

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for) DOCKET NO. 940653-WS
certificates to provide water) ORDER NO. PSC-96-0062-POF-WS
and wastewater services in Lake) ISSUED: January 12, 1996
County by Shangri-La by the Lake)
Utilities, Inc.)
_____)

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 CERTIFICATES NOS. 567-W AND 494-S, REQUIRING
UTILITY TO MAINTAIN BOOKS AND RECORDS, REQUIRING PAYMENT OF
REGULATORY ASSESSMENT FEES, AND FILING OF ANNUAL REPORT
AND
NOTICE OF PROPOSED AGENCY ACTION ORDER
ESTABLISHING RATE BASE, RETURN ON EQUITY,
RATE OF RETURN, AND RATES AND CHARGES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein regarding our establishing rate base, return on equity, rate of return, and rates and charges 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

Shangri-La by the Lake Utilities, Inc. (Shangri-La or utility) is an existing utility in Lake County, which currently provides water and wastewater service to 135 mobile homes and water service to five single family homes. At full capacity, the utility anticipates providing water and wastewater service to a total of 263 mobile homes and water service to eleven single family homes. The utility's requested service territory includes the additional territory which is not yet being served.

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FPSC-REC'D/PS:REPORTING

The operating revenue of the utility at full capacity with our approved rates, granted herein, will be approximately \$68,700 for water and \$78,400 for wastewater at these rates, making this a Class C utility. The current operating revenue based upon our approved rates will be \$37,587 for water and \$45,515 for wastewater. The current net operating income of the utility is based on the approved rates will be \$6,725 for water and \$9,124 for wastewater.

On June 17, 1994, Shangri-La filed an application for certificates to provide water and wastewater service in Lake County. The utility's application was found to be deficient. The utility corrected the deficiencies on February 15, 1995.

This utility was established on April 21, 1983. The utility's facilities consist of one water treatment plant, one water transmission and distribution system, one wastewater treatment plant, and one wastewater collection system. According to the application, the entire project was initially developed as a rental mobile home park which included water and wastewater service in the monthly lot rental fees. It was the understanding of the prior owner that a Public Service Commission (PSC) certificate was not required since the fees for water and wastewater service were included in the monthly lot rental fees. On February 28, 1992, the owner converted a portion of the project into a sales plat by recording the plat of Shangri-La Estates. The sales plat contained a total of 8 lots with water meters. The owner again investigated the need for a PSC certificate and understood that he still did not need a PSC certificate.

On October 7, 1992, Mr. William E. Werner entered into an agreement with Shangri-La by the Lake, Inc. to purchase Shangri-La by the Lake Mobile Home Park for the sum of \$1,750,000. The purchase included the mobile home park's water and wastewater facilities. After being informed by our staff that the utility was subject to PSC jurisdiction and was operating in violation of Section 367.031, Florida Statutes, the utility promptly filed this application for water and wastewater certificates.

NO SHOW CAUSE REQUIRED

As previously noted, Shangri-La was established on April 21, 1983. In 1994, we first discovered that this utility was serving metered customers. Our staff immediately informed the utility that it needed water and wastewater certificates. On June 17, 1994, the utility filed an application for certificates to provide water and wastewater service.

Section 367.031, Florida Statutes, states that "each utility subject to the jurisdiction of the Commission must obtain from the

Commission a certificate of authorization to provide water or wastewater service or an order recognizing that the system is exempt from regulation as provided by s. 367.022." Section 367.161(1), Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated, any provision of Chapter 367, Florida Statutes.

Utilities are charged with the knowledge of the Commission's rules and statutes. Additionally, "[i]t is a common maxim, familiar to all minds that 'ignorance of the law' will not excuse any person, either civilly or criminally." Barlow v. United States, 32 U.S. 404, 411 (1833). Thus, any intentional act, such as the utility's failure to obtain antecedent Commission approval to transfer the majority organizational control of its corporate grandparent, would meet the standard for a "willful violation." In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL titled In Re: Investigation Into The Proper Application of Rule 25-14.003, F.A.C., Relating To Tax Savings Refund for 1988 and 1989 For GTE Florida, Inc., the Commission, having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule." Id. at 6.

Operating a utility without obtaining certificates of authorization to provide water and/or wastewater service is an apparent violation of Section 367.031, Florida Statutes. However, the utility understood, that from 1983 until mid-1994, it did not need water and wastewater certificates. It was only after Mr. Werner purchased Shangri-La, that it was informed that it was in violation of Section 367.031, Florida Statutes, and needed certificates of authorization. Immediately after being informed, the utility filed an application for water and wastewater certificates. Since the utility cooperated in promptly filing its application, we do not find that this utility's apparent violation of Section 367.031, Florida Statutes, rises to the level of warranting that a show cause order be issued. Therefore, Shangri-La shall not be ordered to show cause.

APPLICATION

Except as previously discussed, the application is in compliance with the governing statute, Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for original certificates for an existing utility currently charging for service. The application contains a check in the amount of \$1,500, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code.

The applicant provided evidence that the utility has a 99-year lease for use of the land upon which the utility's facilities are located as required by Rule 25-30.034(1)(e), Florida Administrative Code. The application contained a copy of a warranty deed which indicates that the land is owned by Werner and Werner, Inc. According to the utility's lease, Werner and Werner, Inc. agreed to lease the land to the utility for a term of 99 years for the sum of \$625 per month.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.034(1)(h), (i) and (j), Florida Administrative Code. A copy of the description of the territory is appended to this Order.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code, including notice to the customers in the proposed territory. We received no objections to the notice of application.

Regarding the applicant's financial ability, a representative of the utility stated that Mr. Werner owns Shangri-La by the Lake Mobile Home Park which is valued at approximately \$2,000,000. The mobile home park is the primary customer of the utility. Thus, we have the added assurance that Mr. Werner will provide the necessary financial assistance to the utility since the utility is necessary to protect his investment in the mobile home park. The water and wastewater service provided to the mobile home park is included in the monthly lot rental fees. Shangri-La's expenses are currently being paid out of the mobile home park's revenue. The utility has been operated in this manner since it was established in 1983. We reviewed Mr. Werner's personal financial statements and find that he has the financial ability to continue operating the utility.

Regarding the applicant's technical ability, the application states that the utility's contract operators and field employees have the technical ability to operate this utility pursuant to the rules and regulations of the Department of Environmental Protection (DEP). We contacted DEP and learned that the utility's water and wastewater facilities are in satisfactory condition and there are no outstanding violations.

Additionally, the utility's requested territory includes an area which is not currently being served. The owner is planning to develop a second mobile home park and approximately six single family homes on adjacent properties. Shangri-La will be providing the water and wastewater service to these additional customers. We believe there will be a need for service when the additional territory is developed and it is reasonable for this utility to serve that area.

Based on the foregoing, we find it is in the public interest to grant the application for original certificates. Accordingly, we hereby grant Shangri-La by the Lake Utilities, Inc. Water Certificate No. 567-W and Wastewater Certificate No. 494-S to serve the territory described in Attachment A.

BOOKS AND RECORDS

Rule 25-30.115, Florida Administrative Code, requires that water and wastewater utilities maintain their accounts and records in conformity with the 1984 NARUC Uniform System of Accounts adopted by the National Association of Regulatory Utility Commissioners. After we conducted an audit of the utility's books and records, it was determined that the utility does not maintain a system of books and records.

During our investigation, we found that either the prior utility owner did not maintain the books and records or did not submit them to the new owner following the sale of the mobile home park and utility facilities. However, a utility representative informed us that the current utility owner is planning to contract with a Florida based certified public accounting firm to establish and maintain the utility's books and records in accordance with the NARUC Uniform System of Accounts. Accordingly, the utility shall maintain its books and records in conformity with the 1984 NARUC Uniform System of Accounts.

RATE BASE

Our calculation of the appropriate rate base for the water and wastewater systems is depicted on Schedules Nos. 1 and 1-A. Our adjustments are itemized on Schedule 1-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.

As previously discussed, the utility does not maintain a system of books and records. Consequently, the utility does not have any historical cost records relating to the utility's rate base. During the course of this proceeding, the utility contracted with a professional engineering firm to conduct an original cost study on the water and wastewater systems.

Ordinarily, we do not establish rate base in original certificate proceedings. Rather, it is simply used as an aid in calculating initial rates. However, in this case, we reviewed the original cost study and we find that these costs are reasonable. Additionally, we were able to determine the additions which were made to utility plant in service by the current owner from the date he purchased the utility through June 30, 1994. In consideration

of the time which has already been expended in obtaining and verifying this information, we find it appropriate to establish rate base at this time. The following is a discussion of our adjustments to rate base.

Utility Plant in Service

Because the utility does not maintain any books or records, the beginning balance for utility plant in service is \$0. Based upon our calculations, we find that the appropriate balance for utility plant in service is \$94,174 for water and \$152,065 for wastewater. The water and wastewater accounts shall be increased by \$68,500 for water and \$145,000 for wastewater to reflect the utility plant in service as shown in the original cost study. Additionally, an adjustment of \$4,845 shall be made to reflect 1991 additions to water plant in service that were necessary to extend water service to five single family homes. Further, we determined that additions of \$3,204 and \$6,315 were made to water and wastewater plant respectively in 1993 and 1994. A proforma adjustment of \$16,875 shall be made to reflect the cost of meters and meter installations which will be added to the 135 unmetered mobile home lots currently served by the utility. Finally, adjustments of \$750 shall be made to both water and wastewater to reflect the utility's organization costs.

Non-Used and Useful Plant

We determined that the utility's water and wastewater systems are nearly at full capacity. As previously discussed, the utility is planning to provide service to a second mobile home park and additional single family homes. However, it will be necessary for the utility to expand its facilities in order to serve these additional customers. Therefore, we find that no adjustments are necessary for non-used and useful plant.

Contributions-in-Aid-of-Construction

Rule 25-30.570(1), Florida Administrative Code, states:

If the amount of contributions-in-aid-of-construction (CIAC) has not been recorded on the utility's books and the utility does not submit competent substantial evidence as to the amount of CIAC, the amount of CIAC shall be imputed to be the amount of plant costs available, or the proportion of the cost of the facilities and plant attributable to the water transmission and distribution system and the sewage collection system.

The utility does not have any records which indicate whether or not the utility has collected any CIAC or written off the lines to cost of goods sold. The mobile home park is strictly a rental community and the owner still owns all of the lots within the park. Therefore, CIAC shall not be imputed for the mobile home park. However, the utility was not able to verify whether or not the lines installed to provide water service to the five single family homes were written off to cost of goods sold. In accordance with Rule 25-30.570(1), Florida Administrative Code, CIAC shall be imputed in the amount of the water transmission and distribution system which serves the single family homes. Additionally, we determined that the metered customers were required to pay a meter installation fee. Therefore, CIAC shall also be imputed to reflect the meter installation fees for the five single family homes. Since the utility does not maintain any books or records, the beginning balance for CIAC is \$0. Therefore, CIAC for water shall be decreased by \$4,520.

Accumulated Depreciation

The utility's beginning balance for accumulated depreciation is \$0. We calculated the utility's accumulated depreciation in accordance with Rule 25-30.140, Florida Administrative Code. Based on our calculations, the accumulated depreciation accounts shall be decreased by \$30,546 for water and \$70,842 for wastewater.

Amortization of CIAC

The utility's beginning balance for amortization of CIAC is \$0. We calculated the utility's amortization of CIAC in accordance with Rule 25-30.140(8)(a), Florida Administrative Code. Therefore, the amortization of CIAC account for water shall be increased by \$363.

Working Capital Allowance

Pursuant to Rule 25-30.443, Florida Administrative Code, we shall use the one-eighth of operation and maintenance expense formula to calculate working capital allowance. Applying that formula, the working capital allowance is \$2,860 for water and \$3,143 for wastewater.

Rate Base Summary

Based on the adjustments set forth herein, the rate base for Shangri-La shall be established at \$62,185 for the water system and \$84,367 for the wastewater system as of June 30, 1994.

RATE OF RETURN

Our calculation of the appropriate return on equity and overall rate of return and our adjustments are contained on Schedule No. 2. 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.

On October 7, 1992, Mr. William E. Werner entered into an agreement with Shangri-La by the Lake, Inc. to purchase Shangri-La by the Lake Mobile Home Park for the sum of \$1,750,000. The purchase included the mobile home park's water and wastewater facilities. According to the agreement, \$1,450,000 of the purchase price was covered through long-term debt, with the remaining \$300,000 being paid in cash. The agreement does not indicate how much of the purchase price is related to the utility assets. Therefore, we estimated the utility's capital structure using the percentage split between debt and equity that was used for the total purchase price. The resulting ratios are 82.86% long-term debt and 17.14% common equity.

The long-term debt of \$1,450,000 is comprised of a \$1,150,000 loan from Barnett Bank at a cost of 10.75% and a \$300,000 purchase money mortgage at a cost of 10.00%. The Barnett Bank loan represents 79.31% of total debt and the purchase money mortgage represents 20.69% of total debt. Applying the percentage of each loan to total debt multiplied by the costs results in a 10.59% cost of debt.

The utility's return on equity, when based on the leverage graph formula in Order No. PSC-95-0982-FOF-WS, issued August 10, 1995, is 15.65%. However, that Order capped the return on common equity at 11.88% for all water and wastewater utilities having equity ratios of less than 40%. Since the utility's equity ratio is less than 40%, the appropriate return on equity is 11.88%.

The utility's capital structure has been reconciled with the approved rate base. The weighted costs of 8.78% for debt and 2.04% for equity result in the appropriate overall rate of return of 10.82%.

RATES AND CHARGES

As discussed earlier, in a proceeding to grant certificates to a utility which is already in existence, the utility is authorized to continue charging its existing rates. However, because Shangri-La does not have specific water and wastewater rates, we find it appropriate to calculate initial water and wastewater rates in this proceeding.

Shangri-La is currently providing water and wastewater service to 135 mobile homes and water service to five single family homes. At present, only the five single family homes are metered. The mobile home park tenants receive water and wastewater service as part of their monthly rent. The prior utility owner was charging the five single family homes a flat fee of \$10 per month for water and wastewater service. We informed the current utility owner that the utility may not assess specific charges for water and wastewater service until we approve the rates. Therefore, the five single family homes are currently receiving the water and wastewater service at no charge. Further, a utility representative stated that the current owner has never charged these customers for water and wastewater service.

We determined that the utility exceeded its water use permit during the test year. The utility is currently authorized to pump 14,300,000 gallons per year. However, the utility's records indicated that the utility consumed 17,674,000 during an eleven-month span during the test year period. We believe the excessive consumption is primarily due to the lack of specific charges for water and wastewater service. We believe that the excessive consumption will be discouraged through the installation of water meters in the mobile home park and implementation of the base facility charge rate structure.

The utility representative further informed us that the current owner plans to install meters in the mobile home park in the future. However, the utility is required to follow a procedure under the Mobile Home Landlord Tenant Act prior to being authorized to install the meters in the mobile home park. This procedure will include negotiations with the Homeowners' Association. The utility anticipates that it may be a year before they can install the meters if the negotiations are successful.

In its application, Shangri-La requested approval of residential rates using the base facility charge rate structure for

the metered customers and a flat rate for the unmetered customers. The utility informed us that its requested rates were based upon a survey of the rates charged by other utilities near Shangri-La's service territory.

We believe rates should be calculated using the base facility charge rate structure. The preferable situation would be to meter the mobile home park at this time and begin charging all of the customers under the base facility charge rate structure. However, since it appears that this will not be possible in the immediate future, the utility requested that we approve rates for the metered customers at this time and allow the utility additional time to pursue approval of the remaining meter installations through the Mobile Home Landlord Tenant Act procedure.

The utility shall be allowed to charge the single family homes at this time. According to the utility's records, a significant portion of the excessive consumption is attributable to the single family homes. Therefore, we find it appropriate to set rates for those customers at this time. However, we also find that the utility shall only assess the new rates to customers who are currently metered. The utility shall continue to charge the mobile home park tenants in the current manner until such time as the utility is able to install water meters in the mobile home park.

We determined that the utility exceeded its authorized water use permit withdrawal limits. A portion of the water consumed was used by the mobile home park for the community swimming pool and irrigation of the common grounds. Taking into consideration that all of the water was not used by the residents, we estimated that the average residential consumption is approximately 10,000 gallons per month in the mobile home park and 24,000 gallons per month for the single family homes.

The service area is primarily a retirement community in which approximately half of the customers are seasonal residents. The average residential consumption appears to be high for this type of customer base. However, as discussed herein, we believe that the excessive consumption is primarily due to the utility's lack of usage specific charges for water and wastewater service. It is expected that the average consumption level will be less than the current figure after the meters are installed and the base facility charge rate structure is implemented. Therefore, we estimated that an average water consumption of 7,500 gallons per customer per month and a residential wastewater gallonage cap of 6,000 gallons per month is appropriate for the purpose of calculating rates.

Although the utility does not maintain a system of books and records, we were able to determine a portion of the utility's operation and maintenance expenses for the 12 months ended June 30,

1994. The mobile home park and utility both operate out of the same office. Therefore, we allocated the related expenses equally between the mobile home park and utility. The utility's expenses were then split equally between water and wastewater. Also, we estimated additional expenses based upon our records of typical expenses incurred by Class C utilities regulated by the Commission.

All of the following expenses are annual expenses with the exception of a portion of the expense for accounting contractual services. As discussed earlier, the utility plans to hire a Florida based certified accounting firm to set-up and maintain its books and records. We were informed that the accounting firm will charge a one time fee of \$1,000 to set-up the books and records according to the NARUC Uniform System of Accounts. We believe this charge is reasonable in comparison to fees charged by other accounting firms and we find it appropriate to allow it. This expense shall be divided equally between water and wastewater, and amortized over a period of five years.

Depreciation expense for the water and wastewater systems are calculated to reflect the adjustments made to utility plant in service. Operating revenues and the corresponding regulatory assessment fees were adjusted to a level which allows the utility the opportunity to earn a 10.82% overall rate of return. The Schedule of Operations appears on Schedules Nos. 3 and 3-A with our adjustments appearing on Schedule No. 3-B.

The utility's capital structure is adjusted to reconcile with utility rate base. The appropriate return on common equity is 11.88% pursuant to the leverage formula as established in Order No. PSC-95-0982-FOF-WS. The utility's rates were calculated using the base facility charge rate structure and based on a revenue requirement of \$37,587 and \$45,515, for the water and wastewater systems, respectively. We calculated the rates based on the assumption that all of the customers will eventually be metered and charged under this rate structure. Although the utility did not request rates for general service customers, in keeping with current policy, we calculated rates for both the residential and general service classifications.

Additionally, the utility requested approval of customer deposits and miscellaneous service charges. We recalculated the customer deposits in accordance with Rule 25-30.311, Florida Administrative Code, using the rates approved in this Order. We are not requiring a separate deposit for the 1 inch meter because it does not appear that the utility will have any 1 inch meter customers. The utility's requested miscellaneous service charges conform to Staff Advisory Bulletin No. 13, 2nd revised. The utility's proposed rates and charges, and our approved rates and charges are shown on Schedule No. 4.

The applicant filed a sample tariff as part of its application for a certificate. However, because we are establishing rates which differ than those proposed by the utility, it will be necessary for the utility to refile tariff sheets reflecting the approved rates and charges. Therefore, the utility shall file revised tariff sheets reflecting the approved rates and charges within thirty days of the issuance date of the Order.

In summary, the rates and charges set forth are appropriate for all metered customers of the utility. Also, the utility shall file revised tariff sheets reflecting the approved rates and charges within thirty days of the issuance date of the Order. In accordance with Rule 25-30.475, Florida Administrative Code, the rates and charges shall be effective for services rendered on or after the stamped approval date of the tariff sheets, provided the customers have received notice. The tariff sheets will be approved upon the verification that the tariff sheets are consistent with our decision and the proposed customer notice is adequate. The utility shall provide proof that the customers have received notice within ten days after the date of the notice.

SERVICE AVAILABILITY CHARGE

Shangri-La requested the following service availability charges in its application.

| | <u>Water</u> | <u>Wastewater</u> |
|----------------------------------|--------------|-------------------|
| <u>Connection Fees:</u> | | |
| 5/8" x 3/4" meter | \$125 | \$300 |
| 1" meter | 190 | 450 |
| <u>Cross Connection Charges:</u> | | |
| 5/8" x 3/4" dual check valve | \$55 | N/A |
| 1" dual check valve | 75 | N/A |

The utility does not have any records which indicate whether or not the utility has collected any CIAC or written off the lines to cost of goods sold. In accordance with Rule 25-30.570(1), Florida Administrative Code, CIAC shall be imputed in the amount of the water transmission and distribution system and water meters which serve the single family homes. This results in a contribution level of 7.37% for water and 0% for wastewater. These levels are below the guidelines set forth in Rule 25-30.580, Florida Administrative Code. Rule 25-30.580(1)(b), Florida Administrative Code, states that the minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution and

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wastewater collection systems. Following this guideline, the utility's minimum contribution level is 45.24% for water and 36.07% for wastewater.

However, Rule 25-30.580(2), Florida Administrative Code, states in any case where compliance with the guidelines of subsection (1) introduces unusual hardship or unreasonable difficulty, and the Commission, utility, or interested party shows that it is not in the best interests of the customers of the utility to require compliance, the Commission may exempt the utility from the guidelines. As previously discussed, we determined that the utility's facilities are almost 100% used and useful. However, it may be possible for the utility to add a few more customers before reaching full capacity. We believe that the implementation of service availability charges will not significantly impact the utility but could have adverse effects on some customers. In essence, the establishment of service availability charges at this time would result in the last few customers paying almost 100% of the customer contributions needed to bring the utility within the guidelines. Therefore, we find that the application of Rule 25-30.580(2), Florida Administrative Code, is appropriate in this proceeding. Shangri-La shall be exempt from compliance with Rule 25.30.580(1)(b), Florida Administrative Code, at this time. In the past, we exempted several utilities from compliance with the Rule. See Orders Nos. 24485, issued May 7, 1991, PSC-93-0508-FOF-SU, issued April 5, 1993, and PSC-93-0508-FOF-WS, issued November 18, 1993.

The utility anticipates providing service to a second mobile home park in the future. It will be necessary for the utility to expand its facilities prior to providing service to the second mobile home park. We find it appropriate to reevaluate the utility's need for service availability charges when it begins the necessary plant expansion.

As discussed, the utility plans to install water meters in the existing mobile home park. The existing customers shall not be required to pay a meter installation fee. Earlier in this Order, we granted a pro forma adjustment to utility plant in service to reflect the utility's investment in the new water meters. However, this adjustment only represents the installation of meters for the 135 existing customers within the mobile home park. Again, it may be possible for the utility to add a few more customers prior to expanding its facilities. We find it appropriate to allow the utility to charge a meter installation fee to new customers which connect to the system after the utility installs the meters for existing customers. We hereby find that the appropriate meter installation fee is \$125. The meter installation fee shall be effective for meter installations for new customers made on or after the stamped approval date on the tariff sheets. The utility

shall file revised tariff sheets reflecting the approved meter installation fee within thirty days of the issuance date of the Order. The tariff sheets will be approved upon verification that the revised tariff sheets are consistent with the our decision.

REGULATORY ASSESSMENT FEES AND ANNUAL REPORT

Pursuant to Rules 25-30.110(3) and 25-30.120(2), Florida Administrative Code, annual reports and regulatory assessment fees are due from regulated utilities regardless of whether a certificate has been granted. Shangri-La has been subject to this Commission's jurisdiction since it was established on April 21, 1983, although we did not learn of its existence until approximately the early part of 1994. The utility was advised of the Commission's jurisdiction and its responsibility to obtain a certificate at that time.

However, because the utility has not been charging specific rates for water and wastewater service, there are no utility revenues on which to assess the regulatory assessment fees. Rule 25-30.120(1), states in part that "Regardless of the gross operating revenue of a utility, a minimum annual regulatory assessment fee of \$25 shall be imposed." Therefore, the utility shall be required to remit regulatory assessment fees for 1994. Further, the utility shall file an annual report for 1994. The utility shall be given 45 days from the issuance of this Order to file these items.

Upon expiration of the protest period, if there are no timely protests to the proposed agency action issues, no further action will be required and the docket shall be closed.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Shangri-La by the Lake Utilities, Inc. is hereby granted Certificates Nos. 567-W and 494-S to serve the territory described in Attachment A. It is further

ORDERED that Shangri-La by the Lake Utilities, Inc. is authorized to charge the new rates as set forth in the body of this Order. It is further

ORDERED that all matters contained in the schedules attached hereto are by reference incorporated herein. It is further

ORDERED that Shangri-La by the Lake Utilities, Inc.'s rates and charges shall be effective for service rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-

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30.475(1), Florida Administrative Code, provided that the customers have received notice. It is further

ORDERED that Shangri-La by the Lake Utilities, Inc. shall provide proof that the customers have received notice within 10 days of the date of the notice. It is further

ORDERED that, prior to its implementation of the rates and charges approved herein, Shangri-La by the Lake Utilities, Inc. shall submit and have approved a proposed customer notice to its customers of the rates and charges and reasons therefor. The notice will be approved upon our staff's verification that it is consistent with our decision herein. It is further

ORDERED that, prior to the implementation of rates and charges approved herein, Shangri-La by the Lake Utilities, Inc. shall submit and have approved revised tariff sheets within thirty days of the issuance of this Order. The revised tariff sheets will be approved upon our staff's verification that the pages are consistent with our decision herein, that the protest period has expired, and that the customer notice is adequate. It is further

ORDERED that the service availability charge approved herein shall be effective for service rendered on or after the stamped approval date of the revised tariff sheets. It is further

ORDERED that Shangri-La by the Lake Utilities, Inc. shall maintain its books and records in conformity with the 1984 NARUC Uniform Systems of Accounts and Rule 25-30.115, Florida Administrative Code. It is further

ORDERED that Shangri-La by the Lake Utilities, Inc. shall remit regulatory assessment fees for 1994, and file its 1994 annual report within 45 days from the issuance of this Order. It is further

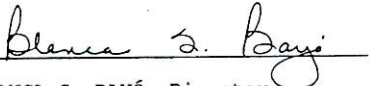
ORDERED that Shangri-La by the Lake Utilities Inc. shall not show cause why it should be fined for failing to obtain certificates of authorization to provide water and wastewater service. It is further

ORDERED that the provision of this Order, regarding our establishment of rate base, return on equity, rate of return, and rates and charges are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director of the Division of Records and Reporting at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

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ORDERED that in the event this Order becomes final, this docket should be closed.

By ORDER of the Florida Public Service Commission, this 12th day of January, 1996.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

MSN

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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 establishing rate base, return on equity, rate of return, and rates and charges 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 February 2, 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.

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

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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.

ATTACHMENT A

Shangri-La by the Lake Utilities, Inc.

TERRITORY DESCRIPTION

The following described lands located in Section 6, Township 19 South, Range 26 East, Lake County, Florida:

Begin for a Point of Beginning at the Southwest corner of Section 6, Township 19 South, Range 26 East, Lake County, Florida, also described as the Southwest corner of Government Lot 9 of said Section 6, run thence N. 0° 28' 58" E. a distance of 1285.90 feet to the Northwest corner of said Government Lot 9, run thence North 89° 59' 40" E. a distance of 2711.55 feet, more or less to the waters of Lake Eustis to a point hereby designated as Point "A"; begin again at the point of beginning and run East along the South line of said section 6 a distance of 1363.00 feet, run thence North 100.00 feet, run thence East 450.00 feet, more or less, to the waters of Lake Eustis, run thence in a Northeasterly direction along the waters of Lake Eustis to the aforesaid point "A" and point of termination.

Also, the South 685 feet of the East 380 feet of the Southeast 1/4 of the Southeast 1/4 of Section 1, Township 19 South, Range 25 East. Less the East 50 feet and less the South 25 feet thereof.

SHANGRI-LA BY THE LAKE UTILITIES, INC.
 AS OF JUNE 30, 1994

SCHEDULE NO. 1
 DOCKET NO. 940653-WS

SCHEDULE OF WATER RATE BASE

| | <u>BALANCE PER UTILITY</u> | <u>COMM. ADJUST. TO UTIL. BAL.</u> | <u>BALANCE PER COMM.</u> |
|--|--------------------------------|--|--|
| UTILITY PLANT IN SERVICE | \$0 | \$94,174 A | \$94,174 |
| LAND/NON-DEPRECIABLE ASSETS | 0 | 0 B | 0 |
| PLANT HELD FOR FUTURE USE | 0 | 0 | 0 |
| NON-USED AND USEFUL PLANT | 0 | 0 C | 0 |
| CWIP | 0 | 0 | 0 |
| CIAC | 0 | (4,520) D | (4,520) |
| ACCUMULATED DEPRECIATION | 0 | (30,692) E | (30,692) |
| AMORTIZATION OF ACQUISITION ADJUSTMENT | 0 | 0 | 0 |
| AMORTIZATION OF CIAC | 0 | 363 F | 363 |
| WORKING CAPITAL ALLOWANCE | <u>0</u> | <u>2,860</u> G | <u>2,860</u> |
| WATER RATE BASE | \$0 | \$62,185 | \$62,185 |

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SHANGRI-LA BY THE LAKE UTILITIES, INC.
 AS OF JUNE 30, 1994

SCHEDULE NO. 1-A
 DOCKET NO. 940653-WS

SCHEDULE OF WASTEWATER RATE BASE

| | <u>BALANCE PER UTILITY</u> | <u>COMM. ADJUST. TO UTIL. BAL.</u> | <u>BALANCE PER COMM.</u> |
|--|--------------------------------|--|--|
| UTILITY PLANT IN SERVICE | \$0 | \$152,065 A | \$152,065 |
| LAND/NON-DEPRECIABLE ASSETS | 0 | 0 B | 0 |
| PLANT HELD FOR FUTURE USE | 0 | 0 | 0 |
| NON-USED AND USEFUL PLANT | 0 | 0 C | 0 |
| CWIP | 0 | 0 | 0 |
| CIAC | 0 | 0 D | 0 |
| ACCUMULATED DEPRECIATION | 0 | (70,842) E | (70,842) |
| AMORTIZATION OF ACQUISITION ADJUSTMENT | 0 | 0 | 0 |
| AMORTIZATION OF CIAC | 0 | 0 F | 0 |
| WORKING CAPITAL ALLOWANCE | <u>0</u> | <u>3,143 G</u> | <u>3,143</u> |
| WASTEWATER RATE BASE | \$0 | \$84,367 | \$84,367 |

SHANGRI-LA BY THE LAKE UTILITIES, INC.
 AS OF JUNE 30, 1994

ADJUSTMENTS TO RATE BASE

| | <u>WATER</u> | <u>WASTEWATER</u> |
|--|--------------------|--------------------|
| A. UTILITY PLANT IN SERVICE | | |
| 1. To reflect original cost study | \$ 68,500 | \$ 145,000 |
| 2. To reflect 1991 plant additions necessary to provide water service to five single family homes | 4,845 | 0 |
| 3. To adjust for 1993 and 1994 plant additions per staff audit report | 3,204 | 6,315 |
| 4. Proforma adjustment to reflect meters and meter installations for 135 existing mobile home lots | 16,875 | 0 |
| 5. To reflect organization costs | 750 | 750 |
| | <u>\$ 94,174</u> | <u>\$ 152,065</u> |
| B. LAND | | |
| 1. | \$ 0 | \$ 0 |
| 2. | 0 | 0 |
| | <u>\$ 0</u> | <u>\$ 0</u> |
| C. NON-USED AND USEFUL PLANT | | |
| 1. | <u>\$ 0</u> | <u>\$ 0</u> |
| D. CIAC | | |
| 1. To impute CIAC for water service provided to five single family homes | \$ (4,520) | \$ 0 |
| 2. | 0 | 0 |
| 3. | 0 | 0 |
| 4. | 0 | 0 |
| | <u>\$ (4,520)</u> | <u>\$ 0</u> |
| E. ACCUMULATED DEPRECIATION | | |
| 1. To reflect accumulated depreciation on plant in service | \$ (30,692) | \$ (70,842) |
| 2. | 0 | 0 |
| 3. | 0 | 0 |
| 4. | 0 | 0 |
| 5. | 0 | 0 |
| 6. | 0 | 0 |
| 7. | 0 | 0 |
| | <u>\$ (30,692)</u> | <u>\$ (70,842)</u> |
| F. AMORTIZATION OF CIAC | | |
| 1. To reflect accumulated amortization of CIAC | \$ 363 | \$ 0 |
| 2. | 0 | 0 |
| | <u>\$ 363</u> | <u>\$ 0</u> |
| G. WORKING CAPITAL ALLOWANCE | | |
| 1. To reflect 1/8 of test year O & M expenses | <u>\$ 2,860</u> | <u>\$ 3,143</u> |

SHANGRI-LA BY THE LAKE UTILITIES, INC.
 AS OF JUNE 30, 1994

SCHEDULE NO. 2
 DOCKET NO. 940653-WS

SCHEDULE OF CAPITAL STRUCTURE

| | BALANCE PER UTILITY | COMM. ADJUST. TO UTIL. BAL. | BALANCE PER COMM. | PERCENT OF TOTAL | COST | WEIGHTED COST |
|----------------|------------------------|--------------------------------|----------------------|---------------------|--------|------------------|
| LONG-TERM DEBT | \$ 0 | 121,429 | 121,429 | 82.86% | 10.59% | 8.78% |
| EQUITY | 0 | 25,123 | 25,123 | 17.14% | 11.88% | 2.04% |
| TOTAL | \$ 0 | \$ 146,552 | \$ 146,552 | 100.00% | | 10.82% |
| RATE BASE | | | 146,552 | | | |

| <u>RANGE OF REASONABLENESS</u> | <u>LOW</u> | <u>HIGH</u> |
|--------------------------------|------------|-------------|
| RETURN ON EQUITY | 10.88% | 12.88% |
| OVERALL RATE OF RETURN | 10.64% | 10.99% |

SHANGRI-LA BY THE LAKE UTILITIES, INC.
 AS OF JUNE 30, 1994

SCHEDULE NO. 3
 DOCKET NO. 940653-WS

SCHEDULE OF WATER OPERATING INCOME

| | TEST YEAR PER UTILITY | COMM. ADJ. TO UTILITY | COMM. ADJUSTED TEST YEAR | ADJUST. FOR INCREASE | TOTAL PER COMM. |
|---------------------------|--------------------------|--------------------------|--------------------------------|----------------------------|--------------------|
| OPERATING REVENUES | \$ 0 | \$ 0 | \$ 0 | \$ 37,587 E | \$ 37,587 |
| OPERATING EXPENSES | | | | | |
| OPERATION AND MAINTENANCE | 0 | 22,880 A | 22,880 | 0 | 22,880 |
| DEPRECIATION | 0 | 3,724 B | 3,724 | 0 | 3,724 |
| AMORTIZATION | 0 | 121 C | 121 | 0 | 121 |
| TAXES OTHER THAN INCOME | 0 | 2,445 D | 2,445 | 1,691 F | 4,136 |
| INCOME TAXES | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING EXPENSES | \$ 0 | \$ 29,170 | \$ 29,170 | \$ 1,691 | \$ 30,861 |
| OPERATING INCOME / (LOSS) | \$ 0 | | \$ (29,170) | | \$ 6,725 |
| WATER RATE BASE | \$ 0 | | \$ 62,185 | | \$ 62,185 |
| RATE OF RETURN | N/A | | -46.91% | | 10.82% |

SHANGRI-LA BY THE LAKE UTILITIES, INC.
 AS OF JUNE 30, 1994

SCHEDULE NO. 3-A
 DOCKET NO. 940653-WS

SCHEDULE OF WASTEWATER OPERATING INCOME

| | TEST YEAR PER UTILITY | COMM. ADJ. TO UTILITY | COMM. ADJUSTED TEST YEAR | ADJUST. FOR INCREASE | TOTAL PER COMM. |
|---------------------------|--------------------------|--------------------------|--------------------------------|----------------------------|--------------------|
| OPERATING REVENUES | \$ 0 | \$ 0 | \$ 0 | \$ 45,515 E | \$ 45,515 |
| OPERATING EXPENSES | | | | | |
| OPERATION AND MAINTENANCE | 0 | 25,147 A | 25,147 | 0 | 25,147 |
| DEPRECIATION | 0 | 6,447 B | 6,447 | 0 | 6,447 |
| AMORTIZATION | 0 | 0 C | 0 | 0 | 0 |
| TAXES OTHER THAN INCOME | 0 | 2,748 D | 2,748 | 2,048 F | 4,796 |
| INCOME TAXES | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING EXPENSES | \$ 0 | \$ 34,342 | \$ 34,342 | \$ 2,048 | \$ 36,391 |
| OPERATING INCOME / (LOSS) | \$ 0 | | \$ (34,342) | | \$ 9,124 |
| WASTEWATER RATE BASE | \$ 0 | | \$ 84,367 | | \$ 84,367 |
| RATE OF RETURN | N/A | | -40.71% | | -10.82% |

SHANGRI-LA BY THE LAKE UTILITIES, INC.
 AS OF JUNE 30, 1994

SCHEDULE NO. 3-B (Sheet 1 of 2)
 DOCKET NO. 940653-WS

ADJUSTMENTS TO OPERATING INCOME

| <u>REVENUE</u> | <u>WATER</u> | <u>WASTEWATER</u> |
|---|-----------------|-------------------|
| a. | 0 | 0 |
| b. | 0 | 0 |
| | <u>\$ 0</u> | <u>\$ 0</u> |
| A. OPERATION AND MAINTENANCE EXPENSES | | |
| 1. Salaries and Wages (Employees) | | |
| a. To adjust per audit calculation | <u>\$ 2,497</u> | <u>\$ 2,497</u> |
| 2. Salaries and Wages (Officers) | | |
| a. To reflect officer's salary | <u>\$ 2,165</u> | <u>\$ 2,165</u> |
| 3. Sludge Removal Expense | | |
| a. To adjust per audit calculation | 0 | 1,350 |
| b. | 0 | 0 |
| | <u>\$ 0</u> | <u>\$ 1,350</u> |
| 4. Purchased Power | | |
| a. To adjust per audit calculation | 3,002 | 4,129 |
| | 0 | 0 |
| | <u>\$ 3,002</u> | <u>\$ 4,129</u> |
| 5. Chemicals | | |
| a. To adjust per audit calculation | 0 | 410 |
| b. To reflect appropriate chemical expense for water plant | 495 | 0 |
| | <u>\$ 495</u> | <u>\$ 410</u> |
| 6. Materials and Supplies | | |
| a. To adjust per audit calculation | 495 | 997 |
| b. To reflect utility billing expense | 840 | 840 |
| | <u>\$ 495</u> | <u>\$ 997</u> |
| 7. Contractual Services | | |
| a. To adjust engineering contractual services per audit calculation | 3,150 | 3,763 |
| b. To adjust legal contractual services per audit calculation | 683 | 683 |
| c. To reflect engineering contractual services for required DEP testing | 2,500 | 1,000 |
| d. To reflect accounting contractual services | 2,100 | 2,100 |
| e. | 0 | 0 |
| f. | 0 | 0 |
| g. | 0 | 0 |
| h. | 0 | 0 |
| i. | 0 | 0 |
| j. | 0 | 0 |
| | 0 | 0 |
| | <u>\$ 8,433</u> | <u>\$ 7,546</u> |
| 8. Rents | | |
| a. To reflect lease for utility land | 3,750 | 3,750 |
| b. To reflect rent for office space | 600 | 600 |
| c. | 0 | 0 |
| | <u>\$ 4,350</u> | <u>\$ 4,350</u> |
| 9. Transportation Expenses | | |
| a. To reflect transportation expense for use of truck owned by parent company | 435 | 435 |
| b. | 0 | 0 |
| | <u>\$ 435</u> | <u>\$ 435</u> |
| 10. Insurance Expense | | |
| a. To reflect insurance expense on utility facilities | 289 | 638 |
| b. | 0 | 0 |
| c. | 0 | 0 |
| d. | 0 | 0 |
| e. | 0 | 0 |
| | <u>\$ 289</u> | <u>\$ 638</u> |

(Continued on Sheet 2)

SHANGRI-LA BY THE LAKE UTILITIES, INC.
 AS OF JUNE 30, 1994

SCHEDULE NO. 3-B (Sheet 2 of 2)
 DOCKET NO. 940653-WS

ADJUSTMENTS TO OPERATING INCOME

| | | |
|--|-----------|-----------|
| 11. Regulatory Commission Expense | | |
| a. | \$ 0 | \$ 0 |
| 12. Miscellaneous Expenses | | |
| a. To adjust per audit calculation | 89 | 0 |
| b. To allocate a portion of the office electric expense to the utility | 72 | 72 |
| c. To allocate a portion of the business phone service expense to the utility | 353 | 353 |
| d. To allocate a portion of the cellular phone service to the utility | 205 | 205 |
| e. | 0 | 0 |
| f. | 0 | 0 |
| g. | 0 | 0 |
| h. | 0 | 0 |
| i. | 0 | 0 |
| j. | 0 | 0 |
| k. | 0 | 0 |
| l. | 0 | 0 |
| m. | 0 | 0 |
| n. | 0 | 0 |
| | \$ 719 | \$ 630 |
| 13. Unclassified disbursements | | |
| a. | 0 | 0 |
| b. | 0 | 0 |
| c. | 0 | 0 |
| d. | 0 | 0 |
| | \$ 0 | \$ 0 |
| | | |
| TOTAL O & M ADJUSTMENTS | \$ 22,880 | \$ 25,147 |
| | | |
| B. DEPRECIATION EXPENSE | | |
| 1. To reflect annual depreciation expense | 3,724 | 6,447 |
| 2. | 0 | 0 |
| 3. | 0 | 0 |
| 4. | 0 | 0 |
| 5. | 0 | 0 |
| | \$ 3,724 | \$ 6,447 |
| C. AMORTIZATION EXPENSE | | |
| 1. To reflect annual amortization expense | \$ 121 | \$ 0 |
| D. TAXES OTHER THAN INCOME | | |
| 1. To adjust property taxes per audit calculation | 1,667 | 1,970 |
| 2. To adjust payroll taxes per audit calculation | 420 | 420 |
| 3. To reflect payroll taxes associated with officer's salary | 358 | 358 |
| 4. | 0 | 0 |
| 5. | 0 | 0 |
| 6. | 0 | 0 |
| 7. | 0 | 0 |
| | \$ 2,445 | \$ 2,748 |
| E. OPERATING REVENUES | | |
| 1. To reflect staff's recommended increase in revenue | \$ 37,587 | \$ 45,515 |
| F. TAXES OTHER THAN INCOME | | |
| 1. To reflect additional regulatory assessment fee associated with recommended revenue requirement | \$ 1,691 | \$ 2,048 |

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SCHEDULE NO. 4
Page 1 of 4

MONTHLY RATES AND CHARGES OF
SHANGRI-LA BY THE LAKE UTILITIES, INC.

Monthly Service Rates

WATER

| <u>Utility</u> | <u>Commission</u> |
|-----------------|-------------------|
| <u>Proposed</u> | <u>Approved</u> |
| <u>Rates</u> | <u>Rates</u> |

Residential Service
Base Facility Charge
Meter Size:

| | | |
|-------------|---------|----------|
| 5/8" x 3/4" | \$ 9.59 | \$ 12.86 |
| 3/4" | 9.59 | 19.29 |
| 1" | 9.59 | 32.15 |
| 1-1/2" | 9.59 | 64.30 |
| 2" | 9.59 | 102.88 |
| 3" | 9.59 | 205.75 |
| 4" | 9.59 | 321.49 |
| 6" | 9.59 | 642.98 |

Gallonage Charge
per 1,000 gallons: \$ 1.05 \$ 1.27

Residential Service (Un-metered)

Flat Rate \$ 19.74 \$ ---

Typical Residential Bills

5/8" x 3/4" meter:

| | | |
|-----------|----------|----------|
| 3 M | \$ 12.74 | \$ 16.67 |
| 5 M | \$ 14.84 | \$ 19.21 |
| 10 M | \$ 20.09 | \$ 25.56 |
| Flat Rate | \$ 19.74 | \$ --- |

Monthly Service Rates (Continued)

WATER (Continued)

| | <u>Utility Proposed Rates</u> | <u>Commission Approved Rates</u> |
|---------------------------------------|---------------------------------------|--|
| <u>General Service</u> | | |
| <u>Base Facility Charge</u> | | |
| <u>Meter Size:</u> | | |
| 5/8" x 3/4" | \$ --- | \$ 12.86 |
| 3/4" | --- | 19.29 |
| 1" | --- | 32.15 |
| 1-1/2" | --- | 64.30 |
| 2" | --- | 102.88 |
| 3" | --- | 205.75 |
| 4" | --- | 321.49 |
| 6" | --- | 642.98 |
| Gallonge Charge per 1,000 gallons: | \$ --- | \$ 1.27 |

WASTEWATER

| | <u>Utility Proposed Rates</u> | <u>Commission Approved Rates</u> |
|--|---------------------------------------|--|
| <u>Residential Service</u> | | |
| <u>Base Facility Charge</u> | | |
| <u>All Meter Sizes:</u> | \$ 19.18 | \$ 11.05 |
| Gallonge Charge per 1,000 gallons (no maximum): | \$ 1.85 | \$ --- |
| Gallonge Charge per 1,000 gallons up to 6,000 gallons: | \$ --- | \$ 2.84 |
| <u>Residential Service</u> Flat Rate | \$ 39.18 | --- |

Monthly Service Rates (Continued)

WASTEWATER (Continued)

Typical Residential Bills

5/8" x 3/4" meter:

| | | |
|-----------|----------|----------|
| 3 M | \$ 24.73 | \$ 19.57 |
| 5 M | \$ 28.43 | \$ 25.25 |
| 6 M | \$ 30.28 | \$ 28.09 |
| 10 M | \$ 37.68 | \$ 28.09 |
| Flat Rate | \$ 39.18 | \$ --- |

Utility
Proposed
Rates

Commission
Approved
Rates

General Service

Base Facility Charge

Meter Size:

| | | |
|-------------|--------|----------|
| 5/8" x 3/4" | \$ --- | \$ 11.05 |
| 3/4" | --- | 16.58 |
| 1" | --- | 27.63 |
| 1-1/2" | --- | 55.27 |
| 2" | --- | 88.43 |
| 3" | --- | 176.86 |
| 4" | --- | 276.34 |
| 6" | --- | 552.67 |

Gallage Charge

| | | |
|--------------------|--------|---------|
| per 1,000 gallons: | \$ --- | \$ 3.41 |
|--------------------|--------|---------|

CUSTOMER DEPOSITS AND MISCELLANEOUS SERVICE CHARGES

Customer Deposits

| | <u>Utility Proposed Charges</u> | <u>Commission Approved Charges</u> |
|--------------------|---|--|
| <u>Water:</u> | | |
| Residential | | |
| 5/8" x 3/4" meter | \$ 50.00 | \$ 45.00 |
| 1" meter | \$ 75.00 | \$ --- |
| <u>Wastewater:</u> | | |
| Residential | | |
| 5/8" x 3/4" meter | \$ 80.00 | \$ 55.00 |
| 1" meter | \$100.00 | \$ --- |

Miscellaneous Service Charges

| | <u>Utility Proposed Charges</u> | <u>Commission Approved Charges</u> |
|--|---|--|
| Initial Connection | \$ 15.00 | \$ 15.00 |
| Normal Reconnection | \$ 15.00 | \$ 15.00 |
| Violation Reconnection: | | |
| Water | \$ 15.00 | \$ 15.00 |
| Wastewater | Actual Cost | Actual Cost |
| Premises Visit (in lieu of disconnection) | \$ 10.00 | \$ 10.00 |