

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a staff-) DOCKET NO. 940655-SU
assisted rate case in Citrus) ORDER NO. PSC-95-0961-FOF-SU
County by RHV UTILITY, INC.) ISSUED: August 7, 1995
_____)

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

ORDER GRANTING TEMPORARY RATES IN THE EVENT OF PROTEST

AND

NOTICE OF PROPOSED AGENCY ACTION ORDER
APPROVING INCREASED 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

RHV Utility, Inc. (RHV or utility) is a Class C wastewater utility located near the City of Homosassa in Citrus County. The utility provides wastewater service to approximately 402 residential customers and 4 general service customers. The Homosassa Association, a non-jurisdictional utility provides water service to the utility's service area.

This Commission first regulated the utility when it was owned by Marathon Realities, Inc. (Marathon), from October 1975 through February 1985, when it was sold to Citrus County. In June 1986, Marathon repurchased the utility from Citrus County and we granted Marathon Certificate No. 429-S. By Order No. 20518, issued December 23, 1988, we authorized the transfer of certificate No. 429-S from Marathon to Homosassa Utilities. By Order No. PSC-94-1163-FOF-SU, issued September 22, 1994, we approved the transfer of

DOCUMENT NUMBER-DATE

07507 AUG-7 95

FTSC-RECORDS/REPORTING

Certificate No. 429-S from Homosassa Utilities, Inc. to RHV Utility, Inc., the current owner.

We last considered a request for a rate increase by this utility in Docket No. 900967-SU. By Order No. 24937, issued August 20, 1991, we approved the rates and charges which are currently in effect. The utility has not filed applications for price index and pass-through rate adjustments.

On June 20, 1994, RHV applied for this staff-assisted rate proceeding. The utility stated that one of the major reasons for applying for a rate increase was to recover some of the cost of plant improvements required by the Department of Environmental Protection (DEP). However, after the staff audit and engineering investigation was completed, the utility could not provide signed contracts for the DEP required plant improvements. By letter dated October 25, 1994, the utility requested waiver of the 15-month statutory deadline for completing this rate proceeding and requested a 120-day delay in processing this case to allow additional time to prepare expansion projections and costs. By Order No. PSC-94-1515-FOF-SU, issued December 8, 1994, we granted the utility's request and placed this docket in monitor status. The monitor status ended March 22, 1995. By letter dated March 29, 1995, the utility requested that we continue with the processing of this rate proceeding. No signed contracts or estimates have been provided for additional plant improvements.

We have selected a historical test year ending June 30, 1994. During the test year, the utility's revenues are \$113,678, and its test year expenses are \$112,616, which resulted in operating income of \$1,062.

QUALITY OF SERVICE

A customer meeting was held on June 1, 1995, at the Riverhaven Village Community Club in Homosassa, Florida. Approximately thirty customers attended the meeting. The customers made no complaints about the quality of service provided by the utility. There are no current complaints on file with the Commission.

The utility has had difficulties with its operating permit for the wastewater treatment facility. As far back as 1990, the plant exceeded permit requirements in effluent quality and disposal. Because of these problems, the facility's DEP operating permit expired in 1990, and has not been renewed. DEP has also curtailed new connections to this facility.

The owner of the utility is in the process of working with DEP to correct these problems. Presently, the utility is awaiting a response from DEP to a recently submitted capacity analysis report. To accommodate additional connections to this facility, expansion to the plant and effluent disposal facilities will be necessary. It appears that the utility will do what is necessary to obtain an operating permit, and accommodate future customer growth. However, due to the time restrictions of the present rate case, the costs related to the plant improvements necessary to obtain the operation permit will not be considered in this proceeding. These costs may be reviewed in a later rate proceeding.

Upon review of this situation, we are satisfied with the utility's progress in this area. The health and welfare of the present customers are not directly affected by the permitting problems at this time. As long as the utility appears to be cooperating with the agency of primacy in this area, our involvement is unnecessary. The utility is advancing towards obtaining compliance with the DEP. In addition, the customers appear satisfied with the service rendered to them. The utility in general is providing adequate service. Therefore, we find the utility's quality of service to be satisfactory.

RATE BASE

Our calculation of the appropriate rate base for the purpose of this proceeding is depicted on Schedule No. 1, and our adjustments are itemized on Schedule No. 1-A. 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.

Used and Useful Plant

Wastewater Treatment Plant

The wastewater treatment plant has a treatment capacity of 100,000 gallons per day. Based on information obtained from the capacity analysis report submitted to DEP, the average daily flow used during the test year is 64,300 gallons per day (gpd). Using an allowance of 2,340 gpd for margin reserve, we find the wastewater treatment facility to be 67 percent used and useful.

In the previous rate case, in Docket No. 900967-SU, we determined the used and useful of this plant to be 100 percent. This determination was based on historical flow data that has since been proven unreliable. This is most likely because of an

inaccurate flow meter. The plant flow meter has been recently calibrated and it is believed that the flow information presently available is accurate. While connections to this facility have been restricted by DEP because of treated effluent disposal problems, the remaining capacity will eventually be available for further customers, once the effluent disposal problems are corrected.

Wastewater Collection System

The wastewater collection system has a capacity of 861 equivalent residential connections (ERCs). The number of test year ERCs is 501. With 15 connections added for margin reserve considerations, we find the wastewater collection system to be 60 percent used and useful.

Utility Plant-in-Service (UPIS)

The utility recorded \$93,712 in UPIS. By Order No. 24937, we approved a year end plant balance of \$782,049 at December 31, 1990. Therefore, UPIS has been increased by \$688,337 to equal the balance approved by Order No. 24937. We also increased UPIS by \$101,672 to include plant additions from January 1991 through June 30, 1994. These additions include the reclassifications of \$38,338 from operation and maintenance expense. An averaging adjustment of \$24,637 has also been made to reflect average UPIS of \$859,084.

Land

The utility recorded land value of \$10,000. By Order No. 24937, we approved land value of \$85,967 at December 31, 1990. The utility owns the land on which the system is located and there has been no additional land purchased after 1990. Therefore, we increased land value by \$75,967 to equal the amount approved by Order No. 24937.

Plant Held for Future Use

Average plant held for future use represents the net utility investment that is non-used and useful for existing customers. We have calculated average plant held for future use based on the non-used and useful percent of average plant net of non-used and useful average accumulated depreciation. Net plant held for future use has a negative impact on rate base. Therefore, we have made an adjustment of negative \$6,971.

Contributions-in-Aid-of-Construction (CIAC)

The utility did not record any CIAC. In Order No. 24937, we approved year-end CIAC of \$692,834 at December 31, 1990. CIAC has therefore been increased by \$692,834 to equal the amount approved by Order No. 24937. We have also increased CIAC by \$42,750 to include additions in 1991, and by \$14,250 to include CIAC for margin reserve. There was no change in CIAC from the beginning through the end of the test year. Therefore, an averaging adjustment is not necessary.

Accumulated Depreciation

The utility recorded \$3,693 in accumulated depreciation. In Order No. 24937, we approved year-end accumulated depreciation of \$295,216 at December 31, 1990. Accumulated depreciation has been increased by \$291,523 to equal the amount approved by Order No. 24937. Accumulated depreciation has also been increased by \$125,325 to reflect depreciation from January 1991 through June 30, 1994. We have made an averaging adjustment of \$18,782 to reflect average accumulated depreciation of \$401,759.

Amortization of CIAC

The utility did not record any amortization of CIAC. Order No. 24937 approved year-end amortization of CIAC of \$207,051 at December 31, 1990. Therefore, amortization of CIAC has been increased by \$207,051 to equal the amount approved by Order No. 24937. Amortization of CIAC has also been increased by \$85,452 to reflect amortization from January 1991 through June 30, 1994, and by \$908 to reflect amortization of CIAC associated with the margin reserve. We have made an averaging adjustment of \$12,381 to reflect average amortization of CIAC of \$281,030.

Working Capital Allowance

Consistent with Rule 25-30.443, Florida Administrative Code, we have used the one-eighth of operation and maintenance expense formula approach to calculate working capital allowance. Applying that formula, we find the utility's working capital allowance to be \$11,299.

Rate Base Summary

Based upon the forgoing, we find the average test year rate base to be \$78,816 for this utility.

COST OF CAPITAL

Our calculation of the appropriate cost of capital, including our adjustments, is 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.

The utility's capital structure includes 97.53 percent of common equity and 2.47 percent of customer deposits. Using the most recent leverage graph approved in Order No. PSC-94-1051-FOF-WS, issued August 24, 1994, in Docket No. 940006-WS, we find the utility's return on common equity to be 9.84 percent. The cost of customer deposits is 6 percent.

We have reconciled the utility's capital structure with the test year rate base. Applying the percentage of each capital component to the appropriate cost, we find the utility's overall rate of return to be 9.75 percent.

NET OPERATING INCOME

Our calculation of net operating income, operating revenues, and test year income is depicted on Schedule No. 3, and our adjustments are itemized on Schedules Nos. 3-A and 3-B. 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.

Operating Revenues

The utility recorded revenues of \$141,668 for the test year. This amount included escrow funds of \$24,440 that we released to the utility in May 1994. The utility recorded this amount as other service revenues. A billing error of \$4,666 was also included in the utility's recorded revenue for the months September and October 1993.

We have completed a revenue check using test year number of customers, usage and the existing rates, and calculated test year revenues at \$113,678. Revenue has been decreased by \$24,440 to remove other service revenue, decreased by \$4,666 to correct a billing error, and increased by \$1,116 to reflect our calculated test year revenue. Therefore, the appropriate test year revenues are \$113,678.

Test Year Income

The test year revenue is \$113,678, and the corresponding test year operating expenses are \$112,616. This results in test year operating income of \$1,062.

Operating Expenses

Test year operating expenses include operation and maintenance expense, depreciation expense, amortization of CIAC and taxes other than income. We have traced the utility's recorded test year expenses to its general ledger. We have made adjustments to reflect the appropriate amount for annual operating expenses on a going forward basis.

Operation and Maintenance Expenses

- 1) The utility recorded \$19,220 for sludge removal expenses. We have decreased this amount by \$660 to remove a prior period expense.
- 2) The utility recorded \$8,317 for purchased power. We have decreased this expense by \$780 to remove a prior period expense. We have increased this expense by \$725 to reflect the accrued total for the test year.
- 3) The utility recorded \$4,990 for chemicals. We have increased this expense by \$267 to reflect a reclassification of chemical expense from the materials and supplies account.
- 4) The utility recorded \$12,654 for materials and supplies. We have decreased this expense by \$267 to reflect a reclassification to the chemical account, and further decreased the amount by \$12,080 to reflect a reclassification to utility plant in service. We then increased this expense by \$716 to reflect a reclassification from the contractual services account.
- 5) The utility recorded \$61,445 in contractual services expense. This expense includes \$3,558 for the contractual operator, Gulf Coast Environmental Services, Inc., at \$380 per month, equalling \$4,560 annually. We have increased this expense by \$1,002 to adjust the contractual operator allowance to \$4,560 annually.

During the test year Mariner Properties, Inc. performed billing collection, account payable and other bookkeeping functions at \$3.00 per customer per month. However, the utility did not include an allowance for administrative duties, which are performed by the utility's President who is also the owner of Mariner Properties, Inc. An allowance of 10 hours per week at \$25 an hour is an appropriate manager's allowance for a utility this size. Therefore, we have increased this expense by \$13,000.

We have decreased this expense by \$1,227 to remove a prior period expense, by \$26,258 to reclassify plant, and by \$716 to reflect a reclassification to the materials and supplies account. Finally, we increased the expense by \$529 to reflect accrued test year amount for DEP required ground water testing. The total adjustment for this expense is a decrease of \$13,670.

- 6) The utility did not record a rent expense for the test year. The utility shares office space with an affiliated company. We find \$200 per month to be an appropriate amount for office space and overhead. Therefore, we have increased this expense by \$2,400 to reflect that rent expense.
- 7) We have increased insurance expense by \$1,390 to reflect a reclassification from the miscellaneous expenses account.
- 8) We have increased regulatory commission expenses by \$250 to reflect the rate case filing fee amortized over four years.
- 9) The utility recorded \$5,516 for miscellaneous expenses. We have decreased this expense by \$55 to remove a prior period expense, and by \$1,390 to reflect the reclassification to the insurance expense account. We then increased this expense by \$151 to reflect the accrued total for the test year and by \$1,250 to reflect the appropriate repair and maintenance allowance.

Depreciation Expense

The utility did not record a depreciation expense. We have calculated test year depreciation expense by using the rates prescribed by Rule 25-30.140, Florida Administrative Code. We have

increased this expense by \$38,261 to reflect the calculated depreciation net of non-used and useful depreciation.

Amortization of CIAC

The utility did not record amortization of CIAC. This expense has a negative impact on depreciation expense. Our calculated amortization of CIAC for the test year is \$24,703. We have therefore adjusted this expense by \$24,703.

Taxes Other Than Income

The utility recorded \$10,747 as taxes other than income. We have decreased this expense by \$1,344 to adjust regulatory assessment fees to the amount due on test year revenue. We have also decreased this expense by \$734 to remove a duplicate posting.

Increase in Operating Revenues and Expenses

Operating Revenue

We have adjusted operating revenue by \$6,935 to reflect the increase in revenue required to allow the utility to recover its expenses and earn the approved return on its investment.

Taxes Other Than Income

We have adjusted this expense by \$312 for regulatory expense at 4.5 percent on the required increase in revenue.

Operating Expense Summary

The application of our adjustments to the utility's test year operating expenses results in operating expenses of \$112,928.

Revenue Requirement

We have found test year operating revenues for RHV to be \$120,613, and the corresponding test year operating expenses to be \$112,928. Accordingly, we find it appropriate to authorize an annual increase in revenues of \$6,935 or 6.1 percent for this utility, allowing it the opportunity to recover its operating expense and earn a 9.75 percent on its investment.

RATES AND CHARGES

Rates and Rate Structure

RHV currently employs the base facility charge rate structure and bills its customers monthly. Based on the billing analysis, the utility provided service to approximately 402 residential customers and 4 general service customers during the test year. We have calculated rates by employing the base facility charge rate structure and test year number of customers and consumption. The approved rates are as follows:

MONTHLY WASTEWATER RATES

Residential Service

<u>Base Facility Charge Meter Size</u>	<u>Current Rates</u>	<u>Commission Approved Final Rates</u>
All meter sizes	\$ 9.85	\$ 10.46

Gallonage Charge

Per 1,000 gallons (10,000 gallon max.)	\$ 1.39	\$ 1.47
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General Service

<u>Base Facility Charge Meter Size</u>	<u>Current Rates</u>	<u>Commission Approved Final Rates</u>
5/8" x 3/4"	\$ 9.85	\$ 10.46
3/4"	14.77	15.69
1"	24.62	26.15
1 1/2"	49.25	52.30
2"	78.79	83.68
3"	157.59	167.36
4"	246.23	261.50
6"	492.47	523.00

Gallonage Charge

Per 1,000 gallons	\$ 1.67	\$ 1.77
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Based on the average number gallons of billed wastewater per residential customer of 6,997 per month, an average bill for a residential customer based on existing and the approved rates is as follows:

Average bill using recommended rates	\$	20.75
Average bill using existing rates		<u>(19.58)</u>
Increase in average bill		1.17

Percentage increase in average bill 5.97 percent.

Pursuant to Rule 25-30.475(1), Florida Administrative Code, these rates shall be effective for service rendered on or after the stamped approval date on the tariff sheets, provided the customers have received notice. The rates may not be implemented until proper notice has been received by the customers. The utility shall provide proof of the date notice was given within 10 days after the date of the notice.

Service Availability Charges

RHV's tariff includes service availability charges of \$700 for plant capacity and \$250 for main extensions. The utility's contribution level is 80.68 percent. Based on existing flow data used in this rate case, the utility's treatment plant can accommodate 278 additional connections and the collection system can accommodate 360 additional connections. However, the utility will have to improve its plant to satisfy DEP requirements before it can accommodate maximum connections. The utility should apply for a service availability review when the financial data for improvements are ready. However, at this time, the existing service availability charges shall remain in effect.

Rate Reduction After Rate Case Expense Amortization

Section 367.0816, Florida Statutes, requires that the rates be reduced immediately following the expiration of the four year period by the amount of the rate case expense previously included in the rates. The reduction will reflect the removal of revenues associated with the amortization of rate case expense and the gross-up for regulatory assessment fees, which is \$262 for wastewater. The reduction in revenues will result in the rates set forth in Schedule No. 4.

The utility shall file revised tariffs no later than one month prior to the actual date of the required rate reduction. The utility shall also 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.

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

The utility shall be authorized to collect the temporary rates after our staff has approved the security for potential refund, a copy of the proposed customer notice, and revised tariff sheets. The security shall be in the form of a bond or letter or credit in the amount of \$4,811. Alternatively, the utility may establish an escrow agreement with an independent financial institution.

If the utility chooses a bond as security, the bond shall contain wording to the effect that it will be terminated only under the following conditions:

- 1) The Commission approves the rate increase, or
- 2) If the Commission denies the increase, the utility shall refund the amount collected that is attributable to the increase.

If the utility choose a letter of credit as security, it shall contain the following conditions:

- 1) The letter of credit is irrevocable for the period it is in effect.
- 2) The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If the security is provided through an escrow agreement, the following conditions shall be part of the agreement:

- 1) No refunds in the escrow account may be withdrawn by the utility without the express approval of the Commission.

- 2) The escrow account shall be an interest bearing account.
- 3) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
- 4) If a refund to the customers is not required, all interest earned by the escrow account shall revert to the utility.
- 5) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
- 6) The amount of revenue, subject to refund, shall be deposited in the escrow account within seven days of receipt.
- 7) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
- 8) The Director of Records and Reporting must be signatory to the escrow agreement.

In no instance shall the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and should be borne by, the utility. Irrespective of the form of security chosen by the utility, an account of all monies received as a result of the rate increase shall be maintained by the utility. This account must specify by whom and on whose behalf such monies are paid. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

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

This docket shall be closed administratively if a timely protest is not received from a substantially affected person within 21 days of the effective date of this Order.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the application of RHV Utility, Inc., for an increase in wastewater rates 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 hereto are by reference incorporated herein. It is further

ORDERED that all of the provisions of this Order, except for the authorization of temporary rates in the event of protest, are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director of Records and Reporting at her office 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 RHV Utility, Inc., 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 pages, provided that the customers have received notice. It is further

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

ORDERED that RHV Utility, Inc. shall provide proof that notice was given within ten days of the date of the notice. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, RHV Utility, Inc. shall submit and have approved a bond or letter of credit in the amount of \$4,811 or an escrow agreement as a guarantee of any potential refund of revenues collected on a temporary basis. It is further

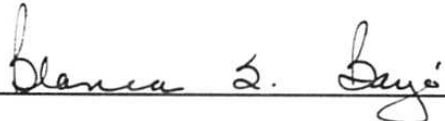
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ORDERED that prior to its implementation of the rates approved herein, RHV Utility, Inc. shall submit and have approved revised tariff pages. The revised tariff pages will be approved upon our Staff's verification that they are consistent with our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

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

ORDERED that upon expiration of the protest period, if no substantially affected person files a timely protest to this Order, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission, this 7th day of August, 1995.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, with the exception of the granting of temporary rates in the event of protest, our action is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 28, 1995. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of

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

RHV UTILITY, INC.
SCHEDULE OF WASTEWATER RATE BASE
TEST YEAR ENDED JUNE 30, 1994

SCHEDULE NO. 1
DOCKET NO. 940655-SU

	<u>BALANCE PER UTILITY</u>	<u>COMM. ADJUST. TO UTIL. BALANCE</u>	<u>BALANCE PER COMM.</u>
UTILITY PLANT IN SERVICE	93,712	765,372 A	859,084
LAND/NON-DEPRECIABLE ASSETS	10,000	75,967 B	85,967
PLANT HELD FOR FUTURE USE	0	(6,971) C	(6,971)
ACQUISITION ADJUSTMENT	0	0	0
CWIP	0	0	0
CIAC	0	(749,834) D	(749,834)
ACCUMULATED DEPRECIATION	(3,693)	(398,066) E	(401,759)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	0	281,030 F	281,030
WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>11,299</u> G	<u>11,299</u>
WASTEWATER RATE BASE	100,019	(21,203)	78,816

RHV UTILITY, INC.
ADJUSTMENTS TO RATE BASE
TEST YEAR ENDED JUNE 30, 1994

SCHEDULE NO. 1A
DOCKET NO. 940655-SU

A. <u>UTILITY PLANT IN SERVICE</u>	<u>WASTEWATER</u>
1. To agree the utility's plant balance at December 30, 1990 with Order No. 24937.	\$ 688,337
2. Plant additions from January 1991 through June 30, 1994.	101,672
3. To reflect averaging adjustment.	(24,637)
	<u>\$ 765,372</u>
B. <u>LAND</u>	
1. To agree the utility's land value with amount approved by Order No. 24937	\$ <u>75,967</u>
C. <u>PLANT HELD FOR FUTURE USE</u>	
1. Average non used and useful plant.	\$ (14,076)
2. Average non used and useful accumulated depreciation.	7,105
	<u>\$ (6,971)</u>
D. <u>CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)</u>	
1. To agree the utility's CIAC balance with amount approved by Order No. 24937	\$ (692,834)
2. CIAC additions from January 1991 through June 30, 1994.	(42,750)
3. CIAC associated with margin reserve.	(14,250)
	<u>\$ (749,834)</u>
E. <u>ACCUMULATED DEPRECIATION</u>	
1. To agree the utility's balance with amount approved by Order No. 24937.	\$ (291,523)
2. Depreciation for the period January 1991 through June 30, 1994.	(125,325)
3. Averaging adjustment	18,782
	<u>\$ (398,066)</u>
F. <u>AMORTIZATION OF CIAC</u>	
1. To agree the utility's balance with amount approved by Order No. 24937.	\$ 207,051
2. Amortization of CIAC for the period January 1991 through June 30, 1994.	85,452
3. Amortization of CIAC associated with margin reserve.	908
3. Averaging adjustment	(12,381)
	<u>\$ 281,030</u>
G. <u>WORKING CAPITAL ALLOWANCE</u>	
1. To reflect 1/8 of operation and maintenance expenses	<u>\$ 11,299</u>

RHV UTILITY, INC.
SCHEDULE OF CAPITAL STRUCTURE
TEST YEAR ENDED JUNE 30, 1994

SCHEDULE NO. 2
DOCKET NO. 940655-SU

	<u>PER UTILITY</u>	<u>COMM. ADJUST. TO UTIL. BAL.</u>	<u>BALANCE PER COMM.</u>	<u>PERCENT OF TOTAL</u>	<u>COST</u>	<u>WEIGHTED COST</u>
COMMON EQUITY	\$ 145,600	(68,734)	76,866	97.53%	9.84%	9.60%
LONG-TERM DEBT	0	0	0	0.00%	0.00%	0.00%
PREFERRED EQUITY	0	0	0	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	1,950	0	1,950	2.47%	6.00%	0.15%
RETAINED EARNINGS	0	0	0	0.00%	0.00%	0.00%
CAPITAL STOCK	0	0	0	0.00%	0.00%	0.00%
PAID IN CAPITAL	0	0	0	0.00%	0.00%	0.00%
OTHER	0	0	0	0.00%	0.00%	0.00%
TOTAL	\$ 147,550	(68,734)	78,816	100.00%		9.75%

<u>RANGE OF REASONABLENESS</u>	<u>LOW</u>	<u>HIGH</u>
RETURN ON EQUITY	8.84%	10.84%
OVERALL RATE OF RETURN	8.77%	10.73%

RHV UTILITY, INC.
 SCHEDULE OF WASTEWATER OPERATING INCOME
 TEST YEAR ENDED JUNE 30, 1994

SCHEDULE NO. 3
 DOCKET NO. 940655-SU

	<u>TEST YEAR PER UTILITY</u>	<u>COMM. ADJ. TO UTILITY</u>	<u>COMM. ADJUSTED TEST YEAR</u>	<u>ADJUST. FOR INCREASE</u>	<u>TOTAL PER COMM</u>
OPERATING REVENUES	<u>141,668</u>	<u>(27,990) A</u>	<u>113,678</u>	<u>6,935 F</u>	<u>120,613</u>
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	112,142	(21,753) B	90,389	0	90,389
DEPRECIATION (NET)	0	38,261 C	38,261	0	38,261
AMORTIZATION (CIAC)	0	(24,703) D	(24,703)	0	(24,703)
TAXES OTHER THAN INCOME	10,747	(2,078) E	8,669	312 G	8,981
INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OPERATING EXPENSES	<u>122,889</u>	<u>(10,273)</u>	<u>112,616</u>	<u>312</u>	<u>112,928</u>
OPERATING INCOME/(LOSS)	<u>18,779</u>		<u>1,062</u>		<u>7,685</u>
WASTEWATER RATE BASE	<u>100,019</u>		<u>78,816</u>		<u>78,816</u>
RATE OF RETURN	<u>18.78%</u>		<u>1.35%</u>		<u>9.75%</u>

RHV UTILITY, INC.
ADJUSTMENTS TO OPERATING INCOME
TEST YEAR ENDED JUNE 30, 1994

SCHEDULE NO. 3A
Page 1 of 2
DOCKET NO. 940655-SU

A. OPERATING REVENUES

1. To remove escrow funds collected for a prior period.
2. To correct billing errors for September and October 1993.
2. To reflect annualized revenue based on test year billing analysis and existing rates.

WASTEWATER

\$ (24,440)
(4,666)
1,116
\$ (27,990)

B. OPERATION AND MAINTENANCE EXPENSES

1. SLUDGE REMOVAL EXPENSE (711)
 - a. To remove a prior period expense.
2. PURCHASED POWER (715)
 - a. To remove a prior period expense.
 - b. To reflect accrued test year total.
3. CHEMICALS (718)
 - a. To reflect a reclassification from Account No. 720.
4. MATERIALS AND SUPPLIES (720)
 - a. To reflect a reclassification to Account No. 718.
 - b. To reflect a reclassification to plant.
 - c. To reflect a reclassification from Account No. 730.
5. CONTRACTUAL SERVICES (730)
 - a. To adjust the contractual operator's allowance to \$4,560 annually.
 - b. To reflect contractual management service allowance.
 - c. To remove a prior period expense.
 - d. To reflect a reclassification to plant.
 - e. To reflect a reclassification to Account No. 720.
 - f. To reflect accrued test year total for DEP required ground water testing.
6. RENT (740)
To reflect annual rent.
7. INSURANCE EXPENSE (755)
 - a. To reflect a reclassification from Account No. 775.
8. REGULATORY COMMISSION EXPENSE (765)
 - a. To reflect rate case filing fee amortized over four years.
9. MISCELLANEOUS EXPENSE (775)
 - a. To remove a prior year expense.
 - b. To reflect a reclassification to Account No. 755.
 - c. To reflect accrued total for the test year
 - d. To adjust to appropriate amount recommended by staff.

\$ (660)
\$ (780)
725
\$ (55)
\$ 267
\$ (267)
(12,080)
716
\$ (11,631)
\$ 1,002
13000
(1,227)
(26,258)
(716)
529
\$ (13,670)
\$ 2,400
\$ 1,390
\$ 250
\$ (55)
(1,390)
151
1250
\$ (44)

TOTAL O&M ADJUSTMENTS

(21,753)

RHV UTILITY, INC.
ADJUSTMENTS TO OPERATING INCOME
TEST YEAR ENDED JUNE 30, 1994

SCHEDULE NO. 3A
Page 2 of 2
DOCKET NO. 940655-SU

C.	<u>DEPRECIATION EXPENSE</u>	
1.	Test year depreciation expense	\$ 39,112
2.	Non used and useful depreciation	(851)
		<u>38,261</u>
D.	<u>AMORTIZATION EXPENSE (CIAC)</u>	
1.	Test year amortization expense	\$ (24,703)
E.	<u>TAXES OTHER THAN INCOME</u>	
1.	To adjust regulatory assessment fee to amount due on test year revenue.	\$ (1,344)
2.	To remove duplicate posting.	(734)
		<u>\$ (2,078)</u>
F.	<u>OPERATING REVENUES</u>	
1.	To reflect increase in revenue required to cover expenses and allow the authorized rate of return.	\$ <u>6,935</u>
G.	<u>TAXES OTHER THAN INCOME</u>	
1.	To reflect regulatory assessment fee @ 4.5% on increase in revenue.	\$ <u>312</u>

RHV UTILITY, INC.
 ANALYSIS OF WASTEWATER OPERATION
 MAINTENANCE EXPENSE
 TEST YEAR ENDED JUNE 30, 1994

SCHEDULE NO. 3B
 DOCKET NO. 940655-SU

	<u>TOTAL PER UTIL.</u>	<u>COMM. ADJUST.</u>	<u>TOTAL PER COMM</u>
#701 SALARIES AND WAGES – EMPLOYEES	\$ 0	\$ 0	0
#703 SALARIES AND WAGES – OFFICERS	0	0	0
#604 PENSIONS AND BENEFITS	0	0	0
#710 PURCHASED WATER	0	0	0
#711 SLUDGE REMOVAL EXPENSE	19,220	(660)[1]	18,560
#715 PURCHASED POWER	8,317	(55)[2]	8,262
#716 FUEL FOR POWER PRODUCTION	0	0	0
#718 CHEMICALS	4,990	267 [3]	5,257
#720 MATERIALS AND SUPPLIES	12,654	(11,631)[4]	1,023
#730 CONTRACTUAL SERVICES	61,445	(13,670)[5]	47,775
#740 RENTS	0	2,400 [6]	2,400
#750 TRANSPORTATION EXPENSE	0	0	0
#755 INSURANCE EXPENSE	0	1,390 [7]	1,390
#765 REGULATORY COMMISSION EXPENSE	0	250 [8]	250
#770 BAD DEBT EXPENSE	0	0	0
#775 MISCELLANEOUS EXPENSES	5,516	(44)[9]	5,472
	<u>\$ 112,142</u>	<u>\$ (21,753)</u>	<u>\$ 90,389</u>

RHV UTILITY, INC.
 SCHEDULE OF RATE CASE EXPENSE RATE
 REDUCTION AFTER FOUR YEARS
 TEST YEAR ENDED JUNE 30, 1994

SCHEDULE NO. 4
 DOCKET NO. 940655-SU

MONTHLY RATES

<u>RESIDENTIAL SERVICE</u>	<u>COMM. APPROVED RATES</u>	<u>RATE DECREASE</u>
<u>BASE FACILITY CHARGE:</u>		
Meter Size:		
ALL SIZES	\$ 10.46	\$ 0.02
GALLONAGE CHARGE PER 1,000 GALLONS (10,000 GALLONS MAXIMUM)	\$ 1.47	\$ 0.00

<u>GENERAL SERVICE</u>	<u>COMM. APPROVED RATES</u>	<u>RATE DECREASE</u>
<u>BASE FACILITY CHARGE:</u>		
Meter Size:		
5/8"X3/4"	\$ 10.46	0.02
3/4"	15.69	0.03
1"	26.15	0.06
1-1/2"	52.30	0.11
2"	83.68	0.18
3"	167.36	0.36
4"	261.50	0.57
6"	523.00	1.14
GENERAL SERVICE GALLONAGE CHARGE PER 1,000 GALLONS	\$ 1.77	0.00