

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for staff-) DOCKET NO. 950169-WS
assisted rate case in Pasco) ORDER NO. PSC-95-1538-FOF-WS
County by Paradise Lakes) ISSUED: December 13, 1995
Utility, Ltd.)
_____)

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

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein, with the exception of the authorization of temporary rates in the event of protest, 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

Paradise Lakes Utility, Ltd. (Paradise Lakes or utility) is a Class C water and wastewater utility serving approximately 342 water and wastewater customers in Pasco County. Water use in the utility's service area is under the jurisdiction of the Southwest Florida Water Management District. The utility is located within a critical water use caution area. Paradise Lakes filed an application for a staff assisted rate case on February 13, 1995 and paid the appropriate filing fee. The official filing date has been set as April 14, 1995. Paradise Lakes has waived the 15 month statutory deadline.

We have audited the utility's records for compliance with our rules and orders and determined all components necessary for rate setting. We have also conducted a field investigation of the utility's water plant, wastewater plant, water distribution system,

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wastewater collection system, reuse system and utility service area.

We have selected a historical test year ended December 31, 1994. During that period, the utility's books reflected unaudited water operating revenues of \$41,518 and unaudited wastewater operating revenues of \$86,556 resulting in an operating loss of \$1,622 for water and an operating loss of \$18,394 for wastewater.

Paradise Lakes disposed of its wastewater effluent by utilizing percolation ponds, and providing reuse irrigation to an adjoining orange grove owned by Lake Como Club. When it became apparent that the wastewater treatment plant would require costly repairs and expansion, the utility entered into an agreement with Pasco County to interconnect with the county's system and become a bulk customer. Lake Como Club recently notified Paradise Lakes that it wished to terminate the reuse agreement. The utility complied and is currently trucking the effluent until the county has the facilities available to accept the utility's untreated effluent. The interconnection is scheduled to take place within 12 months. Any excess effluent will be trucked out for disposal in the interim. The utility has complied with Department of Environmental Protection (DEP) standards regarding the disposal of effluent.

QUALITY OF SERVICE

The customer meeting was held on July 20, 1995, at Paradise Lakes' service area. Four customers testified concerning the utility's quality of service. Their complaints addressed the odor of the water, the odor from the wastewater treatment plant, occasional low water pressure, and chlorine taste in the water.

DEP has advised the Commission that the utility's chlorine levels are within acceptable levels. While a chlorine odor and taste may be unpleasant, it is a normal condition with the water treatment process. The utility's water pressure is also within DEP-mandated levels. While low pressure can occasionally occur due to unusually heavy usage, the utility advised that they were not aware of any circumstances of heavy usage causing this condition. Our staff engineer could find nothing that would indicate a persistent problem in this area. As to concerns regarding the odor of the wastewater treatment plant, we recognize that occasions will arise where it is impossible to disguise the odor. Moreover, the wastewater treatment plant will be phased out in the near future. This should alleviate much of the odor associated with that plant.

The utility is working with DEP and the county to permanently solve its wastewater problems. Because the utility is cooperating to the fullest extent possible and exhibits no significant problem in its processing and delivery of drinking water, we are satisfied with the current effort and find that the utility's quality of service is 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

Water Treatment Plant

Based on the plant capacity of 108,000 gallons per day, we find that the water treatment plant is operating at 100 percent used and useful.

Water Distribution System

The utility's territory is considered to be built-out because 337 of 341 possible connections are currently in use. Based on actual connections rather than ERCs, we find the water distribution system to be 100 percent used and useful.

Wastewater Treatment Plant

By formula, the wastewater treatment plant computes to 81.1 percent used and useful. However, because the plant actually operates over capacity on occasions, and the fact that the territory is considered to be built-out, we find the wastewater treatment plant to be 100 percent used and useful.

Wastewater Collection System

By formula, and because the territory is built-out, we find the wastewater collection system to be 100 percent used and useful.

Test Year Rate Base

The appropriate components of Paradise Lakes' rate base include depreciable plant in service, land, contributions in aid of construction (CIAC), accumulated depreciation, accumulated amortization of CIAC, and working capital allowance. Plant, land, depreciation, and CIAC balances were determined as of September 30, 1987, by Order No. 19276, issued May 3, 1988. We used the amounts set forth in that order as a base for rate base components in this order. We have made the appropriate adjustments to reflect test year changes and used and useful determinations, which are set forth below

Depreciable Plant-in-Service

The Paradise Lakes water treatment plant is a typical, simple closed system and currently has two wells. The original well, completed in 1985, is a 6 inch, steel encased, 350 feet deep unit, with a rated capacity of 250 gallons per minute (GPM). A new, second well was completed in 1991. It too, is a 6 inch, steel encased well, but is dug to a depth of 450 feet, and has a rated capacity of 300 GPM. The raw water is disinfected by gas chlorination just prior to entry into a new 10,000 gallon tank. The utility also has a new standby electrical generator that is fueled by liquid gas.

With the completion of Phase III of the resort, the water distribution system added 1,600 linear feet of 4 inch and 939 feet of 3 inch PVC to the existing plant. As with the original mains, the system is constructed as a loop system to provide for optimum dispersion and pressure equalization.

The wastewater facility is actually two plants operating parallel, the original steel wall packaged plant and the steel tube Enviroport type that was installed in 1986. Since the last completed staff assisted rate case, an addition was completed which included further treatment of some of the discharged water which was then passed off to a nearby orange grove as re-use. This addition included a sand filter, ultra-violet light chamber for disinfection, an additional lift station, flow meter and associated wiring and control equipment. Since the reuse agreement has been cancelled, a pro forma adjustment of (\$109,214) has been made to retire the reuse plant. The existing wastewater plant will be utilized until the utility interconnects with Pasco County. At that time the wastewater plant will be retired.

The wastewater collection system, like the water distribution system, has been expanded due to the completion of Phase III of the

resort. A total of three lift stations are in use to collect the effluent, and one lift station to send the re-use water on its way to the orange grove has been retired.

The utility recorded utility plant in service balances of \$192,862 for water and \$444,370 for wastewater at the end of the test year. We have made adjustments of \$2,739 to water plant and \$6,249 to wastewater plant to bring utility plant amounts to staff's recommended balances. An adjustment of (\$109,214) was made to wastewater plant to retire the reuse plant and an adjustment of \$44,000 was also made to include pro forma plant for the wastewater interconnection with Pasco County. We also made averaging adjustments of (\$19,333) for water and (\$7,077) for wastewater.

After these adjustments, we find that the utility plant-in-service to be \$176,268 for water and \$378,328 for wastewater.

Land

The utility recorded \$7,800 in water and \$36,000 in wastewater land accounts. These amounts were established by Order No. 19276. As no changes have occurred, those amounts continue to be appropriate.

Non-Used and Useful Plant

Because Paradise Lakes is built-out and we have determined that the utility's facilities are 100 percent used and useful, we find that there is no non-used and useful plant for this utility.

Contributions in Aid of Construction (CIAC)

Paradise Lakes recorded CIAC balances at the end of the test year of (\$26,940) for water and (\$55,096) for wastewater. The water CIAC balance includes \$7,800 in land and the wastewater CIAC balance includes \$31,200 in land which was donated. We have calculated CIAC since Order No. 19276 and agree with the utility's balances. No new customers were added in 1993 or 1994, therefore no averaging adjustment was necessary.

Accumulated Depreciation

The utility recorded accumulated depreciation balances of (\$57,688) for water and (\$173,023) for wastewater at the end of the test year. We have calculated accumulated depreciation using the rates described in Rule 25-30.140, Florida Administrative Code, beginning with Order No. 19276. We have made adjustments of \$4,624 to water and \$4,406 to wastewater to bring the utility's figures to

the proper amount. An additional adjustment of \$109,214 was made to wastewater accumulated depreciation to reflect the retirement of reuse plant as recommended by the NARUC Uniform System of Accounts. We also made averaging adjustments of \$3,382 for water and \$10,991 for wastewater. The approved accumulated depreciation balances are therefore (\$49,682) for water and (\$48,412) for wastewater.

Accumulated Amortization

The utility recorded accumulated amortization balances of \$3,389 for water and \$4,183 for wastewater at the end of the test year. We calculated amortization of CIAC by using the appropriate yearly composite rate, resulting in adjustments of (\$363) for water and \$1,198 for wastewater. We also made averaging adjustments of (\$331) for water and (\$584) for wastewater, bringing the total approved accumulated CIAC amortization balances to \$2,695 for water and \$4,797 for wastewater.

Working Capital Allowance

Consistent with Rule 25-30.443, Florida Administrative Code, we find it appropriate to use the one-eighth of operation and maintenance expense formula approach to calculate the working capital allowance. Applying that formula, we find the appropriate working capital allowance to be \$5,046 for water and \$9,070 for wastewater.

Based on the foregoing, we find the appropriate test year rate base for Paradise Lakes to be \$115,187 for water and \$324,687 for wastewater.

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 consists of \$70,879 of long-term debt with an interest rate of 7.00 percent short term debt of \$9,150, and common equity of \$324,289. The short term debt consists of utility purchases paid by the parent company. There is no debt instrument or stated interest between the utility and the parent company for this short term debt, but monthly payments are being made. Because this short term debt has no debt instrument or stated interest, we have included it in the capital structure but have assigned it a zero cost.

We have made a pro forma adjustment of \$44,000 to common equity to reflect the payment of \$44,000 to Pasco County for the planned wastewater interconnection. The interconnection agreement indicates that \$44,000 will be paid by Paradise Lakes' parent company and treated as a loan with zero interest to the utility with monthly payments to be made to the parent company. We have included the \$44,000 intercompany loan with no interest as common equity. Using the current leverage formula approved by Order No. PSC-95-0982-FOF-WS, issued August 10, 1995, the rate of return on common equity is 10.43 percent with a range of 9.43 percent to 11.43 percent. Applying the weighted average method to the total capital structure, we find the overall rate of return to be 9.67 percent with a range of 8.85 percent to 10.50 percent. We have also made pro rata adjustments to reconcile the capital structure downward to match the utility's rate base.

NET OPERATING INCOME

Our calculation of net operating 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 water revenues of \$41,518 and wastewater revenues of \$86,556 during the test period. As detailed below, the utility made an error in reading a general service meter. We have made adjustments of \$5,990 to water and \$16,677 to wastewater to correct this error, resulting in test year revenues of \$47,508 for water and \$103,233 for wastewater.

Operating Expenses

Paradise Lakes recorded operating expenses of \$43,140 for water and \$104,950 for wastewater. The components of these expenses include operation and maintenance expenses, depreciation expense (net of related amortization of CIAC), and taxes other than income taxes. We have made adjustments to reflect unrecorded test year expenses and recommended allowances for plant operations.

Operation and Maintenance Expenses

The utility charged \$33,992 to water and \$78,936 to wastewater for operation and maintenance expenses during the test year. A

summary of our adjustments to the utility's recorded expenses is set forth below:

The utility recorded sludge removal expense of \$3,440 during the test year. We reclassified \$865 of sludge removal expense from wastewater contractual services to this account, resulting in a total sludge removal expense of \$4,305 for wastewater.

The utility recorded purchased power amounts of \$2,774 for water and \$6,245 for wastewater. We have adjusted this expense by (\$15) for water and \$122 for wastewater to delete payments made in 1994 for 1993 expenses and add payments made in 1995 for 1994 expenses. This results in a final balance of \$2,759 for water purchased power of \$2,759 and \$6,367 for wastewater purchased power.

The utility recorded chemical expenses of \$751 for water and \$13,839 for wastewater. After a review of the materials actually used during the test year, we have made adjustments of \$103 to water and \$312 to wastewater, resulting in a final balance of \$854 for water and \$14,151 for wastewater.

The utility recorded a materials and supplies expense of \$2,369 for water and \$7,889 for wastewater. We made adjustments of \$132 to water and \$2 to wastewater to reclassify expenses from contractual services. In addition, we reclassified \$2,053 from wastewater materials and supplies to wastewater utility plant. Materials and supplies expense are therefore adjusted to \$2,501 for water and \$5,838 for wastewater.

The utility recorded contractual services expenses of \$26,003 for water and \$45,660 for wastewater during the test year. We adjusted the water contractual services account to bring management fees to the approved amount of \$5,737; bring the operator cost to the proper amount \$280; bring the required DEP testing to the proper amount \$1,299; reclassify a materials and supplies expense to account #620 (\$132); reclassify a capital expenditure to water utility plant (\$2,120); and reclassify a wastewater contractual services expense to account #730 (\$357).

We made adjustments of (\$361) to the wastewater contractual services account to bring management fees to the approved amount; bring the operator cost to the proper amount \$420; bring the required DEP testing to the proper amount (\$1,595); reclassify a materials and supplies expense to account #620

(\$2); reclassify a capital expenditure to wastewater utility plant (\$4,713); reclassify a chemical expense to account #718 (\$312); reclassify a sludge removal expense to account #711 (\$865) and reclassify a wastewater contractual services expense from account #630 \$357.

Paradise Lakes, Ltd., the parent company, handles all management services for Paradise Lakes Utility. By Order No. 19276, we allowed a total of \$28,148 for management services. This amount included the president's salary of \$10,400, clerical costs of \$7,332, office expenses of \$4,800 and maintenance expenses of \$5,616. The president's salary was based on the percentage of time spent on utility business multiplied by his total salary. Using the same methodology as in the previous rate proceeding would result in an excessive increase in salary. Instead, we indexed up the president's previously approved salary of \$10,400 using the Commission approved yearly index figures to arrive at a final figure of \$13,553, split equally between water and wastewater. This salary better reflects the president's responsibilities for a utility of this size.

Clerical costs were also based on percentage of time spent on utility business multiplied by the salary of the bookkeeper in the previous rate case. The utility stated it now has a full time bookkeeper handling utility business at a cost of \$32,000 a year. The previous rate proceeding allowed \$7,332 for clerical costs. While we agree that the responsibilities of the bookkeeper have increased, only 50 percent of her salary should be allocated to utility expense. Therefore, we find clerical expense to be \$16,000, split equally between water and wastewater.

Office expenses include telephone, rent, electricity, taxes, office supplies, postage and use of the office equipment. The previous rate proceeding included an office expense of \$4,800 which we indexed up using approved index figures. Therefore, we approve office expense of \$6,256, split equally between water and wastewater.

We allowed maintenance expenses of \$5,616, which include transportation expenses, in the last rate proceeding. Using indexing figure, we arrive at the appropriate maintenance cost of \$7,319 divided 40 percent for water and 60 percent for wastewater.

Our total adjustments are \$4,707 for water contractual services and (\$7,071) for wastewater contractual services.

This results in final amounts of \$30,710 for water contractual services, which includes \$20,833 for management services, \$1,302 for repairs and maintenance, \$3,555 for required DEP testing, \$2,880 for operator services and \$2,140 for accounting and legal fees. Wastewater contractual services shall total \$38,589, which includes \$22,295 for management services, \$5,513 for repairs and maintenance, \$4,320 for operator services, \$4,321 for required DEP testing, and \$2,140 for accounting and legal fees.

The utility recorded insurance expenses of \$818 for water and \$818 for wastewater. These figures were only for a partial year. We annualized the insurance premiums and made adjustments of \$1,582 for water and \$1,582 for wastewater, resulting in final expenses of \$2,400 for each category.

The utility recorded regulatory commission expenses of \$500 each for water and wastewater. These amounts were for DEP fees which should have been included in miscellaneous expenses. Therefore, we reclassified \$500 in DEP fees to account # 675 and account # 775. However, we have included \$250 for water and \$250 for wastewater for the SARC filing fee (\$1,000 per system) amortized over four years, resulting in regulatory commission expense of \$250 for water and \$250 for wastewater.

The utility recorded miscellaneous expenses of \$777 for water and \$545 for wastewater. We have reclassified \$500 of water and \$500 of wastewater DEP fees from account #665 and account #765, and removed out of period expenses of (\$12) for water and (\$11) for wastewater. Because the DEP fees were for construction permits, we amortized the \$500 of water and \$500 of wastewater DEP fees over 4 years. All other expenses in this account are reasonable and prudent. We therefore approve a final amount of miscellaneous expense of \$890 for water and \$659 for wastewater.

We have made total operation and maintenance adjustments of \$6,372 for water and (\$6,377) for wastewater, resulting in final operation and maintenance expenses of \$40,364 for water and \$72,559 for wastewater.

Depreciation Expense

The utility recorded \$7,970 of water and \$23,021 of wastewater depreciation expense during the test year. Using the rates set forth in Rule 25-30.140, Florida Administrative Code, we find the appropriate depreciation expenses net of CIAC to be \$6,101 for

water and \$17,909 for wastewater. We made a (\$1,207) adjustment to water and (\$6,878) adjustment to wastewater to bring the utility balances to the appropriate amount. The wastewater adjustment includes a pro forma adjustment of (\$5,839) to reflect the retirement of the reuse plant, and an adjustment of \$2,935 to include one year's depreciation expense on pro forma plant.

Taxes Other Than Income Taxes

The utility recorded taxes other than income of \$1,908 for water and \$3,895 for wastewater during the test year. We find it appropriate to adjust these accounts to increase regulatory assessment fees by \$270 for water and \$750 for wastewater to match test year revenue, and to include ad valorem taxes of \$263 for water and \$263 for wastewater. Therefore, we find the appropriate expense for taxes other than income to be \$2,441 for water and \$4,908 for wastewater.

Operating Revenues

We find it appropriate to adjust operating revenues by \$13,133 for water and \$24,666 for wastewater to reflect the increase in revenue required to cover expenses and allow the approved rate of return on investment. Accordingly, we have increased taxes other than income taxes by \$591 for water and \$1,110 for wastewater to reflect the regulatory assessment fee of 4.5 percent on the increase in revenue.

Operating Expenses Summary

The application of our adjustments to the utility's test year operating expenses results in the appropriate operating expenses of \$49,497 for water and \$96,486 for wastewater.

REVENUE REQUIREMENT

We hereby approve a revenue requirement of \$60,641 for water and \$127,899 for wastewater for Paradise Lakes. This is an annual increase in revenue of \$13,133, or 27.64 percent, for water and an annual increase of \$24,666, or 23.89 percent for wastewater. This will allow the utility the opportunity to recover its expenses and earn a 9.67 percent return on its investment.

RATES AND CHARGES

During the test year, Paradise Lakes provided water and wastewater service to approximately 277 flat rate residential customers and two flat rate general service customers in the

original service area and 59 metered residential customers and three general service metered customers in the new Phase III development. The preferred rate structure of base facility/gallonge charge would require meters at each point of delivery. By Order No. 19276 we found it was neither economically feasible nor necessary for conservation to meter the existing service area. However, we also held that meters were feasible in Phase III and required the utility to install meters in that phase. The utility has complied with the Order and metered all Phase III residential and general service customers. We have assigned the new revenue requirement to each class of customer based on its percentage contribution to the utility's test year revenue.

Water use in the utility's service area is under the jurisdiction of the Southwest Florida Water Management District (SWFWMD) and the utility is located within a critical water use caution area. Residential consumption averages approximately 3,044 gallons per month, which is not excessive. Therefore we find no need to change rate structure in this regard.

The utility's original rates and rate structure, and the final approved rates and rate structure are as follows:

RESIDENTIAL WATER RATES

	<u>Existing Monthly Rates</u>	<u>Approved Monthly Rates</u>
<u>Monthly Flat Charge</u>		
Single Family Homes	\$ 8.46	\$ 10.79
Double-Wide Mobile Homes	\$ 8.46	\$ 10.79
<u>Monthly Metered Rates</u>		
<u>Base Facility Charge</u>		
<u>Meter Size</u>		
5/8" x 3/4"	\$ 4.45	\$ 5.68
3/4"	6.68	8.51
1"	11.14	14.19
1-1/2"	22.27	28.38
2"	35.63	45.41
3"	71.26	90.82
4"	111.34	141.91
6"	222.68	283.81
Gallonge Charge		
Per 1,000 gallons	\$ 1.31	\$ 1.67

GENERAL SERVICE WATER RATES

	<u>Existing Monthly Rates</u>	<u>Approved Monthly Rates</u>
<u>Monthly Flat Rates</u>		
Clubhouse, Pool, Guardhouse, Maintenance Building (31.5 ERCs)	\$ 266.58	\$ 340.24
Recr. Vehicle Park (31.5 ERCs)	\$ 266.58	\$ 340.24
<u>Monthly Metered Rates</u>		
<u>Base Facility Charge</u>		
<u>Meter Size</u>		
5/8" x 3/4"	\$ 4.45	\$ 5.68
3/4"	6.68	8.51
1"	11.14	14.19
1-1/2"	22.27	28.38
2"	35.63	45.41
3"	71.26	90.82
4"	111.34	141.91
6"	222.68	283.81
Gallage Charge Per 1,000 gallons	\$ 1.31	\$ 1.67

MULTI-RESIDENTIAL WATER RATES

	<u>Existing Monthly Rates</u>	<u>Approved Monthly Rates</u>
<u>Monthly Flat Charge</u>		
Three Bedroom Condominiums	\$ 8.46	\$ 10.79
Two Bedroom Condominiums	\$ 8.46	\$ 10.79
One Bedroom Condominiums	\$ 8.46	\$ 10.79
<u>Monthly Metered Rates</u>		
<u>Base Facility Charge</u>		
<u>Meter Size</u>		
5/8" x 3/4"	\$ 4.45	\$ 5.68
3/4"	6.68	8.51
1"	11.14	14.19
1-1/2"	22.27	28.38
2"	35.63	45.41
3"	71.26	90.82
4"	111.34	141.91
6"	222.68	283.81
Gallage Charge Per 1,000 gallons	\$ 1.31	\$ 1.67

RESIDENTIAL WASTEWATER RATES

	<u>Existing Monthly Rates</u>	<u>Approved Monthly Rates</u>
<u>Monthly Flat Charge</u>		
Single Family Homes	\$ 18.14	\$ 22.48
Double-Wide Mobile Homes	\$ 18.14	\$ 22.48
<u>Monthly Metered Rates</u>		
<u>Base Facility Charge</u>		
<u>Meter Size</u>		
5/8" x 3/4"	\$ 6.74	\$ 8.35
3/4"	10.11	12.53
1"	16.84	20.88
1-1/2"	33.67	41.77
2"	53.88	66.83
3"	107.76	133.65
4"	168.37	208.83
6"	336.74	417.67
Gallonage Charge		
Per 1,000 gallons (Maximum of 3,000 gallons per month)	\$ 3.73	\$ 4.62

GENERAL SERVICE WASTEWATER RATES

	<u>Existing Monthly Rates</u>	<u>Approved Monthly Rates</u>
<u>Monthly Flat Rates</u>		
Clubhouse, Pool, Guardhouse, Maintenance Building (31.5 ERCs)	\$ 571.48	\$ 708.36
Recreational Vehicle Park (31.5 ERCs)	\$ 571.48	\$ 708.36
<u>Monthly Metered Rates</u>		
<u>Base Facility Charge</u>		
<u>Meter Size</u>		
5/8" x 3/4"	\$ 6.74	\$ 8.35
3/4"	10.11	12.53
1"	16.84	20.88
1-1/2"	33.67	41.77
2"	53.88	66.83
3"	107.76	133.65
4"	168.37	208.83
6"	336.74	417.67
Gallonage Charge		

Per 1,000 gallons (No Maximum) \$ 3.73 \$ 4.62

MULTI-RESIDENTIAL WASTEWATER RATES

	<u>Existing Monthly Rates</u>	<u>Approved Monthly Rates</u>
<u>Monthly Flat Charge</u>		
Three Bedroom Condominiums	\$ 18.14	\$ 22.48
Two Bedroom Condominiums	\$ 18.14	\$ 22.48
One Bedroom Condominiums	\$ 18.14	\$ 22.48

Monthly Metered Rates

Base Facility Charge

Meter Size

5/8" x 3/4"	\$ 6.74	\$ 8.35
3/4"	10.11	12.53
1"	16.84	20.88
1-1/2"	33.67	41.77
2"	53.83	66.83
3"	107.76	133.65
4"	168.37	208.83
6"	336.74	417.67

Gallonage Charge

Per 1,000 gallons (Maximum of
 3,000 gallons per month) \$ 3.73 \$ 4.62

In accordance with Rule 25-30.475, Florida Administrative Code, the rates shall be effective for service rendered as of the stamped approval date on the tariff sheets provided the customers have received notice. The tariff sheets shall be approved upon our staff's verification that the tariffs are consistent with this decision, that the customer notice is adequate, and that any required security has been provided. The utility shall provide proof of the date notice was given within 10 days after the date of the notice.

If the effective date of the new rates falls within a regular billing cycle, the initial bills at the new rate should be prorated. The old charge shall be prorated based on the number of days in the billing cycle before the effective date of the new rates. The new charge shall be prorated based on the number of days in the billing cycle on or after the effective date of the new rates. In no event shall the rates be effective for service rendered prior to the stamped approval date.

Statutory Rate Reduction and Recovery Period

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 annually for each water and wastewater system. The reduction in revenues will result in the approved rates set forth in Schedules Nos. 4 and 4A.

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 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 the reduction in the rates due to the amortized rate case expense.

Service Availability Charges

We approved the existing service availability policy in Order No. 19276. The utility's current tariff contains provisions for service availability charges of \$230 for water and \$412 for wastewater. These charges are within the guidelines for CIAC levels set forth in Rules 25-30.580 (1)(a) and (b), Florida Administrative Code, and will not cause the utility's contribution to exceed the maximum 75 percent level. Therefore, we find that the utility's current service availability charges are appropriate.

OTHER ISSUES

TEMPORARY RATES IN THE EVENT OF PROTEST

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

Paradise Lakes is authorized to collect the temporary rates upon our staff's approval of the security for potential refund and the proposed customer notice. The security shall be in the form of a bond or letter of credit in the amount of \$26,189.

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 chooses 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 final Commission order is rendered, either approving or denying the rate increase.

If 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, the 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 a 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, the utility shall maintain an account of all monies received as result of the rate increase. This account must specify by whom and on whose behalf such monies were paid. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

The utility shall maintain a record of the amount of the 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.

CONFORMITY WITH THE 1984 NARUC UNIFORM SYSTEM OF ACCOUNTS

Rule 25-30.115(1), Florida Administrative Code, requires water and wastewater utilities to maintain their accounts and records in conformity with the 1984 NARUC Uniform System of Accounts (USOA) adopted by the National Association of Regulatory Utility Commissioners. During the test year, Paradise Lakes' books were not maintained in conformity with the USOA. The utility has the expertise necessary to convert and maintain the utility's records in conformity with the USOA as required by Rule 25-30.115(1), Florida Administrative Code. Therefore, we find it appropriate to require the utility to maintain its books and records in conformity with the USOA.

REGULATORY ASSESSMENT FEES

An audit of the utility's books revealed an error regarding meter #605, which is used by the utility's parent company. This resulted in an error in the reporting of 1994 revenue to the Commission. Meter #605 indicated that 4,568,880 gallons of water were used in 1994, but the utility only billed for 456,880 gallons. We have increased test year water revenue by \$5,990 and test year wastewater revenue by \$16,677 in order to adjust for this error.

Pursuant to Section 367.145, Florida Statutes, and Rule 25-30.120, Florida Administrative Code, this Commission requires each water and wastewater utility to pay a yearly regulatory assessment fee based upon a percentage of the utility's gross revenues. Because we have adjusted the utility's revenue due to the meter error, we find that the utility shall pay an additional \$1,020 in regulatory assessment fees to correspond to that adjustment, within 30 days of the effective date of this Order. Because the increase in regulatory assessment fees was based upon an error, we do not find the utility to be delinquent in its payment of regulatory assessment fee, provided that it pays the additional fees in a timely manner. The utility may backbill customers for the error in meter readings, provided it complies with Rule 25-30.350 (1), Florida Administrative Code.

Upon the utility's payment of \$1,020 in regulatory assessment fees, and, if no timely protests are received during the 21 day protest period, this docket shall be closed administratively.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the application of Paradise Lakes Utility, Ltd. for an increase in water and 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 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that Paradise Lakes Utility, Ltd. 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

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DOCKET NO. 950169-WS
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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, Paradise Lakes Utility Ltd. 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 Paradise Lakes Utility, Ltd. 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, Paradise Lakes Utility, Ltd. shall submit and have approved a bond or letter of credit in the amount of \$26,189 or an escrow agreement as a guarantee of any potential refund of revenues collected on a temporary basis. It is further

ORDERED that prior to its implementation of the rates approved herein, Paradise Lakes Utility, Ltd. 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, Paradise Lakes Utility, Ltd. 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 Paradise Lakes Utility, Ltd. 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 Paradise Lakes Utility, Ltd. shall maintain its books and records in conformity with the NARUC Uniform System of Accounts and Rule 25-30.115, Florida Administrative Code. It is further

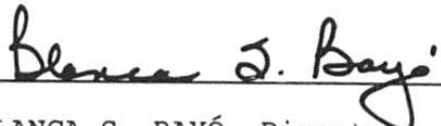
ORDERED that Paradise Lakes Utility, Ltd. shall pay \$1,020 in regulatory assessment fees for 1994 within 30 days of the effective date of this Order. It is further

ORDERED that upon Staff's verification that Paradise Lakes Utility, Ltd. has paid \$1,020 in regulatory assessment fees, and

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upon expiration of the protest period, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission, this 13th day of December, 1995.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

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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, our action, except for the granting of temporary rates in the event of protest, is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0870, by the close of business on January 3, 1996. 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.

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

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

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

PARADISE LAKES UTILITIES, LTD.
 TEST YEAR ENDING DECEMBER 31, 1994
 SCHEDULE OF WATER RATE BASE

SCHEDULE NO. 1
 DOCKET NO. 950169-WS

	<u>BALANCE PER UTILITY</u>	<u>COMM. ADJUST. TO UTIL. BAL.</u>	<u>BALANCE PER COMM.</u>
UTILITY PLANT IN SERVICE	\$ 192,862	\$ (16,594)A	\$ 176,268
LAND/NON-DEPRECIABLE ASSETS	7,800	0	7,800
PLANT HELD FOR FUTURE USE	0	0	0
CWIP	0	0	0
CIAC	(26,940)	0	(26,940)
ACCUMULATED DEPRECIATION	(57,688)	8,006 B	(49,682)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	3,389	(694)C	2,695
WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>5,046 D</u>	<u>5,046</u>
WATER RATE BASE	\$ 119,423	\$ (4,237)	\$ 115,187

PARADISE LAKES UTILITIES, LTD.
 TEST YEAR ENDING DECEMBER 31, 1994
 SCHEDULE OF WASTEWATER RATE BASE

SCHEDULE NO. 1A
 DOCKET NO. 950169-WS

	<u>BALANCE PER UTILITY</u>	<u>COMM. ADJUST. TO UTIL. BAL.</u>	<u>BALANCE PER COMM.</u>
UTILITY PLANT IN SERVICE	\$ 444,370	\$ (66,042)A	\$ 378,328
LAND/NON-DEPRECIABLE ASSETS	36,000	0	36,000
PLANT HELD FOR FUTURE USE	0	0	0
CWIP	0	0	0
CIAC	(55,096)	0	(55,096)
ACCUMULATED DEPRECIATION	(173,023)	124,611 B	(48,412)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	4,183	614 C	4,797
WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>9,070 D</u>	<u>9,070</u>
WASTEWATER RATE BASE	\$ 256,434	\$ 68,253	\$ 324,687

PARADISE LAKES UTILITIES, LTD.
 TEST YEAR ENDING DECEMBER 31, 1994
 ADJUSTMENTS TO RATE BASE

SCHEDULE NO. 1B
 DOCKET NO. 950169-WS

<u>A. UTILITY PLANT IN SERVICE</u>	<u>WATER</u>	<u>WASTEWATER</u>
1. To bring utility balance to commission's audited balance.	\$ 2,739	\$ 6,249
2. To adjust for pro forma retirement of reuse plant.		(109,214)
3. To reflect averaging adjustment.	(19,333)	(7,077)
4. To include pro forma Pasco County interconnect cost.	0	44,000
	<u>\$ (16,594)</u>	<u>\$ (66,042)</u>
<u>B. ACCUMULATED DEPRECIATION</u>		
1. To bring accumulated depreciation to correct amount.	\$ 4,624	\$ 4,406
2. To adjust for pro forma retirement of reuse plant.		109,214
3. To reflect averaging adjustment.	3,382	10,991
	<u>\$ 8,006</u>	<u>\$ 124,611</u>
<u>C. AMORTIZATION OF CIAC</u>		
1. To bring CIAC amortization to correct amount.	\$ (363)	\$ 1,198
2. To reflect averaging adjustment.	(331)	(584)
	<u>\$ (694)</u>	<u>\$ 614</u>
<u>D. WORKING CAPITAL ALLOWANCE</u>		
1. To reflect 1/8 of test year O & M expenses.	<u>\$ 5,046</u>	<u>\$ 9,070</u>

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PARADISE LAKES UTILITIES, LTD.
 TEST YEAR ENDING DECEMBER 31, 1994
 SCHEDULE OF CAPITAL STRUCTURE

SCHEDULE NO. 2
 DOCKET NO. 950169-WS

	<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>
LONG-TERM DEBT	\$ 70,879	\$ (1,335)	\$ 69,544	15.81%	7.00%	1.11%
SHORT TERM DEBT	9,150	(172)	8,978	2.04%	0.00%	0.00%
COMMON EQUITY	324,289	37,063	361,352	82.15%	10.43%	8.57%
CUSTOMER DEPOSITS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	6.00%	<u>0.00%</u>
TOTAL	\$ 404,318	\$ 35,555	\$ 439,873	100.00%		9.67%

<u>RANGE OF REASONABLENESS</u>	<u>LOW</u>	<u>HIGH</u>
RETURN ON EQUITY	9.43%	11.43%
OVERALL RATE OF RETURN	8.85%	10.50%

PARADISE LAKES UTILITIES, LTD.
 TEST YEAR ENDING DECEMBER 31, 1994
 SCHEDULE OF WATER OPERATING INCOME

SCHEDULE NO. 3
 DOCKET NO. 950169-WS

	<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>41,518</u>	\$ <u>5,990</u> A	\$ <u>47,508</u>	\$ <u>13,133</u> F	\$ <u>60,641</u>
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	33,992	6,372 B	40,364	0	40,364
DEPRECIATION	7,970	(1,207) C	6,763	0	6,763
AMORTIZATION	(730)	68 D	(662)	0	(662)
TAXES OTHER THAN INCOME	1,908	533 E	2,441	591 G	3,032
INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OPERATING EXPENSES	\$ <u>43,140</u>	\$ <u>5,766</u>	\$ <u>48,906</u>	\$ <u>591</u>	\$ <u>49,497</u>
OPERATING INCOME/(LOSS)	\$ <u>(1,622)</u>		\$ <u>(1,398)</u>		\$ <u>11,144</u>
WATER RATE BASE	\$ <u>119,423</u>		\$ <u>115,187</u>		\$ <u>115,187</u>
RATE OF RETURN	<u>-1.36%</u>		<u>-1.21%</u>		<u>9.67%</u>

PARADISE LAKES UTILITIES, LTD.
 TEST YEAR ENDING DECEMBER 31, 1994
 SCHEDULE OF WASTEWATER OPERATING INCOME

SCHEDULE NO. 3A
 DOCKET NO. 950169-WS

	<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	\$ 86,556	\$ 16,677 A	\$ 103,233	\$ 24,666 F	\$ 127,899
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	78,936	(6,377) B	72,559	0	72,559
DEPRECIATION	23,021	(3,943) C	19,078	0	19,078
AMORTIZATION	(902)	(267) D	(1,169)	0	(1,169)
TAXES OTHER THAN INCOME	3,895	1,013 E	4,908	1,110 G	6,018
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 104,950	\$ (9,574)	\$ 95,376	\$ 1,110	\$ 96,486
OPERATING INCOME/(LOSS)	\$ (18,394)		\$ 7,857		\$ 31,413
WASTEWATER RATE BASE	\$ 256,434		\$ 324,687		\$ 324,687
RATE OF RETURN	<u>-7.17%</u>		<u>2.42%</u>		<u>9.67%</u>

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PARADISE LAKES UTILITIES, LTD.
TEST YEAR ENDING DECEMBER 31, 1994
ADJUSTMENTS TO OPERATING INCOME

SCHEDULE NO. 3B
DOCKET NO. 950169-WS

	<u>WATER</u>	<u>WASTEWATER</u>
A. OPERATING REVENUES		
1. To adjust test year revenue to test year customers and consumption through billing analysis.	\$ <u>5,990</u>	\$ <u>16,677</u>
B. OPERATION AND MAINTENANCE EXPENSES		
1. (711) Sludge Removal Expense		
a. To reclassify from contractual services.	\$ <u>0</u>	\$ <u>865</u>
2. (615) & (715) Purchased Power		
a. To bring purchased power to correct amount.	\$ <u>(15)</u>	\$ <u>122</u>
3. (618) & (718) Chemicals		
a. To bring chemical expense to proper amount.	\$ <u>103</u>	\$ <u>312</u>
4. (620) & (720) Materials and Supplies		
a. To reclassify from contractual services.	\$ <u>132</u>	\$ <u>2</u>
b. To reclassify to utility plant.	<u>0</u>	<u>(2,053)</u>
	\$ <u>132</u>	\$ <u>(2,051)</u>
5. (630) & (730) Contractual Services		
a. To bring management fee to approved amount.	\$ <u>5,737</u>	\$ <u>(361)</u>
b. To bring operator cost to correct amount.	<u>280</u>	<u>420</u>
c. To bring DEP required testing to correct amount.	<u>1,299</u>	<u>(1,595)</u>
d. To reclassify to materials and supplies.	<u>(132)</u>	<u>(2)</u>
e. To reclassify to utility plant.	<u>(2,120)</u>	<u>(4,713)</u>
f. To reclassify to chemicals account.	<u>0</u>	<u>(312)</u>
g. To reclassify to sludge removal.	<u>0</u>	<u>(865)</u>
h. To reclassify to wastewater contractual services.	<u>(357)</u>	<u>357</u>
	\$ <u>4,707</u>	\$ <u>(7,071)</u>
6. (655) & (755) Insurance Expenses		
a. To annualize insurance expense.	\$ <u>1,582</u>	\$ <u>1,582</u>
7. (665) & (765) Regulatory Commission Expense		
a. To reclassify DEP fee to miscellaneous expenses.	\$ <u>(500)</u>	\$ <u>(500)</u>
b. To include filing fee amortized over 4 years.	<u>250</u>	<u>250</u>
	\$ <u>(250)</u>	\$ <u>(250)</u>
8. (675) & (775) Miscellaneous Expenses		
a. To reclassify and amortize DEP permit fee (\$500/4years) from regulatory commission expense.	\$ <u>125</u>	\$ <u>125</u>
b. To remove non-utility expenses.	<u>(12)</u>	<u>(11)</u>
	\$ <u>113</u>	\$ <u>114</u>
TOTAL O & M ADJUSTMENTS	\$ <u>6,372</u>	\$ <u>(6,377)</u>
C. DEPRECIATION EXPENSE		
1. To adjust utility balance to match depreciation rates set forth in Rule 25-30.140.	\$ <u>(1,207)</u>	\$ <u>(1,039)</u>
2. To make a pro forma adjustment for retirement of reuse plant.		<u>(5,839)</u>
3. To include 1 year depreciation on pro forma interconnect.		<u>2,935</u>
	\$ <u>(1,207)</u>	\$ <u>(3,943)</u>
D. AMORTIZATION EXPENSE		
1. To adjust utility balance to commission calculated balance.	\$ <u>68</u>	\$ <u>(267)</u>
E. TAXES OTHER THAN INCOME		
1. To bring RAF's match test year revenue.	<u>270</u>	<u>750</u>
2. To include ad valorem taxes.	<u>263</u>	<u>263</u>
	\$ <u>533</u>	\$ <u>1,013</u>
F. OPERATING REVENUES		
1. To reflect commission approved increase in revenue.	\$ <u>13,133</u>	\$ <u>24,666</u>
G. TAXES OTHER THAN INCOME		
1. To reflect additional regulatory assessment fee associated with recommended revenue requirement.	\$ <u>591</u>	\$ <u>1,110</u>

PARADISE LAKES UTILITIES, LTD.
 TEST YEAR ENDING DECEMBER 31, 1994
 ANALYSIS OF WATER OPERATION AND
 MAINTENANCE EXPENSE

SCHEDULE NO. 3C
 DOCKET NO. 950169-WS

	<u>TOTAL</u> <u>PER UTIL.</u>	<u>COMM.</u> <u>ADJUST.</u>	<u>TOTAL</u> <u>PER COMM.</u>
(601) SALARIES AND WAGES – EMPLOYEES	\$ 0	\$ 0	\$ 0
(603) SALARIES AND WAGES – OFFICERS	0	0	0
(604) EMPLOYEE PENSIONS AND BENEFITS	0	0	0
(610) PURCHASED WATER	0	0	0
(615) PURCHASED POWER	2,774	(15)[2]	2,759
(616) FUEL FOR POWER PRODUCTION	0	0	0
(618) CHEMICALS	751	103 [3]	854
(620) MATERIALS AND SUPPLIES	2,369	132 [4]	2,501
(630) CONTRACTUAL SERVICES	26,003	4,707 [5]	30,710
(640) RENTS	0	0	0
(650) TRANSPORTATION EXPENSE	0	0	0
(655) INSURANCE EXPENSE	818	1,582 [6]	2,400
(665) REGULATORY COMMISSION EXPENSE	500	(250)[7]	250
(670) BAD DEBT EXPENSE	0	0	0
(675) MISCELLANEOUS EXPENSES	777	113 [8]	890
	<u>\$ 33,992</u>	<u>\$ 6,372</u>	<u>\$ 40,364</u>

PARADISE LAKES UTILITIES, LTD.
 TEST YEAR ENDING DECEMBER 31, 1994
 ANALYSIS OF WASTEWATER OPERATION AND
 MAINTENANCE EXPENSE

SCHEDULE NO. 3D
 DOCKET NO. 950169-WS

	<u>TOTAL</u> <u>PER UTIL.</u>	<u>COMM.</u> <u>ADJUST.</u>	<u>TOTAL</u> <u>PER COMM.</u>
(701) SALARIES AND WAGES – EMPLOYEES	\$ 0	\$ 0	\$ 0
(703) SALARIES AND WAGES – OFFICERS	0	0	0
(704) EMPLOYEE PENSIONS AND BENEFITS	0	0	0
(710) PURCHASED SEWAGE TREATMENT	0	0	0
(711) SLUDGE REMOVAL EXPENSE	3,440	865 [1]	4,305
(715) PURCHASED POWER	6,245	122 [2]	6,367
(716) FUEL FOR POWER PRODUCTION	0	0	0
(718) CHEMICALS	13,839	312 [3]	14,151
(720) MATERIALS AND SUPPLIES	7,889	(2,051)[4]	5,838
(730) CONTRACTUAL SERVICES	45,660	(7,071)[5]	38,589
(740) RENTS	0	0	0
(750) TRANSPORTATION EXPENSE	0	0	0
(755) INSURANCE EXPENSE	818	1,582 [6]	2,400
(765) REGULATORY COMMISSION EXPENSES	500	(250)[7]	250
(770) BAD DEBT EXPENSE	0	0	0
(775) MISCELLANEOUS EXPENSES	545	114 [8]	659
	<u>\$ 78,936</u>	<u>\$ (6,377)</u>	<u>\$ 72,559</u>

COMMISSION APPROVED RATE REDUCTION SCHEDULE

PARADISE LAKES UTILITIES, LTD.
 TEST YEAR ENDING DECEMBER 31, 1994

SCHEDULE NO. 4
 DOCKET NO. 950169-WS

CALCULATION OF RATE REDUCTION AMOUNT
AFTER RECOVERY OF RATE CASE EXPENSE AMORTIZATION PERIOD OF FOUR YEARS

MONTHLY WATER RATES

<u>RESIDENTIAL AND GENERAL SERVICE</u>	<u>COMMISSION APPROVED RATES</u>	<u>COMMISSION APPROVED REDUCTION</u>
BASE FACILITY CHARGE:		
Meter Size:		
5/8"X3/4"	\$ 5.68	\$ 0.02
3/4"	8.51	0.04
1"	14.19	0.06
1-1/2"	28.38	0.12
2"	45.41	0.20
3"	90.82	0.39
4"	141.91	0.61
6"	283.81	1.23
RESIDENTIAL GALLONAGE CHARGE PER 1,000 GALLONS	\$ 1.67	\$ 0.01
RESIDENTIAL FLAT RATE	\$ 10.79	\$ 0.05
GENERAL SERVICE FLAT RATE	\$ 340.24	\$ 1.47

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COMMISSION APPROVED RATE REDUCTION SCHEDULE

PARADISE LAKES UTILITIES, LTD.
 TEST YEAR ENDING DECEMBER 31, 1994

SCHEDULE NO. 4A
 DOCKET NO. 950169-WS

CALCULATION OF RATE REDUCTION AMOUNT
AFTER RECOVERY OF RATE CASE EXPENSE AMORTIZATION PERIOD OF FOUR YEARS

MONTHLY WASTEWATER RATES

<u>RESIDENTIAL AND GENERAL SERVICE</u>	<u>COMMISSION APPROVED RATES</u>	<u>COMMISSION APPROVED REDUCTION</u>
BASE FACILITY CHARGE:		
Meter Size:		
5/8"X3/4"	\$ 8.35	\$ 0.02
3/4"	12.53	0.03
1"	20.88	0.04
1-1/2"	41.77	0.09
2"	66.83	0.14
3"	133.65	0.27
4"	208.83	0.43
6"	417.67	0.85
RESIDENTIAL GALLONAGE CHARGE PER 1,000 GALLONS (3,000 GALLON MAX. PER MONTH)	\$ 4.62	\$ 0.01
GENERAL SERVICE GALLONAGE CHARGE PER 1,000 GALLONS	\$ 4.62	\$ 0.01
RESIDENTIAL FLAT RATE	\$ 22.48	\$ 0.05
GENERAL SERVICE FLAT RATE	\$ 708.36	\$ 1.45