

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of SOUTHERN STATES)	DOCKET NO. 890951-WS
UTILITIES, INC. for rate increase)	ORDER NO. 22393
in Duval County.)	ISSUED: 1/10/90
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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 SUSPENDING PROPOSED WASTEWATER RATES, GRANTING
 INCREASED WASTEWATER RATES ON AN INTERIM BASIS, AND
 SETTING PORTION OF WATER RATES SUBJECT TO REFUND

BY THE COMMISSION:

BACKGROUND

Southern States Utilities, Inc., (Southern States or utility) is a Class A utility with its main office located in Apopka, Florida. Southern States is a subsidiary of The Topeka Group, Inc., a Minnesota corporation, which is itself a subsidiary of Minnesota Power & Light Company.

Southern States operates two water and wastewater utility systems in Duval County, the Beacon Hills and Woodmere systems, which serve approximately 3,100 water and 3,000 wastewater customers. During the twelve month period ended May 31, 1989, Southern States realized actual operating revenues of \$594,089 and a net operating income of \$134,404 for its Duval County water systems and actual operating revenues of \$579,183 and a net operating income of \$89,460 for its Duval County wastewater systems.

On November 2, 1989, Southern States completed the minimum filing requirements for a general rate increase and that date was established as the official date of filing. In accordance with Section 367.081(8), Florida Statutes, the utility has requested that its application be processed using the proposed agency action procedure. The test year for both interim and final rate purposes is the twelve-month period ended May 31, 1989.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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Southern States has requested final wastewater rates designed to generate annual revenues of \$869,120, which exceed annualized test year revenues by \$250,697 (40.53 percent). Although Southern States has not requested an increase in water rates, it has requested that we restructure its water rates based upon meter size. It has also requested that we approve county-wide, uniform rates for the Duval County systems, based upon a bi-monthly billing cycle. Currently, Beacon Hills customers are billed quarterly and Woodmere customers are billed on a monthly basis.

SUSPENSION OF PROPOSED RATES

Under Section 367.081(6), Florida Statutes, rate schedules proposed by a utility become effective sixty days after filing unless we withhold consent to the implementation of such rates. In addition, under Section 367.081(8), Florida Statutes, this Commission must take enter its vote on the proposed agency action within five months of the official date of filing.

A review of Southern States' filing indicates that it has made fairly substantial plant additions since our last audit. In addition, Southern States has proposed numerous adjustments to its rate base and operating statements. Upon consideration of the proposed rates, the amount of additional revenues sought thereunder and the supporting data which have been submitted, we believe that it is necessary and reasonable to require further amplification, explanation and corroboration of the data filed by the utility. Accordingly, we find it appropriate to suspend Southern States' proposed rates.

INTERIM RATES

Pending our final disposition of its application, Southern States has requested that we approve interim wastewater rates designed to generate annual revenues of \$695,609. According to the utility, these revenues exceed annualized test year revenues by \$77,186 (12.48 percent). Our calculations of the appropriate interim rates for this utility are discussed below.

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Rate Base

Our calculation of the appropriate wastewater rate base, used solely for the purpose of setting interim rates, is attached as Schedule No. 1-B, with adjustments itemized on Schedule No. 1-C. Those adjustments which are self-explanatory, or which are essentially mechanical in nature, are depicted on those schedules without further discussion in the body of this Order.

In its application, Southern States reduced utility plant-in-service to reflect its retirement of a 201,000 gallon per day plant from the Beacon Hills wastewater system. It also increased non-used and useful plant for excess capacity and made corresponding adjustment to accumulated depreciation for both the retirement and the non-used and useful plant. In addition, pursuant to Order No. 21890, issued September 13, 1989, Southern States used the formula method to calculate working capital and the simple average method to calculate rate base. The proposed working capital allowance also incorporates certain changes in operating and maintenance (O & M) expenses.

We believe that the utility has used conservative methodologies to determine its interim rate base and have, therefore, made no further adjustments. Using the simple average method and the adjustments discussed above, we find that the appropriate wastewater rate base, for interim purposes, is \$1,525,089.

Cost of Capital

Our calculation of the appropriate capital structure for the purpose of establishing interim wastewater rates, which includes a pro rata reconciliation, is attached as Schedule No. 2-B. In its application, the utility used Southern States' capital structure to calculate its overall rate of return. The utility's currently approved rates of return on equity are 12.0 percent for the Woodmere system and 13.5 percent for the Beacon Hills system. The utility used the lower of the approved rates of return on equity to calculate an overall rate of return of 9.98 percent for the combined Duval County wastewater systems.

Based upon the discussion above, we find that the appropriate overall rate of return, for the purpose of

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establishing interim rates for the Southern States Duval County wastewater systems, is 9.98 percent.

Net Operating Income (NOI)

Our calculation of the utility's test year NOI, used solely for the purpose of establishing interim rates, is attached as Schedule No. 3-B, with our adjustments itemized on Schedule No. 3-C. Those adjustments which are self-explanatory, or which are essentially mechanical in nature, are depicted on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

In its application, the utility annualized customer revenues on its interim NOI schedule to reflect its most recent price index adjustment, along with corresponding increases to income tax and regulatory assessment fees. The utility also made a number of reductions to O & M expenses and depreciation expense. According to the utility, the proposed revenue requirement would allow it to recover test year operating expenses and a 9.98 percent return on rate base. However, according to our calculations, test year revenues were inconsistent with the utility's billing analysis. Accordingly, we have increased test year revenues by \$11,139 in order to reconcile them to the billing analysis.

Based upon of the information filed by the applicant and the adjustments discussed above, we find it appropriate to increase wastewater revenues by \$66,047 (10.49 percent), on an interim basis, for a total wastewater revenue requirement of \$695,609.

Interim Rates

In order to allow this utility the opportunity to earn the wastewater revenue requirement approved above, we hereby approve the rates set forth below, for interim purposes only. In addition to the approved interim rates, we have set forth the utility's current and proposed interim wastewater rates, for comparative purposes, as follows:

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BEACON HILLS

QUARTERLY WASTEWATER RATES

Residential and General Service

<u>Meter Size</u>	<u>Current Rates</u>	<u>Proposed Interim</u>	<u>Approved Interim</u>
All meter sizes (flat rate)	\$47.27	\$53.17	\$52.23

WOODMERE

MONTHLY WASTEWATER RATES

Residential Service

<u>Meter Size</u>	<u>Current Rates</u>	<u>Proposed Interim</u>	<u>Approved Interim</u>
All meter sizes (flat rate)	\$12.96	\$14.58	\$14.32

General Service

<u>Meter Size</u>	<u>Current Rates</u>	<u>Proposed Interim</u>	<u>Approved Interim</u>
All meter sizes (flat rate)	150% of water bill	168.72% of water bill	166% of water bill

The interim rates approved herein shall be effective for meter readings on or after thirty days from the stamped approval date on the revised tariff pages for the Woodmere System, and for service rendered on or after the stamped approval date on the revised tariff pages for the Beacon Hills System. The revised tariff pages will be approved upon staff's verification that they are consistent with the Commission's decision, that the proposed customer notice is adequate, and that the appropriate refund security has been provided. The

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customer notice and refund security are discussed further herein.

POTENTIAL OVEREARNINGS FOR WATER

According to the utility's application, the adjusted test year rate of return for water was 11.12 percent. Southern States argues that, based upon the rate of return requested for final rates, 11.12 percent is within the range of reasonableness. Southern States has requested a 10.56 percent rate of return for final water rates with a range of reasonableness of 10.27 percent to 10.86 percent.

It is Commission practice to make overearnings determinations based upon the prior approved rate of return, not the requested rate of return. As discussed below, it appears that the utility may be exceeding its last authorized rate of return for water. Therefore, a portion of its water revenues must be made subject to refund pending further investigation.

Rate Base

To determine whether the utility may be in an overearnings posture, we have adjusted the utility's final water rate schedules in order to be consistent with those adjustments made in the interim wastewater schedules. Our calculation of water rate base is attached as Schedule No. 1-A, with our adjustments itemized on Schedule No. 1-B. Those adjustments which are self-explanatory, or which are essentially mechanical in nature, are depicted on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

In its application, the utility adjusted water rate base to increase non-used and useful plant. It also made a corresponding adjustment to accumulated depreciation and an adjustment to working capital to bring it to 1/8 of O & M expenses. We have made an additional adjustment to working capital to correspond with our changes to O & M expenses.

Based upon the utility's application and the adjustments discussed above, we find that the appropriate water rate base

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to use for the purpose of determining whether this utility is overearning for water service is \$1,359,891.

Cost of Capital

Our calculation of the appropriate capital structure for the purpose of determining whether the utility is overearning for water service, including a pro rata reconciliation, is attached as Schedule No. 2-A. The utility's currently approved rates of return on equity are 8.16 percent for the Woodmere system and 13.5 percent for the Beacon Hills system. Consistent with the methodology used by the utility in calculating its proposed interim wastewater rates, we have used Southern States' capital structure and the lower approved rate of return on equity. Using this method, we find that the appropriate overall rate of return to use for the purpose of determining whether this utility is overearning for water service is 9.08 percent.

NOI

Our calculation of the utility's test year NOI, used solely for the purpose of determining whether the utility is overearning for water service, is attached as Schedule No. 3-A, with our adjustments itemized on Schedule no. 3-C. Those adjustments which are self-explanatory, or which are essentially mechanical in nature, are depicted on those schedules without further discussion in the body of this Order.

In its application, the utility annualized revenues, with corresponding increases to income tax and regulatory assessment fees. We have removed the utility's increases of out-of-period expenses and amortization of rate case expense, in order to be consistent with the methodologies utilized for calculating interim rates. In addition, the utility's reported revenues did not agree with the billing analysis. Accordingly, we increased test year revenues by \$22,278 in order to reflect the correct amount.

Based upon the discussion above, we find that the appropriate amount of test year NOI to use in determining whether this utility is overearning for water service is \$123,505. In consideration of this amount and our findings regarding rate base and cost of capital, we find that the utility may be overearning for water service. Accordingly, the

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utility shall hold \$85,854 in annual water revenues subject to refund, pending further investigation.

REFUND SECURITY

Under Section 367.082(2), Florida Statutes, a utility is required to hold the difference between its approved interim rates and its previously authorized rates, or the difference between its currently authorized rates and those which would reduce its achieved rate of return to the maximum of its required rate of return, subject to refund in accordance with Rule 25-30.360, Florida Administrative Code. Accordingly, we hereby find it appropriate to require Southern States to submit a corporate undertaking in the amount of \$100,000, to guarantee its potential refund liability through July 23, 1990. In addition, pursuant to Rule 25-30.360(5), Florida Administrative Code, Southern States shall provide a report by the twentieth day of each month indicating the monthly and total water and wastewater revenues collected subject to refund.

CUSTOMER NOTICE

Finally, prior to its implementation of the interim rates approved herein, Southern States shall submit and have approved a proposed customer notice which shall explain the interim increase and the reasons therefor.

Based upon the foregoing, it is

ORDERED by the Florida Public Service Commission that the rate schedules proposed by Southern States Utilities, Inc. for its Duval County water and wastewater systems are hereby suspended, pursuant to Section 367.081(6), Florida Statutes. It is further

ORDERED that the request by Southern States Utilities, Inc. for an interim increase in wastewater rates is hereby granted, in part, as set forth in the body of this Order. It is further

ORDERED that the difference between the interim wastewater rates approved herein and the previously authorized wastewater rates shall be collected subject to refund in accordance with Rule 25-30.360, Florida Administrative Code. It is further

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ORDERED that Southern States Utilities, Inc. shall hold \$85,854 in annual water revenues, or 12.96 percent of the revenues collected between December 19, 1989 and the date of our final action, subject to refund as set forth in the body of this Order. It is further

ORDERED that, prior to its implementation of the interim wastewater rates approved herein, Southern States Utilities, Inc. shall file and have approved tariff pages revised in accordance with the provisions of this Order. It is further

ORDERED that, prior to its implementation of the interim wastewater rates approved herein, Southern States Utilities, Inc. shall file and have approved a proposed notice to its customers detailing the interim rate increase and the reasons therefor. It is further

ORDERED that, prior to its implementation of the interim wastewater rates approved herein, Southern States Utilities, Inc. shall file and have approved a corporate undertaking in the amount of \$100,000, as guarantee for any potential refund. It is further

ORDERED that the interim increase in wastewater rates approved herein shall be effective for meter readings on or after thirty (30) days from the stamped approval date on the revised tariff pages for the Woodmere system, and for service rendered on or after the stamped approval date on the revised tariff pages for the Beacon Hills system. The revised tariff pages will be approved upon staff's verification that the tariffs are consistent with the Commission's decision, that the proposed customer notice is adequate, and that the appropriate refund security has been provided.

By ORDER of the Florida Public Service Commission,
this 10th day of JANUARY, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

RJP

by: Kay Johnson
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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SOUTHERN STATES UTILITIES, INC. - DUVAL COUNTY
SCHEDULE OF WATER RATE BASE
TEST YEAR ENDED MAY 31, 1989

SCHEDULE NO. 1-A
DOCKET NO. 890951-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION- ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 3,953,543	\$ 0	\$ 3,953,543	\$ 0	\$ 3,953,543
2					
3 LAND	120,500	0	120,500	0	120,500
4					
5 NON-USED & USEFUL COMPONENTS	0	(45,045)	(45,045)	0	(45,045)
6					
7 C.W.I.P.	0	0	0	0	0
8					
9 C.I.A.C.	(2,295,631)	0	(2,295,631)	0	(2,295,631)
10					
11 ACCUMULATED DEPRECIATION	(716,342)	11,652	(704,690)	0	(704,690)
12					
13 AMORTIZATION OF C.I.A.C.	293,450	0	293,450	0	293,450
14					
15 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
16					
17 WORKING CAPITAL ALLOWANCE	37,573	1,989	39,562	(1,798)	37,764
18					
19 RATE BASE	\$ 1,393,093	\$ (31,404)	\$ 1,361,689	\$ (1,798)	\$ 1,359,891
20					

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SOUTHERN STATES UTILITIES, INC. - DUVAL COUNTY
SCHEDULE OF SEWER RATE BASE
TEST YEAR ENDED MAY 31, 1989

SCHEDULE NO. 1-B
DOCKET NO. 890951-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION- ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 5,317,145	\$ (74,250)	\$ 5,242,895	0	\$ 5,242,895
2					
3 LAND	64,014	0	64,014	0	64,014
4					
5 NON-USED & USEFUL COMPONENTS	0	(177,985)	(177,985)	0	(177,985)
6					
7 C.W.I.P.	0	0	0	0	0
8					
9 C.I.A.C.	(3,362,050)	0	(3,362,050)	0	(3,362,050)
10					
11 ACCUMULATED DEPRECIATION	(809,821)	58,451	(751,370)	0	(751,370)
12					
13 AMORTIZATION OF C.I.A.C.	468,096	0	468,096	0	468,096
14					
15 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
16					
17 WORKING CAPITAL ALLOWANCE	41,606	(117)	41,489	0	41,489
18					
19 RATE BASE	\$ 1,718,990	\$ (193,901)	\$ 1,525,089	0	\$ 1,525,089
20					

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SOUTHERN STATES UTILITIES, INC. - DUVAL COUNTY
ADJUSTMENTS TO RATE BASE
TEST YEAR ENDED MAY 31, 1989

SCHEDULE NO. 1-C

DOCKET NO. 890951-WS

EXPLANATION	ADJUSTMENTS	
	WATER	SEWER
1 WORKING CAPITAL ALLOWANCE		
2		
3 A. To adjust the working capital allowance to		
4 staff calculation of 1/8 O&M.	\$ (1,798)	\$ 0
5	*****	*****

SOUTHERN STATES UTILITIES, INC. - DUVAL COUNTY
 CAPITAL STRUCTURE - WATER
 TEST YEAR ENDED MAY 31, 1989

SCHEDULE NO. 2-A
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DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	WEIGHTED COST	COMMISSION		WEIGHT	COST	WEIGHTED COST
					ADJUSTMENTS TO UTILITY EXHIBIT	BALANCE PER COMMISSION			
LONG TERM DEBT	\$ 20,085,985	61.96%	9.57%	5.93%	\$ (19,243,370)	\$ 842,615	61.96%	9.57%	5.93%
SHORT TERM DEBT	844,626	2.61%	7.13%	0.19%	(809,194)	35,432	2.61%	7.13%	0.19%
CUSTOMER DEPOSITS	507,006	1.56%	8.00%	0.13%	(485,737)	21,269	1.56%	8.00%	0.13%
PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
COMMON EQUITY	9,624,822	29.69%	13.95%	4.14%	(9,221,057)	403,765	29.69%	9.06%	2.69%
INVESTMENT TAX CREDITS	541,603	1.67%	10.88%	0.18%	(518,883)	22,720	1.67%	9.06%	0.15%
DEFERRED INCOME TAXES	812,595	2.51%	0.00%	0.00%	(778,506)	34,089	2.51%	0.00%	0.00%
OTHER CAPITAL	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
TOTAL CAPITAL	\$ 32,416,637	100.00%		10.56%	\$ (31,056,746)	\$ 1,359,891	100.00%		9.08%

RANGE OF REASONABLENESS

	LOW	HIGH
EQUITY	8.06%	10.06%
OVERALL RATE OF RETURN	8.79%	9.38%

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SOUTHERN STATES UTILITIES, INC. - DUVAL COUNTY
 CAPITAL STRUCTURE - SEWER
 TEST YEAR ENDED MAY 31, 1989

SCHEDULE NO. 2-B
 DOCKET NO. 890951-WS

DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	WEIGHTED COST	COMMISSION ADJUSTMENTS TO UTILITY EXHIBIT	BALANCE PER COMMISSION	WEIGHT	COST	WEIGHTED COST
LONG TERM DEBT	\$ 20,085,985	61.96%	9.57%	5.93%	\$ (19,141,010)	\$ 944,975	61.96%	9.57%	5.93%
SHORT TERM DEBT	844,626	2.61%	7.13%	0.19%	(804,889)	39,737	2.61%	7.13%	0.19%
CUSTOMER DEPOSITS	507,006	1.56%	8.00%	0.13%	(483,153)	23,853	1.56%	8.00%	0.13%
PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
COMMON EQUITY	9,624,822	29.69%	12.00%	3.56%	(9,172,008)	452,814	29.69%	12.00%	3.56%
INVESTMENT TAX CREDITS	541,603	1.67%	10.27%	0.17%	(516,122)	25,481	1.67%	10.27%	0.17%
DEFERRED INCOME TAXES	812,595	2.51%	0.00%	0.00%	(774,365)	38,230	2.51%	0.00%	0.00%
OTHER CAPITAL	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%
TOTAL CAPITAL	\$ 32,416,637	100.00%		9.98%	\$ (30,891,548)	\$ 1,525,089	100.00%		9.98%

RANGE OF REASONABLENESS	LOW	HIGH
EQUITY	11.00%	13.00%
OVERALL RATE OF RETURN	9.68%	10.27%

SOUTHERN STATES UTILITIES, INC. - DUVAL COUNTY
 STATEMENT OF WATER OPERATIONS
 TEST YEAR ENDED MAY 31, 1989

SCHEDULE NO. 3-A
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DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE OR (DECREASE)	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 594,089	\$ 42,921	\$ 637,010	\$ 25,199	\$ 662,209	(\$ 85,854)	\$ 576,355
2							
3 OPERATING EXPENSES							
4							
5 OPERATION AND MAINTENANCE	\$ 300,582	\$ 15,914	\$ 316,496	(\$ 14,386)	\$ 302,110		\$ 302,110
6							
7 DEPRECIATION	49,469	(1,406)	48,063	0	48,063		48,063
8							
9 AMORTIZATION	0	0	0	0	0		0
10							
11 TAXES OTHER THAN INCOME	80,978	1,073	82,051	630	82,681	(2,146)	80,535
12							
13 INCOME TAXES	28,656	10,326	38,982	14,659	53,641	(31,499)	22,142
14							
15							
16 TOTAL OPERATING EXPENSES	\$ 459,685	\$ 25,907	\$ 485,592	\$ 903	\$ 486,495	(\$ 33,645)	\$ 452,850
17							
18							
19 OPERATING INCOME	\$ 134,404	\$ 17,014	\$ 151,418	\$ 24,296	\$ 175,714	(\$ 52,209)	\$ 123,505
20							
21							
22 RATE BASE	\$ 1,393,093		\$ 1,361,689		\$ 1,359,871		\$ 1,359,871
23							
24							
25 RATE OF RETURN	9.65%		11.12%		12.92%		9.08%
26							

SOUTHERN STATES UTILITIES, INC. - DUVAL COUNTY
 STATEMENT OF SEWER OPERATIONS
 TEST YEAR ENDED MAY 31, 1989

SCHEDULE NO. 3-B
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DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE OR (DECREASE)	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 579,183	\$ 116,426	\$ 695,609	\$ (66,047)	\$ 629,562	\$ 66,047	\$ 695,609
2							
3 OPERATING EXPENSES							
4							
5 OPERATION AND MAINTENANCE	\$ 332,850	\$ (938)	\$ 331,912	\$ 0	\$ 331,912	\$	\$ 331,912
6							
7 DEPRECIATION	80,579	(3,807)	76,772	0	76,772		76,772
8							
9 AMORTIZATION	0	0	0		0		0
10							
11 TAXES OTHER THAN INCOME	98,520	2,911	101,431	(1,652)	99,779	1,652	101,431
12							
13 INCOME TAXES	(22,226)	55,591	33,365	(24,127)	9,238	24,127	33,365
14							
15							
16 TOTAL OPERATING EXPENSES	\$ 489,723	\$ 53,757	\$ 543,480	\$ (25,779)	\$ 517,701	\$ 25,779	\$ 543,480
17							
18							
19 OPERATING INCOME	\$ 89,460	\$ 62,669	\$ 152,129	\$ (40,268)	\$ 111,861	\$ 40,268	\$ 152,129
20							
21							
22 RATE BASE	\$ 1,718,990		\$ 1,525,089		\$ 1,525,089		\$ 1,525,089
23							
24							
25 RATE OF RETURN	5.20%		9.98%		7.33%		9.98%
26							

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SOUTHERN STATES UTILITIES, INC. - DUVAL COUNTY
ADJUSTMENTS TO OPERATING STATEMENT
TEST YEAR ENDED MAY 31, 1989

SCHEDULE NO. 3-C
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EXPLANATION	ADJUSTMENT	
	WATER	SEWER
1 OPERATING REVENUES		
2 A. To remove utility's requested increase.	\$ 0	\$ (77,186)
3		
4 B. To remove revenues associated with proposed		
5 service charges.	(5,518)	0
6		
7 C. To reflect sewer portion of service charges.	8,439	0
8		
9 D. To correct revenues to reflect billing		
10 analysis.	22,278	11,139
11	-----	-----
12 NET ADJUSTMENT	25,199	\$ (66,047)
13	=====	=====
14		
15 OPERATION AND MAINTENANCE EXPENSE		
16 A. To remove out of period labor reclassified.	\$ (1,887)	\$ 0
17		
18 B. To remove amortization of rate case expense.	(11,881)	0
19		
20 C. To remove out of period audit fees reclassified.	(\$618)	0
21	-----	-----
22 NET ADJUSTMENT	\$ (14,386)	\$ 0
23	=====	=====
24		
25 TAXES OTHER THAN INCOME		
26 A. To remove regulatory assessment fees		
27 associated with requested revenues.	\$ 0	\$ (51,930)
28		
29 B. To reflect regulatory assessment fees		
30 related to our adjustment to revenues.	630	278
31	-----	-----
32 NET ADJUSTMENT	\$ 630	\$ (1,652)
33	=====	=====
34		
35 INCOME TAXES		
36 A. To adjust test year income taxes		
37 to our calculation.	\$ 14,659	\$ 4,192
38		
39 B. To remove income taxes associated		
40 with requested revenues.	\$ 0	\$ (\$28,319)
41	-----	-----
42 NET ADJUSTMENT	14,659	(24,127)
43	=====	=====

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SOUTHERN STATES UTILITIES, INC. - DUVAL COUNTY
 ADJUSTMENTS TO OPERATING STATEMENT
 TEST YEAR ENDED MAY 31, 1989

SCHEDULE NO. 3-C
 PAGE 2 of 2
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EXPLANATION	ADJUSTMENT	
	WATER	SEWER
-----	-----	-----
OPERATING REVENUES		
1 A. To adjust revenues to reflect revenues		
2 which allow a fair rate of return.	\$ (85,854)	\$ 66,047
3	-----	-----
4		
5 TAXES OTHER THAN INCOME		
6 A. To reflect regulatory assessment fees		
7 related to our adjustment to revenues.	\$ (2,146)	\$ 1,258
8	-----	-----
9		
10 INCOME TAXES		
11 A. To reflect income tax expense		
12 related to our adjustment to revenues.	\$ (31,499)	\$ 24,127
13	-----	-----