

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase
in water rates in Highlands
County by Placid Lakes
Utilities, Inc.

DOCKET NO. 000295-WU
ORDER NO. PSC-00-1891-PCO-WU
ISSUED: October 16, 2000

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
E. LEON JACOBS, JR.
LILA A. JABER
BRAULIO L. BAEZ

ORDER SUSPENDING PROPOSED FINAL RATES AND
APPROVING INTERIM RATES SUBJECT TO REFUND

BY THE COMMISSION:

BACKGROUND

Placid Lakes Utilities, Inc. (Placid Lakes or utility) is a Class B water-only utility which, according to its 1999 annual report, serves approximately 1,440 water customers in Highlands County, Florida. The utility's service area is located in a water use caution area in the Southwest Florida Water Management District. Placid Lakes is a wholly-owned subsidiary of Lake Placid Holding Company (LPHC), the primary developer of the Placid Lakes subdivision. In its 1999 annual report, the utility reported operating revenues of \$261,784 and a net operating loss of \$80,698.

Placid Lakes' last rate proceeding was a staff assisted rate case in Docket No. 950697-WU. By Order No. PSC-96-0679-FOF-WS, issued on May 23, 1996, this Commission established rate base and increased the utility's water rates. In that same docket, allowance for funds prudently invested (AFPI) charges were approved by Order No. PSC-97-0917-FOF-WU, issued August 4, 1997. On April 30, 1998, Placid Lakes received a 1998 price index rate adjustment of 2.10%. Further, on June 14, 2000, the utility decreased its water rates for the four year rate case expense as ordered in the utility's prior rate case.

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FPSC-RECORDS/REPORTING

On June 9, 2000, Placid Lakes filed an application for an increase in water rates. By letters dated June 28, 2000 and August 4, 2000, we notified the utility of several deficiencies in its filing. Those deficiencies were corrected and the official filing date was established as August 11, 2000, pursuant to Section 367.083, Florida Statutes.

The utility's requested test year for final and interim purposes is the historical year ended December 31, 1999. Also, the utility requested that this case be processed using the Proposed Agency Action (PAA) procedure pursuant to Section 367.081(8), Florida Statutes.

In its minimum filing requirements (MFRs), the utility has requested annual interim revenues of \$459,930 for water. This represents a revenue increase of \$211,238 (84.94%) for water. The interim revenues are based on the utility's request for an overall rate of return of 8.94%. The requested final rates are designed to generate annual water revenues of \$485,481. This represents a revenue increase of \$232,233 (91.70%) for water. The utility is not requesting any changes in its miscellaneous service or service availability charges.

SUSPENSION OF FINAL RATES

Section 367.081(6), Florida Statutes, provides that the rate schedules proposed by the utility shall become effective within sixty days after filing unless we vote to withhold consent to implementation of the requested rates. Further, Section 367.081(8), Florida Statutes, states that the utility may implement its requested rates, secured and subject to refund, at the expiration of five months if we have not acted upon the requested rate increase, or if our PAA action is protested by a party other than the utility.

We have reviewed the filing and have considered the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. We find that it is reasonable and necessary to require further amplification and explanation regarding this data, and to require production of additional and/or corroborative data. This further examination will include on-site investigations by our staff accountants and engineers. Based on the above, we hereby suspend the utility's requested final rate increase. This docket shall remain open pending completion of the rate case.

INTERIM RATES

Placid Lakes requested interim rates for its water system to generate annual revenues of \$459,930. This amount represents an increase of \$211,238 (84.94%). The test year for interim rates is the historical year ended December 31, 1999. The utility filed rate base, cost of capital and operating statements to support its requested increase.

We have attached accounting schedules illustrating the approved rate base, capital structure, and test year operating income amounts. The rate base schedule is numbered 1-A, and the schedule of adjustments to rate base is Schedule No. 1-B. The capital structure schedule is Schedule No. 2. The operating statement for water is Schedule No. 3-A, and the schedule of adjustments to the operating statements is Schedule No. 3-B.

RATE BASE

Section 367.082(5)(b)(1), Florida Statutes, requires that the achieved rate of return for interim purposes be calculated by applying appropriate adjustments consistent with those used in the utility's most recent rate proceeding, and annualizing any rate changes that occurred during the interim test year. Our interpretation of the interim statute is that projections or pro forma adjustments are not allowed, but corrections of errors are appropriate. We have reviewed the utility's application to determine if its interim request is consistent with Section 367.082, Florida Statutes.

In its application, the utility used the simple beginning and end-of-year average to calculate its requested water rate base. Placid Lakes also used the formula method, or 1/8 of operation and maintenance (O&M) expenses, to calculate its requested allowance for working capital. Because Placid Lakes is a class B utility, the MFRs are consistent with the averaging and working capital requirements of Rule 25-30.433, Florida Administrative Code. Based on our approved adjustments to O&M expenses, we find it appropriate to decrease working capital by \$5,166.

Used and Useful

The used and useful percentage for plant is calculated by adding the average daily customer demand for the maximum five days in the maximum month plus fire flow (if provided) plus growth and then dividing by the firm reliable capacity of the plant. The

current five-year statutory allowance for growth was not in effect during the last rate case. Therefore, in order to calculate used and useful percentage in the same manner as the last case, an 18-month margin reserve was used for plant. The last case gave a 98% used and useful percentage (rounded up to 100%). Using this same method, along with the addition of plant capacity and an increase in customer demand since the last case result in a 96% used and useful percentage (again, rounded up to 100% consistent with the last case).

During the last case, a one-year margin reserve was allowed for the distribution system, resulting in a 33% used and useful percentage. Volume III, Schedule 1 of the current MFRs shows 1,382 lots currently connected out of 6,204 potential lots. With a one-year margin reserve of 35 lots included, the result is a 22.8 used and useful percentage for the distribution system. Because the service area is essentially all residential, lots are considered the same as ERCs.

Based on the above used and useful calculations, the net used and useful adjustment is \$331,564 for water. This results in a decrease in water rate base by \$434,829. Based on our adjustments described above, rate base is \$281,245 for water.

COST OF CAPITAL

In the utility's last rate proceeding, we used the capital structure of Placid Lakes' parent corporation to calculate the cost of capital. For interim purposes, the utility determined its cost of capital using its parent's capital structure. LPHC's capital structure is composed of only common and preferred equity and has no debt.

Cost of Equity

The utility has used the minimum of the range of the last authorized rate of return on equity established in its last rate case to determine the cost of equity. For interim purposes, its requested return on equity is 9.47%. In Order No. PSC-96-0679-FOF-WU, we established the return on equity for Placid Lakes at 10.47% for regulatory purposes, with a range of 9.47% to 11.47%. Section 367.082(5)(b), Florida Statutes, requires that the cost of capital for interim purposes shall be determined using the minimum of the range of the last authorized rate of return on equity of the utility. Based on the above, we find that no adjustment to the cost of equity is appropriate for interim purposes.

Schedule No. 2 shows the approved capital structure and costs as adjusted. The overall weighted cost of capital, for interim purposes, is 8.94%.

NET OPERATING INCOME

Operating Revenue

In its application, the utility made an adjustment to remove non-used and useful guaranteed revenues. We have reviewed this adjustment and we agree that these revenues shall be reported below the line.

Based on our review, the utility's test year revenues for interim purposes were annualized based on the rates in effect at the end of the test year ended December 31, 1999, pursuant to Section 367.082(5)(b)(1), Florida Statutes.

The only adjustment to operating revenues that we have made is to remove the utility's requested interim increase to show the achieved return based on actual test year revenue.

Depreciation Expense

We have reduced depreciation expense by \$11,792 to reflect the approved non-used and useful plant.

Operation and Maintenance Expense

In its MFRs, Placid Lakes made several specific adjustments to its O&M expenses. Our analysis of the MFRs indicate that two of the adjustments reflected corrections of accounting errors on the utility's books and records. We find that the remaining adjustments were not consistent with the last rate proceeding. The utility made pro forma adjustments related to normalizing officers' salaries, accounting fees, management fees, materials and supplies expense, transportation expense, and miscellaneous expense. The utility also made an adjustment to include the annual amortization of rate case expense for the instant docket. Some of the adjustment amounts were increases and some were decreases. The net amount of the adjustments not consistent with the last rate proceeding is \$41,328. To be consistent with the interim statute, O&M expenses shall be decreased by \$41,328 for interim purposes.

Taxes Other Than Income

We have reduced property tax expense by \$3,517 to reflect our approved non-used and useful plant. We also reduced property tax expense by \$535 to remove a pro forma adjustment. Regulatory assessment fees were reduced by \$9,506 to reflect the adjustment made to operating revenue. Therefore, we find it is appropriate to approve an adjustment of \$13,558 to taxes other than income.

Based on the utility's filing and the above adjustments, test year operating income, before any revenue increase, is \$248,692 for water. This represents an achieved rate of return of negative 12.48% for water.

REVENUE REQUIREMENT

Based upon recovery of actual operating expenses for the year ended December 31, 1999, and an 8.94% overall rate of return on an average rate base, we find it appropriate to approve an interim revenue requirement of \$349,827 for water. This represents an annual increase of \$101,135 (40.67%) for water.

INTERIM RATES

We find it appropriate that interim rates for Placid Lakes be designed to allow the utility the opportunity to generate additional annual operating revenues of \$101,135 for its water operations. This results in an increase of 40.95% in water rates when applied as an across the board increase to total revenues, excluding miscellaneous service charges. This increase was applied to the rates in effect as of December 31, 1999, the end of the test year. Section 367.082(5)(b)(1), Florida Statutes, states that the achieved rate of return is calculated by applying appropriate adjustments and annualizing any rate changes occurring during the interim test year. For purposes of the interim application, Placid Lakes chose the test year ending December 31, 1999. Because the rate reduction was implemented after the interim test year, the increase was applied to the rates in effect as of December 31, 1999.

The interim rates shall be implemented for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code, provided customers have received notice. The revised tariff sheets shall be approved upon our verification that the tariffs are consistent with our decision herein, that the proposed notice to the customers of the

approved increase is adequate and the required security discussed below has been filed. The utility shall provide proof of the date notice was given within 10 days after the date of notice.

Placid Lakes's current, requested interim, and approved interim rates are shown on Schedule No. 4.

SECURITY FOR REFUND

Pursuant to Section 367.082, Florida Statutes, revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by this Commission. As discussed previously, the total annual interim increase is \$101,135. In accordance with Rule 25-30.360, Florida Administrative Code, we have calculated the potential refund of water revenues and interest collected, under interim conditions, to be \$61,189. This amount is based on an estimated seven months of revenue being collected from our approved interim rates over the previously authorized rates shown on Schedule No. 4.

We have reviewed the financial data of the utility. The criteria for a corporate undertaking includes sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. The 1997, 1998 and 1999 annual reports of Placid Lakes were used to determine the financial condition of the utility. Placid Lakes is 100% owned and capitalized by LPHC. Our analysis shows that Placid Lakes has demonstrated minimum liquidity and negative equity since 1997. In addition, Placid Lakes has had no interest coverage and negative profitability over the last three years. Based upon this analysis, we find that Placid Lakes cannot support a corporate undertaking in the amount of \$101,135. Therefore, we find it appropriate that the utility provide a letter of credit, bond or escrow agreement to guarantee the funds collected subject to refund.

This brief financial analysis is only appropriate for our determination as to whether the utility can support a corporate undertaking in the amount approved, and is not a finding regarding our position on other issues in the rate case.

If the security provided is an escrow account, said account shall be established between the utility and an independent financial institution pursuant to a written escrow agreement. The Commission shall be a party to the written escrow agreement and a signatory to the escrow account. The written escrow agreement

shall state the following: that the account is established at the direction of this Commission for the purpose set forth above; that no withdrawals of funds shall occur without the prior approval of the Commission through the Director of the Division of Records and Reporting; that the account shall be interest bearing; that information concerning that escrow account shall be available from the institution to the Commission or its representative at all times; that the amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt; and that pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla 3d, DCA 1972), escrow accounts are not subject to garnishments.

The utility shall deposit \$8,741 into the escrow account each month for possible refund. The escrow agreement shall also state the following: that if a refund to the customers is required, all interest earned on the escrow account shall be distributed to the customers; and if a refund to the customers is not required, the interest earned on the escrow account shall revert to the utility.

If the security provided is a bond or a letter of credit, said instrument shall be in the amount of \$101,135. If the utility chooses a bond as security, the bond shall state that it will be released or shall terminate only upon subsequent order of this Commission. If the utility chooses to provide a letter of credit as security, the letter of credit shall state that it is irrevocable for the period it is in effect and that it will be in effect until a final Commission order is rendered releasing the funds to the utility or requiring a refund.

Irrespective of the type of security provided, the utility shall keep an accurate and detailed account of all monies it receives. Pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code.

In no instance shall maintenance and administrative costs associated with any refund be borne by the customers. The costs are the responsibility of, and shall be borne by, the utility.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the final rates and schedules proposed by Placid Lakes Utilities, Inc. are hereby suspended. It is further

ORDERED that the request for an interim rate increase for water rates by Placid Lakes Utilities, Inc. is hereby granted to the extent set forth in the body of this Order. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

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

ORDERED that the approved interim rates shall become effective for service rendered on or after the stamped approval date on the tariff sheets, provided customers have received notice. It is further

ORDERED that Placid Lakes Utilities, Inc. shall provide a bond or letter of credit in the amount of \$101,135 or an escrow agreement as set forth in the body of this Order as guarantee of any potential refund of water revenues collected under the interim conditions. It is further

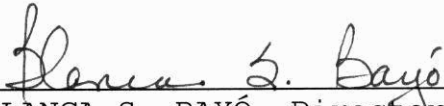
ORDERED that prior to implementation of the interim rates approved herein, Placid Lakes Utilities, Inc. shall file and have approved tariff pages revised in accordance with the provisions of this Order, appropriate security for the refund, a proposed customer notice, and proof of the date notice was given within 10 days after the date of notice. It is further

ORDERED that the tariff sheets will be stamped approved upon verification that they are consistent with our decision herein, that the proposed customer notice is adequate, and that the appropriate security is provided. It is further

ORDERED that during the time the interim rates are in effect, Placid Lakes Utilities, Inc. shall file a report by the 20th of each month indicating the monthly and total revenue collected subject to refund pursuant to Rule 25.30-360(6), Florida Administrative Code.

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By ORDER of the Florida Public Service Commission this 16th
day of October, 2000.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

JSB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is intermediate in nature, may request 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. Citizens of the State of Florida v. Mayo, 316 So.2d 262 (Fla. 1975), states that an order on interim rates is not final nor reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

PLACID LAKES UTILITIES, INC.
SCHEDULE OF WATER RATE BASE
INTERIM TEST YEAR ENDED 12/31/1999

SCHEDULE NO. 1-A
DOCKET 000295-WU

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUST- MENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$1,860,086	(\$24,781)	\$1,835,305	\$0	\$1,835,305
2 LAND & LAND RIGHTS	\$1,000	\$0	\$1,000	\$0	\$1,000
3 NON-USED & USEFUL	\$0	(\$103,265)	(\$103,265)	(\$331,564)	(\$434,829)
4 ACCUMULATED DEPRECIATION	(\$583,896)	\$26,178	(\$557,718)	\$0	(\$557,718)
5 CIAC	(\$1,010,604)	\$25,958	(\$984,646)	\$0	(\$984,646)
6 AMORTIZATION OF CIAC	\$405,016	(\$15,731)	\$389,285	\$0	\$389,285
7 WORKING CAPITAL ALLOWANCE	\$0	\$38,014	\$38,014	(\$5,166)	\$32,848
8 OTHER	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
RATE BASE	<u>\$671,602</u>	<u>(\$53,627)</u>	<u>\$617,975</u>	<u>(\$336,730)</u>	<u>\$281,245</u>

PLACID LAKES UTILITIES, INC. ADJUSTMENTS TO RATE BASE INTERIM TEST YEAR ENDED 12/31/1999	SCHED. NO. 1-B DOCKET 000295-WU
EXPLANATION	WATER
<u>NON-USED AND USEFUL</u>	
1 To correct the non-used and useful plant	(\$518,788)
2 To correct the non-used and useful accum depr adj.	<u>\$187,224</u>
Total	<u>(\$331,564)</u>
<u>WORKING CAPITAL</u>	
1 Adjustment due to staff's O&M expense adjustment	<u>(\$5,166)</u>

PLACID LAKES UTILITIES, INC.
 CAPITAL STRUCTURE INTERIM TEST YEAR ENDED 12/31/1999

SCHEDULE NO. 2
 DOCKET 000295-WU

DESCRIPTION	TOTAL CAPITAL	SPECIFIC ADJUSTMENTS (EXPLAIN)	PRO RATA ADJUSTMENTS	CAPITAL RECONCILED TO RATE BASE	RATIO	COST RATE	WEIGHTED COST
PER UTILITY AVERAGE 1999							
1 LONG TERM DEBT	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
2 SHORT-TERM DEBT	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
3 PREFERRED STOCK	\$130,162	\$0	\$0	\$130,162	21.06%	7.00%	1.47%
4 COMMON EQUITY	\$487,813	\$0	\$0	\$487,813	78.94%	9.47%	7.48%
5 CUSTOMER DEPOSITS	\$0	\$0	\$0	\$0	0.00%	6.00%	0.00%
6 DEFERRED INCOME TAXES	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
7 DEFERRED ITC'S-ZERO COST	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
8 DEFERRED ITC'S-WTD. COST	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
9 OTHER	\$0	\$0	\$0	\$0	0.00%	9.47%	0.00%
TOTAL CAPITAL	<u>\$617,975</u>	<u>\$0</u>	<u>\$0</u>	<u>\$617,975</u>	<u>100.00%</u>		<u>8.94%</u>
PER COMMISSION AVERAGE 1999							
AVERAGE 1999							
10 LONG TERM DEBT	\$0	\$0	\$-0	\$0	0.00%	0.00%	0.00%
11 SHORT-TERM DEBT	\$0	\$0	\$-0	\$0	0.00%	0.00%	0.00%
12 PREFERRED STOCK	\$130,162	\$0	(\$70,924)	\$59,238	21.06%	7.00%	1.47%
13 COMMON EQUITY	\$487,813	\$0	(\$265,806)	\$222,007	78.94%	9.47%	7.48%
14 CUSTOMER DEPOSITS	\$0	\$0	\$0	\$0	0.00%	6.00%	0.00%
15 DEFERRED INCOME TAXES	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
16 DEFERRED ITC'S-ZERO COST	\$0	\$0	\$-0	\$0	0.00%	0.00%	0.00%
17 DEFERRED ITC'S-WTD. COST	\$0	\$0	\$-0	\$0	0.00%	0.00%	0.00%
18 OTHER	\$0	\$0	\$-0	\$0	0.00%	9.47%	0.00%
TOTAL CAPITAL	\$617,975	\$0	(\$336,730)	\$281,245	100.00%		
						LOW	HIGH
						9.47%	11.47%
						8.94%	10.52%

**PLACID LAKES UTILITIES, INC.
STATEMENT OF WATER OPERATIONS
INTERIM TEST YEAR ENDED
12/31/1999**

**SCHEDULE NO. 3-A
DOCKET 000295-WU**

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED INTERIM TEST YEAR PER UTILITY	COMMISSION ADJUST- MENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIRE- MENT
1 OPERATING REVENUES	\$264,031	\$195,899	<u>\$459,930</u>	<u>(\$211,238)</u>	<u>\$248,692</u>	<u>\$101,135</u> 40.67%	<u>\$349,827</u>
OPERATING EXPENSES:							
2 OPERATION & MAINTENANCE	\$274,348	\$29,762	\$304,110	(\$41,328)	\$262,782		\$262,782
3 DEPRECIATION	\$27,145	(\$3,717)	23,428	(11,792)	11,636		11,636
4 AMORTIZATION	\$0	\$0	0	0	0		0
5 TAXES OTHER THAN INCOME	\$25,321	\$18,782	\$44,103	(\$13,558)	\$30,545	\$4,551	\$35,096
6 INCOME TAXES	\$0	\$33,042	\$33,042	(\$54,217)	(\$21,175)	\$36,345	\$15,170
TOTAL OPERATING EXPENSES	\$326,814	\$77,869	\$404,683	(\$120,895)	\$283,788	\$40,896	\$324,684
OPERATING INCOME	(\$62,783)	\$118,030	\$55,247	(\$90,343)	(\$35,096)	\$60,240	\$25,143
RATE BASE	\$617,975		\$617,975		\$281,245		\$281,245
RATE OF RETURN	-10.16%		8.94%		-12.48%		8.94%

PLACID LAKES UTILITIES, INC.
 ADJUSTMENTS TO OPERATING INCOME
 INTERIM TEST YEAR ENDED 12/31/1999

SCHED. NO. 3-B
 DOCKET 000295-WU

EXPLANATION	WATER
<u>OPERATING REVENUES</u>	
1 Remove requested final revenue increase	<u>(\$211,238)</u>
<u>OPERATION & MAINTENANCE EXPENSE</u>	
1 Remove pro forma adjustment to materials & supplies.	(\$2,109)
2 Remove pro forma adjustment to Officer's salaries.	\$7,500
3 Remove pro forma adjustment to accounting fees.	\$8,285
4 Remove pro forma adjustment to transportation exp.	(\$809)
5 Remove pro forma adjustment to misc. expenses.	(\$859)
6 Remove pro forma adjustment to management fees.	(\$14,762)
7 Remove rate case expense for immediate docket.	<u>(\$38,574)</u>
Total	<u>(\$41,328)</u>
<u>DEPRECIATION EXPENSE-NET</u>	
1 Adjust depreciation for non-used and useful plant.	<u>(\$11,792)</u>
<u>TAXES OTHER THAN INCOME</u>	
1 RAFs on revenue adjustments above	(\$9,506)
2 Remove pro forma adjustment to property tax.	(\$535)
3 Adjust property tax for non-used and useful plant.	<u>(\$3,517)</u>
Total	<u>(\$13,558)</u>
<u>INCOME TAXES</u>	
1 To adjust to test year income tax expense	<u>(\$54,217)</u>

PLACID LAKES UTILITIES, INC.		SCHEDULE NO. 4		
WATER MONTHLY SERVICE RATES		DOCKET 000295-WU		
INTERIM TEST YEAR ENDED 12/31/1999				
	Rates As of 12/31/1999	Rates As of 06/30/2000	Utility Requested Interim	Commission Approved Interim
<u>Residential</u>				
Base Facility Charge:				
Meter Size				
5/8" x 3/4"	\$7.17	\$7.16	\$11.05	\$10.11
1"	\$17.93	\$17.91	\$27.63	\$25.27
1 1/2"	\$35.85	\$35.80	\$55.26	\$50.53
2"	\$57.37	\$57.30	\$88.42	\$80.86
3"	\$114.72	\$114.57	\$176.84	\$161.70
4"	\$179.25	\$179.02	\$276.32	\$252.65
6"	\$358.51	\$358.04	*	\$505.32
8"	\$573.62	\$572.87	*	\$808.52
10"	\$824.58	\$823.50	*	\$1,162.25
12"	\$1,541.60	\$1,539.59	*	\$2,172.89
Gallage Charge, per 1,000 Gals	\$1.14	\$1.14	\$2.48	\$1.61
<u>General Service: Commercial and Irrigation</u>				
Base Facility Charge:				
Meter Size				
5/8" x 3/4"	\$7.17	\$7.16	\$11.05	\$10.11
1"	\$17.93	\$17.91	\$27.63	\$25.27
1 1/2"	\$35.85	\$35.80	\$55.26	\$50.53
2"	\$57.37	\$57.30	\$88.42	\$80.86
3"	\$114.72	\$114.57	\$176.84	\$161.70
4"	\$179.25	\$179.02	\$276.32	\$252.65
6"	\$358.51	\$358.04	*	\$505.32
8"	\$573.62	\$572.87	*	\$808.52
10"	\$824.58	\$823.50	*	\$1,162.25
12"	\$1,541.60	\$1,539.59	*	\$2,172.89
Gallage Charge, per 1,000 Gals	\$1.14	\$1.14	\$2.48	\$1.61
<u>Typical Residential Bills</u>				
5/8" Meter Size				
3,000 Gallons	\$10.59	\$10.58	\$18.49	\$14.93
5,000 Gallons	\$12.87	\$12.86	\$23.45	\$18.14
10,000 Gallons	\$18.57	\$18.56	\$35.85	\$26.17
*Utility did not request an increase and has no customers for these meter sizes, and no customers.				