

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate) DOCKET NO. 941108-WS
increase in Collier County by) ORDER NO. PSC-95-0720-FOF-WS
FLORIDA CITIES WATER COMPANY -) ISSUED: June 15, 1995
Golden Gate Division)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION

ORDER GRANTING FINAL RATES AND CHARGES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Florida Cities Water Company, Golden Gate Division, (FCWC or utility) is a Class A utility that provides water and wastewater service in Collier County. As of September 30, 1994, the utility was serving 2,571 water customers (about 4,100 equivalent residential connections (ERCs)) and 1,873 wastewater customers (about 3,400 ERCs). The Golden Gate system serves an area that has been designated by the South Florida Water Management District as a critical use area.

The capacity of the water treatment plant (WTP) is 1.220 million gallons per day (mgd). FCWC pumps raw water from shallow wells located at the WTP site. The water is then aerated, lime softened, filtered, and chlorinated by the utility's treatment plant. Treated water is stored in two ground storage tanks with an aggregate capacity of 370,000 gallons located at the plant site and pumped through the distribution system by four high service pumps.

DOCUMENT NUMBER - CASE

05612 JUN 15 85

FILED BY: [unclear]

Wastewater treatment is currently provided using an extended aeration treatment process with a permitted capacity of 0.750 mgd. The wastewater treatment plant (WWTP) effluent is disposed at several rapid infiltration ponds located adjacent to the treatment plant.

The utility has completed construction of a 1 million gallon water storage tank and is awaiting clearance from the Department of Environmental Protection (DEP) before placing this facility into service. Construction of a 0.2 mgd expansion to the wastewater treatment plant has commenced and is scheduled for completion by the end of August, 1995. This new plant will utilize contact stabilization.

On December 29, 1994, FCWC filed an application for increased rates pursuant to Sections 367.081, Florida Statutes. The petition was deemed complete; thus December 29, 1994 was also recognized as the official filing date pursuant to Section 367.083, Florida Statutes. The utility asked the Commission to utilize the proposed agency action (PAA) procedures identified in Section 367.081(8), Florida Statutes, to establish final rates. Interim rates were neither requested nor approved.

The utility has requested final rates based on the projected cost of service for the test year ending September 30, 1995. The utility also believes that extraordinary conditions justify approval of end-of-period rate base values. The projected test year is based on actual costs for the historical test year ended September 30, 1994, with applicable adjustments to reflect updated expenses and investments. During the historical test year, the utility billed its customers \$1,319,900 for water service and \$1,190,060 for wastewater service; the respective operating income amounts were \$271,645 and \$269,749.

For the projected test year, the utility has requested rates that are designed to generate annual revenues of \$1,589,879 for water service (a \$253,468 or 18.97 percentage increase) and \$1,490,156 for wastewater service (a \$279,525 or 23.03 percentage increase). The utility contends that additional revenues are needed to support substantial additions to plant in service, including construction of a 1.0 million gallon water storage tank and completion of a 200,000 gallons per day (gpd) expansion to its wastewater treatment plant. Overall, the expected construction costs for the test period are \$1,675,348 for the water division and \$2,315,632 for the wastewater division.

A customer meeting was held on March 8, 1995. Testimony presented during that hearing is reviewed in the following section titled "Quality of Service."

QUALITY OF SERVICE

Our analysis of the overall quality of service provided by the utility is derived from quality of the utility's product, operational conditions of the utility's plant and facilities, and attempts to address customer satisfaction. We have also considered the utility's current compliance with DEP and Health Department standards.

Quality of the Utility's Product

Our review of the information provided by the utility in the MFRs and on file at the DEP's Fort Myers office indicate that no outstanding violations or corrective orders are pending. The utility has tested the drinking water as required and this water meets standards. The wastewater treatment plant's effluent has met quality standards, even though the plant has periodically operated in excess of its current permitted capacity during wet weather periods.

Operational Conditions of Utility's Plant or Facilities

The water system maintains twenty pounds per square inch of minimum pressure throughout the distribution system, it maintains an adequate chlorine residual throughout the distribution system, is adequately staffed by certified operators, possesses adequate auxiliary power and is maintained in good condition. The water system is adequately sized to serve its present customers.

The wastewater system is adequately staffed by certified operators, possesses adequate auxiliary power and is maintained in good condition. The collection system, however, has experienced overflows at several lift stations and manholes in the past several years. To alleviate this problem the utility has constructed a new force main which bypasses these overloaded lift stations. The utility has also installed alarms at several lift stations which automatically calls an emergency number when the sewage level in a lift station is high. This decreases the utility's response time when a problem exists at a lift station and will reduce the chances of an overflow occurring. We find that these actions are adequate and will reduce the number of sewage overflows in the collection system.

Attempts to Address Customer Satisfaction

The utility received 483 complaints during the test year and the complaint log indicates that the utility responded to these complaints in a timely manner. Most of the complaints concerned high water usage. The utility addressed this type of complaint by rereading the meter and helping the customer check for leaks. Several customers complained about odors emanating from the wastewater treatment plant. The utility is adding odor control equipment in conjunction with the 0.2 mgd plant expansion.

We conducted a customer meeting in Golden Gate on March 8, 1995 to obtain input from the customers concerning this rate filing and the quality of service rendered by the company. Approximately 50 persons attended the customer meeting and 13 testified. The utility had also met with the customers before the March 8, 1995 PSC meeting and discussed the factors which led to the utility filing for a rate increase. We find that the utility has made a good faith effort to educate the customers about the reasons for the rate increase and keep open channels of communication with the customers.

Customers attending the meeting were all opposed to the rate increase. They noted that the Commission had granted the utility an increase in 1990 of 60.93 percent for water only and another increase in 1992 of 8.27 percent for water and 13.69 percent for wastewater. Several customers expressed the opinion that Collier County should assume jurisdiction over the utility's rates, since they believe that the Commission is not adequately protecting their interests. One Collier County Commissioner testified that the County is considering this option. One customer testified that the county should buy the system. The County Commissioner stated that this option was investigated in 1991 but that it was not economically feasible to purchase the system.

Several customers expressed their concern that the plant expansions are needed to serve future customers and that it is not fair to require the present customers to pay for plant which will serve future customers. The impact of the plant expansions on the water and wastewater treatment plant used and useful percentages will be discussed later in this Order.

Some customers also raised the issue of requiring homes located within the utility's certificated area which are on private wells and septic tanks to hook up to the system. They believe that this would provide a larger customer base over which to spread the costs of operating the utility and would help keep the rates lower.

The utility's certificated area includes approximately 5,640 homesites, with water and wastewater lines available in almost one-half of this area. The utility has represented that the homesites in the areas not currently served by the utility are owned by individuals, with no large developer owning any substantial portion of the homesites. We find that a high percentage (70-80 percent) of these sites already have homes built on them. The utility is reluctant to invest in the extension of lines into these areas since it does not have the authority to require the residents to hook up and a large used and useful adjustment might be made. Based on the aforementioned facts, we find that the overall quality of service provided by the utility is satisfactory.

RATE BASE

Our calculation of the appropriate rate base for the purpose of this proceeding are attached as Schedules Nos. 1-A and 1-B, and the adjustments to rate base are attached as Schedule No. 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.

Year-End Rate Base Values

The utility requested approval of year-end rate base values to reflect the full weight of additions to plant in service, which measures are required to satisfy various permitting and other service conditions. In the absence of the most extraordinary conditions or circumstances, the Commission should apply average investment during the test year in determining rate base. Citizens of Florida v. Hawkins, 356 So. 2d 254 (Fla. 1978) at 257. The utility believes that the magnitude of the investment associated with these improvements is an extraordinary condition that justifies approval of end-of-period rate base values. According to the utility: "(w)ith the investment that will be placed into effect during the projected test year, the rate of return will be deteriorated to the point that FCWC's property will be being confiscated in violation of the federal and state constitutions."

Overall, the planned improvements are expected to cost \$3,990,980 for the combined water and wastewater systems, a 28 percent increase compared to the beginning balance. Conversely, historical growth patterns suggest that the number of customers will increase about 2.5 percent. Some of the improvements were expected in 1994, but the most significant projects were scheduled for completion during the latter part of 1995. Those special projects include erecting a water storage tank (about \$1.5 million)

and expanding the wastewater plant (about \$1.4 million). Absent such year-end appraisal, the later the completion date for these projects, the smaller their consequent impact will be on the rate base determination. Initially, a July 31, 1995, completion date was predicted for the major treatment plant projects; thus, under the averaging practice, about 75 percent of the attending cost of those projects (thirteen-month basis) would be eliminated. The utility believes that this equipment should be considered fully used and useful in this proceeding. The utility also believes that depreciation should be computed based upon the entire investment, independent of which month during the test year the facility is actually completed.

We hereby approve the implementation of year-end rate base determinations. The major improvements are substantial investments in operating equipment that serve the public interest. The anticipated projects shall be substantially complete by September of 1995, which in-service date satisfies the two year limitation prescribed by Section 367.081(2)(a), Florida Statutes. Based upon recent communication with utility representatives, we are informed that the water storage tank has been installed. Expansion of the wastewater treatment plant shall be complete on or about July 31, 1995. In this case, an average rate base determination would distort the revenue requirement picture since factors which are increasing the investment in operating plant are not matched by a concomitant growth in customers.

Adjustment of Rate Base Values to Reflect Previously Established Balances

During the audit investigation, our auditors discovered that certain corrections that were ordered in previous dockets (Order Nos. 20537 and 23660) had not been booked by the utility. Therefore, the auditors recommended that those corrections should be applied in this docket as well. The auditors further recommended that the utility should actually book those corrections to prevent subsequent errors. By Order No. PSC-92-0811-FOF-WS, issued in Docket No. 911194-WS on August 12, 1992, we also noted that the utility had not made those corrections. The final adjustments are listed below:

	<u>Water</u>	<u>Wastewater</u>
Plant in Service	\$(68,503)	\$(11,734)
Accumulated Depreciation	\$2,595	\$18,060
Accumulated Amortization (CIAC)	\$384	\$(29,568)

The utility, in its response to this audit exception, acknowledged that these corrections were proper and should have been made in the Minimum Filing Requirements (MFRs). Further, the utility promised to take corrective measures to fully identify these adjustments in all future MFRs. The utility agreed to include adequate documentation in the current year's MFR workpapers to ensure future compliance. The utility, however, reported that it believed that the adjustments were not significant enough to require bookkeeping adjustments.

We find that the above mentioned adjustments are properly considered in this docket, and our rate base values include each of the proposed corrections find. While these corrections are relatively immaterial, we find that the utility has not adequately explained why these adjustments should not be booked. Accordingly, we find that bookkeeping entries are necessary.

Margin Reserve

In its filing, the utility has requested an allowance for margin reserve in the water treatment plant and wastewater treatment plant used and useful calculations. In Order PSC-92-0811-FOF-WS, issued August 12, 1992, we stated the following:

By allowing a margin reserve, the Commission recognizes that the utility must provide extra capacity sufficient to meet short term growth without impairing the utility's ability to provide safe and adequate service to existing customers. The purpose of the margin reserve is to enable the utility to connect new customers during the next 18 months, the normal construction time for building new plant, without plant expansion.

We find that it is appropriate to include a margin reserve in the used and useful calculation for the wastewater treatment plant.

Water Treatment Plant

In MFR Schedule F-5, the utility calculated that a 73,900 gpd margin reserve representing 327 ERCs is appropriate for the water treatment plant. However, no margin reserve is required since the customer demand plus fire flow exceed the water treatment plant's capacity.

Wastewater Treatment Plant

In MFR Schedule F-6, the utility calculated that a 59,100 gpd margin reserve representing 219 ERCs is appropriate for the

wastewater treatment plant. The 219 ERC figure is based upon the average customer growth over the past five years multiplied by a construction time factor of three years. As described in the above referenced order, our practice is to allow only 18 months for the construction time factor.

Utility requests for a three year construction time factor are becoming more commonplace. One of the reasons for this increase is the planning for wastewater facilities expansion requirement from the DEP under Rule 62-600.405 (8)(c), Florida Administrative Code. This rule states:

If the initial capacity analysis report or an update of the capacity analysis report documents that the permitted capacity will be equaled or exceeded within the next three years, the permittee shall submit a completed construction permit application to the Department within 30 days of submittal of the initial capacity analysis report or the update of the capacity analysis report.

Through Rule 62-600.405 (8)(a), Florida Administrative Code, DEP also requires that utilities begin the preliminary design for the expansion of a wastewater treatment plant (WWTP) five years before the plant flows are anticipated to equal their permitted capacity.

Since the average daily flow during the maximum month (September, 1994) for the WWTP was 918,900 gpd, only 31,100 gpd (ERCs) of margin reserve is necessary for the plant to reach its 950,000 gpd permitted capacity and be considered 100 percent used and useful. The 31,100 margin reserve represents a construction time period of 19 months. Therefore, the question of extending the construction time factor to three years is inappropriate in this case. We find that a margin reserve of 31,100 gpd, representing 115 ERCs, is appropriate for the WWTP.

We find, however, that a three year margin reserve would have been appropriate if it was needed. This is based on the fact that it took three years to permit, design, and construct the WWTP expansion. Also, Rule 62-600.405 (8)(c), Florida Administrative Code, requires WWTP owners to apply for a construction permit and increase the WWTP capacity if the plant flow will equal or exceed the permitted plant capacity within three years.

Used and Useful-Water Treatment Plant

The water treatment plant (WTP) is a 1.220 mgd lime softening treatment facility. In the utility's last rate case, Docket 911194-WS, we determined that the WTP was 100 percent used and

useful. This was calculated by adding the average five day maximum flow of 1.055 mgd and a fire flow requirement of 0.360 mgd and then dividing this sum by the 1.220 mgd plant capacity.

Since the customer demand plus fire flow exceeded the WTP's capacity, we ordered (Order No. PSC-92-0811-FOF-WS, issued August 12, 1992) that the utility determine if it was providing adequate fire flow and, if not, the utility's plans for meeting fire flow requirements. On December 2, 1992, the utility responded that fire flow tests at four hydrants throughout the distribution system indicated that it was providing the required flows at the necessary pressures. The utility added that it had approximately 370,000 gallons of storage, and engineering design practices indicated that 850,000 gallons of additional storage was necessary to meet both customer and fire flow demands. The utility stated that additional storage capacity was budgeted for construction in 1993. As discussed later in this Order, the utility has constructed a 1.0 million gallon storage tank and pumping facility and included its cost in this rate case.

In MFR Schedule F-5, page 230, the utility calculated that the 1.220 mgd WTP is still 100 percent used and useful. This was derived by adding the average of the five maximum days (.9674 mgd) and the fire flow requirement (0.360 mgd) and then dividing that sum by the 1.220 mgd plant capacity. As in the last case, the WTP is 100 percent used and useful without a margin reserve.

The utility has agreed that the fire flow requirement in Schedule F-5 is incorrect. The fire flow requirement should be 750 gpm for a duration of 6 hours, resulting in a fire flow requirement of 0.270 mgd instead of 0.360 mgd. Even with this reduction to the fire flow requirement, the WTP remains 100 percent used and useful without a margin reserve.

The major water system plant addition since the last rate case is the 1.0 million gallon water storage and pumping facility which cost \$1.537 million dollars. Construction of this facility commenced on May 6, 1994 and was scheduled for completion in March, 1995. The utility placed the facility into service in March, 1995 after receiving clearance from DEP.

On page 336 of the MFRs, the utility provided its justification for construction of this facility. They calculated that the total water storage requirement for Golden Gate is 1,280,000 gallons. Since the system currently has 370,000 gallons of storage, an additional 910,000 gallons of storage was needed. The utility designed a 1.0 million gallon storage tank since this

was the most economical increment of storage to meet both present and future needs.

We find that the 1.0 million gallon storage tank is 100 percent used and useful. We find that additional storage was necessary to serve present customers and that the 1.0 million gallon storage tank is the most economical increment of storage which the utility could have added.

Used and Useful-Transmission and Distribution System

In MFR Schedule F-7, page 232, the utility states that all of the original distribution system lines are either advanced or contributed and are being used to provide service to customers. All renovations or replacements of this property have been funded by Florida Cities Water Company and, since the original construction is in service to customers, the replacements are 100 percent used and useful.

This is consistent with our treatment of the transmission and distribution system in the last case. Therefore, we find that the lines are 100 percent used and useful.

Used and Useful-Wastewater Treatment Plant

The wastewater treatment plant (WWTP) has a permitted capacity of 0.750 mgd and utilizes the extended aeration treatment process. Effluent from the WWTP is disposed at several percolation ponds located adjacent to the plant. In the utility's last rate case, we determined that the WWTP was 100 percent used and useful. Since the average daily flow during the maximum month, 1.386 mgd, significantly exceeded the 0.750 mgd plant capacity, we ordered that the utility investigate alternatives for providing additional wastewater treatment capacity. DEP also required that the utility increase the WWTP's capacity. The utility responded on December 2, 1992 that the plant could be expanded by modifying the existing treatment process. On January 27, 1994, the DEP issued the permit to construct a modification to the existing 0.750 mgd extended aeration process wastewater treatment facility by expanding to a 1.0 mgd contact stabilization wastewater treatment plant. In accordance with DEP Class III reliability requirements an additional tank was needed to provide a secondary clarifier for the plant. EPA regulations required that the plant add more digester capacity. The additional tank will also fulfill this purpose. The utility has included the \$1.41 million cost of this project in this rate case and the project is scheduled for completion by the end of July of 1995.

In MFR Schedule F-6, the used and useful percentage is calculated by dividing the sum of the average daily flow during the maximum month, 0.9189 mgd, and a 0.0591 mgd margin reserve by a WWTP capacity of 0.950 mgd. In response to a staff inquiry about why the utility used a plant capacity of 0.950 mgd when the construction permit indicates the plant capacity will be 1.0 mgd, FCWC stated that the FDEP construction permit allows expansion up to 1.0 mgd and is valid for five years. They added that the construction presently underway will bring the capacity of the plant up to 0.95 mgd and future expansion to 1.0 mgd will be accomplished with the addition of several treatment components, blowers and air diffusers. These components will be added as flows increase and the need for additional capacity presents itself. In addition, an expansion to 1.0 mgd would require that the plant be staffed 16 hours per day 7 days per week instead of the current staffing level of 8 hours per day 7 days per week. We find appropriate FCWC's assertion that limiting the capacity to 0.950 mgd decreases the plant staffing requirement.

We find that the appropriate plant capacity is 0.950 mgd which will represent the capacity of the WWTP's limiting component. The average daily flow during the maximum month of the test year (September, 1994) was 0.9189 mgd. Therefore, a margin reserve of 0.0311 mgd is sufficient to equal the WWTP's 0.950 mgd capacity and make it 100 percent used and useful.

Used and Useful-Wastewater Collection System

In MFR Schedule F-7, page 232, the utility states that all on-site collection systems are designed and constructed in accordance with current Company and DEP regulations. All of the original collection system lines are advanced or contributed and are being used to provide service to customers. All renovations or replacements of this property have been funded by FCWC and, since the original construction is in service to customers, the replacements are 100 percent used and useful.

This is consistent with our treatment of the wastewater collection system in the last rate case. Therefore, we find that the collection system is 100 percent used and useful.

Inclusion of CIAC

When the used and useful calculation includes an allowance for additional customer growth, also described as a margin reserve, it has been our practice to offset that growth factor with the added CIAC that will be collected when those customers are connected. This practice of imputing CIAC is well established, as evidenced by

numerous decisions rendered by us (i.e., See Order Nos. 23660, PSC-92-0594-FOF-SU, PSC-93-0423-FOF-WS, PSC-93-0301-FOF-WS). In this docket, the imputation adjustment exactly matches the rate base component associated with margin reserve. Based on a projected plant balance of \$2,924,742 (net basis) at September 30, 1995, and 3.27 percent being attributed to the margin reserve, the corresponding rate base component would be \$95,747. Therefore, consistent with our past practice, we find it appropriate to include an equivalent \$95,747 provision for CIAC in the final rate base.

Reduction of CIAC

The utility's projected rate base for its wastewater division includes a provision for expected CIAC during the test year ending September 30, 1995. That projection was derived under the assumption that a \$1,100 plant capacity charge would be collected throughout the test year. Correction of that estimate is needed to reflect collection of a lesser charge.

In a related proceeding, Docket No. 941338-SU, the utility has requested authority to implement a \$1,100 plant capacity charge for wastewater service. In that case, we have found that the appropriate charge shall be \$1,040. Substitution of that reduced charge in the calculation necessitates a corresponding adjustment to CIAC. Also, the existing plant capacity charge was in effect during most of the test year. We hereby reduce CIAC to \$25,893, based upon collection of the existing \$431 charge for approximately eight months and \$1,040 for the remaining four months.

Unfunded Post Retirement Benefits

The utility has requested recovery of certain post retirement benefits (SFAS 106) in this proceeding: \$25,259 for its water division and \$23,773 for its wastewater division. SFAS 106 refers to the accounting standard that describes the practice of recognizing post-retirement benefits other than pensions (OPEBs). We have approved recovery of these expenses for FCWC's other operating divisions in all recent rate proceedings. Therefore, we find that recovery of these expenses is also appropriate in this proceeding. This particular issue concerns the rate base treatment that is associated with the unfunded OPEB liability. FCWC does not currently fund its SFAS 106 obligation. According to Rule 25-14.012 (3), Florida Administrative Code:

Each utility's unfunded accumulated post retirement 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.

Since FCWC does not presently fund its OPEB obligation, this liability is properly included in the rate base determination. Referring to the utility's balance sheet for the projected test year ending September 30, 1995, the liability account titled "Post-Retirement Benefits" shows an average balance of \$1,097,224. The utility's water and wastewater divisions in Golden Gate were assigned 5.82 percent and 5.50 percent as their respective shares of the common expense. We find those same allocations are appropriate for the purpose of dividing the OPEB obligation among the various systems. Therefore, we find that the following adjustments to rate base are appropriate: a \$63,860 for water service and a \$60,347 reduction for wastewater service.

Adjustment of Working Capital

FCWC's Golden Gate operating division is a Class A utility system. Therefore, the utility used the balance sheet approach to calculate working capital. Consistent with its request for approval of year-end rate base numbers, the utility proposed use of year-end working capital sums. The requested provisions are \$85,001 (5.2 percent) for water service and \$71,924 (4.4 percent) for the wastewater system. Those amounts are allocated portions of a common \$1,634,633 company-wide balance, based upon relative provisions for operating and maintenance charges.

While we support the utility's position that year-end rate base determinations are appropriate in this proceeding, we find it appropriate that working capital accounts still be examined on the basis of average values. We find that the averaging process tends to eliminate ebb and flow conditions, particularly with regard to tax payments, which obligations become due and payable at irregular dates. A comparison of average and year-end balances shows that the average balance was \$176,058 smaller, and about 90 percent of that difference is attributable to tax obligations. An equitable allocation of this savings produces corresponding reductions of \$9,155 and \$7,747 for water and wastewater.

Additionally, the utility's statement of relative balance sheet accounts, with current and deferred elements, excludes one account that we find appropriate to consider. That component is a deferred credit (liability) that corresponds to unfunded pension costs. Since most of the utility's pension costs are currently funded, they are not included in the working capital model. However, some pension costs are paid on a delayed basis, but they

are nonetheless included in operating expenses. Therefore, they represent a cost-free source of funds in the ratemaking scheme. This treatment is similar to the offset applied with respect to unfunded OPEB charges. The unfunded pension cost for the entire company is \$143,898, and the allocated portions in this proceeding are \$7,383 and \$6,332 for water and wastewater, respectively.

Rate Base Amounts

We find that the appropriate rate base values are \$4,834,982 and \$4,268,025 for the respective water and wastewater divisions.

COST OF CAPITAL

Our calculation of the appropriate cost of capital is depicted on Schedule No. 2.

Return on Equity

Based upon the components of our adjusted capital structure, as shown on Schedule No. 2, the equity ratio for FCWC is 28.32 percent. Using the current leverage formula approved in Order No. PSC-94-1051-FOF-WS, issued on August 29, 1994, the appropriate return on equity shall be 11.34 percent. The appropriate range for the return on equity shall be 10.34 percent to 12.34 percent.

Deferred Investment Tax Credits

The utility's reported cost for Deferred Investment Tax credits, which is shown on page 115 of the MFRs, is 10.01 percent. The utility's calculation includes a component for customer deposits. Such inclusion is inappropriate since customer deposits should not be considered a source of outside funding for the purpose of this equation. Removal of that element necessitates a corresponding adjustment to the cost of deferred tax balances. We find the appropriate cost for deferred tax credits is 10.20 percent.

Overall Cost of Capital

Based upon the adjustments in previous issues, we find an overall cost of capital of 9.00 percent, with a range of 8.71 percent to 9.28 percent is appropriate.

OPERATING INCOME

Our calculation of the appropriate operating income for the purpose of this proceeding are attached as Schedules Nos. 3-A and

3-B, and the adjustments to operating income are attached as Scheduled 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.

Pro Forma Adjustments for Normalized Maintenance Costs

On page 41 of the MFRs, the utility proposed a \$8,662 adjustment to the historical test year expense for Major Maintenance of Supply Facilities. This adjustment was intended to represent a five year average of expenses that were previously assigned to this maintenance account. This accounting technique allowed the utility to restate its expenses under "normal" conditions. Later, in explaining a \$10,820 increase relative to Contractual Services - Other (MFR page 53), the utility reported that this particular expense was enlarged since similar payments in prior periods were assigned to a major maintenance category.

We find that the \$10,820 increase in the Contractual Service category was due to a new way of classifying expenses, a change in form rather than substance. We find that this different way of classifying expenses also explains why maintenance charges for other accounts, for example supply equipment, may appear abnormal relative to prior years. For this reason, we find it appropriate to remove the \$8,662 pro forma adjustment requested by the utility with respect to the Source of Supply category. Since repair costs are now being classified differently, adjustments to normalize past expenses are more difficult to support. Clearly, the utility cannot equally rationalize increasing some expenses to comport with earlier charges while explaining why other expenses are larger due to reclassification measures.

Depreciation Expense

Pursuant to Rule 25-30.140, Florida Administrative Code, guideline depreciation rates are prescribed for major categories of plant investment. Our audit examination disclosed that the utility used different depreciation rates for a limited number of accounts during the test year. Advised of this discrepancy, the utility agreed that depreciation expense shall be adjusted to conform with the prescribed rates. The utility further agreed that the following adjustments shall be appropriate: a \$2,581 reduction for the water division and a \$9,286 reduction for the wastewater division. Corresponding adjustments shall also be made to restate the provision for accumulated depreciation.

Amortization

During the test year, the utility charged \$19,484 to its wastewater division to amortize certain deferred property losses and maintenance charges. During discussions with company personnel, we were advised that this deferred property loss account had been fully amortized, and that the corresponding expense was \$18,711 in the test year. We find that this item shall be considered a non-recurring cost. Therefore, we find that test year expenses shall be reduced by this \$18,711 amount.

Rate Case Expense

The utility's requested provision for rate case charges includes two components: a provision to amortize prior rate charges from Docket No. 911194-WS (\$10,015) and a provision to amortize current rate case costs (\$15,626). Those amounts are shared equally by the water and wastewater divisions. They also represent about 25 percent of the final cost, or the result of amortizing total rate case costs over four years. We find that an adjustment to correct the provision for amortization of prior costs (a \$703 increase) and to correct a smaller estimate regarding current costs (\$3,324) is appropriate.

A \$10,015 provision for prior rate costs was reported, which amount represents amortization of an overall cost of \$40,060 over four years. The rate case cost we actually approved in Docket No. 911194-WS was \$42,873. Amortization of the approved amount over four years yields a \$10,718 annual expense, or a \$703 increase.

The second adjustment concerns the expected provision for current rate case charges. Originally, the utility estimated that its current rate application would cost \$62,500. Recently, we received information which indicates that the projected cost for a PAA proceeding will be \$49,205, or a \$13,295 overall savings. We have reviewed the supporting documentation for the current docket, and we find that all of the reported costs are reasonable and necessary. Accordingly, we find it appropriate to include a \$3,324 reduction to amortize the current rate case cost over four years.

The appropriate components in the updated \$49,205 provision for current rate case costs are \$20,361 for legal services, an \$8,000 filing fee, \$11,430 for Rate Department services provided by the parent company, \$6,999 to satisfy noticing requirements, and \$2,424 for mailing, printing, and general supplies.

Test Year Income Amount

The calculation of operating income, before consideration of increased rates, merely shows the expected income or loss condition if current rates were retained. We find that the projected income amounts are \$303,250 for water service and \$250,574 for wastewater service, assuming retention of existing rates.

REVENUE REQUIREMENT

The utility requested approval of rates that would generate a \$1,589,879 revenue provision for water service and a \$1,490,156 revenue provision for wastewater service. Based upon our calculations concerning the underlying rate base, cost of capital, and operating income issues, we recommend approval of rates that are designed to generate the following revenue requirements:

	<u>Total</u>	<u>Increase</u>	<u>Percentage Change</u>
Water Division	\$1,557,677	\$221,266	16.56%
Wastewater Division	\$1,434,688	\$224,057	18.51%

RATES

The final rates approved for the utility are designed to produce annual operating water revenues of \$1,544,677 which is an increase of \$221,266 or 16.72 percent and annual operating wastewater revenues of \$1,427,493 which is an increase of \$224,057 or 18.62 percent, excluding miscellaneous service revenues.

EFFECTIVE DATE

The approved rates shall be effective for meter readings on or after the stamped approval date of the tariff pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice. The utility shall file and have staff's approval of revised tariff sheets. The utility shall also file and have approval of a proposed customer notice letter, pursuant to Rule 25-22.0407(10), Florida Administrative Code, prior to implementing the new rates. The utility shall provide proof of the date notice was given within 10 days after the date of the notice.

A comparison of the utility's original rates, interim rates, requested rates, and our approved rates is shown on Schedule Nos. 4A and 4B.

MISCELLANEOUS SERVICE CHARGES

Rule 25-30.460, Florida Administrative Code, permits utilities to assess charges for miscellaneous services. The principal purpose of such charges is to provide a means by which the utility can recover its costs of providing miscellaneous services from those customers who require the services. Thus, costs are more closely borne by the cost causer rather than the general body of ratepayers. Second Revised Staff Advisory Bulletin (SAB) No. 13 encourages utilities to establish charges for the following miscellaneous services:

INITIAL CONNECTION - This charge would be levied for service initiation at a location where service did not exist previously.

NORMAL RECONNECTION - This charge would be levied for transfer of service to a new customer account at a previously served location, or reconnection of service subsequent to a customer requested disconnection.

VIOLATION RECONNECTION - This charge would be levied prior to reconnection of an existing customer disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment.

PREMISES VISIT CHARGE (IN LIEU OF DISCONNECTION) - This charge would be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill and does not disconnect service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

The utility proposed a premises visit (only) charge of \$10.00 for business hours and after business hours. This proposed charge was not accompanied by supporting cost justification. A request for approval of a type or level of service charge different than those contained in Staff Advisory Bulletin No. 13 (2nd revised) must be accompanied by supporting cost justification as specified in the water and wastewater minimum filing requirements. Therefore, we hereby deny this charge.

The utility did not propose a change in its wastewater violation reconnection charge of \$15.00. In order to be in compliance with Staff Advisory No. 13 (2nd revised), we find that the utility shall change its \$15.00 wastewater violation reconnect charge to actual cost. Schedule No. 5 reflects the utility's present and final approved miscellaneous service charges.

The utility shall file revised tariff sheets to reflect the approved charges within twenty days of the effective date of this Order.

STATUTORY FOUR YEAR REDUCTION

Section 367.0816, Florida Statutes requires that the rates be reduced immediately following the expiration of the four year period by the amount of rate case expense previously authorized in the rates. The reduction shall reflect the removal of revenues associated with the amortization of rate case expense and the gross-up for regulatory assessment fees which is \$6,441 for water and \$6,441 for wastewater. The reduction in revenues shall result in the rates recommended by staff on Schedules Nos. 6A and 6B. The utility shall file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. The utility 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 for the reduction in the rates due to the amortized rate case expense.

If a protest is not received within 21 days of issuance of the Proposed Agency Action Order, the Order will become final. This docket shall be closed at the conclusion of the protest period, if no protest is filed, and upon staff's approval of revised tariff sheets.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Florida Cities Water Company, Golden Gate Division's application for increased water and wastewater rates in Collier 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 Florida Cities Water Company, Golden Gate Division is authorized to charge the new rates and charges as set forth in the body of this Order. It is further

ORDERED that the rates and charges approved herein shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code, provided the customers have received notice. It is further

ORDERED that Florida Cities Water Company, Golden Gate Division, shall provide proof that the customers have received notice within 10 days of the date of notice. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Florida Cities Water Company, Golden Gate Division shall submit and have approved a proposed customer notice to its customers of the increased rates and charges and reasons therefor. The notice will be approved upon 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, Florida Cities Water Company, Golden Gate Division shall submit and have approved revised tariff pages. The revised tariff pages will be approved upon staff's verification that the pages are consistent with our decision herein, that the protest period has expired, and that the proposed customer notice is adequate. The revised tariff pages for the miscellaneous service charges approved herein shall be filed within twenty days of the effective date of this order. It is further

ORDERED that the rates shall be reduced at the end of the four-year rate case expense amortization period, consistent with our decision herein. The utility shall file revised tariff sheets no later than one month prior to the actual date of the reduction and shall file a customer notice. It is further

ORDERED that all provisions of this Order 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 the Division of Records and Reporting at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the date set forth in the Notice of Further Proceedings Below. It is further

ORDERED that Florida Cities Water Company shall book all prior commission adjustment to the correct reserve accounts. It is further

ORDERED that this docket shall be closed if no timely protest is received from a substantially affected person, and upon the

ORDER NO. PSC-95-0720-FOF-WS
DOCKET NO. 941108-WS
PAGE 22

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 this order becomes final and effective on the date described above, any party substantially 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.

PCWC - GOLDEN GATE DIVISION SCHEDULE OF WATER RATE BASE TEST YEAR ENDED 9/30/95			SCHEDULE NO. 1-A DOCKET NO. 941108-WS			
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	
1 UTILITY PLANT IN SERVICE	\$ 7,830,009	\$ 1,658,906	\$ 9,488,915	(68,503)	\$ 9,420,412	
2 LAND	136	0	136	0	136	
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0	
4 ACCUMULATED DEPRECIATION	(1,832,224)	(285,735)	(2,117,959)	5,176	(2,112,783)	
5 CONSTRUCTION WORK IN PROGRESS	438,290	(438,290)	0	0	0	
6 CIAC	(3,191,061)	(119,250)	(3,310,311)	0	(3,310,311)	
7 ACCUMULATED AMORTIZATION	690,977	118,650	809,627	384	810,011	
8 UNFUNDED FASB 106 OBLIGATION	0	0	0	(63,860)	(63,860)	
9 ALLOCATED GENERAL PLANT	0	23,014	23,014	0	23,014	
10 WORKING CAPITAL ALLOWANCE	36,788	48,213	85,001	(16,638)	68,363	
RATE BASE	\$ 3,972,915	\$ 1,005,508	\$ 4,978,423	(143,441)	\$ 4,834,982	

FCWC - GOLDEN GATE DIVISION SCHEDULE OF WASTEWATER RATE BASE TEST YEAR ENDED 9/30/95			SCHEDULE NO. 1-B DOCKET NO. 941108-WS		
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 6,379,924	\$ 2,309,934	\$ 8,689,858	(11,734)	8,678,124
2 LAND	180,896	0	180,896	0	180,896
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
4 ACCUMULATED DEPRECIATION	(1,863,135)	(380,777)	(2,243,912)	27,346	(2,216,566)
5 CONSTRUCTION WORK IN PROGRESS	521,137	(521,137)	0	0	0
6 CIAC	(3,094,120)	(85,755)	(3,179,875)	(69,854)	(3,249,729)
7 ACCUMULATED AMORTIZATION	716,003	169,398	885,401	(25,796)	859,605
8 UNFUNDED FASB 106 OBLIGATION	0	0	0	(60,347)	(60,347)
9 ALLOCATED GENERAL PLANT	0	18,197	18,197	0	18,197
10 WORKING CAPITAL ALLOWANCE	31,128	40,796	71,924	(14,079)	57,845
RATE BASE	\$ 2,871,833	\$ 1,550,656	\$ 4,422,489	(154,464)	4,268,025

FCWC - GOLDEN GATE DIVISION ADJUSTMENTS TO RATE BASE TEST YEAR ENDED 9/30/95		SCHEDULE NO. 1-C DOCKET NO. 941108-WS PAGE 1 OF 1	
EXPLANATION	WATER	WASTEWATER	
(1) UTILITY PLANT IN SERVICE			
Adjustment to reflect correction from prior docket	\$ <u>(68,503)</u>	\$ <u>(11,734)</u>	
(2) ACCUMULATED DEPRECIATION			
1) Adjustment to reflect correction from prior docket	\$ 2,595	\$ 18,060	
2) Adjustment to reflect application of guideline rates	\$ 2,581	\$ 9,286	
	\$ <u>5,176</u>	\$ <u>27,346</u>	
(3) CONTRIBUTIONS IN AID OF CONSTRUCTION			
1) Adjustment to reduce provision for projected CIAC in test year		\$ 25,893	
2) Imputation of CIAC to offset Margin Reserve		\$ (95,747)	
		\$ <u>(69,854)</u>	
(4) ACCUMULATED AMORTIZATION			
1) Adjustment to reflect correction from prior docket	\$ 384	\$ (29,568)	
2) Adjustment to correct projected additions in test year		\$ (1,398)	
3) Adjustment due to imputation consideration		\$ 5,170	
	\$ <u>384</u>	\$ <u>(25,796)</u>	
(5) UNFUNDED FASB 106 OBLIGATION			
Allocated provision for unfunded post-retirement benefits	\$ <u>(63,860)</u>	\$ <u>(60,347)</u>	
(6) WORKING CAPITAL			
1) Adjustment to reflect average test year balance	\$ (9,155)	\$ (7,747)	
2) Adjustment to include deferred credits for unfunded pension costs	\$ (7,483)	\$ (6,332)	
	\$ <u>(16,638)</u>	\$ <u>(14,079)</u>	

PCWC - GOLDEN GATE DIVISION CAPITAL STRUCTURE TEST YEAR ENDED 9/30/95				SCHEDULE NO. 2 DOCKET NO. 941108-WS			
DESCRIPTION	TOTAL CAPITAL	SPECIFIC ADJUSTMENTS (EXPLAIN)	PRO RATA ADJUSTMENTS	CAPITAL RECONCILED TO RATE BASE	RATIO	COST RATE	WEIGHTED COST
PER UTILITY							
1 LONG TERM DEBT	\$ 4,341,992	\$ 0	\$ 0	4,341,992	46.19%	9.56%	4.42%
2 SHORT-TERM DEBT	0	0	0	0	0.00%	0.00%	0.00%
3 PREFERRED STOCK	1,116,193	0	0	1,116,193	11.87%	9.00%	1.07%
4 COMMON EQUITY	2,662,320	0	0	2,662,320	28.32%	11.34%	3.21%
5 CUSTOMER DEPOSITS	115,621	0	0	115,621	1.23%	6.00%	0.07%
7 DEFERRED ITC'S	210,599	0	0	210,599	2.24%	10.01%	0.22%
8 DEFERRED INCOME TAXES	954,187	0	0	954,187	10.15%	0.00%	0.00%
9 TOTAL CAPITAL	\$ <u>9,400,912</u>	\$ 0	\$ 0	<u>9,400,912</u>	<u>100.00%</u>		<u>8.99%</u>
PER COMMISSION							
10 LONG TERM DEBT	\$ 4,341,992	\$ 0	\$(137,593)	4,204,399	46.19%	9.56%	4.42%
11 SHORT-TERM DEBT	0	0	0	0	0.00%	0.00%	0.00%
12 ADVANCES-ASSOCIATED CO	1,116,193	0	\$(35,371)	1,080,822	11.87%	9.00%	1.07%
13 COMMON EQUITY	2,662,320	0	\$(84,366)	2,577,954	28.32%	11.34%	3.21%
14 CUSTOMER DEPOSITS	115,621	0	\$(3,664)	111,957	1.23%	6.00%	0.07%
15 DEFERRED ITC'S	210,599	0	\$(6,674)	203,925	2.24%	10.20%	0.23%
16 DEFERRED INCOME TAXES	954,187	0	\$(30,237)	923,950	10.15%	0.00%	0.00%
17 TOTAL CAPITAL	\$ <u>9,400,912</u>	\$ 0	\$(297,905)	<u>9,103,007</u>	<u>100.00%</u>		<u>9.00%</u>
RANGE OF REASONABLENESS					LOW	HIGH	
RETURN ON EQUITY					<u>10.34%</u>	<u>12.34%</u>	
OVERALL RATE OF RETURN					<u>8.71%</u>	<u>9.26%</u>	

FCWC - GOLDEN GATE DIVISION STATEMENT OF WATER OPERATIONS TEST YEAR ENDED 9/30/95		SCHEDULE NO. 3-A DOCKET NO. 941108-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	\$ 1,319,900	\$ 269,979	\$ 1,589,879	\$(253,468)	\$ 1,336,411	\$ 221,266	\$ 1,557,677
OPERATING EXPENSES:		20.45%				16.56%	
2 OPERATION AND MAINTENANCE	\$ 741,150	\$(24,680)	\$ 716,470	\$(9,972)	\$ 706,498	\$	\$ 706,498
3 DEPRECIATION	155,092	28,435	183,527	(2,581)	180,946		180,946
4 AMORTIZATION	949	0	949	0	949		949
5 TAXES OTHER THAN INCOME	128,524	24,147	152,671	(11,406)	141,265	9,957	151,222
6 INCOME TAXES	22,540	66,162	88,702	\$(85,199)	3,503	79,516	83,019
7 TOTAL OPERATING EXPENSES	\$ 1,048,255	\$ 94,064	\$ 1,142,319	\$ 2,175,480	\$ 1,033,161	\$ 89,473	\$ 1,122,634
8 OPERATING INCOME	\$ 271,645	\$ 175,915	\$ 447,560	\$(2,428,948)	\$ 303,250	\$ 131,794	\$ 435,044
9 RATE BASE	\$ 3,972,915		\$ 4,978,423		\$ 4,834,982		\$ 4,834,982
RATE OF RETURN	6.84%		8.99%		6.27%		9.00%

FCWC - GOLDEN GATE DIVISION STATEMENT OF WASTEWATER OPERATIONS TEST YEAR ENDED 9/30/95				SCHEDULE NO. 3-B DOCKET NO. 941108-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	\$ 1,190,060	\$ 300,096	\$ 1,490,156	(\$ 279,525)	\$ 1,210,631	\$ 224,057	\$ 1,434,688
OPERATING EXPENSES		25.22%				18.51%	
2 OPERATION AND MAINTENANCE	\$ 618,826	\$ 9,600	\$ 626,426	(\$ 1,311)	\$ 625,115	\$	\$ 625,115
3 DEPRECIATION	146,040	71,038	217,078	(13,058)	204,020		204,020
4 AMORTIZATION	19,484	0	19,484	(18,711)	773		773
5 TAXES OTHER THAN INCOME	110,273	32,430	142,703	(12,579)	130,124	10,083	140,207
6 INCOME TAXES	27,688	59,196	86,884	(86,859)	25	80,518	80,543
7 TOTAL OPERATING EXPENSES	\$ 920,311	\$ 172,264	\$ 1,092,575	(\$ 132,518)	\$ 960,057	\$ 90,601	\$ 1,050,658
8 OPERATING INCOME	\$ 269,749	\$ 127,832	\$ 397,581	(\$ 147,007)	\$ 250,574	\$ 133,456	\$ 384,030
9 RATE BASE	\$ 2,871,833		\$ 4,422,489		\$ 4,268,025		\$ 4,268,025
RATE OF RETURN	9.39%		8.99%		5.87%		9.00%

FCWC - GOLDEN GATE DIVISION ADJUSTMENTS TO OPERATING STATEMENTS TEST YEAR ENDED 9/30/95		SCHEDULE NO. 3-C DOCKET NO. 941108-WS PAGE 1 OF 1	
EXPLANATION	WATER	WASTEWATER	
(1) OPERATING REVENUES			
Adjustment to remove utility's requested rate increase	\$ <u>(253,468)</u>	\$ <u>(279,525)</u>	
(2) OPERATING EXPENSES			
a) Adjustment to reflect last authorized provision for rate case charges	\$ 352	\$ 351	
b) Adjustment to reflect expected reduction in current rate case charges	(1,662)	(1,662)	
c) Remove requested adjustment to normalize maintenance of supply facilities	<u>(8,662)</u>	<u>(1,311)</u>	
	\$ <u>(9,972)</u>	\$ <u>(1,311)</u>	
(3) DEPRECIATION EXPENSE			
a) Adjustment to reflect guideline rates	\$ (2,581)	\$ (9,286)	
b) Adjustment to correct projected CIAC in test year		1,398	
c) Adjustment to reflect imputation of CIAC for margin reserve		<u>(5,170)</u>	
	\$ <u>(2,581)</u>	\$ <u>(13,058)</u>	
(4) AMORTIZATION EXPENSE			
Adjustment to reflect that amortization of property losses is complete		\$ <u>(18,711)</u>	
(5) TAXES OTHER THAN INCOME TAXES			
Regulatory assessment fees related to requested rate increase	\$ <u>(11,406)</u>	\$ <u>(12,579)</u>	
(6) INCOME TAXES			
Adjustment to show income taxes associated with test year income	\$ <u>(85,199)</u>	\$ <u>(86,859)</u>	
(7) OPERATING REVENUES			
Adjustment to reflect recommended rate increase	\$ <u>221,266</u>	\$ <u>224,057</u>	
(8) TAXES OTHER THAN INCOME TAXES			
Regulatory assessment fees related to rate increase	\$ <u>9,957</u>	\$ <u>10,083</u>	
(9) INCOME TAXES			
Adjustment to show income taxes associated with rate increase	\$ <u>79,516</u>	\$ <u>80,518</u>	

WATER

Monthly

Residential, Multi-Family, General Service
And Public Authorities

<u>METER SIZE</u>	<u>UTILITY RATES PRIOR TO FILING</u>	<u>UTILITY PROPOSED FINAL RATES</u>	<u>COMMISSION APPROVED FINAL RATES</u>
5/8" X 3/4"	\$ 11.70	\$ 18.14	\$ 17.46
3/4"	\$ 17.55	\$ 27.21	\$ 26.18
1"	\$ 29.25	\$ 45.35	\$ 43.64
1-1/2"	\$ 58.48	\$ 90.70	\$ 87.28
2"	\$ 93.06	\$ 145.12	\$ 139.64
3"	\$187.02	\$ 290.24	\$ 279.29
4"	\$291.97	\$ 453.50	\$ 436.39
6"	\$583.70	\$ 907.00	\$ 872.78
8"	\$934.84	\$1,814.00	\$1,396.44
Gallonage Charge Per 1,000 gallons	\$ 3.23	\$ 3.16	\$ 3.15
Average Residential Bill	\$ 29.40	\$ 35.49	\$ 34.75

Private Fire Protection

<u>LINE SIZE</u>	<u>UTILITY RATES PRIOR TO FILING</u>	<u>UTILITY PROPOSED FINAL RATES</u>	<u>COMMISSION APPROVED FINAL RATES</u>
1-1/2"	\$ 19.50	\$ 7.56	\$ 7.27
2"	\$ 31.20	\$ 12.09	\$ 11.64
3"	\$ 62.34	\$ 24.19	\$ 23.27
4"	\$ 97.33	\$ 37.79	\$ 36.37
6"	\$ 194.59	\$ 75.58	\$ 72.73
8"	\$ 311.62	\$151.17	\$ 116.37

WASTEWATER

Monthly

Residential

	<u>UTILITY RATES PRIOR TO FILING</u>	<u>UTILITY PROPOSED FINAL RATES</u>	<u>COMMISSION APPROVED FINAL RATES</u>
<u>METER SIZE</u>			
ALL SIZES	\$ 17.67	\$ 24.26	\$ 24.12
GAL. CHARGE (PER 1,000 GAL.) (MAX. 6 MG.)	\$ 3.34	\$ 3.64	\$ 3.43
MINIMUM BILL	\$ 17.67	\$ 24.26	\$ 24.12
MAXIMUM BILL	\$ 37.71	\$ 46.10	\$ 44.70

General Service & All Other Classes

	<u>UTILITY RATES PRIOR TO FILING</u>	<u>UTILITY PROPOSED FINAL RATES</u>	<u>COMMISSION APPROVED FINAL RATES</u>
<u>METER SIZE</u>			
5/8" X 3/4"	\$ 17.67	\$ 24.26	\$ 24.12
3/4"	\$ 26.50	\$ 36.39	\$ 36.18
1"	\$ 44.17	\$ 60.65	\$ 60.30
1 1/2"	\$ 88.33	\$ 121.30	\$ 120.60
2"	\$ 141.34	\$ 194.08	\$ 192.97
3"	\$ 282.67	\$ 388.16	\$ 385.93
4"	\$ 441.68	\$ 606.50	\$ 603.02
6"	\$ 883.36	\$1,213.00	\$1,206.04
8"	\$1,413.36	\$2,426.00	\$1,929.66
Gallonge Charge Per 1,000 Gallons (No. Max.)	\$ 4.00	\$ 4.37	\$ 4.12

FCWC - Golden Gate

Miscellaneous Service Charges

Water

<u>Type Charge</u>	<u>Present</u>		<u>Proposed</u>	
	<u>Bus. Hrs.</u>	<u>After Hrs.</u>	<u>Bus. Hrs.</u>	<u>After Hrs.</u>
Initial Connection	\$15.00	\$15.00	\$15.00	\$15.00
Normal Reconnection	\$15.00	\$15.00	\$15.00	\$15.00
Violation Reconnection	\$15.00	\$15.00	\$15.00	\$15.00
Premises Visit (In Lieu of Disconnect)	\$10.00	\$10.00	\$10.00	\$10.00
Premises Visit	-----	-----	\$10.00	\$10.00

Miscellaneous Service Charges

Wastewater

<u>Type Charge</u>	<u>Present</u>		<u>Proposed</u>	
	<u>Bus. Hrs.</u>	<u>After Hrs.</u>	<u>Bus. Hrs.</u>	<u>After Hrs.</u>
Initial Connection	\$15.00	\$15.00	\$15.00	\$15.00
Normal Reconnection	\$15.00	\$15.00	\$15.00	\$15.00
Violation Reconnection	\$15.00	\$15.00	\$15.00	\$15.00
Premises Visit (In Lieu of Disconnect)	\$10.00	\$10.00	\$10.00	\$10.00
Premises Visit	-----	-----	\$10.00	\$10.00

Schedule No. 6A

Rate Schedule
Water
Schedule of Commission Approved
Rates and Rate Decrease in
Four Years

Monthly Rates

Residential and General Service

	<u>Commission</u> <u>Approved</u> <u>Rates</u>	<u>Rate</u> <u>Decrease</u>
<u>Base Facility Charge:</u>		
<u>Meter Size:</u>		
5/8" x 3/4"	\$ 17.46	\$ 0.07
3/4"	\$ 26.18	\$ 0.11
1"	\$ 43.64	\$ 0.18
1 1/2"	\$ 87.28	\$ 0.36
2"	\$ 139.64	\$ 0.58
3"	\$ 279.29	\$ 1.16
4"	\$ 436.39	\$ 1.82
6"	\$ 872.78	\$ 3.64
8"	\$1,396.44	\$ 5.82
Gallonge Charge per 1,000 Gals	\$ 3.15	\$ 0.01

Rate Schedule
Wastewater
Schedule of Commission Approved
Rate Decrease in Four Years

Monthly Rates

	<u>Commission</u> <u>Approved</u> <u>Rates</u>	<u>Rate</u> <u>Decrease</u>
<u>Residential</u>		
<u>Base Facility Charge</u>		
<u>Meter Size:</u>		
All Meter Sizes	\$ 24.12	\$ 0.11
Gallonage Charge (Per 1,000 gallons) (Maximum 6,000 gallons)	\$ 3.43	\$ 0.02
 <u>General Service</u>		
<u>Base Facility Charge:</u>		
<u>Meter Size:</u>		
5/8" x 3/4"	\$ 24.12	\$ 0.11
3/4"	\$ 36.18	\$ 0.16
1"	\$ 60.30	\$ 0.27
1 1/2"	\$ 120.60	\$ 0.54
2"	\$ 192.97	\$ 0.87
3"	\$ 385.93	\$ 1.74
4"	\$ 603.02	\$ 2.72
6"	\$1,206.04	\$ 5.44
8"	\$1,929.66	\$ 8.71
 Gallonage Charge per 1,000 Gals. (No Maximum)	 \$ 4.12	 \$ 0.02