

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a Rate ) DOCKET NO. 930912-WS  
Increase in Osceola/Polk ) ORDER NO. PSC-94-1168-FOF-WS  
Counties by Poinciana Utilities, ) ISSUED: September 26, 1994  
Inc. )  
\_\_\_\_\_)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
JULIA L. JOHNSON  
DIANE K. KIESLING

APPEARANCES:

B. KENNETH GATLIN, Esquire, Gatlin, Woods, Carlson & Cowdery, 1709-D Mahan Drive, Tallahassee, Florida 32308  
On behalf of Poinciana Utilities, Inc.

ROBERT J. PIERSON, Esquire, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399-0863  
On behalf of the Commission Staff

RICHARD C. BELLAK, Esquire, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399-0862  
Counsel to the Commission

FINAL ORDER ESTABLISHING INCREASED RATES AND CHARGES AND PRESCRIBING ACCOUNTING TREATMENT

BY THE COMMISSION:

BACKGROUND

Poinciana Utilities, Inc. (Poinciana or utility) is a Class A utility providing water and wastewater services in Poinciana, Florida. Poinciana is located in the South Florida Water Management District, which has been designated as a critical use area. As of July 31, 1993, Poinciana provided water and wastewater service to approximately 4,732 and 4,321 equivalent residential connections (ERCs), respectively.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

On December 20, 1993, Poinciana filed an application for a permanent rate increase pursuant to Section 367.081, Florida Statutes. Poinciana originally requested that its application be processed under our proposed agency action procedures. On January 7, 1994, Poinciana amended its application to request that this matter proceed straight to hearing. That date was established as the official filing date for this proceeding.

The test period for this proceeding is the twelve-month period ended July 31, 1993. During the test period, Poinciana recorded operating revenues of \$794,610 for water service and \$1,326,868 for wastewater service. It recorded operating income of \$107,285 and \$174,571 for water and wastewater service, respectively, over the same period.

Poinciana has requested final water rates designed to generate annual revenues of \$892,991 for water and \$1,728,027 for wastewater. The requested revenues exceed test year revenues by \$98,381, or 12.3 percent for water and \$401,159, or 30.2 percent for wastewater. Per the utility's application, the requested revenues would allow Poinciana the opportunity to recover a 6.97 percent return on its investment. Poinciana did not request interim rates.

We held a hearing on this matter on May 23, 1994, in Poinciana, Florida. The only participants, other than individual customer witnesses, were Poinciana and the Staff of this Commission (Staff).

#### STIPULATIONS

At the prehearing conference, Poinciana offered a number of proposed stipulations, which are supported by our Staff. These stipulations are as follows:

1. The audit report and supplemental audit report, identified as Exhibits Nos. RTM-1 and RTM-2, respectively, were stipulated into the record.
2. Preliminary survey charges of \$224,606 and unamortized debt discount of \$72,399 should be removed from the calculation of working capital.
3. The appropriate cost of equity is the cost of equity determined by the Commission's leverage formula in effect at the time of the

Commission's final decision in this proceeding.

4. The provision for Regulatory Assessment Fees should be reduced by \$588 for water and \$423 for wastewater to correct a calculation error.
5. Test year legal expenses for the Wilderness lawsuit should be amortized over a five-year period.
6. Rate case expense should be amortized over a four-year period.
7. If the Department of Environmental Protection (DEP) grants an operating permit for wastewater treatment plant 3 and reduces the testing requirements, Poinciana's requested testing expense for effluent disposal at wastewater treatment plant 3 should be reduced to reflect a reduction in testing costs. If DEP grants the permit but does not reduce the testing requirements, the entire amount should be allowed. If DEP denies the permit, the expense should be amortized over a five-year period.
8. In accordance with Rule 25-30.465, Florida Administrative Code, private fire protection rates should be based upon one-twelfth of the base facility charge.
9. Poinciana should be authorized to collect miscellaneous service charges as set forth in Staff Advisory Bulletin No. 13.

Upon consideration, Stipulations Nos. 1 through 6 and 8 through 9 appear reasonable and are, therefore, approved. Proposed Stipulation No. 7 contemplated that DEP would act upon Poinciana's application prior to our final decision in this case. It has not done so.

Stipulation No. 7 involves a wetlands area known as the "boot". Poinciana discharges effluent from wastewater treatment plant three into one end of the boot and, ultimately, to surface waters at the other end of the boot. DEP requires the utility to conduct extensive testing of the boot. Poinciana included \$78,667 for this testing in its test year expenses.

Poinciana has been operating wastewater treatment plant three under a temporary operating permit. It applied for an operating permit on March 7, 1994. Poinciana also requested that DEP approve a reduction in the testing requirements. If DEP approves its request, the expense would be between \$20,000 and \$25,000 per year.

Utility Witness Overton testified that he does not expect DEP to act on the permit application or Poinciana's request for reduced testing until three to six months after the hearing. Since there is nothing in the record to indicate whether DEP will relax the testing requirements, we reject Stipulation No. 7 and have made no adjustment to the testing expense for effluent disposal at wastewater treatment plant three.

#### QUALITY OF SERVICE

In accordance with Rule 25-30.433(1), Florida Administrative Code, our evaluation of quality of service is based upon three components of water and wastewater operations: (1) the overall quality of Poinciana's product; (2) the operational conditions of Poinciana's plant and facilities; and (3) the utility's efforts to address customer satisfaction.

#### QUALITY OF POINCIANA'S PRODUCT

Staff Witness Breitenstein, of DEP, testified that Poinciana's drinking water meets state and federal maximum contaminant levels for primary and secondary water quality standards. Staff Witness Anderson, also of DEP, testified that Poinciana's wastewater system meets DEP's effluent disposal standards. Utility Witness Good also testified that Poinciana is in compliance with regulations prescribed by DEP and the U.S. Environmental Protection Agency. Based on the above testimony, the quality of Poinciana's product appears satisfactory.

#### OPERATIONAL CONDITIONS

Mr. Breitenstein testified that Poinciana's water system is in compliance with DEP's minimum pressure and chlorine residual requirements. He also stated that the water plants are operated by certified operators, are satisfactorily maintained, and are adequately sized to serve its present customers. Mr. Anderson testified that the wastewater collection, treatment, and disposal systems are operated by certified operators, are satisfactorily maintained, and are adequately sized to serve present customers.

Mr. Good testified that Poinciana has won several Safety Awards from the Florida Water and Pollution Control Operators

Association, the Earle B. Phelps Award for Best Secondary Water/Wastewater Facility in Florida by the Florida Pollution Control Association in 1988, and DEP's Award for the Best Public Water Treatment Plant Class "C" in the Central District in 1992. He also testified that neither the water nor the wastewater system has been subject to any DEP enforcement action within the past two years. Based on the above testimony, the operational conditions of Poinciana's plants and facilities appear satisfactory.

#### CUSTOMER SATISFACTION

Mr. Good discussed the procedures Poinciana follows to resolve customer complaints. We believe that these procedures ensure that Poinciana responds to every customer complaint. Mr. Good also noted that Poinciana has held an open house at one of the water treatment plants, given talks at local grade schools, attended homeowners association meetings, and given written material concerning lead and copper regulations.

Twelve of Poinciana's customers testified at the hearing. None of these witnesses expressed any concern about quality of service. Their testimony involved Poinciana's rates, charges, and rate structure.

Based upon the discussion above, we find that the quality of service provided by Poinciana is satisfactory.

#### RATE BASE

Our calculations of rate base are depicted on Schedule No. 1-A, for water, and Schedule No. 1-B, for wastewater, with our adjustments depicted on Schedule No. 1-C for both water and wastewater. Those adjustments which are self-explanatory or essentially mechanical are portrayed without further explanation. Our major adjustments to rate base are discussed below.

#### USED AND USEFUL

##### Water Treatment Plant

Poinciana has four water treatment plants. Two of these plants are currently interconnected and, as the service area develops, Poinciana intends to interconnect all four. Poinciana originally contended that the water treatment plants were 81.9 percent used and useful. Poinciana calculated this amount by adding a margin reserve of 455,000 gallons per day (gpd) and fire flow requirement of 360,000 gpd to 2,026,400 gpd, the average five peak days demand during the peak month. Poinciana then divided the

resulting amount by 3,470,000 gpd, or what it claimed was the total capacity of the four treatment plants.

At the hearing, Mr. Overton agreed that the capacity of the water treatment plants was actually 4,050,000 gpd. Taking this change into consideration, Poinciana now argues that the water treatment plant is 70.2 percent used and useful.

As discussed more fully below, Poinciana also requested that we allow a thirty-six month margin reserve. However, we are denying its request, since we believe that an eighteen month margin reserve is more appropriate for the reasons discussed below. Using Poinciana's methodology, but substituting a total capacity of 4,050,000 gpd and a margin reserve of 227,500 gpd, we find that water treatment plant is 64.5 percent used and useful.

#### Wastewater Treatment Plant

Poinciana has four wastewater treatment plants. Three of the plants are interconnected. Poinciana contends that the wastewater treatment plants are 83.7 percent used and useful. It calculated this figure by adding a margin reserve of 285,400 gpd to 1,271,600 gpd, the average daily flow during the maximum month. Poinciana then divided the resulting amount by 1,860,000 gpd, the total capacity of the wastewater treatment plants.

Again, as discussed more fully below, we find that an eighteen month margin reserve, as opposed to the requested thirty-six month margin reserve, is appropriate. Accordingly, using Poinciana's methodology and a 142,100 gpd margin reserve, we find that wastewater treatment plant is 76.0 percent used and useful.

#### Water Distribution and Wastewater Collection Systems

Since the water distribution and wastewater collection systems were funded through either advances or contributions in aid of construction (CIAC), no used and useful adjustment is necessary. However, Poinciana does have \$1,076,356 invested in the force mains which interconnect wastewater treatment plants two, three, and five. Since the force mains are directly related to the interconnection of the treatment plants, Poinciana applied its proposed 83.7 percent used and useful factor to its investment in force mains, resulting in a non-used and useful adjustment of \$175,445.

Although Poinciana's methodology appears reasonable, we have already found that the wastewater treatment plant is 76.0 percent used and useful. Applying this factor to Poinciana's investment in



force mains, we find that the appropriate non-used and useful adjustment is \$258,325.

MARGIN RESERVE

Margin reserve represents capacity that Poinciana must have available beyond that which is required to serve test year customers. This Commission's practice has been to allow an eighteen month margin reserve for treatment plant.

In this case, Poinciana requested a thirty-six month margin reserve for the water and wastewater treatment plants. Mr. Overton testified that thirty-six months represents the overall average time necessary to design, permit, and construct new facilities. Mr. Overton explained that the permitting process is currently more involved and time consuming than in past years.

In Order PSC-93-1288-FOF-WS, issued March 7, 1993, we stated:

This Commission has a long standing practice of including a margin reserve period of 18 months, as presented by the above cited orders. We are persuaded by Witness Murphy's testimony that cost, and therefore investment, should be recognized when construction starts, not when planning begins. We also believe that the majority of investment is involved in construction, not in planning and design.

Mr. Overton testified that design and permitting of a project represents between ten and twenty percent of the total project cost. This supports our statement in Order PSC-93-1288-FOF-WS that the majority of a project's cost is not incurred for design and permitting.

Poinciana was asked to provide examples of construction projects at Poinciana which have taken thirty-six months or more to complete. According to Poinciana, the only construction project that has required more than thirty-six months to complete is a proposed expansion to wastewater treatment plant number three. This project is still in the permitting stage. Poinciana has not even begun designing the expansion. Moreover, the majority of the expense to date has gone toward testing the boot wetland. As discussed above, we have already approved Poinciana's recovery of these testing expenses.

Based upon the discussion above, we find it appropriate to deny Poinciana's proposed thirty-six month margin reserve and approve, instead, an eighteen month margin reserve.

An additional issue related to margin reserve is whether we should impute CIAC on the margin reserve. Staff raised this issue at the prehearing conference, but did not present any testimony that would support the imputation of CIAC. Utility Witness Coel testified that margin reserve reflects Poinciana's obligation to serve not only existing, but future customers. He testified that imputation of CIAC on the margin reserve assigns some of the cost of the margin reserve to the shareholders. There is nothing else in the record regarding this issue. Accordingly, there is no basis upon which to make such an adjustment and we are so constrained.

#### AMORTIZATION OF ADVANCES

Poinciana's water distribution and wastewater collection systems were originally funded through advances from an affiliated developer, Avatar Properties, Inc. (Avatar). Avatar also advanced certain funds for the construction of treatment plants. The treatment facilities were installed to serve customer growth as it occurred, but the installation of lines far exceeded customer demand.

In the past, Poinciana did not record depreciation of assets funded through advances. In its most recent rate proceeding, which was processed under Docket No. 920200-WS, Staff recommended that Poinciana be required to depreciate those assets, advances notwithstanding. Poinciana thereafter withdrew its application for increased rates. In this proceeding, Poinciana has recorded depreciation on the assets funded through advances and proposes that we allow it to amortize advances as an offset to the depreciation charge. According to utility Witness Gordon, if we require Poinciana to depreciate the assets associated with advances, and do not allow it to amortize the advances, a negative rate base would result. He also testified that depreciation of the assets and concurrent amortization of advances will have no impact on customers. Mr. Gordon testified that, pursuant to Poinciana's extension policy and its contracts with developers, the advances will all eventually be transferred to CIAC and that, for all practical purposes, the advances should be treated as another form of CIAC.

Under Poinciana's proposed treatment, plant balances and the funds used to build plant would be depreciated (or amortized) over the same term. In this manner, the asset and its source of funding are equated throughout their lives. When an asset is fully depreciated (and perhaps later retired), an equivalent balance will be maintained in an associated CIAC or advance account. Poinciana further contends that amortization should be counted immediately, not when the advance is reclassified to CIAC.



Staff Witness Mann testified that Poinciana's extensive system of unused lines was imprudently constructed. He suggested that we deny Poinciana's proposal to amortize advances, in whole or in part. Mr. Mann agreed, however, that disallowing amortization in whole would be unfair since a negative rate base could result. He, therefore, recommended that we allow Poinciana to amortize seventy-five percent of the advances.

Under cross examination, Mr. Mann agreed that requiring Poinciana to maintain an ownership interest in lines was contrary to Rule 25-30.585, Florida Administrative Code, which states that, at a minimum, developers shall be responsible for the costs of the water distribution and wastewater collection systems. Mr. Mann was not aware of any other utility that was required to maintain this investment. Mr. Mann further acknowledged that, if we approved his recommendation, Poinciana's earnings, cash flow, and interest coverage would all be reduced, and that Poinciana will be financially weaker.

Mr. Gordon testified that Poinciana is in compliance with Rule 25-30.585, Florida Administrative Code, since it holds no investment in the lines. Mr. Gordon also testified that Poinciana has an obligation to render service in its certificated area, and that it would not be economically feasible without advances and CIAC.

According to Mr. Gordon, lot purchasers acquired their homesites with the understanding that their property would have service available in accordance with the purchase agreement. He stated that lot owners may demand service immediately or delay construction at their will. The record indicates that the purchasers, in fact, joined in a class action suit against the developer in order to assure, among other things, the availability of service.

Mr. Gordon further testified that Poinciana's oldest lines are only twenty years old and that a substantial portion have been constructed since 1980. According to Mr. Gordon, the extension of lines followed the natural progression of the housing development, commencing at a core and growing to satisfy the development schedule set forth in the Public Offering Statement. He further explained that, as of January 1994, there were 20,034 deeded lots, 4,209 occupied, and only 1,715 still in inventory.

Under cross examination, Mr. Gordon would not agree that it is inconceivable for a developer to install utility lines twenty years before they are needed. He also disagreed with the argument that a "stand-alone" utility would not accept miles of lines that are

not used and useful. Mr. Gordon testified that Citizens Utilities, a regulated utility in Arizona, accepted some \$18 million in unused lines, and was preparing to ask for similar regulatory treatment. Mr. Gordon believes that the proposed amortization of advances will be accepted there.

Upon consideration, we do not believe that the record supports Mr. Mann's proposed adjustment. His adjustment would require Poinciana to maintain an ownership interest in the lines, contrary to Rule 25-30.585, Florida Administrative Code. It would also affect Poinciana's financial viability. Moreover, it appears that the lot owners received exactly what they bargained for: the near-term availability of water and wastewater service. Accordingly, we hereby approve Poinciana's proposed treatment of advances.

#### UNFUNDED FAS 106 LIABILITY

In its calculations of water and wastewater net operating income, Poinciana has included expense allowances for FAS 106, the accounting standard that requires accrual accounting for post retirement benefits other than pensions. This issue concerns the treatment of the unfunded liability associated with FAS 106 costs.

Rule 25-14.012 (3), Florida Administrative Code, states that:

Each utility's unfunded accumulated postretirement benefit obligation shall be treated as a reduction to rate base in rate proceedings. The amount that reduces rate base is limited to that portion of the liability associated with the cost methodology for post retirement benefits other than pensions.

Utility Witness Schifano stated that he is aware of our rule, but that he does not believe Poinciana would recoup its FAS 106 costs if the unfunded liability reduces rate base. Utility Witness Gordon stated that Poinciana has yet to recover FAS 106 costs through its rates and that, therefore, the unfunded FAS 106 liability should not reduce rate base at this time. He argued that the unfunded liability should only reduce rate base once Poinciana begins to recover FAS 106 costs through rates. Poinciana's brief reiterates Mr. Gordon's concern and notes that Staff presented no evidence on this issue.

FAS 106 was adopted as an accounting standard in December 1990. It became effective for Poinciana for the 1993 fiscal year. Poinciana could have timed its rate case so that its implementation of FAS 106 would have matched the effective date of rates approved in a rate case. In any event, the rule does not tie the reduction

of rate base due to the unfunded liability to the recovery of FAS 106 expense through rates.

Poinciana did apply to defer its FAS 106 costs from January 1, 1993, the beginning of the fiscal year when FAS 106 was implemented, to the next rate case. However, we denied its request because the effect of not deferring the FAS 106 costs on return on equity was 72 basis points, well within the 100 basis points allowed as a range of reasonableness for return on equity. We also noted that Poinciana could have requested recovery of these expenses in a rate proceeding, since it was aware of the estimated amount of its FAS 106 costs as early as February, 1992.

Rule 25-14.012 (3), Florida Administrative Code, requires that rate base be reduced by the amount of Poinciana's unfunded FAS 106 liability. Mr. Schifano stated that Poinciana's average unfunded FAS 106 liability for 1993 is \$30,000. Accordingly, we have reduced rate base by \$14,520 and \$15,480 for water and wastewater, respectively. These reductions are allocated in the same manner by which FAS 106 expenses were allocated between the water and wastewater systems.

#### WORKING CAPITAL

Poinciana used the balance sheet approach to calculate the working capital allowance. The requested working capital allowance is \$74,818 for water and \$118,500 for wastewater. We note that we have made certain adjustments to operating and maintenance (O&M) expenses, which are discussed more fully hereunder. In addition, Poinciana stipulated to removing preliminary survey charges of \$224,606 and unamortized debt discount of \$72,399 from the working capital calculation. Using the balance sheet method with these adjusted amounts, we find that the appropriate working capital allowance is \$57,515 for water and \$91,419 for wastewater.

#### TEST YEAR RATE BASE

Upon consideration of the testimony of witnesses, the exhibits, Poinciana's brief, and the recommendations of Staff, we find that the appropriate average test year rate base is \$1,260,733 for water and \$4,692,976 for wastewater. This represents a reduction of \$592,383 for water and \$680,706 for wastewater, as compared with the requested amounts.

#### COST OF CAPITAL

Our calculations of cost of capital, including our adjustments, are depicted on Schedule No. 2. 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.

#### LONG TERM DEBT

Poinciana made a used and useful adjustment to the interest rate of one of the two loans that comprise its long-term debt. The other loan is at zero cost, since Avatar reimburses Poinciana for the interest. Mr. Gordon explained that Avatar agreed to pay the interest associated with plant that was non-used and useful due to the considerable amount of non-used and useful property. However, Poinciana still amortizes the issuing cost of the loan.

At the hearing, Mr. Gordon agreed that the issuing expense for one of Poinciana's loans was incorrect and that a correction was necessary. Applying this correction, as well as Poinciana's used and useful adjustment, Poinciana increased its requested cost of long term debt from 3.13 percent to 3.86 percent. In calculating the debt cost, Poinciana relied on its proposed used and useful percentages of 81.9 percent for the water treatment plant and 83.7 percent for the wastewater treatment plant. However, we have already found that the water treatment plant is 64.5 percent used and useful and that the wastewater treatment plant is 76 percent used and useful. Under cross examination, Mr. Gordon agreed that the used and useful adjustment should be consistent with the used and useful percentage determined in this case. We have, therefore, modified the used and useful adjustment to debt to reflect a used and useful percentage of 70.25 percent, the average of 64.5 percent and 76 percent. This decreases the long term debt cost to 3.36 percent.

#### OVERALL RATE OF RETURN

Pursuant to Stipulation No. 3, we have calculated the appropriate cost of equity to be 10.43 percent in accordance with the most recent leverage formula, approved in Order No. PSC-93-1107-FOF-WS, issued July 29, 1993. The appropriate range is 9.43 percent to 11.43 percent.

In its brief, Poinciana states that the cost of short-term debt is 6.00 percent. It also agrees that, under Rule 25-30.311(4), Florida Administrative Code, customer deposits should be reflected at 6 percent for residential accounts and 7 percent for non-residential accounts. There are no deferred taxes or investment tax credits in the capital structure.

Applying the proper amounts and costs to each component of Poinciana's capital structure, we find that the appropriate overall rate of return, for the test year ending July 31, 1993, is 7.07 percent.

NET OPERATING INCOME

Our calculation of net operating income is depicted on Schedule No. 3-A for water and 3-B for wastewater, with our adjustments itemized on Schedule No. 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.

ALLOWANCE FOR RATE CASE EXPENSE

In its minimum filing requirements (MFRs), Poinciana projected total rate case expense of \$152,000. This consisted of \$34,000 in rate consultant fees, \$70,000 for legal fees, \$36,500 for rate case analysis and preparation from affiliates of Poinciana, \$9,000 for filing fees and \$2,500 in miscellaneous charges. In their testimony, witnesses Coel and Gordon revised the estimate to \$124,168.04, as follows:

Rate Consultant	\$ 23,307.29
Legal Fees	55,599.65
Rate Case Services	35,543.77
Filing Fee	9,000.00
Miscellaneous	<u>3,717.33</u>
Total	\$124,168.04
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Poinciana submitted itemized and well documented supporting information. Based upon our analysis, Poinciana has supported the revised requested amount and it is, therefore, approved.

TEST YEAR INCOME TAXES

In the MFRs, Poinciana recorded income tax expense of \$33,808 for water and \$97,514 for wastewater. Historically, Poinciana has not had income tax expense included in its rates due to net operating loss (NOL) carry-forwards. According to Mr. Gordon, Poinciana has utilized all of its NOL carry-forwards due to the taxability of CIAC. He testified that Poinciana has had taxable income on its used and useful operations since sometime around 1988.

Since Poinciana no longer has NOLs to offset taxable income, the appropriate level of test year income tax expense becomes a mathematical calculation dependent upon the resolution of other issues. Based upon the levels of revenues and expenses approved herein, we find that the appropriate provisions for test year income taxes are \$21,232 for water and \$83,556 for wastewater.

#### PARENT DEBT ADJUSTMENT

Rule 25-14.004, Florida Administrative Code, requires that a parent debt adjustment be made for each parent level above the capital structure used in setting rates. Since we have used Poinciana's capital structure in setting rates, a one-tier adjustment is required to recognize Poinciana's immediate parent, Avatar Utilities, Inc.

In the MFRs, Poinciana included a parent debt adjustment of \$10,869 for water and \$31,518 for wastewater. Based upon the resolution of other issues, we have calculated a parent debt adjustment of \$7,185 for water and \$26,747 for wastewater. We, therefore, find that the appropriate adjustments are \$3,684 for water and \$4,770 for wastewater.

#### TEST YEAR OPERATING INCOME

Upon consideration of the evidence adduced at hearing, Poinciana's brief, the recommendations of our Staff, and our discussions above, we find that the corresponding levels of test year operating income, before any increase in revenues, are \$104,183 for water and \$175,905 for wastewater.

#### REVENUE REQUIREMENTS

Poinciana requested final water rates designed to generate annual revenues of \$892,991. These revenues exceed test year revenues by \$98,381, or an increase of 12.38 percent. Poinciana requested final wastewater rates designed to generate annual revenues of \$1,728,027. These revenues exceed test year revenues by \$401,159, or an increase of 30.23 percent.

Based upon the record and our adjustments, including a used and useful adjustment to depreciation expense, and the stipulations to amortize test year legal expenses for the Wilderness lawsuit over a five-year period and to reduce regulatory assessment fees, we find that the appropriate revenue requirements are \$806,950 for water and \$1,638,852 for wastewater. These revenues represent a



decrease of \$25,354 (-3.05 percent) for water and an increase of \$261,392 (18.98 percent) for wastewater.

#### RATES AND CHARGES

##### RATE STRUCTURE

Poinciana initially proposed to utilize a flat rate for residential and multi-family wastewater service, and the base facility/gallongage charge rate structure for general service customers. Poinciana currently believes that all wastewater rates should be designed utilizing the base facility/gallongage charge structure, pursuant to Rule 25-30.437, Florida Administrative Code. In addition, virtually all of the customers who testified regarding rate structure supported the base facility/gallongage charge rate structure.

Under the base facility/gallongage charge rate structure, customers pay their pro rata share of the fixed costs of providing service through the base facility charge and the variable costs through the gallongage charge. Thus, customers are better able to exert some control over their water and wastewater bills.

Upon consideration, we find that the appropriate rate structure is the base facility/gallongage charge rate structure.

##### RESIDENTIAL WASTEWATER GALLONAGE CAP

Poinciana requested a residential wastewater gallongage cap of 6,000 gallons per month (gpm). Customer testimony also supported the use of a 6,000 gpm cap. However, according to the record, the average residential wastewater consumption is 6,330 gpm. Since the 6,000 gpm cap does not exceed the average consumption, we do not believe that it is the most appropriate cap. Only approximately seventy-nine percent of Poinciana's customers use 6,000 gpm or less. However, ninety-two percent of the customers use 8,000 gpm or less.

A residential bill with the gallongage cap at 6,000 gpm, and an average consumption of 6,000 gpm, would be \$36.01. A residential bill with the gallongage cap at 8,000 gpm and an average consumption of 6,000 gpm would be \$33.07, or \$2.94 less, due to a lower gallongage charge. In other words, although a 6,000 gpm cap would lower the maximum bill, it would cause customers who do not exceed the average level of consumption to subsidize those customers who do exceed the average level of consumption. We, therefore, find that the appropriate residential wastewater gallongage cap is 8,000 gpm.

#### WATER AND WASTEWATER RATES

Poinciana's current rates, its proposed rates, and the rates approved herein are depicted on Schedules Nos. 4-A for water and 4-B for wastewater. The final approved rates are designed to produce annual operating revenues of \$806,950 for water (a decrease of 3.05 percent) and \$1,638,852 for wastewater (an increase of 18.98 percent) using the base facility/gallonage charge rate structure.

The rates approved herein shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets, provided that the customers have received notice of the increased rates and the reasons therefor. The revised tariff sheets will be approved upon Staff's verification that the tariffs are consistent with our decision and upon Staff's approval of the proposed customer notice.

#### MISCELLANEOUS SERVICE CHARGES

Poinciana's proposed miscellaneous service charges, as approved pursuant to Stipulation No. 9, are depicted on Schedule No. 6, along with its present charges.

#### MAINTENANCE FEES

Maintenance fees are provided for in the public offering statement and contract for deed for the purchase of lots in the Poinciana Development, and are collected by a homeowners association from all owners of lots including Avatar. The water and wastewater portion is paid to Poinciana. The maintenance fees are designed to cover costs associated with facilities that were funded by Avatar through a combination of advances and CIAC. During the test year, Poinciana received maintenance fee revenues of \$85,273 for water and \$149,020 for wastewater. The approved rates, as shown on Schedules Nos. 4-A and 4-B, should generate maintenance revenues of approximately \$98,757 for water and \$189,591 for wastewater.

#### RATE REDUCTION FOLLOWING FOUR-YEAR AMORTIZATION

Under Section 367.0816, Florida Statutes, rates must be reduced immediately following the expiration of the four year rate case expense amortization period by the amount of rate case expense previously authorized in the rates. The reduction reflects the removal of revenues associated with the amortization of rate case expense and the gross-up for regulatory assessment fees, which is \$15,521 for water and \$15,521 for wastewater. The reduction in

revenues will result in the rates shown on Schedules Nos. 5-A and 5-B.

Poinciana shall file revised tariffs reflecting the reduced rates no later than one month prior to the actual date of the required rate reduction. Poinciana shall also file a proposed customer notice setting forth the lower rates and the reason for the reduction.

If Poinciana 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 for the reduction in the rates due to the amortized rate case expense.

#### MISCELLANEOUS

Poinciana agrees that it should account for depreciation and amortization on a per-account basis pursuant to Rule 25-30.140(4)(a), Florida Administrative Code. Poinciana has requested a period of time to implement this accounting treatment. We find Poinciana's request to be reasonable. Accordingly, Poinciana shall phase in this accounting treatment within one year from the date of this Order.

#### CONCLUSIONS OF LAW

1. The Commission has jurisdiction to determine the water and wastewater rates of Poinciana Utilities, Inc., pursuant to Section 367.081, Florida Statutes.
2. As the applicant in this case, Poinciana Utilities, Inc. has the burden of proof that its proposed rates and charges are justified.
3. The rates and charges approved herein are just, reasonable, compensatory, not unfairly discriminatory and in accordance with the requirements of Section 367.081(2), Florida Statutes, and other governing law.
4. Pursuant to Chapter 25-9.001(3), Florida Administrative Code, no rules and regulations, or schedules of rates and charges, or modifications or revisions of the same, shall be effective until filed with and approved by the Commission.

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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Poinciana Utilities, Inc. for increased rates and charges is granted, in part, as set forth in the body of this Order. It is further

ORDERED that Poinciana Utilities, Inc. is authorized to collect the rates and charges approved herein for service rendered on or after the stamped approval date on the revised tariff pages, provided that its customers have received notice of the increased rates and charges and the reasons therefor. It is further

ORDERED that, prior to its implementation of the rates and charges approved herein, Poinciana Utilities, Inc. shall submit tariff pages revised to reflect the rates and charges approved herein. It is further

ORDERED that, prior to its implementation of the rates and charges approved herein, Poinciana Utilities, Inc. shall submit a proposed notice to its customers of the increased rates and charges and the reasons therefor. It is further

ORDERED that the revised tariff pages shall be approved upon Staff's verification that they are consistent with our decision and upon Staff's approval of the proposed customer notice. It is further

ORDERED that Poinciana Utilities, Inc. shall account for depreciation and amortization on a per-account basis, pursuant to Rule 25-30.140(4)(a), Florida Administrative Code, within one year from the date of this Order. It is further

ORDERED that all schedules attached hereto are, by reference, expressly incorporated herein. It is further

ORDERED that this docket is closed.

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DOCKET NO. 930912-WS  
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By ORDER of the Florida Public Service Commission, this 21st  
day of September, 1994.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

by: Kay Helton  
Chief, Bureau of Records

( S E A L )

RJP

Commissioner J. Terry Deason dissented on the majority decision to not impute contributions-in-aid-of-construction (CIAC) on the margin reserve. Commissioner Deason believes that this Commission's long-standing policy of imputing CIAC on the margin reserve is in the best interests of the ratepayers and that there was an adequate basis to apply it.

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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 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 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 sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.



POINCIANA UTILITIES, INC. SCHEDULE OF WATER RATE BASE TEST YEAR ENDED 7/31/93			SCHEDULE NO. 1-A DOCKET NO. 930912-WS		
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 13,374,070	\$ (46,439)	\$ 13,327,631	\$ 0	\$ 13,327,631
2 LAND	68,284	(23,864)	44,420	0	44,420
3 NON-USED & USEFUL COMPONENTS	0	(520,961)	(520,961)	(500,813)	(1,021,774)
4 ACCUMULATED DEPRECIATION	(788,567)	(1,960,364)	(2,748,931)	37,891	(2,711,040)
5 CIAC	(3,201,166)	0	(3,201,166)	0	(3,201,166)
6 AMORTIZATION OF CIAC	593,637	452,548	1,046,185	0	1,046,185
7 ACCUM. AMORTIZATION OF ADVANCES	0	1,625,302	1,625,302	0	1,625,302
8 ADVANCES FOR CONSTRUCTION	(7,939,365)	47,343	(7,892,020)	0	(7,892,020)
9 DEFERRED TAXES	0	0	0	0	0
10 FAS 106 UNFUNDED LIABILITY	0	0	0	(14,520)	(14,520)
11 WORKING CAPITAL ALLOWANCE	172,656	0	172,656	(114,941)	57,715
<b>RATE BASE</b>	<b>\$ 2,279,551</b>	<b>\$ (426,435)</b>	<b>\$ 1,853,116</b>	<b>(592,383)</b>	<b>\$ 1,260,733</b>

POINCIANA UTILITIES, INC. SCHEDULE OF WASTEWATER RATE BASE TEST YEAR ENDED 7/31/93		SCHEDULE NO. 1-B DOCKET NO. 930912-WS				
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	
1 UTILITY PLANT IN SERVICE	\$ 29,944,109 \$	(1,139,418) \$	28,804,691 \$	0 \$	28,804,691	
2 LAND	715,421	(240,418)	475,003	0	475,003	
3 NON-USED & USEFUL COMPONENTS	0	(1,092,111)	(1,092,111)	(515,883)	(1,507,994)	
4 ACCUMULATED DEPRECIATION	(1,373,095)	(4,148,431)	(5,521,526)	32,721	(5,488,805)	
5 CIAC	(6,004,017)	0	(6,004,017)	0	(6,004,017)	
6 AMORTIZATION OF CIAC	1,080,525	770,183	1,850,708	0	1,850,708	
7 ACCUM. AMORTIZATION OF ADVANCES	0	3,175,368	3,175,368	0	3,175,368	
8 ADVANCES FOR CONSTRUCTION	(17,992,898)	1,404,981	(16,587,917)	0	(16,587,917)	
9 DEFERRED TAXES	0	0	0	0	0	
10 FAS 106 UNFUNDED LIABILITY	0	0	0	(15,480)	(15,480)	
11 WORKING CAPITAL ALLOWANCE	273,483	0	273,483	(182,064)	91,419	
<b>RATE BASE</b>	<b>\$ 6,643,528 \$</b>	<b>(1,269,846) \$</b>	<b>5,373,682 \$</b>	<b>(680,706) \$</b>	<b>4,692,976</b>	

POINCIANA UTILITIES, INC.  
 ADJUSTMENTS TO RATE BASE  
 TEST YEAR ENDED 7/31/93

SCHEDULE NO. 1-C  
 DOCKET NO. 930912-WS  
 PAGE 1 OF 1

EXPLANATION	WATER	WASTEWATER
(A) <u>NON-USED AND USEFUL PLANT</u> Used and useful adjustment per Staff Engineer.	\$ <u>(500,813)</u>	\$ <u>(515,380)</u>
(B) <u>ACCUMULATED DEPRECIATION</u> Accumulated depreciation related to Used and useful adjustment.	\$ <u>37,891</u>	\$ <u>32,721</u>
(C) <u>FAS 106 UNFUNDED LIABILITY</u> The adjust FAS 106 unfunded liability to correct amount.	\$ <u>(14,520)</u>	\$ <u>(15,480)</u>
(D) <u>WORKING CAPITAL</u> Adjustment to remove preliminary survey charges of \$224,606 and unamortized debt discount of \$72,059 from the working capital calculation.	\$ <u>(114,941)</u>	\$ <u>(182,064)</u>

POINCIANA UTILITIES, INC.  
 CAPITAL STRUCTURE  
 TEST YEAR ENDED 7/31/93

SCHEDULE NO. 2-A  
 DOCKET NO. 930912-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	\$ 3,077,998	42.59%	3.86%	1.64%	\$ (542,227)	\$ 2,535,771	42.59%	3.36%	1.43%	
2 SHORT-TERM DEBT	566,552	7.84%	6.00%	0.47%	(99,805)	466,747	7.84%	6.00%	0.47%	
3 PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%	
4 COMMON EQUITY	3,573,043	49.44%	10.43%	5.16%	(629,435)	2,943,608	49.44%	10.43%	5.16%	
5 CUSTOMER DEPOSITS	9,205	0.13%	6.00%	0.01%	(1,622)	7,583	0.13%	6.00%	0.01%	
6 TAX CREDITS	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%	
7 DEFERRED TAXES	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%	
8 TOTAL CAPITAL	\$ 7,226,798	100.00%		7.28%	\$ (1,273,009)	\$ 5,953,709	100.00%		7.07%	
RANGE OF REASONABLENESS							LOW	HIGH		
RETURN ON EQUITY							9.43%	11.43%		
OVERALL RATE OF RETURN							6.57%	7.56%		

POINCIANA UTILITIES, INC. ADJUSTMENTS TO CAPITAL STRUCTURE TEST YEAR ENDED 7/31/93		SCHEDULE NO. 2-B DOCKET NO. 930912-WS			
DESCRIPTION		SPECIFIC ADJUSTMENT (1)	SPECIFIC ADJUSTMENT (2)	PRO RATA RECONCILE	NET ADJUSTMENT
1	LONG TERM DEBT	\$ 0	\$ 0	(542,227)	\$ (542,227)
2	SHORT-TERM DEBT	0	0	(99,805)	(99,805)
3	PREFERRED STOCK	0	0	0	0
4	COMMON EQUITY	0	0	(629,435)	(629,435)
5	CUSTOMER DEPOSITS	0	0	(1,622)	(1,622)
6	TAX CREDITS	0	0	0	0
7	DEFERRED TAXES	0	0	0	0
8	TOTAL CAPITAL	\$ 0	\$ 0	(1,273,089)	\$ (1,273,089)

POINCIANA UTILITIES, INC.  
STATEMENT OF WATER OPERATIONS  
TEST YEAR ENDED 7/31/93

SCHEDULE NO. 3-A  
DOCKET NO. 930912-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	\$ 794,610	\$ 90,301	\$ 892,991	(\$ 60,607)	\$ 832,304	(\$ 25,354)	\$ 806,950
OPERATING EXPENSES:		12.30%				-3.05%	
2 OPERATION AND MAINTENANCE	\$ 553,170	\$ 14,075	\$ 568,053	(\$ 10,092)	\$ 557,961	\$	\$ 557,961
3 DEPRECIATION	34,467	23,131	57,590	(10,033)	30,765		38,765
4 AMORTIZATION	0	0	0	0	0		0
5 TAXES OTHER THAN INCOME	99,600	4,690	104,370	(3,319)	101,051	(1,141)	99,910
6 INCOME TAXES	0	33,808	33,808	(3,465)	30,343	(9,111)	21,232
7 TOTAL OPERATING EXPENSES	\$ 687,325	\$ 76,504	\$ 763,829	\$ 1,491,950	\$ 720,121	(\$ 10,252)	\$ 717,068
8 OPERATING INCOME	\$ 107,285	\$ 21,877	\$ 129,162	(\$ 1,552,637)	\$ 104,103	(\$ 15,102)	\$ 89,081
9 RATE BASE	\$ 2,279,551		\$ 1,053,116		\$ 1,260,733		\$ 1,260,733
RATE OF RETURN	4.71%		6.97%		8.26%		7.07%

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POINCIANA UTILITIES, INC.  
 STATEMENT OF WASTEWATER OPERATIONS  
 TEST YEAR ENDED 7/31/93

SCHEDULE NO. 3-B  
 DOCKET NO. 930912-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	\$ 1,326,060	\$ 401,159	\$ 1,720,027	(\$ 350,567)	\$ 1,377,460	\$ 261,392	\$ 1,630,052
OPERATING EXPENSES		30.23%				18.90%	
2 OPERATION AND MAINTENANCE	\$ 074,942	\$ 65,020	\$ 940,770	(\$ 12,123)	\$ 920,647	\$	\$ 920,647
3 DEPRECIATION	09,276	17,741	107,017	(15,710)	91,307		91,307
4 AMORTIZATION	0	0	0	0	0		0
5 TAXES OTHER THAN INCOME	100,079	20,101	200,100	(16,199)	191,901	11,763	203,744
6 INCOME TAXES	0	97,514	97,514	(107,094)	(10,300)	93,935	03,556
7 TOTAL OPERATING EXPENSES	\$ 1,152,297	\$ 201,184	\$ 1,353,481	(\$ 151,926)	\$ 1,201,555	\$ 105,690	\$ 1,307,253
8 OPERATING INCOME	\$ 174,571	\$ 199,975	\$ 374,546	(\$ 190,641)	\$ 175,905	\$ 155,694	\$ 331,599
9 RATE BASE	\$ 6,643,520		\$ 5,373,682		\$ 4,692,976		\$ 4,692,976
RATE OF RETURN	2.63%		6.97%		3.75%		7.07%

POINCIANA UTILITIES, INC.  
ADJUSTMENTS TO OPERATING STATEMENTS  
TEST YEAR ENDED 7/31/93

SCHEDULE NO. 3-C  
DOCKET NO. 930912-WS  
PAGE 1 OF 2

EXPLANATION	WATER	WASTEWATER
(A) <u>OPERATING REVENUES</u> To adjust the utility's revenue request.	\$ <u>(60,687)</u>	\$ <u>(350,557)</u>
(B) <u>OPERATING &amp; MAINTENANCE</u> 1. Amortize legal expenses for the Wilderness lawsuit over five years. 2. To adjust rate case expense and amortize over four years.	\$ (6,613) \$ (3,479) \$ <u>(10,092)</u>	\$ (6,644) \$ (3,479) \$ <u>(12,123)</u>
(C) <u>DEPRECIATION EXPENSE</u> Depreciation expense related to used and useful adjustment.	\$ <u>(18,833)</u>	\$ <u>(15,710)</u>
(D) <u>TAXES OTHER THAN INCOME TAXES</u> 1. To adjust regulatory assessment fees to correct amount. 2. To adjust the utility's revenue request.	\$ (586) \$ (2,731) \$ <u>(3,319)</u>	\$ (423) \$ (15,776) \$ <u>(16,199)</u>
(E) <u>INCOME TAXES</u> To adjust the utility's revenue request.	\$ <u>(3,465)</u>	\$ <u>(107,894)</u>
(F) <u>OPERATING REVENUES</u> Adjustment to reflect recommended revenues	\$ <u>(25,354)</u>	\$ <u>251,392</u>
(G) <u>TAXES OTHER THAN INCOME TAXES</u> Regulatory assessment fees related to revenue adjustment.	\$ <u>(1,141)</u>	\$ <u>11,763</u>
(H) <u>INCOME TAXES</u> Income Taxes related to revenue adjustment.	\$ <u>(9,111)</u>	\$ <u>93,935</u>

Schedule 4-A

WATER  
 MONTHLY RATES  
RESIDENTIAL & GENERAL SERVICE

BASE FACILITY CHARGE: <u>METER SIZE</u>	UTILITY PRESENT RATES	UTILITY PROPOSED FINAL RATES	COMMISSION APPROVED FINAL RATES
5/8" X 3/4"	\$ 5.68	\$ 6.58	\$ 5.38
3/4"	\$ 8.53	\$ 9.87	\$ 8.07
1"	\$ 14.21	\$ 16.45	\$ 13.45
1-1/2"	\$ 28.39	\$ 32.90	\$ 26.90
2"	\$ 45.43	\$ 52.64	\$ 43.04
3"	\$ 90.87	\$ 105.28	\$ 86.08
4"	\$ 141.96	\$ 164.50	\$ 134.50
6"	\$ 283.92	\$ 329.00	\$ 269.00
8"	\$ 454.28	\$ 526.40	\$ 430.40
 Gallonage Charge Per 1,000 gallons	 \$ 1.13	 \$ 1.14	 \$ 1.10
 Average Residential Bill	 \$ 12.93	 \$ 13.90	 \$ 12.43
 Maintenance Fee (Per Lot)	 \$ 6.64	 \$ 7.69	 \$ 7.69

NOTE: Charges are applicable to vacant lots within the service area where service is available.

PRIVATE FIRE PROTECTION

<u>LINE SIZE</u>	UTILITY PRESENT RATES	UTILITY PROPOSED FINAL RATES	COMMISSION APPROVED FINAL RATES
1"	\$ 4.73	\$ 9.46	\$ 1.12
1-1/2"	\$ 9.48	\$ 9.12	\$ 2.24
2"	\$ 15.13	\$ 14.58	\$ 3.59
3"	\$ 30.29	\$ 29.10	\$ 7.17
4"	\$ 47.32	\$ 45.48	\$ 11.21
6"	\$ 94.65	\$ 91.02	\$ 22.42
8"	\$ 151.43	\$ 145.62	\$ 35.87
10"	\$ 217.50	\$ 209.28	\$ 51.56
12"	\$ 406.62	\$ 391.32	\$ 96.39

WASTEWATER

MONTHLY RATES  
RESIDENTIAL

<u>METER SIZE</u>	<u>UTILITY PRESENT RATES</u>	<u>UTILITY PROPOSED FINAL RATES</u>	<u>BASE FACILITY CHARGE: METER SIZE</u>	<u>COMMISSION APPROVED FINAL RATES</u>
ALL SIZES FLAT RATE (Except final rates)	\$ 23.16	\$ 29.47	ALL SIZES	\$ 12.25
			GAL. CHAR. (PER 1,000 GAL.) (MAX. 8,000)	\$ 3.47
MINIMUM BILL	\$ 23.16	\$ 29.47		\$ 12.25
MAXIMUM BILL	\$ 23.16	\$ 29.47		\$ 40.01
MAIN. FEES	\$ 11.46	\$ 14.58		\$ 14.58

NOTE: Charges are applicable to vacant lots within the service area where service is available.

GENERAL SERVICE & ALL OTHER CLASSES

<u>BASE FACILITY CHARGE: METER SIZE</u>	<u>UTILITY PRESENT RATES</u>	<u>UTILITY PROPOSED FINAL RATES</u>	<u>COMMISSION APPROVED FINAL RATES</u>
5/8" X 3/4"	\$ 14.76	\$ 18.78	\$ 12.25
3/4"			\$ 18.38
1"	\$ 36.97	\$ 46.95	\$ 30.63
1 1/2"	\$ 73.90	\$ 93.90	\$ 61.25
2"	\$ 118.25	\$ 150.24	\$ 98.00
3"	\$ 236.49	\$ 300.48	\$ 196.00
4"	\$ 369.52	\$ 469.50	\$ 306.25
6"	\$ 739.03	\$ 939.00	\$ 612.50
8"	\$ 1,182.44	\$ 1,502.40	\$ 980.00
10"	\$ 1,699.76	\$ 2,159.70	\$ 1,408.75
Gallage Charge Per 1,000 Gallons (No Max.)	\$ 2.01	\$ 2.07	\$ 4.16

RATE SCHEDULE  
WATER  
SCHEDULE OF RATES  
AND RATE DECREASE IN  
FOUR YEARS

MONTHLY RATES

RESIDENTIAL AND GENERAL SERVICE

	<u>Commission Approved Rates</u>	<u>Rate Decrease</u>
Base Facility Charge:		
Meter Size:		
5/8" x 3/4"	\$ 5.38	\$ .11
3/4"	\$ 8.07	\$ .16
1"	\$ 13.45	\$ .27
1 1/2"	\$ 26.90	\$ .54
2"	\$ 43.04	\$ .87
3"	\$ 86.08	\$ 1.73
4"	\$ 134.50	\$ 2.71
6"	\$ 269.00	\$ 5.42
8"	\$ 430.40	\$ 8.67
10"	\$ 618.70	\$ 12.46
Gallonge Charged per 1,000 Gals.	\$ 1.10	\$ .02

RATE SCHEDULE  
 WASTEWATER  
 SCHEDULE OF RATES  
 AND RATE DECREASE IN  
 FOUR YEARS

MONTHLY RATES

	<u>Commission Approved Rates</u>	<u>Rate Decrease</u>
<u>Residential</u>		
Base Facility Charge		
Meter Size:		
All Meter Sizes	\$ 12.25	\$ .12
Gallonage Charge per		
1,000 gallons	\$ 3.47	\$ .03
(Maximum 8,000 gallons)		
<u>General Service</u>		
Base Facility Charge:		
Meter Size:		
5/8" x 3/4"	\$ 12.25	\$ .12
3/4"	\$ 18.38	\$ .18
1"	\$ 30.63	\$ .30
1 1/2"	\$ 61.25	\$ .61
2"	\$ 98.00	\$ .97
3"	\$ 196.00	\$ 1.94
4"	\$ 306.25	\$ 3.04
6"	\$ 612.50	\$ 6.07
8"	\$ 980.00	\$ 9.72
10"	\$ 1,408.75	\$ 13.97
Gallonage Charge per 1,000 Gals. (No Maximum)	\$ 4.16	\$ .04



MISCELLANEOUS SERVICE CHARGES

WATER

<u>Type Charge</u>	<u>Present</u>		<u>Commission Approved</u>	
	<u>Bus. Hrs.</u>	<u>After Hrs.</u>	<u>Bus. Hrs.</u>	<u>After Hrs.</u>
Initial Connection	\$ 10.00	\$ 15.00	\$ 15.00	\$ 15.00
Normal Reconnection	\$ 10.00	\$ 15.00	\$ 15.00	\$ 15.00
Violation Recon.	\$ 10.00	\$ 15.00	\$ 15.00	\$ 15.00
Premises Visit	\$ 10.00	\$ 15.00	\$ 10.00	N/A

Wastewater

<u>Type Charge</u>	<u>Present</u>		<u>Commission Approved</u>	
	<u>Bus. Hrs.</u>	<u>After Hrs.</u>	<u>Bus. Hrs.</u>	<u>After Hrs.</u>
Initial Connection	\$ 10.00	\$ 15.00	\$ 15.00	\$ 15.00
Normal Reconnection	\$ 10.00	\$ 15.00	\$ 15.00	\$ 15.00
Violation Recon.	\$ 10.00	\$ 15.00	Actual Cost	Actual Cost
Premises Visit	\$ 10.00	\$ 15.00	\$ 10.00	N/A