

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate) DOCKET NO. 930826-WS
increase in Marion and Pinellas) ORDER NO. PSC-94-0250-FOF-WS
Counties by UTILITIES, INC. OF) ISSUED: 03/07/94
FLORIDA.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

ORDER SUSPENDING PROPOSED RATES
AND GRANTING INTERIM RATES, SUBJECT TO REFUND

BY THE COMMISSION:

BACKGROUND

Utilities, Inc. of Florida (UIF or utility) is a Class A utility providing water and wastewater service to systems in the following counties: Marion, Orange, Pasco, Pinellas and Seminole. On November 5, 1993, the utility filed an application for approval of interim and final rates, pursuant to Sections 367.081 and 367.082, Florida Statutes, for two of its systems: Lake Tarpon Mobile Home Park in Pinellas County and Golden Hills in Marion County. The application, as filed, did not satisfy the minimum filing requirements for a general rate increase. UIF filed additional information on December 22, 1993, to complete its application, and that date has been established as the official date of filing. The utility has requested that its application be processed under the proposed agency action provisions of Section 367.081(8), Florida Statutes.

The Lake Tarpon system serves 547 water customers. The Golden Hills system serves 338 water customers and 69 wastewater customers. The Lake Tarpon system is located in the Northern Tampa Bay Water-Use Caution Area as designated by the Governing Board of the Water Management District. A water-use caution area is one where cumulative water withdrawals may cause adverse impacts to the water resource or the public interest. The Golden Hills system is not in a water-use caution area.

DOCUMENT NUMBER-DATE

02181 MAR-7 94

FPSC-REGULATORY REPORTING

The utility's test year is the calendar year 1992. In 1992, the utility recorded total revenues for these systems of \$153,372, with \$56,947 provided from the Lake Tarpon system and \$96,245 from the Golden Hills system. In its filing, the utility states that a rate increase is necessary because the utility is earning less than a fair rate of return on its investment. The last general rate increase granted by the Commission for these systems was in 1989 by Order No. 21554, issued July 17, 1989, for Golden Hills and by Order No. 22160, issued November 7, 1989, for Lake Tarpon. Index and pass-through increases were last granted in August, 1993.

SUSPENSION OF PROPOSED RATES

Pursuant to Section 367.081(6), Florida Statutes, the utility may implement its proposed rates within sixty days of filing unless the Commission withholds consent to those rates. Further, Section 367.081(8), Florida Statutes, permits the utility to implement the proposed rates, under bond, 5 months after filing unless final action has been taken by the Commission.

We have reviewed the filings and have considered the proposed rates, the revenues thereby generated, and the information filed in support of the rate applications. We believe that a detailed investigation will be necessary to fully analyze the additions and to review other test year investments and expenses. Therefore, we find that it is reasonable and necessary to require further amplification, explanation, and cross-examination of the data filed by the utility. Accordingly, we find it appropriate to suspend the utility's proposed rates.

REQUEST TO USE YEAR-END RATE BASE

In its application, the utility included a year-end rate base and cost of capital determination for establishing interim rates. The utility did not request year-end treatment in its test year letter.

Pursuant to Section 367.082(5)(a), Florida Statutes, the Commission shall determine the interim revenue deficiency or excess by comparing a utility's achieved return and its required rate of return using either an average rate base or an end-of-period rate base. Thus, the Commission has the authority and the discretion to decide when interim rates should be established under year-end conditions rather than under average test year conditions. We believe that a year-end test year is only appropriate when reliance upon average test year conditions would substantially understate the utility's revenue requirement during the interim collection period.

We believe that a utility must show that extraordinary circumstances exist to justify the use of a year-end basis for setting interim rates. In this case, no extraordinary growth has occurred nor has the utility made substantial plant improvements. The utility did not submit any justification for year-end treatment. Upon consideration of the foregoing, we find that average test year treatment is appropriate. We have made certain adjustments necessary to reflect rate base at average amounts. Those adjustments are discussed below.

INTERIM RATE REQUEST

For its Marion County systems, the utility requested approval of interim revenues for its water and wastewater divisions based upon recovery of operating expenses and receipt of a 9.49 percent return on its year-end rate base balances. The utility requested interim revenues of \$101,539 and \$28,937 for the water and wastewater systems, respectively. These revenues exceed test year revenues by \$29,453 or 40.86 percent and \$4,598 or 18.89 percent for the respective water and wastewater systems.

For its Pinellas County system, the utility requested approval of interim revenues for its water division based upon recovery of operating expenses and receipt of a 9.21 percent return on a year-end rate base. The utility requested interim water revenues of \$106,852. These revenues exceed test year revenues by \$49,905, or an increase of 87.63 percent.

The test year for interim is the historical year ended December 31, 1992 for both the Marion and Pinellas County systems. The utility filed rate base, cost of capital, and operating statements in support of its requested revenue increases.

RATE BASE

Our calculations and adjustments for the appropriate rate base amounts for the purpose of this proceeding are depicted on Schedules Nos. 1-A, 1-B, and 1-C. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Working Capital

Consistent with the utility's last rate case, the utility's requested provisions for working capital were derived using the formula method, or one-eighth of operation and maintenance expense. The utility's requested provisions for working capital are \$6,836

and \$1,593 for the Marion County water and wastewater systems and \$9,049 for the Pinellas County water system. We believe, upon reviewing the utility's request, that no adjustments to the utility's requested working capital provisions are necessary. Accordingly, we find it appropriate to approve the utility's requested working capital amounts.

Average Adjustments

As stated earlier, we have adjusted each component of rate base to reflect average year treatment. Specifically, the plant in service, non-used and useful plant, accumulated depreciation, contributions-in-aid-of-construction (CIAC), and amortization of CIAC accounts were adjusted to reflect average balances.

Interim Rate Base

In consideration of the foregoing, we find that the appropriate rate base amounts by which to determine the appropriate interim increases are \$210,807 and \$82,422 for the respective water and wastewater systems in Marion County. The appropriate rate base amount for the Pinellas County water system is \$111,655.

COST OF CAPITAL

Our calculation of the appropriate cost of capital for each of these systems, including our adjustments, are depicted on Schedules Nos. 2-A and 2-B. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on that schedule without further discussion in the body of this Order. The major adjustments are discussed below.

Marion County

For its Marion County systems, the utility requested a 9.49 percent cost of capital for interim purposes. This weighted cost includes a return on equity of 12.69 percent. Our review discloses that the utility used the midpoint of the last authorized return on equity approved by Order No. 21554, issued July 17, 1989, to establish its proposed return on equity for interim rates. Section 367.082(5)(a), Florida Statutes, provides that the interim rate increase shall be determined using the minimum of the last authorized return on equity. The minimum of the last authorized return on equity was 11.69 percent. Therefore, we find it appropriate to use this cost rate for equity in our calculation in accordance with Section 367.082(5)(a), Florida Statutes. Accordingly, the appropriate overall cost of capital is 9.48 percent.

Pinellas County

For its Pinellas County systems, the utility requested a 9.21 percent cost of capital for interim purposes. This weighted cost includes a return on equity of 12 percent. The utility used the midpoint of the last authorized return on equity approved by Order No. 22160, issued November 7, 1989, to establish its proposed return on equity for interim rates. The minimum of the last authorized return on equity was 11 percent. Using the 11 percent cost rate in accordance with Section 367.082(5)(a), Florida Statutes, we find that the appropriate overall cost of capital is 9.20 percent.

NET OPERATING INCOME

Our calculations and adjustments for the net operating incomes for these systems are depicted on Schedules Nos. 3-A, 3-B, and 3-C. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Adjustment to Operating Expenses

In its applications for both systems, the utility included interest on customer deposits in operating expenses and cost of capital. This is a double recovery of interest on customer deposits. To correct this error, we have eliminated the interest from the operating expenses. Accordingly, for the Marion County division, we have removed \$214 and \$40 for water and wastewater, respectively. For Pinellas County, we have removed \$352 from the utility's operating expenses.

Revenue Requirement

Based upon recovery of actual operating expenses for the year ended December 31, 1992, and the approved cost of capital on an average rate base, we find it appropriate to allow the utility to collect interim rates designed to generate annual revenues in the amounts of \$99,522 and \$28,720 for Marion County water and wastewater, respectively, and \$106,261 for Pinellas County water. These amounts reflect an interim rate increase of \$25,395 and \$3,802 for Marion County water and wastewater, respectively, and \$45,539 for Pinellas County water.

Interim Rates and Rate Structure

The approved revenue increases will result in rate increases of 34.49 percent for Marion County water, 15.27 percent for Marion County wastewater, and 75.70 percent for Pinellas County water, when taking into consideration the continuation of the currently authorized miscellaneous service charges. As stated above, these increases will result in annual revenue requirements of \$99,522, \$28,720, and \$106,261. The approved rates are reflected on Schedules Nos. 4-A through 4-C.

The utility requested a change in the rate structure for residential wastewater rates from a single base facility charge for all meter sizes to base facility charges based on meter size. The utility did not provide any justification for a change in the rate structure. Additionally, we generally do not approve changes in rate structure when setting interim rates. Interim rate increases are based on a percentage increase of the currently authorized rates. Therefore, we find that the current rate structure should be continued for interim rates.

The utility also requested approval to establish initial rates for metered water and wastewater service for 6" meters in Marion County and for 4" and 6" metered water service in Pinellas County. Upon consideration, we find that it is appropriate to establish initial rates for these meter sizes, and the rates shall be based on equivalent residential connection equivalents for each meter size, in accordance with standards provided by the American Water Works Association and consistent with the base facility charges for the other meter sizes for these systems.

The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code. The rates may not be implemented until tariff sheets are filed that are consistent with our decision herein, the appropriate security has been filed with the Commission, and proper notice has been received by the customers. The utility shall provide proof of the date that the notice was given, which must be no less than 10 days after the date of the notice.

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 and subject to refund with interest. Our calculations indicate that the appropriate amount which should be held subject to refund is \$57,400. Upon reviewing the financial

data of Utilities Inc., of Florida, we have determined that the utility has inadequate, declining liquidity, and poor profitability. Therefore, we do not believe that the utility qualifies for a corporate undertaking.

However, the parent company, Utilities, Inc., has an adequate equity ratio and interest coverage, and has good profitability. We believe that Utilities, Inc., qualifies as a guarantor for a corporate undertaking for the utility. Therefore, Utilities, Inc., shall provide a statement prior to approval of interim rates that it will act as a guarantor for the corporate undertaking. Utilities, Inc., shall provide a corporate undertaking to guarantee the utility's interim rates revenues in the amount of \$57,400.

Additionally, the utility shall provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund, pursuant to Rule 25-30.360(6), Florida Administrative Code.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the rates and schedules proposed by Utilities, Inc. of Florida are hereby suspended in accordance with Section 367.081(6), Florida Statutes. It is further

ORDERED that the requests for interim increases in water and wastewater rates by Utilities, Inc. of Florida, for its Marion County systems, and for an interim increase in water rates for its Pinellas County system, are granted to the extent set forth in the body of this Order. It is further

ORDERED that the difference between the interim rates granted herein and Utilities, Inc. of Florida's previously authorized rates shall be collected subject to refund, with interest. It is further

ORDERED that Utilities, Inc., shall provide a corporate undertaking in the amount of \$57,400 as guarantee for any potential refund of Utilities, Inc. of Florida's interim revenues. It is further

ORDERED that the approved interim rates shall become effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code. It is further

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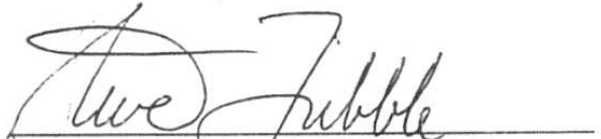
ORDERED that prior to the implementation of the interim rates approved herein, Utilities, Inc. of Florida, shall file and have approved tariff pages revised in accordance with the provisions of this Order, appropriate security for the refund, a proposed customer notice, and proof that the customers have received notice of the rate increase. It is further

ORDERED that the tariff sheets will be stamped approved upon verification that they are consistent with our decision herein, that the proposed customer notice is adequate, and that the appropriate security has been provided. It is further

ORDERED that Utilities, Inc. of Florida shall provide proof of the date that the notice was given which must be not more than 10 days after the date of the notice. It is further

ORDERED that during the time interim rates are in effect, Utilities, Inc. of Florida, shall pursuant to Rule 25-30.360(6), Florida Administrative Code, file a report by the twentieth day of each month indicating the monthly and total revenue collected subject to refund.

By ORDER of the Florida Public Service Commission, this 7th day of March, 1994.


STEVE TRIBBLE, Acting Director
Division of Records and Reporting

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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 wastewater 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.

UTILITIES, INC. OF FLORIDA - MARION COUNTY
SCHEDULE OF WATER RATE BASE
TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 1-A
DOCKET NO. 930826-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 520,921	\$ 0	\$ 520,921	(15,731)	505,190
2 LAND	12,615	0	12,615	0	12,615
3 NON-USED & USEFUL COMPONENTS	0	(44,290)	(44,290)	(2,948)	(47,238)
4 CONSTRUCTION WORK IN PROGRESS	0	0	0	0	0
5 ACCUMULATED DEPRECIATION	(185,879)	0	(185,879)	8,000	(177,879)
6 CIAC	(102,039)	0	(102,039)	1,050	(100,989)
7 AMORTIZATION OF CIAC	13,837	0	13,837	(1,565)	12,272
8 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
9 WORKING CAPITAL ALLOWANCE	6,836	0	6,836	0	6,836
RATE BASE	\$ 266,291	\$ (44,290)	\$ 222,001	(11,194)	210,807

UTILITIES, INC. OF FLORIDA-MARION COUNTY
 SCHEDULE OF WASTEWATER RATE BASE
 TEST YEAR ENDED DECEMBER 31, 1992

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 127,834	\$ 0	\$ 127,834	\$(2,220)	125,614
2 LAND	10,080	0	10,080	0	10,080
3 NON-USED & USEFUL COMPONENTS	0	(22,134)	(22,134)	(224)	(22,358)
4 CONSTRUCTION WORK IN PROGRESS	0	0	0	0	0
5 ACCUMULATED DEPRECIATION	(34,609)	0	(34,609)	2,102	(32,507)
6 CIAC	0	0	0	0	0
7 AMORTIZATION OF CIAC	0	0	0	0	0
8 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
9 WORKING CAPITAL ALLOWANCE	1,593	0	1,593	0	1,593
RATE BASE	\$ 104,898	\$(22,134)	\$ 82,764	\$(342)	82,422

UTILITIES, INC. OF FLORIDA—MARION COUNTY
 ADJUSTMENTS TO RATE BASE
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 1—C
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EXPLANATION	WATER	WASTEWATER
UTILITY PLANT IN SERVICE		
----- Adjustment to reflect average plant balance	\$ (15,731)	\$ (2,220)
	=====	=====
NON—USED AND USEFUL COMPONENT		
----- Adjustment to reflect average balance	\$ (2,948)	\$ (224)
	=====	=====
ACCUMULATED DEPRECIATION		
----- Adjustment to reflect average balance	\$ 8,000	\$ 2,102
	=====	=====
CIAC		
----- Adjustment to reflect average balance	\$ 1,050	\$ 0
	=====	=====
AMORTIZATION OF CIAC		
----- Adjustment to reflect average balance	\$ (1,565)	\$ 0
	=====	=====

UTILITIES, INC. OF FLORIDA—MARION COUNTY
 CAPITAL STRUCTURE
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 2—A
 DOCKET NO. 930826—WS

DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	UTILITY WEIGHTED COST	COMMISSION RECONC. ADJ. TO UTILITY EXHIBIT	BALANCE PER COMMISSION	WEIGHT	COST	WEIGHTED COST PER COMMISSION	
1 LONG TERM DEBT	\$ 328,125	9.34%	6.00%	0.56%	\$ (300,742)	\$ 27,383	9.34%	6.00%	0.56%	
2 INTERCOMPANY PAYABLE	1,359,462	38.69%	9.47%	3.66%	(1,246,013)	113,449	38.69%	9.47%	3.66%	
3 CUSTOMER DEPOSITS	58,423	1.66%	8.00%	0.13%	(53,548)	4,875	1.66%	8.00%	0.13%	
4 PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%	
5 COMMON EQUITY	1,421,005	40.44%	12.69%	5.13%	(1,302,420)	118,585	40.44%	11.69%	4.73%	
6 INVESTMENT TAX CREDITS	137,045	3.90%	0.00%	0.00%	(125,608)	11,437	3.90%	10.12%	0.39%	
7 ACCUM. DEFERRED TAXES	209,698	5.97%	0.00%	0.00%	(192,198)	17,500	5.97%	0.00%	0.00%	
8 TOTAL CAPITAL	\$ 3,513,758	100.00%		9.49%	\$ (3,220,529)	\$ 293,229	100.00%		9.48%	
RANGE OF REASONABLENESS							LOW	HIGH		
RETURN ON EQUITY							11.69%	13.69%		
OVERALL RATE OF RETURN							9.48%	10.29%		

UTILITIES, INC. OF FLORIDA—MARION COUNTY
 ADJUSTMENTS TO CAPITAL STRUCTURE
 TEST YEAR ENDED DECEMBER 31,1992

SCHEDULE NO. 2-B
 DOCKET NO. 930826-WS

DESCRIPTION	SPECIFIC ADJUSTMENT (EXPLAIN)	SPECIFIC ADJUSTMENT (EXPLAIN)	PRO RATA RECONCILE	NET ADJUSTMENT
1 LONG TERM DEBT	\$ 0	\$ 0	(300,742)\$	(300,742)
2 INTERCOMPANY PAYABLE	0	0	(1,246,013)	(1,246,013)
3 CUSTOMER DEPOSITS	0	0	(53,548)	(53,548)
4 PREFERRED STOCK	0	0	0	0
5 COMMON EQUITY	0	0	(1,302,420)	(1,302,420)
6 INVESTMENT TAX CREDITS	0	0	(125,608)	(125,608)
7 ACCUM. DEFERRED TAXES	0	0	(192,198)	(192,198)
8 TOTAL CAPITAL	\$ 0	\$ 0	(3,220,529)\$	(3,220,529)

UTILITIES, INC. OF FLORIDA—MARION COUNTY
 STATEMENT OF WATER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 3—A
 DOCKET NO. 930826—WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 72,086	\$ 29,453	\$ 101,539	\$(27,412)	\$ 74,127	\$ 25,395	\$ 99,522
<u>OPERATING EXPENSES</u>						34.26%	
2 OPERATION AND MAINTENANCE	\$ 54,691	\$ 0	\$ 54,691	\$ 0	\$ 54,691	\$ 0	\$ 54,691
3 DEPRECIATION NET OF CIAC AMORT.	10,333	0	10,333	0	10,333	0	10,333
4 INTEREST ON CUSTOMER DEPOSITS	214	0	214	(214)	0	0	0
5 TAXES OTHER THAN INCOME	7,670	828	8,498	(1,233)	7,265	1,143	8,408
6 INCOME TAXES	(1,506)	8,251	6,745	(9,763)	(3,018)	9,126	6,108
7 TOTAL OPERATING EXPENSES	\$ 71,402	\$ 9,079	\$ 80,481	\$(11,210)	\$ 69,271	\$ 10,269	\$ 79,540
8 OPERATING INCOME	\$ 684	\$ 20,374	\$ 21,058	\$(16,202)	\$ 4,856	\$ 15,126	\$ 19,983
9 RATE BASE	\$ 266,291	\$ 222,001	\$ 210,807	\$ 210,807	\$ 210,807	\$ 210,807	\$ 210,807
RATE OF RETURN	0.26%	9.49%	2.30%	9.48%			

UTILITIES, INC. OF FLORIDA—MARION COUNTY
 STATEMENT OF WASTEWATER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 3-B
 DOCKET NO. 930826-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIRED
1 OPERATING REVENUES	\$ 24,339	\$ 4,598	\$ 28,937	\$(4,019)	\$ 24,918	\$ 3,802	28,720
						15.26%	
OPERATING EXPENSES							
2 OPERATION AND MAINTENANCE	\$ 12,745	\$ 0	\$ 12,745	\$ 0	\$ 12,745	\$ 0	12,745
3 DEPRECIATION NET OF CIAC AMORT.	3,733	0	3,733	0	3,733	0	3,733
4 INTEREST ON CUSTOMER DEPOSITS	40	0	40	(40)	0	0	0
5 TAXES OTHER THAN INCOME	2,010	40	2,050	(181)	1,869	171	2,040
6 INCOME TAXES	425	2,093	2,518	(1,496)	1,022	1,366	2,389
7 TOTAL OPERATING EXPENSES	\$ 18,953	\$ 2,133	\$ 21,086	\$(1,717)	\$ 19,369	\$ 1,537	20,907
8 OPERATING INCOME	\$ 5,386	\$ 2,465	\$ 7,851	\$(2,302)	\$ 5,549	\$ 2,264	7,813
9 RATE BASE	\$ 104,898	\$	\$ 82,764	\$	\$ 82,422	\$	\$ 82,422
RATE OF RETURN	5.13%		9.49%		6.73%		9.48%

UTILITIES, INC. OF FLORIDA—MARION COUNTY
 ADJUSTMENTS TO OPERATING STATEMENTS
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 3—C
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EXPLANATION	WATER	WASTEWATER
<u>OPERATING REVENUES</u>		
Adjustment to remove requested rate increase	\$ (27,412)	\$ (4,019)
	=====	=====
<u>INTEREST ON CUSTOMER DEPOSITS</u>		
Remove provision for interest expense	\$ (214)	\$ (40)
	=====	=====
<u>TAXES OTHER THAN INCOME TAXES</u>		
Remove provision for added RAF taxes	\$ (1,233)	\$ (181)
	=====	=====
<u>PROVISION FOR INCOME TAXES</u>		
Remove provision for increased income taxes	\$ (9,763)	\$ (1,496)
	=====	=====
<u>OPERATING REVENUES</u>		
Additional revenues to achieve revenue requirement	\$ 25,395	\$ 3,802
	=====	=====
<u>TAXES OTHER THAN INCOME TAXES</u>		
Adjustment for RAF taxes	\$ 1,143	\$ 171
	=====	=====
<u>PROVISION FOR INCOME TAXES</u>		
Adjustment to reflect increased income	\$ 9,126	\$ 1,366
	=====	=====

UTILITIES INC. OF FLORIDA - PINELLAS COUNTY				SCHEDULE NO. 1-A		
SCHEDULE OF WATER RATE BASE				930826-WS		
TEST YEAR ENDED 12/31/92						
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	
1 UTILITY PLANT IN SERVICE	\$ 250,073	\$ 0	\$ 250,073	(1,879)	\$ 248,194	
2 LAND	9,807	0	9,807	0	9,807	
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0	
4 CONSTRUCTION WORK IN PROGRESS	0	0	0	0	0	
5 ACCUMULATED DEPRECIATION	(28,983)	0	(28,983)	4,153	(24,830)	
6 CIAC	(138,090)	0	(138,090)	75	(138,015)	
7 AMORTIZATION OF CIAC	9,589	0	9,589	(2,139)	7,450	
8 ACQUISITION ADJUSTMENTS -NET	0	0	0	0	0	
9 ADVANCES FOR CONSTRUCTION	0	0	0	0	0	
10 WORKING CAPITAL ALLOWANCE	9,049	0	9,049	0	9,049	
RATE BASE	\$ 111,445	\$ 0	\$ 111,445	210	\$ 111,655	

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UTILITIES INC. OF FLORIDA - PINELLAS COUNTY
ADJUSTMENTS TO RATE BASE
TEST YEAR ENDED 12/31/92

SCHEDULE NO. 1-B
930826-WS
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EXPLANATION	WATER
<u>UTILITY PLANT IN SERVICE</u> Adjustment to reflect average plant balance	\$ <u>(1,879)</u>
<u>ACCUMULATED DEPRECIATION</u> Adjustment to reflect average balance	\$ <u>4,153</u>
<u>CIAC</u> Adjustment to reflect average balance	\$ <u>75</u>
<u>AMORTIZATION OF CIAC</u> Adjustment to reflect average balance	\$ <u>(2,139)</u>

UTILITIES INC. OF FLORIDA - PINELLAS COUNTY
 CAPITAL STRUCTURE
 TEST YEAR ENDED 12/31/92

SCHEDULE NO. 2-A
 930826-WS

DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	UTILITY WEIGHTED COST	COMMISSION RECONC. ADJ. TO UTILITY EXHIBIT	BALANCE PER COMMISSION	WEIGHT	COST	WEIGHTED COST PER COMMISSION	
1 LONG TERM DEBT	\$ 328,125	9.34%	6.00%	0.56%	\$ (317,698)	\$ 10,427	9.34%	6.00%	0.56%	
2 INTERCOMPANY PAYABLE	1,359,462	38.69%	9.47%	3.66%	(1,316,263)	43,199	38.69%	9.47%	3.66%	
3 CUSTOMER DEPOSITS	58,423	1.66%	8.00%	0.13%	(56,567)	1,856	1.66%	8.00%	0.13%	
4 COMMON EQUITY	1,421,005	40.44%	12.00%	4.85%	(1,375,850)	45,155	40.44%	11.00%	4.45%	
5 PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.00%	7.64%	0.00%	
6 INVESTMENT TAX CREDITS	137,045	3.90%	0.00%	0.00%	(132,690)	4,355	3.90%	10.12%	0.39%	
7 ACCUM. DEFERRED TAXES	209,698	5.97%	0.00%	0.00%	(203,035)	6,663	5.97%	0.00%	0.00%	
8 TOTAL CAPITAL	\$ 3,513,758	100.00%		9.21%	\$ (3,402,103)	\$ 111,655	100.00%		9.20%	
RANGE OF REASONABLENESS							LOW	HIGH		
							-----	-----		
RETURN ON EQUITY							11.00%	13.00%		
							=====	=====		
OVERALL RATE OF RETURN							9.20%	10.01%		
							=====	=====		

UTILITIES INC. OF FLORIDA – PINELLAS COUNTY		SCHEDULE NO. 2–B			
ADJUSTMENTS TO CAPITAL STRUCTURE		930826–WS			
TEST YEAR ENDED 12/31/92					
DESCRIPTION	SPECIFIC ADJUSTMENT (1)	SPECIFIC ADJUSTMENT (2)	PRO RATA RECONCILE	NET ADJUSTMENT	
1 LONG TERM DEBT	\$ 0	\$ 0	(317,698)	(317,698)	
2 INTERCOMPANY PAYABLE	0	0	(1,316,263)	(1,316,263)	
3 CUSTOMER DEPOSITS	0	0	(56,567)	(56,567)	
4 COMMON EQUITY	0	0	(1,375,850)	(1,375,850)	
5 PREFERRED STOCK	0	0	0	0	
6 INVESTMENT TAX CREDITS	0	0	(132,690)	(132,690)	
7 ACCUM. DEFERRED TAXES	0	0	(203,035)	(203,035)	
8 TOTAL CAPITAL	\$ 0	\$ 0	(3,402,103)	(3,402,103)	

UTILITIES INC. OF FLORIDA - PINELLAS COUNTY
 STATEMENT OF WATER OPERATIONS
 TEST YEAR ENDED 12/31/92

SCHEDULE NO. 3-A
 930826-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 56,947	\$ 49,905	\$ 106,852	\$(46,130)	\$ 60,722	\$ 45,539	106,261
OPERATING EXPENSES		87.63%				75.00%	
2 OPERATION AND MAINTENANCE	\$ 72,391	\$ 0	\$ 72,391	\$ 0	\$ 72,391	\$	72,391
3 DEPRECIATION NET OF CIAC AMORT.	9,538	0	9,538	0	9,538		9,538
4 INTEREST ON CUSTOMER DEPOSITS	352	0	352	(352)	0		0
5 TAXES OTHER THAN INCOME	13,402	(2,118)	11,284	(2,076)	9,208	2,049	11,257
6 PROVISION FOR INCOME TAXES	(1,498)	4,525	3,027	(16,590)	(13,563)	16,365	2,802
7 TOTAL OPERATING EXPENSES	\$ 94,185	\$ 2,407	\$ 96,592	\$ 174,166	\$ 77,574	\$ 18,414	\$ 95,988
8 OPERATING INCOME	\$ (37,238)	\$ 47,498	\$ 10,260	\$(220,296)	\$(16,852)	\$ 27,124	\$ 10,273
9 RATE BASE	\$ 111,445		\$ 111,445		\$ 111,655		\$ 111,655
RATE OF RETURN	-33.41%		9.21%		-15.09%		9.20%

UTILITIES INC. OF FLORIDA - PINELLAS COUNTY
 ADJUSTMENTS TO OPERATING STATEMENTS
 TEST YEAR ENDED 12/31/92

SCHEDULE NO. 3-B
 930826-WS
 PAGE 1 OF 1

EXPLANATION	WATER
<u>OPERATING REVENUES</u>	
Reverse utility's proposed rate increase	\$ <u>(46,130)</u>
<u>INTEREST ON CUSTOMER DEPOSITS</u>	
Remove provision for interest expense	\$ <u>(352)</u>
<u>TAXES OTHER THAN INCOME</u>	
Reverse RAFs on the utility's requested revenue increase	\$ <u>(2,076)</u>
<u>PROVISION FOR INCOME TAXES</u>	
Income taxes related to taxable income for the test year	\$ <u>(16,590)</u>
<u>OPERATING REVENUES</u>	
Additional revenues to achieve revenue requirement	\$ <u>45,539</u>
<u>TAXES OTHER THAN INCOME</u>	
To reflect RAF's related to adjustment to revenues.	\$ <u>2,049</u>
<u>PROVISION FOR INCOME TAXES</u>	
Income taxes related to adjusted income	\$ <u>16,365</u>

UTILITY: UTILITIES INC. OF FLORIDA
 COUNTY: MARION
 DOCKET NO. 930826-WS
 TEST YEAR ENDED: DECEMBER 31, 1992

Schedule No. 4-A

RATE SCHEDULE

WATER

Bi-Monthly Rates

	<u>Rates Prior to Filing</u>	<u>Utility Requested Interim</u>	<u>Utility Requested Final</u>	<u>Commission Approved Interim</u>
<u>Residential, Multi-Family, and General Service</u>				
Base Facility Charge:				
Meter Size:				
5/8"x3/4"	\$6.33	\$7.49	\$8.85	\$8.51
1"	\$15.79	\$18.72	\$22.13	\$21.24
1-1/2"	\$31.59	\$37.43	\$44.26	\$42.49
2"	\$50.53	\$57.89	\$70.82	\$67.96
3"	\$94.74	\$112.29	\$132.78	\$127.42
4"	\$157.91	\$187.15	\$221.30	\$212.37
6"	-----	\$374.30	\$442.60	\$424.75
Gallonage Charge, per 1,000 Gallons	\$1.24	\$1.85	\$2.42	\$1.67

Typical Residential Bills

<u>5/8" x 3/4" meter</u>				
3,000 Gallons	\$10.05	\$13.04	\$16.11	\$13.52
5,000 Gallons	\$12.53	\$16.74	\$20.95	\$16.86
10,000 Gallons	\$18.73	\$25.99	\$33.05	\$25.21
20,000 Gallons	\$31.13	\$44.49	\$57.25	\$41.91

UTILITY: UTILITIES INC. OF FLORIDA
 COUNTY: MARION
 DOCKET NO. 930826-WS
 TEST YEAR ENDED: DECEMBER 31, 1992

Schedule No. 4-B

RATE SCHEDULE

WASTEWATER

Bi-Monthly Rates

	<u>Rates Prior to Filing</u>	<u>Utility Requested Interim</u>	<u>Utility Requested Final</u>	<u>Commission Approved Interim</u>
<u>Residential and Multi-Family</u>				
Base Facility Charge:				
5/8" x 3/4"	\$42.82	\$48.00	\$58.00	\$49.36
1"	\$42.82	\$120.00	\$145.00	\$49.36
1-1/2"	\$42.82	\$240.00	\$290.00	\$49.36
2"	\$42.82	\$384.00	\$464.00	\$49.36
3"	\$42.82	\$720.00	\$870.00	\$49.36
4"	\$42.82	\$1,200.00	\$1,450.00	\$49.36
6"	\$42.82	\$2,400.00	\$2,900.00	\$49.36
Gallage Charge, per 1,000 Gallons	\$3.54	\$4.37	\$4.95	\$4.08
Sewer Cap, per 1,000 Gallons	20	20	20	20
<u>General Service</u>				
Base Facility Charge:				
Meter Size:				
5/8" x 3/4"	\$42.82	\$48.00	\$58.00	\$49.36
1"	\$107.05	\$120.00	\$145.00	\$123.40
1-1/2"	\$214.11	\$240.00	\$290.00	\$246.80
2"	\$342.58	\$384.00	\$464.00	\$394.89
3"	\$642.33	\$720.00	\$870.00	\$740.41
4"	\$1,070.55	\$1,200.00	\$1,450.00	\$1,234.02
6"	-----	\$2,400.00	\$2,900.00	\$2,468.05
Gallage Charge, per 1,000 Gallons	\$3.540	\$4.37	\$4.95	\$4.08
<u>Typical Residential Bills</u>				
<u>5/8" x 3/4" meter</u>				
3,000 Gallons	\$53.44	\$61.11	\$72.85	\$61.60
5,000 Gallons	\$60.52	\$69.85	\$82.75	\$69.76
10,000 Gallons	\$78.22	\$91.70	\$107.50	\$90.16
20,000 Gallons	\$113.62	\$135.40	\$157.00	\$130.96
Sewer Cap, per 1,000 Gallons	20	20	20	20

UTILITY: UTILITIES INC. OF FLORIDA
 COUNTY: PINELLAS
 DOCKET NO. 930826-WS
 TEST YEAR ENDED: DECEMBER 31, 1992

Schedule No. 4-C

RATE SCHEDULE

WATER

Bi-Monthly Rates

	<u>Rates Prior to Filing</u>	<u>Utility Requested Interim</u>	<u>Utility Requested Final</u>	<u>Commission Approved Interim</u>
<u>Residential and General Service</u>				
Base Facility Charge:				
Meter Size:				
5/8"x3/4"	\$9.09	\$12.41	\$12.42	\$15.97
1"	\$22.75	\$31.04	\$31.06	\$39.97
1-1/2"	\$45.50	\$62.07	\$62.10	\$79.94
2"	\$72.79	\$99.31	\$99.36	\$127.89
3"	\$145.58	\$186.21	\$186.32	\$255.78
4"	-----	\$310.35	\$310.50	\$399.28
6"	-----	\$620.70	\$621.00	\$798.56
Gallonge Charge, per 1,000 Gallons	\$0.59	\$1.28	\$1.32	\$1.04

Typical Residential Bills

<u>5/8" x 3/4" meter</u>				
3,000 Gallons	\$10.86	\$16.25	\$16.38	\$19.09
5,000 Gallons	\$12.04	\$18.81	\$19.02	\$21.17
10,000 Gallons	\$14.99	\$25.21	\$25.62	\$26.37
20,000 Gallons	\$20.89	\$38.01	\$38.82	\$36.77