

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a ) DOCKET NO. 910766-WS  
staff-assisted rate case in ) ORDER NO. PSC-93-0233-FOF-WS  
Duval County by COMMERCIAL ) ISSUED: 02/12/93  
UTILITIES, DIVISION OF GRACE )  
& COMPANY, INC. )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
THOMAS M. BEARD  
SUSAN F. CLARK  
JULIA L. JOHNSON  
LUIS J. LAUREDO

ORDER GRANTING TEMPORARY RATES  
IN THE EVENT OF PROTEST

AND

NOTICE OF PROPOSED AGENCY ACTION  
ORDER GRANTING RATES AND CHARGES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein, except for the granting of temporary rates subject to refund, in the event of a protest, is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Commercial Utilities, Division of Grace & Company, Inc., (CU or utility) is a Class C water and wastewater facility located in Jacksonville, Florida. The utility serves 13 water and 42 wastewater general service customers. These customers include hotels, banks, a shopping center, restaurants, and other small businesses. In addition, the utility provides water and wastewater service to a three-hundred-unit mobile home park (billed as one general service customer). CU was issued Certificates Nos. 219-W and 164-S in Order No. 6704, issued June 4, 1975.

Pursuant to the Environmental Protection Board's Rule 3, Section 3.402 F.2.2, the Jacksonville Department of Health,

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PSC-93-0233-FOF-WS

Welfare, and Bio-Environmental Service required CU to connect to a regional wastewater facility. The original deadline for this was March 10, 1992. The actual interconnection took place July 30, 1992.

Without being required to do so, CU interconnected its water system to the City of Jacksonville's (City's) system in January, 1991. CU said that it made this decision because water quality standards have become increasingly stringent; the cost of required water testing was increasing; the City's installation of water mains in CU's service area was preventing CU from adding new customers; and there was a certain amount of savings in negotiating, designing, and constructing the water and wastewater interconnections at the same time. All of CU's water is now purchased from the City.

On January 18, 1991, CU filed an application for a limited proceeding water and wastewater rate increase to offset the costs of the water and wastewater interconnections with the City of Jacksonville (Docket No. 910069-WS). On July 10, 1991, CU filed an application for a staff-assisted rate case (SARC), and this Docket was established. The official filing date for this SARC is October 20, 1991.

In Order No. 25076, issued September 17, 1991, the limited proceeding wastewater rate increase (with adjustments) was approved. The water rate increase was not granted. Due to the fact that the wastewater interconnection had not taken place and a SARC application had been filed by the utility, the limited proceeding wastewater rates were approved on an interim basis subject to refund pending the outcome of the SARC. The limited proceeding docket was closed and issues regarding the actual cost of the wastewater interconnection were referred to this SARC docket for finalization.

Order No. 25076 authorized the utility to implement increased wastewater rates on an interim basis to allow recovery of costs associated with the wastewater interconnection. CU submitted revised tariff sheets and an approved customer notice. Anticipating that the wastewater plant interconnection would take place on October 1, 1991, the Commission designated October 17, 1991, as the effective date of the interim wastewater rates. However, by letter dated November 19, 1991, CU stated that the interconnection had not taken place and that CU had not implemented the interim rates and would not implement them until the actual interconnection. Then, by letter dated December 6, 1991, CU requested that this SARC docket be placed in monitor status until July 1, 1992. CU agreed to waive the 15-month statutory SARC deadline and withdraw its SARC application if the wastewater plant

interconnection had not been completed by July 1, 1992. Since the date of the interconnection was determined by the City, not the utility, the Commission granted CU's request to place the docket in monitor status until July 1, 1992, in Order No. 25642, issued January 27, 1992.

By letter dated June 17, 1992, CU informed the Commission that construction of the interconnection was complete and requested that tariff sheets reflecting the previously approved interim wastewater rates be made effective July 5, 1992, the date the City informed CU that official interconnection would be made. After the customer notice was approved, the tariff sheets were approved administratively. The actual interconnection was delayed again by the City, however, until July 30, 1992. CU did not implement the interim rates until the interconnection was made.

After the utility's June 17 letter, Staff requested that the utility submit updated information to supplement the original SARC audit. The original test year was to have ended June 30, 1991. We obtained updated figures and examined the records upon which the figures were based so a more current test year ended June 30, 1992, could be used.

During the test year, the utility's books reflected operating revenues of \$30,947 for water and \$111,875 for wastewater. The utility recorded net operating losses of \$12,305 for water and \$162,209 for wastewater during the same period.

Water and wastewater in the utility's service area are under the jurisdiction of the St. John's River Water Management District. The district has designated the region as a "water use caution area." The Commission has a memorandum of understanding with the Florida Water Management Districts, in which the Commission has recognized that a joint cooperative effort is necessary to implement an effective, state-wide water conservation policy. Because CU purchases water and wastewater treatment from the City of Jacksonville, wastewater reuse is not an issue in this case. Regarding water conservation, the utility employs the base facility /gallage charge rate structure, and average water use per capita for this utility is 135 gallons per day. This amount falls below the 150 gallons per day per capita maximum usage criteria expected by the water management district. Therefore, the average amount of water sold by this utility is not considered to be excessive and a more progressive conservation program is not necessary.

#### QUALITY OF SERVICE

A customer meeting was held on October 21, 1992, at the Florida Department of Transportation Office, located near the

utility's service area. The service area is located in Jacksonville, Florida. There were five attendees who represented three commercial customers of the utility. Of that number, no one had complaints concerning quality of service.

In addition to the customers' apparent satisfaction with quality of service, it has been determined that the utility is in compliance with state and local health requirements.

Based on the facts stated above, we find the quality of service provided by CU is satisfactory.

#### RATE BASE

Our calculation of the appropriate water rate base for the purpose of this proceeding is depicted on Schedule No. 1, the calculation of the appropriate wastewater rate base is depicted on Schedule No. 1-A, and our adjustments are itemized on Schedule No. 1-B. Those adjustments that are self-explanatory or essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

#### Used and Useful

The water distribution system is 100% used and useful and the wastewater collection system is 100% used and useful.

The standard used and useful formulas were applied to the specific parameters of the water and wastewater plants. A discussion of the used and useful components of the utility's water and wastewater system follows.

Water Distribution and Wastewater Collection Systems: Both the water distribution and wastewater collection systems are considered fully utilized by the existing customers. Unlike a pre-designed residential subdivision, the systems appear to have grown over the years in an "as needed" fashion. It appears that the service area is primarily built out, and the lines are presently sized to accommodate the current connections. Therefore, both systems are considered to be 100% used and useful.

Physical Plant Due To Interconnections - Water: As part of the water system interconnection, the utility installed a four-inch master meter, a backflow prevention device, and a cut-off valve. The size of the meter appears to be the minimum size necessary to serve existing customers of the utility. Therefore, this installation is considered 100% used and useful.

Wastewater: The utility has laid a 10-inch force main 6,300 feet from its collection system to the nearest collection lines owned by the City. The City required the line to be oversized to accommodate additional capacity that the City intends to use sometime in the future. In return, the City has reimbursed the utility for the additional expense (\$15,440), which has been imputed as contributions-in-aid-of-construction (CIAC).

#### Depreciable Plant-in-Service

During our audit of the utility's books and records, the utility's books reflected a balance of \$27,759 for water plant-in-service and a balance of \$728,794 for wastewater plant-in-service at the end of the test year. We reduced the water plant total by \$2,698 to adjust plant to the audited and updated total. We then raised the water plant total by a \$3,711 averaging adjustment.

For the wastewater plant, we removed \$343,080 in interconnection costs, which will be accounted for in the Intangible Plant category. We reduced wastewater plant totals by an additional \$331,646 to adjust plant to the audited and updated total. We increased the wastewater plant total by a \$99,666 averaging adjustment (the averaging adjustments are positive because plant was retired during the test year). We then increased the plant total by \$249,180 in pro forma plant, which has been put in service since the end of the test year.

Based on the foregoing, we find the appropriate balances of utility plant-in-service to be \$28,772 for the water system and \$402,914 for the wastewater system.

#### Land Value

All utility land was correctly retired during the test year, so no adjustment is necessary. Because former utility land (previously included in rate base) is now salable, we recognized a gain on the sale of the land in its calculation of a loss on abandoned plant, discussed more fully later in this Order.

#### Intangible Plant

We transferred into this category all costs related to the wastewater interconnection that cannot be considered tangible plant, but do represent investment by the utility. This includes: a \$50,000 fee to hook into the City's lift station; a \$287,204 impact fee charged by the City at the time of the interconnection; and \$5,876 in street repairs associated with construction of the force main.

Contributions-in-Aid-of-Construction

The utility correctly retired all previously accumulated CIAC associated with the retired plant during the test year. This reduction in CIAC was approved in the limited proceeding docket. However, we added to this account \$15,440 that the City paid to CU to offset the cost of upgrading the force main from an 8-inch line to a 10-inch line so the City can add more customers in the future. There is no CIAC on the water side.

Accumulated Depreciation

The utility's books reflected \$7,990 in accumulated depreciation for water and \$67,271 in accumulated depreciation for wastewater at the end of the test year. Based on our calculated plant balances, accumulated depreciation per Rule 25-30.140, Florida Administrative Code, should be \$9,934 for water and \$15,596 for wastewater. Therefore, we increased the water balance by \$1,944 and decreased the wastewater balance by \$51,675. The water balance then was lowered by an averaging adjustment of \$409, while the wastewater balance was increased by an averaging adjustment of \$24,204. The wastewater balance also was increased by \$8,909 to reflect one year of depreciation for proforma plant. Therefore, the appropriate amount of accumulated depreciation is \$9,526 for water and \$48,709 for wastewater.

Accumulated Amortization of Intangible Plant

The costs associated with the wastewater interconnection were amortized over 27 years, the estimated life of the force main per Rule 25-30.140, Florida Administrative Code. The force main is the primary asset with which the interconnection costs are associated. We imputed one year of amortization: \$1,850 for the lift station hook-up fee, \$10,627 for the impact fee, and \$217 for street repairs.

Accumulated Amortization of CIAC

The only CIAC to be amortized is the \$15,440 that the City of Jacksonville contributed to enlarge the force main from 8 inches to 10 inches. Because this CIAC can be directly attributed to an asset, one year of amortization has been imputed at 3.7%, totalling \$571, which is the depreciation rate that would be used for a force main per Rule 25-30.140, Florida Administrative Code.

Working Capital

We find it appropriate to use the formula method in calculating the working capital requirement of this utility, or

one-eighth of operation and maintenance expenses. In a later section of this Order, we find that the appropriate operation and maintenance expenses are \$36,247 for the water system and \$219,280 for the wastewater system. Therefore, we have included one-eighth of those amounts, \$4,531 for the water system and \$27,410 for the wastewater system, in rate base as the utility's working capital allowance. Because the utility recorded balances of \$4,942 for water and \$27,709 for wastewater, reductions of \$411 for water and \$299 for wastewater were necessary.

#### Test Year Rate Base

Based on the foregoing, we find the appropriate test year rate base is \$23,777 for the water system and \$697,132 for the wastewater system.

#### CAPITAL STRUCTURE

In calculating the utility's cost of capital, we used the capital structure of the parent company, Grace and Company, Inc., because the utility's investment in rate base was provided by the parent company through advances. Applying the leverage formula approved in Order No. PSC-92-0686-FOF-WS, issued July 21, 1992, to the parent company's test year average equity ratio, we established the return on equity to be 10.88%.

The parent company's capital structure is composed of equity and long term debt. The debt consists of two notes, one from Grace Investors, Ltd., with a weighted test year cost of 11.25%, and one from First Union National Bank, with a weighted test year cost of 7.25%. Applying the weighted average method to the total capital structure yields an overall rate of return of 10.38%. The parent company's test year average equity and debt balances have been adjusted down on a pro rata basis to match CU's total rate base.

Capital structure and the overall rate of return are shown on Schedule No. 2.

#### NET OPERATING INCOME

Our calculation of net operating income is depicted on Schedules Nos. 3 and 3-A and our adjustments are itemized on Schedule No. 3-B. Those adjustments that are self-explanatory or essentially mechanical in nature are shown on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Test Year Operating Revenues

The utility recorded water system revenues of \$30,947 and wastewater system revenues of \$111,875 during the test period. We recalculated revenue using a billing analysis for the test year and the rates in effect prior to the limited proceeding.

Later in the body of this Order, we find that service to the Colonial Park mobile home park is jurisdictional. To impute revenue at the pre-limited proceeding rates, we imputed the park as if it had a 4" meter, the minimum size that would be needed based on ERCs served. For the park's gallonage, we subtracted all of CU's meter readings from the City of Jacksonville's master meter readings. The remainder, less 10% for estimated unaccounted-for water, was imputed as Colonial Park's gallonage. Based on an examination of the system, we have determined that 10% is a reasonable estimate for unaccounted-for water.

Therefore, the appropriate test year operating revenues are \$41,704 for water and \$124,158 for wastewater.

Test Year Operating Expenses

The components of the utility's operating expenses include operation and maintenance expenses, depreciation expense (net of related amortization of CIAC), amortization of intangible plant and loss on abandonment, taxes other than income taxes, and income taxes. A discussion of each component follows.

The utility's test year operating expenses have been traced to invoices. Adjustments have been made to reflect unrecorded test year expenses and to reflect reclassification to appropriate expense accounts. In addition, some expenses (related to the interconnection) were addressed in the limited proceeding in Order No. 25076, issued September 21, 1991, so we adjusted some test year expenses to those approved levels. Also, in many instances, the utility had already adjusted its books to reflect the reductions and additions to expenses that are due to the water and wastewater interconnections.

Operation and Maintenance Expense (O&M): The utility charged \$39,539 to water O&M and \$221,672 to wastewater O&M during the test year. A summary of our adjustments follows.

1) Salaries and Wages - Employees - The utility recorded \$5,750 for water and \$13,416 for wastewater during the test year. This expense has been adjusted by (\$1,423) for water and \$1,096 for wastewater to reflect the salary level approved in Order No. 25076. These levels take into consideration a reduction of work hours due



to the interconnection. The salary levels themselves were originally set in Docket No. 820148-WS and have been indexed each year using the Commission-approved price index factor.

2) Salaries and Wages - Officers - The utility recorded \$8,823 for water and \$20,587 for wastewater during the test year. This expense has been increased by \$187 for water and decreased by \$481 for wastewater to reflect the salary level approved in Order No. 25076.

3) Contractual Services - The utility recorded contractual services expenses of \$3,035 for water and \$4,528 for wastewater during the test year. We reduced the water balance by \$635 to reflect an unreconciled difference between the utility's balance and the invoice-supported general ledger. We reduced the water balance by \$622 to transfer a consultant's fees to Regulatory Commission Expense. We further reduced the water account by \$55 to remove part of an invoice for plant operation. We reduced the wastewater balance by \$412 to remove part of an invoice for plant operation. The remaining allowed expenses include accountant fees and routine repairs to the wastewater collection system.

4) Insurance Expense - The utility recorded insurance expenses of \$427 for water and \$3,095 for wastewater during the test year. Because much of the system has been retired, we reduced the water account by \$247 to reflect an allocation of the parent company's general liability premium. We reduced the wastewater expense by \$1,845 for the same reason and to allow a \$75 commercial property premium on the utility's one remaining lift station.

5) Regulatory Commission Expense - The utility recorded \$2,168 for water and \$5,217 for wastewater during the test year. We recalculated this expense, starting with the amounts allowed in Order No. 25076 (\$4,668 for water and \$11,648 for wastewater). We reduced these amounts by the rate case expense reductions in Order No. 25076 mandated in Section 367.0815, Florida Statutes (\$201 for water and \$473 for wastewater). We reduced these amounts again by the projected unbilled estimated expense allowed in Order No. 25076 (\$313 for water and \$732 for wastewater). We added the prudent rate case expense that has been incurred since the limited proceeding order (\$2,853 for water and \$6,856 for wastewater), the SARC filing fee (\$150 for water and \$900 for wastewater), and an estimated amount for completion of the case (\$257 for water and \$598 for wastewater). Amortized over four years, these amounts yield yearly expenses of \$1,854 for water and \$4,700 for wastewater.

6) Miscellaneous Expense - The utility recorded miscellaneous expenses of \$335 for water and \$580 for wastewater. We reduced

these amounts by \$183 for water and \$233 for wastewater to remove expenses not supported by invoices.

Depreciation Expense (Net of Amortization of CIAC): The utility recorded \$904 for water and \$39,205 for wastewater in this account during the test period. Applying the prescribed depreciation rates to the appropriate used and useful plant in service account balances results in depreciation expense of \$824 for water and \$10,872 for wastewater during the test year. We reduced the water account by \$80 and the wastewater account by \$28,333 to reach the appropriate amounts. The appropriate imputed wastewater CIAC amortization expense is \$571 (for CIAC associated with the force main), netted against wastewater depreciation.

Amortization of Intangible Plant and Loss on Abandonment: Elsewhere in this Order, we find that intangible interconnection costs should be amortized over the life of the force main (27 years). Therefore, we imputed one year of amortization expense, totaling \$12,694 for wastewater. We also find that the utility should be allowed to recover its loss on the abandonment of the water and wastewater plants. We calculated the loss expense by calculating the rate of return the utility would have earned on net plant plus foregone depreciation expense. We also rolled the gain on the sale of the former plant sites, approved in Order No. 25076, into the return calculation. This calculation yields a loss on abandonment expense of \$1,415 for water and \$5,653 for wastewater, which has been added to the plant amortization expense.

Taxes Other Than Income Taxes: The utility booked \$2,809 for water and \$13,207 for wastewater in this account during the test year. We increased the water account by \$456 and decreased the wastewater account by \$4,381 to reflect the 4.5% regulatory assessment fees applicable to test year revenues.

Operating Revenues: Revenues have been increased by \$3,089 for water and \$227,974 for wastewater to reflect the increase in revenue required to cover expenses and allow the Commission-approved rate of return on investment.

Taxes Other Than Income Taxes: This expense has been increased by \$139 for water and \$10,259 for wastewater to reflect the 4.5% regulatory assessment fees on the increase in revenue.

Income Tax Expense: The utility did not book any income tax expense for the test year. CU will incur income tax expense once the revenue requirement is collected. We calculated this expense to be \$435 for water and \$12,757 for wastewater.

Operating Expenses Summary

Based on the foregoing, the appropriate amounts of operating expenses are \$42,325 for water and \$279,770 for wastewater. Operating expenses are shown on Schedules Nos. 3 and 3-A. Adjustments are shown on Schedule No. 3-B.

Test Year Operating Loss

The appropriate test year operating revenues for CU are \$41,704 for water and \$124,158 for wastewater, while the corresponding test year operating expenses are \$41,751 for water and \$256,754 for wastewater. Therefore, the test year operating loss is \$47 for water and \$132,596 for wastewater for this utility.

REVENUE REQUIREMENT

Based on our review of the utility's books and records and the adjustments made herein, we find that the appropriate annual revenue requirement is \$44,793 for the water system and \$352,132 for the wastewater system. Accordingly, we find it appropriate to approve an annual increase in revenue of \$3,089 (7.4 percent) for the water system and \$227,974 (183.6 percent) for the wastewater system. These revenue requirements will allow the utility the opportunity to recover its operating expenses and allow it the opportunity to earn a 10.38 percent return on its investment.

RATES AND RATE STRUCTURE

We have calculated new rates for the utility that are designed to achieve the revenue requirements approved herein. We find these new rates to be fair, just, reasonable, and not unduly discriminatory. The utility's existing rates and the rates we hereby approve are set forth below.

Our preferred rate structure is the base facility charge rate structure because it is designed to provide for the equitable sharing by the ratepayers of both the fixed and variable costs of providing service. The base facility charge is based on the concept of readiness to serve all customers connected to the system. This ensures that ratepayers pay their share of the variable costs of providing service (through the consumption or cubic foot charge) and also pay their share of the fixed costs of providing service (through the base facility charge). The base facility/cubic foot charge rate structure is also an appropriate rate structure for this utility for conservation purposes. The utility's customer usage (135 gallons per day per capita) is below the criteria set by the water management district (150 gallons per

day per capita) and no additional rate structure conservation measures are necessary.

Approximately 29% (or \$13,023) of the water revenue requirement and 24% (or \$84,639) of the wastewater revenue requirement are associated with the fixed costs of providing service. Fixed costs are recovered through the base facility charge based on annualized number of ERCs. The remaining 71% (or \$31,770) of the water revenue requirement and 76% (or \$267,493) of the wastewater revenue requirement represents the consumption charge based on the number of cubic feet consumed during the test period.

One customer, the Colonial Park mobile home park, cannot feasibly be metered due to the configuration of the water distribution system. Earlier in this Order, we have found that service to the mobile home park, as a bulk customer, is jurisdictional. Because the park cannot be metered, we have given separate consideration to rate calculation for the park. We have determined that, based on .89 ERCs for 300 mobile homes, a 4" meter would be used to serve the park if metering were possible. Therefore, we find it appropriate to require that the rate for a 4" meter shall be charged to the mobile home park each month to cover the fixed costs of providing service.

Currently, CU has proposed to begin charging the gallonage difference between the City of Jacksonville's master meter and the sum of the meter readings of all of CU's metered customers, less 10% for estimated unaccounted-for water, to the mobile home park. Based on an examination of the system, we have determined that 10% is a reasonable estimate for unaccounted-for water. We find CU's proposal to be reasonable and hereby authorize CU to apply the approved cubic foot rate to the difference mentioned above in order to bill the mobile home park.

MONTHLY RATES - WATER  
Residential and General Service

<u>Base Facility Charge</u>	<u>Pre-Limited Proceeding Rates</u>	<u>Current Rates</u>	<u>Approved Rates</u>
<u>Meter Sizes:</u>			
5/8" x 3/4"	\$ 10.62	\$ 10.62	\$ 10.80
1"	26.56	26.56	27.01
1 1/4"	39.84	39.84	40.50
1 1/2"	53.11	53.11	54.01
2"	84.98	84.98	86.42
3"	169.95	169.95	172.84
4"	265.55	265.55	270.07
<u>Consumption Charge</u>			
Per 100 Cu. Ft.	\$ 0.57	\$ 0.57	\$ 0.63

MONTHLY RATES - WASTEWATER  
Residential and General Service

<u>Base Facility Charge</u>	<u>Pre-Limited Proceeding Rates</u>	<u>Current Rates</u>	<u>Approved Rates</u>
<u>Meter Sizes:</u>			
5/8" x 3/4"	\$ 16.12	\$ 44.49	\$ 24.90
1"	40.30	111.22	62.24
1 1/4"	60.45	166.83	93.38
1 1/2"	80.60	222.44	124.49
2"	128.96	355.90	199.18
3"	257.90	711.75	398.36
4"	402.97	1,112.12	622.44
<u>Consumption Charge</u>			
Per 100 Cu. Ft.	\$ 0.70	\$ 1.93	\$ 2.70

Service Availability Charges

The utility proposes not to charge any type of plant capacity fee for water. The utility proposes collection of a plant capacity fee of \$1.26 per gallon times the number of gallons of average daily wastewater flow for one year for each new wastewater connection. This fee then will be forwarded to the City of Jacksonville. The utility proposes to charge new connections any engineering fees equal to the cost incurred by the utility for proper review and inspection of the facilities required to make the

connection and to calculate estimated flows for calculation of the City's capacity fee. The customer will be responsible for the design, construction, ownership, and maintenance of main extensions necessary to provide service.

We hereby find that the utility's requested service availability policy is approved. The utility shall file tariff sheets reflecting the approved service availability charges. If the City of Jacksonville raises its Plant Capacity Charge of \$1.26 per gallon per day of average daily flow, the utility shall file tariff sheets seeking Commission approval of the increase in cost. Under this policy, the utility will accrue no additional CIAC. The charges we hereby approve are set forth below.

WATER

Plant Capacity Charge: None

Main Extension Policy: Customer is responsible for design, construction, ownership, and maintenance of main extensions necessary to provide service.

Plan Review and Inspection Fee: A charge will be made for review by utility's professional engineer of applicant's engineering plans, sewage design flow calculations, and applicant's D.E.R. General Permit Application for Wastewater Collection System / Drinking Water Distribution System, and for inspection by the utility's professional engineer of the applicant's installation of facilities. The fee will be equal to the cost incurred by the utility.

WASTEWATER

Plant Capacity Charge: City of Jacksonville Impact Fee per gallon per day, average daily flow for one year based on water consumption - \$1.26

Main Extension Policy: Customer is responsible for design, construction, ownership, and maintenance of main extensions necessary to provide service.

Plan Review and Inspection Fee: The fee will be equal to the cost incurred by the utility, for review by utility's professional engineer of applicant's engineering plans, sewage design flow calculations, and applicant's D.E.R. General Permit Application for Wastewater Collection System / Drinking Water Distribution System, and for inspection by the utility's professional engineer of the applicant's installation of facilities.

Miscellaneous Service Charges

The utility's current tariff contains only provisions for a violation reconnection charge of \$10 for water and actual cost for wastewater. We hereby approve the following charges:

	<u>Water</u>	<u>Wastewater</u>
Initial Connection	\$15.00	\$15.00
Normal Reconnection	\$15.00	\$15.00
Violation Reconnection	\$15.00	Actual Cost
Premises Visit (in lieu of disconnection)	\$10.00	\$10.00

Effective Date

The approved monthly metered rates shall be effective for meter readings on or after 30 days from the stamped approval date on the revised tariff sheets. The miscellaneous service charges and service availability charges shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets. Tariff sheets will not be approved until Staff verifies that the tariff sheets are consistent with this Commission's decision, no protest has been filed, and the proposed customer notice is adequate.

Statutory Rate Reduction and Recovery Period

Section 367.0816, Florida Statutes, entitled "Recovery of Rate Case Expenses" states that:

The amount of rate case expense determined by the Commission pursuant to the provisions of this chapter to be recovered through a public utilities rate shall be apportioned for recovery over a period of 4 years. At the conclusion of the recovery period, the rate of the public utility shall be reduced immediately by the amount of rate case expense previously included in rates.

The utility incurred regulatory commission expense for the limited proceeding Docket No. 910069-WS during the test year in addition to the filing fee and rate case expense for the instant rate case. These expenses totalled \$7,414 for water and \$18,797 for wastewater. Based on the above-mentioned statute, the appropriate recovery period for this expense is four years, which allows the utility to recover \$1,854 for water and \$4,700 for wastewater per year through its rates. Once the annual regulatory commission expense recovery is grossed up to reflect regulatory

assessment fees, the annual recovery increases to \$1,941 for water and \$4,921 for wastewater.

At the end of four years, CU's rates shall be reduced by \$1,941 for water and \$4,921 for wastewater annually. Assuming no change in the utility's current revenues, expenses, capital structure, and customer base, the effect of this rate reduction is an approximate \$.46 reduction in the water base facility charge and a \$.35 reduction in the wastewater base facility charge for a 5/8" x 3/4" meter. The water consumption charge will be reduced by \$.03, and the wastewater consumption charge will be reduced by \$.04.

The utility shall file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. The utility also shall file a proposed customer notice setting forth the lower rates and the reason for the reduction. If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

The four-year rate case expense reductions are shown on Schedules Nos. 4 and 4-A.

#### Temporary Rates in the Event of Protest

This Order proposes an increase in water and wastewater rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the utility. Therefore, in the event of a protest filed by a party other than the utility, we hereby authorize the utility to collect the rates approved herein, on a temporary basis, subject to the refund provisions discussed below.

The utility shall be authorized to collect the temporary rates upon our Staff's approval of tariff sheets and the proposed customer notice. The utility has already filed a corporate undertaking in the amount of \$110,000, which will be irrevocable and in effect pending final resolution of this SARC. We find that the amount of this corporate undertaking is sufficient at this time. An increase in the amount of security filed may be required at a later date.

In no instance shall the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and shall be borne by, the utility. Irrespective of the form of security chosen by the utility, an account of all monies received as result of the rate increase shall be maintained by the utility. This account must specify by whom



and on whose behalf such monies were paid. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

The utility shall maintain a record of the amount of the security provided, and the amount of revenues that are subject to refund. After the increased rates are in effect, the utility shall file reports with the Division of Water and Wastewater no later than 20 days after each monthly billing. These reports shall indicate the amount of revenue collected under the increased rates.

#### Jurisdiction of Colonial Park

Commercial Utilities charges Grace & Company, Inc. for service to Colonial Park. Colonial Park is a mobile home park owned by Grace & Company, Inc. Currently, this charge is based on the number of occupied mobile homes each month. Thus, Colonial Park is a bulk customer of Commercial Utilities, and as such, service to the park is jurisdictional. As the utility's service to the mobile home park is jurisdictional, the mobile home park, as a separate utility, is hereby ordered to apply for a certificate or an exemption from Commission jurisdiction within 30 days of the effective date of this Order. Due to the configuration of the distribution system, the park cannot be metered, and this has been taken into consideration in calculating the rates for the park in this Order.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the application of Commercial Utilities for an increase in its water and wastewater rates in Duval County is approved as set forth in the body of this Order. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

ORDERED that all matters contained in the schedules attached hereto are by reference incorporated herein. It is further

ORDERED that all of the provisions of this Order, except for the granting of temporary rates in the event of protest, subject to refund, are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDER NO. PSC-93-0233-FOF-WS  
DOCKET NO. 910766-WS  
PAGE 18

ORDERED that Commercial Utilities is authorized to charge the new rates and charges as set forth in the body of this Order. It is further

ORDERED that the metered rates approved herein shall be effective for meter readings taken on or after 30 days after the stamped approval date on the revised tariff pages. It is further

ORDERED that the miscellaneous service charges and service availability charges approved herein shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Commercial Utilities shall submit and have approved a proposed notice to its customers of the increased rates and charges and the reasons therefor. The notice will be approved upon our Staff's verification that it is consistent with our decision herein. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Commercial Utilities shall submit and have approved revised tariff pages. The revised tariff pages will be approved upon our Staff's verification that they are consistent with our decision herein and that the protest period has expired. It is further

ORDERED that in the event of a protest by any substantially affected person other than the utility, Commercial Utilities is authorized to collect the rates approved herein on a temporary basis, subject to refund in accordance with Rule 25-30.360, Florida Administrative Code, provided that Commercial Utilities has furnished satisfactory security for any potential refund and provided that it has submitted and our Staff has approved revised tariff pages and a proposed customer notice. It is further

ORDERED that this docket shall be closed if no timely protest is received from a substantially affected person by the expiration of the protest period.

ORDER NO. PSC-93-0233-FOF-WS  
DOCKET NO. 910766-WS  
PAGE 19

By ORDER of the Florida Public Service Commission this 12th  
day of February, 1993.

A handwritten signature in cursive script, appearing to read "Steve Tribble", written over a horizontal line.

STEVE TRIBBLE Director  
Division of Records and Reporting

( S E A L )

KAC

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.

As identified in the body of this order, our action, except for the granting of temporary rates, subject to refund, in the event of a protest, 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 5, 1993. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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.

If the relevant portion of this order becomes final and effective on the date described above, 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 wastewater 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.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of

ORDER NO. PSC-93-0233-FOF-WS  
DOCKET NO. 910766-WS  
PAGE 21

this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of 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 after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

COMMERCIAL UTILITIES, DIV. OF GRACE & CO., INC.  
 SCHEDULE OF WATER RATE BASE  
 TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO. 1  
 DOCKET NO. 910766-WS

	TEST YEAR PER UTILITY	COMM. ADJUST. TO UTIL. BAL.	BALANCE PER COMM.
	-----	-----	-----
UTILITY PLANT IN SERVICE	\$ 27,759	\$ 1,013 A	\$ 28,772
LAND/NON-DEPRECIABLE ASSETS	0	0	0
PLANT HELD FOR FUTURE USE	0	0	0
ACQUISITION ADJUSTMENT	0	0	0
CWIP	0	0	0
CIAC	0	0	0
ACCUMULATED DEPRECIATION	(7,990)	(1,536)D	(9,526)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	0	0	0
WORKING CAPITAL ALLOWANCE	4,942	(411)G	4,531
	-----	-----	-----
WATER RATE BASE	\$ 24,711	\$ (934)	\$ 23,777
	=====	=====	=====

COMMERCIAL UTILITIES, DIV. OF GRACE & CO., INC.  
SCHEDULE OF WASTEWATER RATE BASE  
TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO. 1-A  
DOCKET NO. 910766-WS

	TEST YEAR PER UTILITY	COMM. ADJUST. TO UTIL. BAL.	BALANCE PER COMM.
	-----	-----	-----
UTILITY PLANT IN SERVICE	\$ 728,794	\$ (325,880)A	\$ 402,914
LAND/NON-DEPRECIABLE ASSETS	0	0	0
INTANGIBLE PLANT	0	343,080 B	343,080
PLANT HELD FOR FUTURE USE	0	0	0
CWIP	0	0	0
CIAC	0	(15,440)C	(15,440)
ACCUMULATED DEPRECIATION	(67,271)	18,562 D	(48,709)
AMORTIZATION OF INTANGIBLE PLANT	0	(12,694)E	(12,694)
AMORTIZATION OF CIAC	0	571 F	571
WORKING CAPITAL ALLOWANCE	27,709	(299)G	27,410
WASTEWATER RATE BASE	\$ 689,232	\$ 7,900	\$ 697,132
	=====	=====	=====

COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.  
 DOCKET NO. 910766-WS  
 TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO. 1-B  
 ADJUSTMENTS TO  
 RATE BASE  
 PAGE 1 OF 2

	WATER -----	WASTEWATER -----
A. DEPRECIABLE PLANT IN SERVICE: -----		
1. To transfer interconnection costs to Intangible Plant		(343,080)
2. To adjust plant to audited totals	(2,698)	(331,646)
3. Averaging adjustment	3,711	99,666
4. Proforma plant addition		249,180
	-----	-----
Subtotal	1,013	(325,880)
	=====	=====
B. INTANGIBLE PLANT: -----		
1. To transfer interconnection costs from Depreciable Plant in Service:		
A. Lift station hook up fee		50,000
B. Impact fee		287,204
C. Street repairs		5,876
		-----
Subtotal		343,080
		=====
C. CONTRIBUTIONS IN AID OF CONSTRUCTION: -----		
1. To add CIAC from the City for upgrade of the force main		(15,440)
		=====
D. ACCUMULATED DEPRECIATION: -----		
1. To adjust accumulated deprection balances to audited totals per Rule	(1,944)	51,675
2. Averaging adjustment	409	(24,204)
3. Depreciation associated with proforma plant		(8,909)
	-----	-----
Subtotal	(1,535)	18,562
	=====	=====



COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.  
 DOCKET NO. 910766-WS  
 TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO. 1-B  
 ADJUSTMENTS TO  
 RATE BASE  
 PAGE 2 OF 2

	WATER -----	WASTEWATER -----
E. ACCUMULATED AMORTIZATION OF INTANGIBLE PLANT:		
-----		
1. To add amortization of interconnection costs:		
A. Lift station hook up		(1,850)
B. Impact fee		(10,627)
C. Street repair		(217)
		-----
		(12,694)
		=====
F. ACCUMULATED AMORTIZATION OF CIAC:		
-----		
1. To add the imputation of one year's amortization of CIAC from the City		571
		=====
G. WORKING CAPITAL ALLOWANCE:		
-----		
1. To reflect working capital allowance based on one-eighth of O&M expenses	(411)	(299)
	=====	=====

COMMERCIAL UTILITIES, DIV. OF GRACE & CO., INC.  
 SCHEDULE OF CAPITAL STRUCTURE  
 TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO.2  
 DOCKET NO. 910766-WS

	PER UTILITY	COMM. ADJUST. TO UTIL. BAL.	BALANCE PER COMM.	PERCENT OF TOTAL	COST	WEIGHTED COST
	-----	-----	-----	-----	-----	-----
LONG-TERM DEBT- GRACE INV., LTD.	\$ 135,000	\$ (61,611)	\$ 73,389	10.18%	11.25%	1.15%
LONG-TERM DEBT- FIRST UNION NB	196,500	(89,734)	106,766	14.81%	7.25%	1.07%
COMMON EQUITY	995,171	(454,417)	540,754	75.01%	10.88%	8.16%
<b>TOTAL</b>	<b>\$ 1,326,671</b>	<b>\$ (605,762)</b>	<b>\$ 720,909</b>	<b>100.00%</b>		<b>10.38%</b>
	=====	=====	=====	=====		=====

RANGE OF REASONABLENESS

	LOW	HIGH
	-----	-----
RETURN ON EQUITY	9.88%	11.88%
OVERALL RATE OF RETURN	9.63%	11.13%

COMMERCIAL UTILITIES, DIV. OF GRACE  
SCHEDULE OF WATER OPERATING INCOME  
TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO.3  
DOCKET NO. 910766-WS

	TEST YEAR PER UTILITY	COMM. ADJUST. TO UTILITY	COMM. ADJUST. TEST YEAR	ADJUSTMENT FOR INCREASE	TOTAL PER COMM.
OPERATING REVENUES	\$ 30,947	\$ 10,757 A	\$ 41,704	\$ 3,089 F	\$ 44,793
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	39,539	(3,292)B	36,247	0	36,247
DEPRECIATION (NET)	904	(80)C	824	0	824
AMORTIZATION (LOSS ON ABANDONMENT)	0	1,415 D	1,415	0	1,415
TAXES OTHER THAN INCOME TAXES	2,809	456 E	3,265	139 G	3,404
INCOME TAXES	0	0	0	435 H	435
TOTAL OPERATING EXPENSES	43,252	(1,501)	41,751	574	42,325
OPERATING INCOME/(LOSS)	(12,305)	12,258	(47)	2,515	2,468
WATER RATE BASE	24,711		23,777		23,777
RATE OF RETURN	-49.80%		-0.20%		10.38%

COMMERCIAL UTILITIES, DIV. OF GRACE  
SCHEDULE OF WASTEWATER OPERATING INCOME  
TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO.3-A  
DOCKET NO. 910766-WS

	TEST YEAR PER UTILITY	COMM. ADJUST. TO UTILITY	COMM. ADJUST. TEST YEAR	ADJUSTMENT FOR INCREASE	TOTAL PER COMM.
OPERATING REVENUES	\$ 111,875	\$ 12,283 A	\$ 124,158	\$ 227,974 F	\$ 352,132
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	221,672	(2,392)B	219,280	0	219,280
DEPRECIATION (NET)	39,205	(28,904)C	10,301	0	10,301
AMORTIZATION (PLANT, LOSS ON ABAN.)	0	18,347 D	18,347	0	18,347
TAXES OTHER THAN INCOME	13,207	(4,381)E	8,826	10,259 G	19,085
INCOME TAXES	0	0	0	12,757 H	12,757
TOTAL OPERATING EXPENSES	274,084	\$ (17,330)	\$ 256,754	\$ 23,016	\$ 279,770
OPERATING INCOME/(LOSS)	(162,209)	\$ 29,613	\$ (132,596)	\$ 204,958	\$ 72,362
WASTEWATER RATE BASE	689,232		\$ 697,132		\$ 697,132
RATE OF RETURN	-23.53%		-19.02%		10.38%

COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.  
 DOCKET NO. 910766-WS  
 TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO. 38  
 ADJUSTMENTS TO  
 OPERATING INCOME  
 PAGE 1 OF 3

A. OPERATING REVENUES:	WATER	WASTEWATER
-----	-----	-----
1. To reflect recalculation of revenues at pre-limited proceeding rates	10,757	12,283
	=====	=====
 B. OPERATION AND MAINTENANCE EXPENSES:		
-----		
1. Salaries & Wages - Employees		
A. To adjust salaries to the level approved in Order No. 25076	(1,423)	1,096
	=====	=====
2. Salaries & Wages - Officers		
A. To adjust salaries to the level approved in Order No. 25076	187	(481)
	=====	=====
3. Contractual Services Expense:		
A. To adjust balance to audited level	(635)	
B. To transfer consultant's fees to Regulatory Commission Expense	(622)	
C. To remove invoices for plant operations	(55)	(412)
	-----	=====
Subtotal	(1,312)	
	=====	
4. Insurance Expense		
A. To reduce insurance expense to reflect only an allocation of parent liability and commercial property on one lift station	(247)	(1,845)
	=====	=====

COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.  
DOCKET NO. 910766-WS  
TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO. 3B  
ADJUSTMENTS TO  
OPERATING INCOME  
PAGE 2 OF 3

	WATER -----	WASTEWATER -----
5. Regulatory Commission Expense		
A. To adjust expense to amount allowed in Order No. 25076	2,500	6,431
B. To reduce expense by rate case expense reduction in Order No. 25076 per 367.0815, F.S.	(201)	(473)
C. To remove projected unbilled rate case expense from Order No. 25076	(313)	(732)
D. To add prudent rate case expense incurred since Order No. 25076	2,853	6,856
E. To add SARC filing fee	150	900
F. To add consultant's current estimated completion expense for SARC	257	598
G. To amortize sum over four years	(5,560)	(14,097)
	-----	-----
Subtotal	(314)	(517)
	=====	=====
6. Miscellaneous Expense:		
A. To remove expenses not backed up by invoices	(183)	(233)
	-----	-----
O&M Adjustments	(3,292)	(2,392)
	=====	=====
C. DEPRECIATION EXPENSE:		
-----		
1. Adjustment to reflect Commission's calculated test year depreciation expense	(80)	(28,333)
2. Adjustment to reflect one year's amortization expense of CIAC	=====	(571)
		-----
Subtotal		(28,904)
		=====

COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.  
DOCKET NO. 910766-WS  
TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO. 38  
ADJUSTMENTS TO  
OPERATING INCOME  
PAGE 3 OF 3

D. AMORTIZATION OF PLANT AND LOSS ON ABANDONMENT:	WATER	WASTEWATER
-----	-----	-----
1. To add one year's amortization of interconnection costs		12,681
2. To add one year's amortization of loss on abandoned plant	1,415	5,653
	=====	-----
Subtotal		18,347
		=====
E. TAXES OTHER THAN INCOME:		
-----		
1. To reflect regulatory assessment fee of 4.5% of test year revenue	456	(4,381)
	=====	=====
F. OPERATING REVENUES:		
-----		
1. To reflect Commission-approved revenue increase	3,089	227,974
	=====	=====
G. TAXES OTHER THAN INCOME:		
-----		
1. To reflect the reduction in regulatory assessment fees associated with Commission-approved revenue increase	139	10,259
	=====	=====
H. INCOME TAX EXPENSE:		
-----		
1. To reflect the income tax expense associated with Commission-approved revenue requirement	435	12,757
	=====	=====

COMMERCIAL UTILITIES, DIV. OF GRACE & CO., INC.  
 ANALYSIS OF WATER O & M EXPENSES  
 TEST YEAR ENDED JUNE 30, 1992

ACCOUNT TITLE	TOTAL PER UTIL.	COMM. ADJUST.	TOTAL PER COMM.
SALARIES AND WAGES - EMPLOYEES	\$ 5,750	\$ (1,423)1	\$ 4,327
SALARIES AND WAGES - OFFICERS	8,823	187 2	9,010
PENSIONS AND BENEFITS	0	0	0
PURCHASED WATER	16,513	0	16,513
PURCHASED POWER	0	0	0
FUEL FOR POWER PRODUCTION	0	0	0
CHEMICALS	0	0	0
MATERIALS AND SUPPLIES	214	0	214
CONTRACTUAL SERVICES	3,035	(1,312)3	1,723
RENTS	2,274	0	2,274
TRANSPORTATION EXPENSES	0	0	0
INSURANCE EXPENSE	427	(247)4	180
REGULATORY COMMISSION EXPENSES	2,168	(314)5	1,854
BAD DEBT EXPENSE	0	0	0
MISCELLANEOUS EXPENSES	335	(183)6	152
TOTAL	\$ 39,539	\$ (3,292)	\$ 36,247



COMMERCIAL UTILITIES, DIV. OF GRACE & CO., INC.  
 ANALYSIS OF WASTEWATER O & M EXPENSES  
 TEST YEAR ENDED JUNE 30, 1992

ACCOUNT TITLE	TOTAL PER UTIL.	COMM. ADJUST.	TOTAL PER COMM.
SALARIES AND WAGES - EMPLOYEES	\$ 13,416	\$ 1,096	\$ 14,512
SALARIES AND WAGES - OFFICERS	20,587	(481)	20,106
PENSIONS AND BENEFITS	0	0	0
PURCHASED SEWAGE TREATMENT	167,314	0	167,314
SLUDGE REMOVAL	300	0	300
PURCHASED POWER	876	0	876
FUEL FOR POWER PRODUCTION	0	0	0
CHEMICALS	300	0	300
MATERIALS AND SUPPLIES	154	0	154
CONTRACTUAL SERVICES	4,528	(412)	4,116
RENTS	5,305	0	5,305
TRANSPORTATION EXPENSE	0	0	0
INSURANCE EXPENSE	3,095	(1,845)	1,250
REGULATORY COMMISSION EXPENSES	5,217	(517)	4,700
BAD DEBT EXPENSE	0	0	0
MISCELLANEOUS EXPENSES	580	(233)	347
<b>TOTAL</b>	<b>\$ 221,672</b>	<b>\$ (2,392)</b>	<b>\$ 219,280</b>

COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.  
 SCHEDULE OF WATER RATE CASE EXPENSE  
 RATE REDUCTION AFTER FOUR YEARS  
 TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO. 4  
 DOCKET NO. 910766-WS

MONTHLY RATES

RESIDENTIAL AND GENERAL SERVICE -----	COMMISSION APPROVED RATES -----	RATE DECREASE -----
BASE FACILITY CHARGE:		
Meter Size:		
5/8"x3/4"	\$ 10.80	0.46
1"	27.01	1.16
1-1/4"	40.50	1.74
1-1/2"	54.01	2.32
2"	86.42	3.72
3"	172.84	7.43
4"	270.07	11.61
 GALLONAGE CHARGE PER 100 CUBIC FEET	 \$ 0.63	 0.03

COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.  
 SCHEDULE OF WASTEWATER RATE CASE EXPENSE  
 RATE REDUCTION AFTER FOUR YEARS  
 TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO. 4-A  
 DOCKET NO. 910766-WS

MONTHLY RATES

RESIDENTIAL AND GENERAL SERVICE	COMMISSION APPROVED RATES	RATE DECREASE
BASE FACILITY CHARGE:		
Meter Size:		
5/8"x3/4"	\$ 24.90	0.35
1"	62.24	0.87
1-1/4"	93.36	1.31
1-1/2"	124.49	1.74
2"	199.18	2.79
3"	398.36	5.58
4"	622.44	8.71
GALLONAGE CHARGE-RESIDENTIAL SERVICE PER 100 CUBIC FEET	\$ 2.70	0.04