

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for increase in water and wastewater rates in Polk County by Cypress Lakes Utilities, Inc. | DOCKET NO. 060257-WS  
ORDER NO. PSC-06-0661-FOF-WS  
ISSUED: August 7, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
J. TERRY DEASON  
ISILIO ARRIAGA  
MATTHEW M. CARTER II  
KATRINA J. TEW

ORDER SUSPENDING PROPOSED FINAL RATES AND  
APPROVING INTERIM RATES

BY THE COMMISSION:

Cypress Lakes Utilities, Inc. (Cypress Lakes or utility) is a Class B utility providing water and wastewater service to approximately 1,287 residential and 43 general service customers in Polk County. Cypress Lakes is a wholly-owned subsidiary of Utilities, Inc. The utility's water and wastewater rates were last established in its 2002 rate proceeding in Order No. PSC-03-0747-PAA-WS, issued May 28, 2003, in Docket No. 020407-WS, In re: Application for Rate Increase in Polk County by Cypress Lakes Utilities, Inc.

On May 15, 2006, the utility filed its application for approval of final and interim rate increases in this docket and requested that the Commission process the case under the Proposed Agency Action (PAA) procedure. After review of the Minimum Filing Requirements (MFRs), we determined that the MFRs contained a large number of deficiencies that will require extensive revisions by the utility. These revisions will not be received until after the statutory 60-day timeframe to suspend the requested interim rate increase; therefore the official filing date has not been established.

The test year for interim and final purposes is the historical test year ended December 31, 2005. Cypress Lakes requested interim water and wastewater revenues of \$296,344 and \$454,155, respectively. The interim revenue request represented increases of \$47,988, or 19.32%, and \$93,919, or 26.07%, for water and wastewater, respectively. The utility has requested final water and wastewater revenues of \$338,449 and 493,530, respectively. This represents increases of \$90,092, or 36.28%, and \$133,293, or 37.00%, for water and wastewater, respectively.

The 60-day statutory deadline for this Commission to suspend the utility's requested final rates was originally July 14, 2006. However, by letter dated June 5, 2006, the utility agreed to extend the statutory timeframe by which this Commission is required to address Cypress Lakes'

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interim rate request. We have jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes.

SUSPENSION OF RATES

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

We have reviewed the filing and 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 foregoing, we find that it is appropriate to suspend the utility's proposed rate increase.

INTERIM REVENUES

On an interim basis, the utility is authorized to collect annual water and wastewater revenues as indicated below:

	<u>Test Year</u> <u>Revenues</u>	<u>\$ Increase</u>	<u>Revenue</u> <u>Requirement</u>	<u>% Increase</u>
Water	\$248,357	\$23,640	\$271,997	9.52%
Wastewater	\$360,237	\$76,918	\$437,155	21.35%

In its MFRs, Cypress Lakes requested interim rates designed to generate annual revenues of \$296,344 and \$454,155 for water and wastewater, respectively. This represents a water revenue increase of \$47,988 (19.32%), and a wastewater revenue increase of \$93,919 (26.07%). The utility has filed rate base, cost of capital, and operating statements to support its requested increases.

Pursuant to Section 367.082(5)(b)1., Florida Statutes, the achieved rate of return for interim purposes shall be calculated by applying appropriate adjustments consistent with those made in the utility's most recent rate proceeding. We have reviewed the utility's interim request, as well as prior orders concerning the utility's rate base. The adjustments are discussed below. We have attached accounting schedules to illustrate the approved rate base, capital structure, and test year operating income amounts. The rate base schedules are labeled as Schedule Nos. 1-A and 1-B, with adjustments shown on Schedule No. 1-C; the capital structure schedule is Schedule

No. 2, and the operating income schedules for water and wastewater, respectively, are labeled as Schedule Nos. 3-A and 3-B, with the adjustments shown on Schedule No. 3-C.

#### RATE BASE

The utility has filed simple average water and wastewater rate bases for the calendar year ended December 31, 2005. The utility made adjustments to its revenue, amortization and provision for income taxes account balances for interim purposes. We have reviewed the utility's rate base, and its adjustments, including working capital, and find that two adjustments to the utility's rate base are necessary.

In its last rate proceeding, the utility had a net balance of \$267,107 for acquisition adjustments in its water rate base. For interim and final purposes, the utility removed this amount from rate base, leaving a balance of zero in this account for rate making purposes. The Commission accepted these adjustments. In the present case, the utility shows a balance of \$9,204 of accumulated amortization of acquisition adjustments in its water rate base. Since the total net balance, which included accumulated amortization, was removed in the last rate proceeding, we find that \$9,204 shall be removed for interim purposes in this case.

The utility also made non used and useful adjustments to Accounts 380 and 389 in its wastewater plant. However, the adjustment to Account 389 is inconsistent with adjustments made in the last case, since an adjustment to that account was not made in determining final wastewater rates. After the removal of this adjustment, and a correction of a minor error in the utility's adjustment to Account 380, we find that \$5,574 of the utility's non used and useful plant shall be removed for the calculation of interim rates. Corresponding reductions shall be made to reduce depreciation expense by \$446, and property tax expense by \$93.

Based on the above adjustments, we find that Cypress Lakes' interim rate bases shall be \$761,151 for water, and \$1,092,690 for wastewater.

#### COST OF CAPITAL

In its MFRs, Cypress Lakes used a simple average capital structure, which consisted of allocated investor sources of capital from Utilities, Inc. (the parent) and actual accumulated deferred income taxes and customer deposits. We have reviewed the utility's requested capital structure and determined that the utility erred in using the leverage formula set by Order No. PSC-05-0680-PAA-WS, issued June 20, 2005, in calculating its cost rate for common equity. Section 367.082(5)(b)3, Florida Statutes, states that in calculating an interim increase, the minimum of the range of the last authorized ROE shall be used. In Cypress Lakes' last rate case, the midpoint of the authorized ROE was established as 10.93%, with a range of 9.93% to 11.93%.<sup>1</sup> Accordingly, for interim purposes, we find that a cost of equity of 9.93% is appropriate. Based on the above, we find that a cost of capital for interim purposes shall be 7.68%.

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<sup>1</sup> See Order No. PSC-03-0647-PAA-WS, p.21.

## NET OPERATING INCOME

### Operating Revenues

Section 367.082(5)(b)1, Florida Statutes, states that the achieved rate of return is calculated by applying adjustments consistent with the utility's last rate proceeding and annualizing any rate changes occurring during the interim test year. For purposes of the interim application, Cypress Lakes chose the test period ended December 31, 2005. Cypress Lakes implemented a price index and pass through rate adjustment on October 2, 2005, and annualized its revenues accordingly. The utility's adjusted test year revenues were \$248,357 and \$360,237 for water and wastewater, respectively. We reviewed the utility's revenues and find that no adjustments are necessary.

### Operating Expenses

The utility made several adjustments to operating expenses for interim purposes. We have reviewed the utility's operating expenses and the adjustments, and conclude that two additional adjustments are necessary. On MFR Schedule B-15, Cypress Lakes reflected per book regulatory assessment fees (RAFs) of \$10,928 for water and \$15,700 for wastewater. Using the 4.5% RAF pursuant to Section 367.145, Florida Statutes, and Rule 25-30.120, Florida Administrative Code, we calculated RAFs of \$11,064 for water and \$15,895 for wastewater. As such, the utility's historical per book RAFs are understated and shall increase by \$136 for water and \$195 for wastewater.

### Net Operating Income

Based on the adjustment discussed, we find that the appropriate test year operating income, before any revenue increase, is \$44,366 for water and \$38,089 for wastewater.

## REVENUE REQUIREMENT

Based on the above, we find the appropriate interim revenue requirements are \$271,997 and \$437,155 for water and wastewater, respectively. This represents an interim increase in annual revenues of \$23,640, or 9.52%, for water and \$76,918, or 21.35% for wastewater. This will allow the utility the opportunity to recover its operating expenses and earn a 7.68% return on its rate base.

## INTERIM RATES

We find it appropriate to design interim service rates for Cypress Lakes to allow the utility the opportunity to generate annual operating revenues of \$271,997, or 9.52%, and \$438,089, or 21.35%, for water and wastewater, respectively, over the adjusted 2005 test year revenues. To determine the appropriate increase to apply to the service rates, miscellaneous service and other revenues shall be removed from the test year revenues. The calculation is as follows:

	<u>Water</u>	<u>Wastewater</u>
1 Total Test Year Revenues	\$248,357	\$360,237
2 Less: Miscellaneous Revenues	<u>2,017</u>	<u>2,898</u>
3 Test Year Revenues from Service Rates	\$246,340	\$357,339
4 Revenue Increase	<u>\$23,640</u>	<u>\$76,918</u>
5 % Service Rate Increase (Line 4/Line 3)	<u>9.60%</u>	<u>21.53%</u>

These rate increases of 9.60% and 21.53%, for water and wastewater, respectively, shall be applied as an across the board increase to the service rates in effect as of December 31, 2005. The interim rates shall be effective as of 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 staff's verification that the tariff sheets are consistent with our decision, that the proposed notice to the customers is adequate, and that 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.

The utility's current and proposed interim and final rates, and the Commission approved interim rates, are shown on Schedule No. 4.

#### SECURITY

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. The total annual interim increase is \$100,558 for water and wastewater. In accordance with Rule 25-30.360, Florida Administrative Code, we have calculated the potential refund of revenues and interest collected, under interim conditions to be \$58,956. This amount is based on an estimated seven months of revenue being collected from the approved interim rates over the utility's currently authorized rates shown on Schedule No. 4.

Cypress Lakes is a wholly-owned subsidiary of UI, which provides all investor capital to its subsidiaries. UI has requested a corporate undertaking to secure any interim increases granted in Dockets Nos. 060254-SU, 060255-SU, 060256-SU, 060257-WS, 060258-WS, 060260-WS, 060261-WS, and 060262-WS. As such, we have reviewed the financial statements of the parent company. The total requested cumulative corporate undertaking amount is \$718,575, which includes \$58,956 subject to refund for this docket.

The criteria for a corporate undertaking includes sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. We have reviewed UI's financial statements from 2003 to 2005 to determine the financial condition of the parent company. Our analysis shows that UI has experienced a significant decline in liquidity and interest coverage during 2005 compared to prior years. However, UI's average equity ratio over the three-year period has been 40%. Additionally, net income has been on average six times greater than the requested cumulative corporate undertaking amount. UI's financial performance has demonstrated adequate levels of both profitability and equity capitalization to offset the recent decline in liquidity and interest coverage. Based upon this analysis, we find that a cumulative corporate undertaking of \$718,575 is acceptable contingent upon the receipt of the written guarantee of UI and written confirmation that UI does not have any outstanding guarantees on behalf of UI-owned utilities in other states.

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 water and wastewater rates proposed by Cypress Lakes Utilities, Inc. are hereby suspended. It is further

ORDERED that the request for an interim rate increase for water and wastewater rates by Cypress Lakes Utilities, Inc. is hereby granted as set forth in the body of this Order. 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 as of the stamped approval date on the tariff sheets, provided customers have received notice. It is further

ORDERED that the tariff sheets shall be 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 Cypress Lakes Utilities, Inc. shall provide proof that the notice has been provided within 10 days after the notice was given. It is further

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ORDERED that Cypress Lakes Utilities, Inc. shall provide a corporate undertaking guaranteed by Utilities, Inc., its parent company, in the cumulative amount of \$718,575. It is further

ORDERED that during the time the interim rates are in effect, Cypress Lakes Utilities, Inc. shall file a report by the 20<sup>th</sup> of each month indicating the monthly and total revenue collected subject to refund pursuant to Rule 25-30.360(6), Florida Administrative Code. It is further

ORDERED that this docket shall remain open pending the Commission's final action on the utility's requested rate increase.

By ORDER of the Florida Public Service Commission this 7th day of August, 2006.

  
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BLANCA S. BAYO, Director  
Division of the Commission Clerk  
and Administrative Services

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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 non-final in nature, may request (1) reconsideration within 15 days pursuant to 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. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Citizens of the State of Florida v. Mayo, 316 So.2d 262 (Fla. 1975), states that an order on interim rates is not final or 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.



Cypress Lakes Utilities, Inc. Schedule of Water Rate Base Test Year Ended 12/31/05			Schedule No. 1-A Docket No. 060257-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$1,394,454	\$6,161	\$1,400,615	\$0	\$1,400,615
2 Land and Land Rights	509	0	509	0	509
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(441,149)	0	(441,149)	0	(441,149)
5 CIAC	(288,599)	0	(288,599)	0	(288,599)
6 Amortization of CIAC	73,149	0	73,149	0	73,149
7 Accum. Amort. Of Acq. Adjustments	9,204	0	9,204	(9,204)	0
8 Advances for Construction	0	0	0	0	0
9 Working Capital Allowance	0	16,626	16,626	0	16,626
11 <b>Rate Base</b>	<u>\$747,568</u>	<u>\$22,787</u>	<u>\$770,355</u>	<u>(\$9,204)</u>	<u>\$761,151</u>

Cypress Lakes Utilities, Inc. Schedule of Wastewater Rate Base Test Year Ended 12/31/05		Schedule No. 1-B Docket No. 060257-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$2,323,319	\$5,741	\$2,329,060	\$0	\$2,329,060
2 Land and Land Rights	2,610	0	2,610	0	2,610
3 Non-used and Useful Components	0	(9,310)	(9,310)	(5,574)	(14,884)
4 Construction Work in Progress	200,004	(200,004)	0	0	0
5 Accumulated Depreciation	(701,311)	0	(701,311)	0	(701,311)
6 CIAC	(711,034)	0	(711,034)	0	(711,034)
7 Amortization of CIAC	155,692	0	155,692	0	155,692
8 CWIP	0	0	0	0	0
9 Working Capital Allowance	0	32,557	32,557	0	32,557
10 <b>Rate Base</b>	<u>\$1,269,280</u>	<u>(\$171,016)</u>	<u>\$1,098,264</u>	<u>(\$5,574)</u>	<u>\$1,092,690</u>

Cypress Lakes Utilities, Inc. Adjustments to Rate Base Test Year Ended 12/31/05		Schedule No. 1-C Docket No. 060257-WS	
Explanation	Water	Wastewater	
<u>Non-used and Useful</u> To reflect net non-used and useful adjustment		\$0	<u>(\$5,574)</u>
<u>Accumulated Amortization of Acq. Adjustments</u> To remove balance.		<u>(\$9,204)</u>	<u>\$0</u>

**Cypress Lakes Utilities, Inc.**  
**Capital Structure-Simple Average**  
**Test Year Ended 12/31/05**

**Schedule No. 2**  
**Docket No. 060257-WS**

Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility</b>								
1 Long-term Debt	\$1,001,064	\$0	\$1,001,064	\$0	\$1,001,064	53.57%	6.81%	3.65%
2 Short-term Debt	91,573	0	\$91,573	0	\$91,573	4.90%	2.00%	0.10%
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%
4 Common Equity	732,675	0	\$732,675	0	\$732,675	39.21%	11.77%	4.61%
5 Customer Deposits	12,150	0	\$12,150	0	\$12,150	0.65%	6.00%	0.04%
6 Deferred Income Taxes	<u>31,157</u>	<u>0</u>	<u>\$31,157</u>	<u>0</u>	<u>\$31,157</u>	<u>1.67%</u>	<u>0.00%</u>	<u>0.00%</u>
10 <b>Total Capital</b>	<u>\$1,868,619</u>	<u>\$0</u>	<u>\$1,868,619</u>	<u>\$0</u>	<u>\$1,868,619</u>	<u>100.00%</u>		<u>8.40%</u>
<b>Per Commission</b>								
11 Long-term Debt	\$1,001,064	\$0	\$1,001,064	(\$8,105)	\$992,959	53.56%	6.81%	3.65%
12 Short-term Debt	91,573	0	\$91,573	(\$741)	90,832	4.90%	2.00%	0.10%
13 Preferred Stock	0	0	\$0	\$0	0	0.00%	0.00%	0.00%
14 Common Equity	732,675	0	\$732,675	(\$5,932)	726,743	39.20%	9.93%	3.89%
15 Customer Deposits	12,150	0	\$12,150	\$0	12,150	0.66%	6.00%	0.04%
16 Deferred Income Taxes	<u>31,157</u>	<u>0</u>	<u>\$31,157</u>	<u>\$0</u>	<u>31,157</u>	<u>1.68%</u>	<u>0.00%</u>	<u>0.00%</u>
20 <b>Total Capital</b>	<u>\$1,868,619</u>	<u>\$0</u>	<u>\$1,868,619</u>	<u>(\$14,778)</u>	<u>\$1,853,841</u>	<u>100.00%</u>		<u>7.68%</u>
						<b>LOW</b>	<b>HIGH</b>	
					RETURN ON EQUITY	<u>9.93%</u>	<u>11.93%</u>	
					OVERALL RATE OF RETURN	<u>7.68%</u>	<u>8.46%</u>	

Cypress Lakes Utilities, Inc. Statement of Water Operations Test Year Ended 12/31/05						Schedule No. 3-A Docket No. 060257-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$245,865</u>	<u>\$50,480</u>	<u>\$296,345</u>	<u>(\$47,988)</u>	<u>\$248,357</u>	<u>\$23,640</u> 9.52%	<u>\$271,997</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	\$134,677	(\$1,669)	\$133,008	\$0	\$133,008	\$0	\$133,008
3 Depreciation	35,647	0	35,647	0	35,647	0	35,647
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	22,994	4,980	27,974	(2,023)	25,951	1,064	27,014
6 Income Taxes	<u>7,289</u>	<u>26,484</u>	<u>33,773</u>	<u>0</u>	<u>9,385</u>	<u>8,495</u>	<u>17,880</u>
7 <b>Total Operating Expense</b>	<u>200,607</u>	<u>29,795</u>	<u>230,402</u>	<u>(2,023)</u>	<u>203,991</u>	<u>9,559</u>	<u>213,550</u>
8 <b>Operating Income</b>	<u>\$45,258</u>	<u>\$20,685</u>	<u>\$65,943</u>	<u>(\$45,965)</u>	<u>\$44,366</u>	<u>\$14,081</u>	<u>\$58,447</u>
9 <b>Rate Base</b>	<u>\$747,568</u>		<u>\$770,355</u>		<u>\$761,151</u>		<u>\$761,151</u>
10 <b>Rate of Return</b>	<u>6.05%</u>		<u>8.56%</u>		<u>5.83%</u>		<u>7.68%</u>

**Cypress Lakes Utilities, Inc.**  
**Statement of Wastewater Operations**  
**Test Year Ended 12/31/05**

**Schedule No. 3-B**  
**Docket No. 060257-WS**

Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$353,217</u>	<u>\$100,939</u>	<u>\$454,156</u>	<u>(\$93,919)</u>	<u>\$360,237</u>	<u>\$76,918</u> 21.35%	<u>\$437,155</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	\$260,454	\$0	\$260,454	\$0	\$260,454		\$260,454
3 Depreciation	28,710	0	28,710	(446)	28,264		28,264
4 Amortization	87	0	87	0	87		87
5 Taxes Other Than Income	32,579	6,861	39,440	(4,124)	35,316	3,461	38,777
6 Income Taxes	<u>(23,234)</u>	<u>54,687</u>	<u>31,453</u>	<u>(33,425)</u>	<u>(1,972)</u>	<u>27,642</u>	<u>25,670</u>
7 <b>Total Operating Expense</b>	<u>298,596</u>	<u>61,548</u>	<u>360,144</u>	<u>(37,996)</u>	<u>322,148</u>	<u>31,103</u>	<u>353,252</u>
8 <b>Operating Income</b>	<u>\$54,621</u>	<u>\$39,391</u>	<u>\$94,012</u>	<u>(\$55,923)</u>	<u>\$38,089</u>	<u>\$45,815</u>	<u>\$83,903</u>
9 <b>Rate Base</b>	<u>\$1,269,280</u>		<u>\$1,098,264</u>		<u>\$1,092,690</u>		<u>\$1,092,690</u>
10 <b>Rate of Return</b>	<u>4.30%</u>		<u>8.56%</u>		<u>3.49%</u>		<u>7.68%</u>

Cypress Lakes Utilities, Inc.  
 Adjustment to Operating Income  
 Test Year Ended 12/31/05

Explanation	Water	Wastewater
<u>Operating Revenues</u>		
Remove requested final revenue increase	<u>(\$47,988)</u>	<u>(\$93,919)</u>
<u>Depreciation Expense - Net</u>		
To remove non-U&U adjustment.	<u>\$0</u>	<u>(\$446)</u>
1 RAFs on revenue adjustments above	(\$2,159)	(\$4,226)
2 To reflect correct historical test year RAFs.	136	195
3 To adjust property tax for NU&U.	<u>0</u>	<u>(93)</u>
Total	<u>(\$2,023)</u>	<u>(\$4,124)</u>

**Cypress Lakes Utilities, Inc.  
Water Monthly Service Rates  
Test Year Ended 12/31/05**

**Schedule No. 4-A  
Docket No. 060257-WS**

	<b>Rates Prior to Filing</b>	<b>Utility Requested Interim</b>	<b>Utility Requested Final</b>	<b>Comm. Approved Interim</b>
<b><u>Residential and Multi-Residential</u></b>				
Base Facility Charge				
All Meter Sizes:				
5/8" x 3/4"	\$6.49	\$6.59	\$8.43	\$7.11
Gallonage Charge (per 1,000 gallons)				
0-6,000 gallons	\$2.47	\$2.63	\$3.35	\$2.71
6,001-12,000 gallons	\$3.72	\$3.96	\$5.03	\$4.08
over 12,000 gallons	\$4.95	\$5.27	\$6.70	\$5.43
<b><u>General Service</u></b>				
Base Facility Charge				
Meter				
Size:				
5/8" x 3/4"	\$6.49	\$6.59	\$8.43	\$7.11
1"	\$16.22	\$16.48	\$21.09	\$17.78
1-1/2"	\$32.44	\$32.97	\$42.17	\$35.55
2"	\$51.89	\$52.72	\$67.44	\$56.87
3"	\$103.78	\$98.85	\$126.45	\$113.74
4"	\$162.15	\$164.75	\$210.75	\$177.71
6"	\$324.31	\$329.50	\$421.50	\$355.43
Gallonage Charge (per 1,000 gallons)				
	\$2.69	\$2.87	\$3.68	\$2.95
<b><u>Typical Residential Bills</u></b>				
5/8" x 3/4" Meter Size				
3,000 Gallons	\$13.90	\$14.48	\$18.48	\$15.24
6,000 Gallons	\$21.31	\$22.37	\$28.53	\$23.37
10,000 Gallons	\$36.19	\$38.21	\$48.65	\$47.91



Cypress Lakes Utilities, Inc. Wastewater Monthly Service Rates Test Year Ended 12/31/05		Schedule No. 4-B Docket No. 060257-WS		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Comm. Approved Interim
<b><u>Residential and Multi-Residential</u></b>				
Base Facility Charge				
All Meter Sizes:				
	\$14.36	\$10.17	\$8.43	\$17.45
Gallage Charge (per 1,000 gallons)				
(Gallage Cap - 8,000 Gallons)				
	\$2.92	\$5.14	\$3.35	\$3.55
<b><u>General Service</u></b>				
Base Facility Charge				
All Meter Sizes:				
5/8" x 3/4"	\$14.36	\$10.77	\$12.88	\$17.45
1"	\$35.92	\$26.92	\$32.21	\$43.65
1-1/2"	\$71.86	\$53.83	\$64.41	\$87.33
2"	\$114.97	\$86.16	\$103.04	\$139.72
3"	\$229.93	\$161.55	\$193.20	\$279.42
4"	\$359.26	\$269.25	\$322.00	\$436.59
6"	\$718.52	\$538.50	\$644.00	\$873.18
Gallage Charge (per 1,000 gallons)				
	\$3.50	\$6.17	\$7.38	\$4.25
<b><u>Typical Residential Bills</u></b>				
5/8" x 3/4" Meter Size				
3,000 Gallons	\$23.12	\$25.59	\$18.48	\$28.10
6,000 Gallons	\$31.88	\$41.01	\$28.53	\$38.75
8,000 Gallons	\$37.72	\$51.29	\$35.23	\$45.85