,163
20					

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SOUTH BROWARD UTILITY, INC.
 SCHEDULE OF SEWER RATE BASE
 TEST YEAR ENDED DECEMBER 31, 1988

SCHEDULE NO. 1-B
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COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	PSC ADJUSTMENTS	PSC ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 3,150,692	\$ 0	\$ 3,150,692	(\$ 58,525)	\$ 3,092,167
2					
3 LAND	1,017,524	0	1,017,524	0	1,017,524
4					
5 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
6					
7 C.W.I.P.	616,084	0	616,084	(616,084)	0
8					
9 C.I.A.C.	(2,114,359)	0	(2,114,359)	42,088	(2,072,271)
10					
11 ACCUMULATED DEPRECIATION	(495,909)	0	(495,909)	106,873	(389,036)
12					
13 AMORTIZATION OF C.I.A.C.	370,564	0	370,564	(123,958)	246,606
14					
15 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
16					
17 WORKING CAPITAL ALLOWANCE	0	0	0	0	0
18					
19 RATE BASE	\$ 2,544,596	\$ 0	\$ 2,544,596	(\$ 649,606)	\$ 1,894,990
20					

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SOUTH BROWARD UTILITY, INC.
ADJUSTMENTS TO RATE BASE
TEST YEAR ENDED DECEMBER 31, 1988

SCHEDULE NO. 1-C
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EXPLANATION	ADJUSTMENT	
	WATER	SEWER
1 UTILITY PLANT IN SERVICE		
2 A. Adjust to simple average balances.	\$ 25,668	\$ (58,525)
3	=====	=====
4		
5		
6 CONSTRUCTION-WORK-IN-PROGRESS		
7 A. Remove all CWTP.	\$ (616,083)	\$ (616,084)
8	=====	=====
9		
10		
11 CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION		
12 A. Adjust to simple average balances.	\$ 88,470	\$ 42,088
13	=====	=====
14		
15		
16 ACCUMULATED DEPRECIATION		
17 A. Adjust to simple average balances.	\$ 121,595	\$ 106,873
18	=====	=====
19		
20		
21 ACCUMULATED AMORTIZATION OF CIAC		
22 A. Adjust to simple average balances.	\$ (106,856)	\$ (123,958)
23	=====	=====
24		
25		
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SOUTH BROWARD UTILITY, INC.
 CAPITAL STRUCTURE
 TEST YEAR ENDED DECEMBER 31, 1988

SCHEDULE NO. 2-A
 DOCKET NO. 890360-WS

DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	WEIGHTED COST	PSC- ADJUSTMENTS TO UTILITY EXHIBIT	BALANCE PER PSC	WEIGHT	COST	WEIGHTED COST
LONG TERM DEBT	\$ 1,260,358	26.07%	10.42%	2.72%	\$ (296,339)	964,019	26.07%	10.42%	2.72%
SHORT TERM DEBT	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	23,928	0.49%	3.23%	0.02%	(5,626)	18,302	0.49%	3.23%	0.02%
PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.06%	0.00%	0.00%
COMMON EQUITY	1,933,986	40.00%	14.35%	5.74%	(454,725)	1,479,261	40.00%	13.93%	5.57%
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%
ADVANCES FROM SHAREHOLDER	1,616,693	33.44%	8.54%	2.86%	(380,122)	1,236,571	33.44%	8.54%	2.86%
TOTAL CAPITAL	\$ 4,834,965	100.00%		11.33%	\$ (1,136,812)	3,698,153	100.00%		11.16%

RANGE OF REASONABLENESS

	LOW	HIGH
EQUITY	12.93%	14.93%
OVERALL RATE OF RETURN	10.76%	11.56%

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SOUTH BROWARD UTILITY, INC.
 ADJUSTMENTS TO CAPITAL STRUCTURE
 TEST YEAR ENDED DECEMBER 31, 1988

SCHEDULE NO. 2-B
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DESCRIPTION	ADJUST OUT PARENT ITEMS	ADJUST FOR ERROR	PRO RATA RECONCILE	NET ADJUSTMENT
1 LONG TERM DEBT	\$ 0	\$ 0	\$(296,339)	\$(296,339)
2				
3 SHORT TERM DEBT	0		0	0
4				
5 CUSTOMER DEPOSITS	0		(5,626)	(5,626)
6				
7 PREFERRED STOCK	0		0	0
8				
9 COMMON EQUITY	0		(454,725)	(454,725)
10				
11 INVESTMENT TAX CREDITS	0		0	0
12				
13 DEFERRED INCOME TAXES	0		0	0
14				
15 OTHER CAPITAL	0		(380,122)	(380,122)
16				
17 TOTAL CAPITAL	\$ 0	\$ 0	\$(1,136,812)	\$(1,136,812)
18				

SOUTH BROWARD UTILITY, INC.
STATEMENT OF WATER OPERATIONS
TEST YEAR ENDED DECEMBER 31, 1988

SCHEDULE NO. 3-A
DOCKET NO. 890360-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	PSC ADJUSTMENTS	PSC ADJUSTED TEST YEAR	REVENUE INCREASE OR (DECREASE)	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 169,170	\$ 33,834	\$ 203,004	\$(32,325)	\$ 170,679	\$ 32,325	\$ 203,004
2							
3 OPERATING EXPENSES							
4							
5 OPERATION AND MAINTENANCE	\$ 206,123	0	\$ 206,123	0	\$ 206,123	0	\$ 206,123
6							
7 DEPRECIATION	172,340	0	172,340	0	172,340	0	172,340
8							
9 AMORTIZATION	0	0	0	0	0	0	0
10							
11 TAXES OTHER THAN INCOME	48,659	0	48,659	4,267	52,926	808	53,734
12							
13 INCOME TAXES	0	0	0	0	0	0	0
14							
15							
16 TOTAL OPERATING EXPENSES	\$ 427,122	0	\$ 427,122	4,267	\$ 431,389	808	\$ 432,197
17							
18							
19 OPERATING INCOME	\$(257,952)	33,834	\$(224,118)	\$(36,592)	\$(260,710)	31,517	\$(229,193)
20							
21							
22 RATE BASE	\$ 2,290,369		\$ 2,290,369		\$ 1,803,163		\$ 1,803,163
23							
24							
25 RATE OF RETURN	-11.26%		-9.79%		-14.46%		-12.71%
26							

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SOUTH BROWARD UTILITY, INC.
 STATEMENT OF SEWER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1988

SCHEDULE NO. 3-B
 DOCKET NO. 890360-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	PSC ADJUSTMENTS	PSC ADJUSTED TEST YEAR	REVENUE INCREASE OR (DECREASE)	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 237,219	\$ 47,444	\$ 284,663	(38,951)	\$ 245,712	\$ 38,951	\$ 284,663
2							
3 OPERATING EXPENSES							
4							
5 OPERATION AND MAINTENANCE	\$ 210,385	0	\$ 210,385	0	\$ 210,385	0	210,385
6							
7 DEPRECIATION	107,281	0	107,281	0	107,281	0	107,281
8							
9 AMORTIZATION	0	0	0	0	0	0	0
10							
11 TAXES OTHER THAN INCOME	56,590	0	56,590	6,142	62,732	974	63,706
12							
13 INCOME TAXES	0	0	0	0	0	0	0
14							
15							
16 TOTAL OPERATING EXPENSES	\$ 374,256	0	\$ 374,256	6,142	\$ 380,398	974	381,372
17							
18							
19 OPERATING INCOME	\$ (137,037)	47,444	(89,593)	(45,093)	(134,686)	37,977	(96,709)
20							
21							
22 RATE BASE	\$ 2,544,596		\$ 2,544,596		\$ 1,894,990		\$ 1,894,990
23							
24							
25 RATE OF RETURN	-5.39%		-3.52%		-7.11%		-5.10%
26							

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SOUTH BROWARD UTILITY, INC.
 ADJUSTMENTS TO OPERATING STATEMENT
 TEST YEAR ENDED DECEMBER 31, 1988

SCHEDULE NO. 3-C
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EXPLANATION	ADJUSTMENT	
	WATER	SEWER
1 OPERATING REVENUES		
2 A. Remove company increase.	\$ (33,834)	\$ (47,444)
3		
4 B. Adjust revenue per billing analysis.	1,509	8,493
5		
6 NET ADJUSTMENT	\$ (32,325)	\$ (38,951)
7		
8		
9 TAXES OTHER THAN INCOME		
10 A. To reflect test year regulatory		
11 assessment fees omitted by utility.	\$ 4,229	\$ 5,930
12		
13 B. Adjust regulatory assessment fees	38	212
14 based on billing analysis.		
15		
16 NET ADJUSTMENT	\$ 4,267	\$ 6,142
17		
18		
19 OPERATING REVENUES		
20 A. To reflect interim revenues		
21 limited to utility requested increase.	\$ 32,325	\$ 38,951
22		
23		
24 TAXES OTHER THAN INCOME		
25 A. To reflect regulatory assessment fees		
26 related to staff adjustment to revenues.	\$ 808	\$ 974
27		
28		
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SOUTH BROWARD UTILITY, INC.
WATER OPERATION AND MAINTENANCE EXPENSES
TEST YEAR ENDED DECEMBER 31, 1988

SCHEDULE NO. 4
DOCKET NO. 890360-WS

ACCT NO.	ACCOUNT TITLE	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	PSC ADJUSTMENTS	PSC ADJUSTED TEST YEAR
1	601 SALARIES AND WAGES - EMPLOYEES	\$ 70,315	\$	\$ 70,315	\$	\$ 70,315
2	603 SALARIES AND WAGES -	0		0		0
3	OFFICERS, DIRECTORS, ETC.	0		0		0
4	604 EMPLOYEE PENSIONS AND BENEFITS	0		0		0
5	610 PURCHASED WATER			25,968		25,968
6	615 PURCHASED POWER	25,968		0		0
7	616 FUEL FOR POWER PRODUCTION	0		19,540		19,540
8	618 CHEMICALS	19,540		5,525		5,525
9	620 MATERIALS AND SUPPLIES	5,525		0		0
10	631 CONTRACTUAL SERVICES - ENGINEERING	0		0		0
11	632 CONTRACTUAL SERVICES - ACCOUNTING	0		0		0
12	633 CONTRACTUAL SERVICES - LEGAL	0		0		0
13	634 CONTRACTUAL SERVICES - MGT FEES	0		32,857		32,857
14	635 CONTRACTUAL SERVICES - OTHER	32,857		0		0
15	641 RENTAL OF BUILDING/REAL PROPERTY	0		0		0
16	642 RENTAL OF EQUIPMENT	0		5,057		5,057
17	650 TRANSPORTATION EXPENSES	5,057		0		0
18	656 INSURANCE - VEHICLE	0		0		0
19	657 INSURANCE - GENERAL LIABILITY	0		0		0
20	658 INSURANCE - WORKMAN'S COMPENSATION	0		9,454		9,454
21	659 INSURANCE - OTHER	9,454		0		0
22	660 ADVERTISING EXPENSE	0		0		0
23	666 REGULATORY COMMISSION EXPENSES -	0		0		0
24	AMORTIZATION OF RATE CASE EXPENSE	0		0		0
25	667 REGULATORY COMMISSION EXPENSES - OTHER	0		0		0
26	670 BAD DEBT EXPENSE	0		37,407		37,407
27	675 MISCELLANEOUS EXPENSES	37,407				
28						
29	TOTAL OPERATION AND MAINTENANCE	\$ 206,123	\$ 0	\$ 206,123	\$ 0	\$ 206,123
30						

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SOUTH BROWARD UTILITY, INC.
SEWER OPERATION AND MAINTENANCE EXPENSES
TEST YEAR ENDED DECEMBER 31, 1988

SCHEDULE NO. 5
DOCKET NO. 890360-WS

ACCT NO.	ACCOUNT TITLE	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	PSC ADJUSTMENTS	PSC ADJUSTED TEST YEAR
1	701 SALARIES AND WAGES - EMPLOYEES	\$ 70,315	\$	\$ 70,315	\$	\$ 70,315
2	703 SALARIES AND WAGES -	0		0		0
3	OFFICERS, DIRECTORS, ETC.	0		0		0
4	704 EMPLOYEE PENSIONS AND BENEFITS	0		0		0
5	710 PURCHASED SEWAGE TREATMENT	1,330		1,330		1,330
6	711 SLUDGE REMOVAL EXPENSE	2,335		2,335		2,335
7	715 PURCHASED POWER	15,085		15,085		15,085
8	716 FUEL FOR POWER PRODUCTION	0		0		0
9	718 CHEMICALS	21,219		21,219		21,219
10	720 MATERIALS AND SUPPLIES	1,401		1,401		1,401
11	731 CONTRACTUAL SERVICES - ENGINEERING	0		0		0
12	732 CONTRACTUAL SERVICES - ACCOUNTING	0		0		0
13	733 CONTRACTUAL SERVICES - LEGAL	0		0		0
14	734 CONTRACTUAL SERVICES - MGT FEES	0		0		0
15	735 CONTRACTUAL SERVICES - OTHER	62,953		62,953		62,953
16	741 RENTAL OF BUILDING/REAL PROPERTY	0		0		0
17	742 RENTAL OF EQUIPMENT	0		0		0
18	750 TRANSPORTATION EXPENSES	4,251		4,251		4,251
19	756 INSURANCE - VEHICLE	0		0		0
20	757 INSURANCE - GENERAL LIABILITY	0		0		0
21	758 INSURANCE - WORKMAN'S COMPENSATION	0		0		0
22	759 INSURANCE - OTHER	9,454		9,454		9,454
23	760 ADVERTISING EXPENSE	0		0		0
24	766 REGULATORY COMMISSION EXPENSES -	0		0		0
25	AMORTIZATION OF RATE CASE EXPENSE	0		0		0
26	767 REGULATORY COMMISSION EXPENSES - OTHER	0		0		0
27	770 BAD DEBT EXPENSE	0		0		0
28	775 MISCELLANEOUS EXPENSES	22,042		22,042		22,042
29						
30	TOTAL OPERATION AND MAINTENANCE	\$ 210,385	\$ 0	\$ 210,385	\$ 0	\$ 210,385
31						

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SOUTH BROWARD UTILITY, INC.
TAXES OTHER THAN INCOME
TEST YEAR ENDED DECEMBER 31, 1988

SCHEDULE NO. 6
DOCKET NO. 890360-WS

WATER	TEST YEAR	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	PSC ADJUSTMENTS	PSC ADJUSTED TEST YEAR
PERSONAL AND REAL PROPERTY	39,187		39,187		39,187
PAYROLL	5,914		5,914		5,914
REGULATORY ASSESSMENT	0	0	0	5,075	5,075
OTHER	3,557		3,557		3,557
TOTAL	48,658	0	48,658	5,075	53,733

SOUTH BROWARD UTILITY, INC.
TAXES OTHER THAN INCOME
TEST YEAR ENDED DECEMBER 31, 1988

DOCKET NO. 890360-WS

SEWER	TEST YEAR	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	PSC ADJUSTMENTS	PSC ADJUSTED TEST YEAR
PERSONAL AND REAL PROPERTY	46,504		46,504		46,504
PAYROLL	5,740		5,740		5,740
REGULATORY ASSESSMENT	0	0	0	7,116	7,116
OTHER	4,345		4,345		4,345
TOTAL	56,589	0	56,589	7,116	63,705

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SOUTH BROWARD UTILITY, INC.
 DOCKET NO. 890360-WS
 TEST YEAR ENDED 12/31/88

SCHEDULE NO. 7

DESCRIPTION	WATER		SEWER	
	PLANT	CIAC	PLANT	CIAC
BALANCE 12/31/88	\$ 3,720,223	\$ (1,761,573)	\$ 4,168,216	\$ (2,114,359)
1989 ADDITIONS:	2,254,883		1,125,084	
LINES		(509,000)		(509,000)
TAP FEES (90)		(67,770)		(54,180)
BALANCE 12/31/89	\$ 5,975,106	\$ (2,338,343)	\$ 5,293,300	\$ (2,677,539)
1990 ADDITIONS:	737,500		1,732,731	
LINES		(737,500)		(737,500)
TAP FEES (362)		(272,658)		(217,835)
BALANCE 12/31/90	\$ 6,712,606	\$ (3,348,501)	\$ 7,026,031	\$ (3,632,674)
ADDITIONS TO CAPACITY FEES (1,151 W/ 1,921 S)		(866,703)		(1,156,442)
TOTALS	\$ 6,712,606	\$ (4,215,204)	\$ 7,026,031	\$ (4,789,316)
CONTRIBUTION PERCENTAGES:				
	WATER		SEWER	
12/31/88 BALANCES	47.35%		50.73%	
AT CAPACITY	62.80%		68.17%	