

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for certificates to provide  
water and wastewater service in Sumter  
County by Orange Blossom Utilities, Inc.

DOCKET NO. 070391-WS  
ORDER NO. PSC-08-0255-PAA-WS  
ISSUED: April 24, 2008

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman  
LISA POLAK EDGAR  
KATRINA J. McMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP

NOTICE OF PROPOSED AGENCY ACTION ORDER  
APPROVING INITIAL RATES AND CHARGES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

I. Background

On June 29, 2007, Orange Blossom Utilities, Inc. (OBU or utility) filed its application for original water and wastewater certificates in Sumter County for territory encompassing 52 acres. The area is in the Southwest Florida Water Management District (SWFWMD) but is not in a water use caution area. The utility anticipates providing water and wastewater service to a total of approximately 174 residential and 36 general service customers when it reaches build out.

We approved this request, and granted original Certificates Nos. 639-W and 548-S by Order No. PSC-07-0951-FOF-WS, issued November 29, 2007, in this docket, pursuant to Section 367.031, Florida Statutes (F.S.). However, we did not address the initial rates and charges at that time because the utility's consultant wanted additional time to provide information in support of the utility's proposed rates. In the order granting certificates, we required the utility file an executed and recorded copy of the warranty deed for the land for the water and wastewater facilities by December 20, 2007. The utility satisfied this requirement on December 20, 2007.

OBU was established in 2004 and has been providing water and wastewater service since December 2005. The first phase of the service area includes 11 general service customers (a hotel, an office building, two restaurants, and seven stores), all owned by affiliated developers. The utility was exempt from our regulation because it did not charge for service. The related

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land owners and developers are developing a second phase which will include an additional 174 residential and 25 general service customers. The utility wants to start charging for service, which would make it subject to our regulation pursuant to Sections 367.011 and 367.021(12), F.S.

The utility facilities consist of a well and pump house, a 15,000 gallon hydropneumatic tank, water distribution lines for potable water service, and fire protection in the project known as Village Park Center. The well has a tested flow capacity of 1,000 gallons per minute. The system is adding a second well, identical in flow to the existing well.

A 99,000 gallons per day (gpd) central wastewater treatment plant will provide the customers with sewer service in Village Park Center. Treated effluent will be disposed of by ground water recharge through absorption fields. The utility will not have sufficient flows to provide reuse water.

This Order addresses the appropriate initial rates and charges for OBU. We have jurisdiction pursuant to Sections 367.031, 367.045, and 367.081, F.S.

## II. Initial Water and Wastewater Rates

In setting initial rates and charges for a new utility, our practice has been to set rates so that the utility will have an opportunity to earn a fair return on its investment when approximately 80% of its projected customers are being served. Because the utility projects reaching 80% and 100% of buildout in the same year, the proposed rates are based upon 100% of buildout. The utility is already serving the first phase of the development and the second phase is expected to be completed in 2011.

OBU's proposed rates are based on its projected rate base, cost of capital, operating and maintenance expenses, and customer growth. In reviewing the utility's projections and the resulting proposed rates and charges, our staff verified that the utility's methodologies are consistent with those we normally use in setting initial rates and charges. The following analysis describes the utility's projected rate base, return on investment, revenue requirement, and rates for water and wastewater service.

### A. Projected Rate Base

The utility's projected rate base at 100% of design capacity is \$383,928 for water and \$1,181,554 for wastewater. A review of the utility's projections shows that they are reasonable. The utility's proposed water and wastewater rate bases appear on Schedule No. 1. The rate base schedule is for informational purposes to establish initial rates and is not intended to formally establish rate base. This is consistent with our practice in original certificate applications.<sup>1</sup>

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<sup>1</sup> See Order No. PSC-07-0983-PAA-WS, issued December 10, 2007, in Docket No. 060726-WS, In re: Application for certificates to provide water and wastewater service in Glades County and water service in Highlands County by Silver Lake Utilities, Inc.

### 1. Utility Plant in Service (UPIS)

The utility's projected water UPIS costs of \$914,236 include structures and improvements, wells, supply mains, power generation and pumping equipment, water treatment equipment, distribution reservoirs, transmission and distribution mains, service lines, and meters. The projected wastewater UPIS costs of \$1,859,305 include structures and improvements, absorption fields, gravity collection mains, lift stations, power generation and pumping equipment, treatment and disposal equipment, plant sewers, and services.

A review of the utility's proposed costs and the supporting documentation shows that the projections appear reasonable. Therefore, the utility's projected balances of \$914,236 for water and \$1,859,305 for wastewater shall be included in the projected UPIS.

### 2. Land

The utility's projected costs for land for treatment facilities are \$2,313 and \$510,956 for water and wastewater, respectively. The utility provided documentation supporting these costs, and we find the costs are reasonable. Therefore, the costs of \$2,313 and \$510,956 for land for water and wastewater, respectively, shall be included in the projected rate base.

### 3. Accumulated Depreciation

The utility's projected accumulated depreciation balances for water and wastewater are \$157,613 and \$341,762, respectively. These balances reflect the projected accumulated depreciation balances at 100% of design capacity, which were calculated using the guidelines for average service lives as set forth in Rule 25-30.140, F.A.C., and are approved.

### 4. Contributions-in-aid-of-Construction (CIAC)

The utility's projected CIAC balance of \$424,000 for water is based on a proposed main extension charge of \$1,440 and a plant capacity charge of \$560 per equivalent residential connection (ERC). As discussed later in this Order, the utility's projected contribution level at design capacity is expected to be approximately 50.24%.

The projected CIAC balance of \$1,166,000 for wastewater is based on a proposed main extension charge of \$4,450 and a plant capacity charge of \$1,050 per ERC. As discussed later in this Order, the utility's projected wastewater contribution level at design capacity is expected to be approximately 42.03%.

We find that the utility's proposed charges and projected CIAC balances are reasonable. The projected CIAC balances are based on the utility collecting the proposed service availability charges from new customers connecting to the system after the proposed charges have been approved. Therefore, CIAC of \$424,000 and \$1,166,000, for water and wastewater, respectively, shall be included in the calculation of the projected rate base.

#### 5. Accumulated Amortization of CIAC

The projected accumulated amortization of CIAC balances for water and wastewater of \$42,720 and \$313,500, respectively, reflect the projected balances at 100% of design capacity. The utility's projections appear to be reasonable, and accumulated amortization of CIAC for water and wastewater of \$42,720 and \$313,500, respectively, shall be included in the projected rate base.

#### 6. Working Capital

Working capital allowances of \$6,272 and \$5,555 for water and wastewater, respectively, are included in the projected rate base calculations based on one-eighth of operating and maintenance expenses for each system. These amounts appear reasonable, and working capital allowances of \$6,272 and \$5,555 shall be included in rate base.

#### 7. Summary of Projected Rate Base

In summary, for purposes of setting initial rates and charges, the utility's projected rate base balances of \$383,928 for water and \$1,181,554 for wastewater shall be used. The attached schedules of projected rate base are for informational purposes to establish initial rates and are not intended to formally establish rate base.

#### B. Cost of Capital

The utility's projected capital structure appears on Schedule No. 2. As required by Rule 25-30.033(1)(w), F.A.C., the application contained a schedule of the projected capital structure including the methods of financing the construction and operation of the utility. The pro forma capital structure consists of 40% equity and 60% debt. Equity contributions will be made as required by the current utility president and majority stockholder to finance the operations of the utility in the initial years of development. The utility's proposed cost of equity of 12.01%, with a range of plus or minus 100 basis points, is consistent with our current leverage formula.<sup>2</sup> Also, the utility's proposed debt is anticipated to be financed at 5.00%, and we find that this is reasonable.

Based on the above, we calculate the overall cost of capital to be 7.80%. Based on this projected cost of capital and the above-noted projected rate base, we find that a projected return on investment of \$29,961 for water and \$92,209 for wastewater shall be included in the calculation of the revenue requirements. Our calculations are shown on Schedule No. 3.

#### C. Revenue Requirement

OBU's proposed revenue requirements are \$108,931 and \$189,582 for water and wastewater, respectively. The utility's proposed revenue requirements are based on its projected

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<sup>2</sup> Order No. PSC-07-0472-PAA-WS, issued June 1, 2007, in Docket No. 070006-WS, In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

rate base, the cost of capital, operating and maintenance expenses, depreciation, amortization of CIAC, taxes other than income, and customer growth. The following analysis describes the utility's proposed revenue requirements.

### 1. Operating and Maintenance Expenses

The utility's projected operating and maintenance expenses at 100% of design capacity for water and wastewater are \$50,173 and \$44,439, respectively. Included in these expenses are operating costs such as salaries and benefits, chemicals, materials and supplies, purchased power, insurance, contractual services, and rents. The projected amounts appear to be reasonable, and the full amounts shall be included in the revenue requirement for operating and maintenance expenses.

### 2. Depreciation and Amortization of CIAC

The utility projected depreciation expense at 100% of design capacity of \$34,607 and \$76,252 for water and wastewater, respectively. Projected amortization of CIAC is \$12,720 and \$34,980 for water and wastewater, respectively. The utility's projected net depreciation and amortization expenses of \$21,887 and \$41,272 are reasonable and shall be included in the projected revenue requirement.

### 3. Taxes Other Than Income

The projected balances for taxes other than income for OBU of \$6,910 and \$11,662 for water and wastewater, respectively, include projected property taxes and regulatory assessment fees of 4.5% of gross revenues. The utility proposed no other taxes or licenses. Since the utility is a subchapter S corporation, no income tax expense is included. Therefore, the taxes other than income of \$6,910 for water and \$11,662 for wastewater shall be included in the projected revenue requirement.

### 4. Summary of Revenue Requirement

In summary, based on our analysis of the utility's proposed operating and maintenance expenses, depreciation and amortization of CIAC, taxes other than income, and return on investment, the utility's projected revenue requirements of \$108,931 and \$189,582 for water and wastewater, respectively, shall be used in setting initial rates for OBU.

### D. Water and Wastewater Rates

The utility's proposed residential and general service rates for water and wastewater are based on revenue requirements of \$108,931 and \$189,582 for water and wastewater, respectively. The requested water and wastewater rates include a base facility charge (BFC) and gallonage charge.

OBU proposed a BFC of \$14.19 and a single gallonage rate of \$1.31 per 1,000 gallons for water, and a BFC of \$24.62 and a single gallonage rate of \$2.91 per 1,000 gallons capped at 10,000 gallons for residential wastewater customers. We have historically considered the BFC

and gallonage charge to be an effective conservation rate structure. As proposed by the utility, the BFC would generate approximately 40% of the total water and wastewater revenue requested.

Based upon the above factors, we find that the utility's requested rates and rate structure for water and wastewater services appear to be reasonable and they are approved. The utility's approved monthly water and wastewater rates, along with a comparison of typical monthly bills, are shown on Schedule No. 4.

#### E. Reuse Rates

Due to growing concerns over water conservation, reclaimed water is increasingly being viewed as an alternative source of water for irrigation of golf courses and, in some cases, residential communities. Consequently, it has become our practice to recognize reclaimed water service (sometimes referred to as effluent service) as a class of service which should be included in the utility's tariff, even if the utility is not currently assessing a charge for the service. However, because the utility's plant capacity is less than 100,000 gpd, using public access reuse as a method of effluent disposal is not currently feasible. Should the utility propose to provide reuse in the future, the utility shall return to the Commission for an approved reuse rate.

#### F. Summary

The rates shown on Schedule No. 4 shall be approved, and OBU shall charge these rates until authorized to change them by this Commission in a subsequent proceeding. The rates shall be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. We have also approved a return on equity of 12.01% with a range of plus or minus 100 basis points. Should the utility propose to provide reuse in the future, the utility shall return to this Commission for an approved reuse rate.

### III. Service Availability Policy and Charges

Rule 25-30.580(1)(a), F.A.C., provides that the maximum amount of contributions-in-aid-of-construction (CIAC), net of amortization, should not exceed 75% of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their design capacity. The maximum guideline is designed to ensure the utility has a significant investment in the system. Rule 25-30.580(1)(b), F.A.C., provides 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 systems and the wastewater collection system.

The utility's requested service availability policy requires payment of a plant capacity charge and a main extension charge for all new connections. The utility's proposed service availability policy provides that the utility may require the donation of on-site and off-site water distribution and wastewater collection lines in lieu of charging the main extension charges.

The utility's requested service availability policy and charges are designed in accordance with the guidelines in Rule 25-30.580, F.A.C. Specifically, the utility is requesting approval of main extension charges of \$1,440 and \$4,450 for water and wastewater, respectively, and plant capacity charges of \$560 and \$1,050 for water and wastewater, respectively. In addition, OBU is requesting a 5/8"x3/4" meter installation fee of \$150. All other meters will be installed at the utility's actual cost.

The utility's projected contribution levels are 50.24% and 42.03% for water and wastewater, respectively, as shown on Schedule No. 5. The utility did not file for a certificate and rates prior to constructing the system and providing service to 45 ERCs, and the utility may not collect service availability charges from those existing customers. The projected contribution levels are based on the utility collecting plant capacity and main extension charges from all future customers. We note that the utility provided the depreciation schedules from its 2006 tax return showing that the transmission, distribution, and collection lines in Phase I of the development were not written off to cost of goods sold, but are being depreciated. Therefore, the cost of the lines are not imputed as CIAC pursuant to Rule 25-30.570, F.A.C.

The utility's proposed service availability policy and charges are consistent with the guidelines contained in Rule 25-30.580, F.A.C., and shall be approved. The charges shall be effective for connections made on or after the stamped approval date on the tariff sheets.

#### IV. Customer Deposits, Miscellaneous Service Charges, and Late Fee

The utility requested customer deposits, miscellaneous service charges, and a late fee pursuant to Section 367.091, F.S. These requests are considered below.

##### A. Customer Deposits

The utility requested initial customer deposits for 5/8" x 3/4" meters of \$52.00 for water service and \$102.00 for wastewater service. These proposed deposits are based on two times the projected average monthly use of 9,000 gallons of water. Rule 25-30.311, F.A.C., contains the criteria for collecting, administering, and refunding customer deposits.

As its justification for customer deposits, OBU indicated that, if utilities do not collect adequate deposits to recover the cost of providing service, the result would be an increase in its bad debt expense. Ultimately, bad debt expense is included in the utility's revenue requirement and, therefore, included in the cost of service charged to the general body of ratepayers. The utility also notes that collecting customer deposits is consistent with one of the fundamental principles of rate making, i.e., ensuring that the cost of providing service is recovered from the cost-causer.

The utility's proposed initial customer deposits shown on Schedule No. 7 of \$52.00 for water service and \$102.00 for wastewater service for 5/8" x 3/4" meters are consistent with our rules and are approved.

B. Miscellaneous Service Charges And Late Payment Fee

The utility's request for miscellaneous service charges and a late payment fee was accompanied by its reason for requesting the charges, as well as the cost justification required by Section 367.091, F.S. The utility's proposed miscellaneous service charges and late payment charge are also shown on Schedule No. 7. Pursuant to Rule 25-30.460, F.A.C., all water and wastewater utilities may apply for miscellaneous service charges. These charges include initial connections, normal reconnections, violation reconnections, and premises visit charges.

Because the utility has not started charging for service, the miscellaneous service charges are based on projected expenses. The utility will only be charging miscellaneous service charges when a specific customer requests the service or is responsible for the service. The utility's justification for the miscellaneous service charges is to place the burden of these charges on the cost-causer rather than the general body of rate payers.

The utility stated that the proposed miscellaneous service charges are based on hourly rates of \$28.81 per hour for clerical and administrative labor and \$25.00 per hour for field labor during regular business hours, and \$43.22 and \$37.50 per hour, respectively, for after business hours. The utility's requested 1/4 hour per service for clerical and administrative labor of \$7.20 appears to be reasonable. Field labor of 35 minutes per visit for initial connection/normal reconnection and after hours reconnection appear to be reasonable at \$14.50 and \$21.75, respectively. The utility added transportation costs of \$8.90 at 44.5 cents per mile with an average of 20 miles round trip from the office. The proposed levels of miscellaneous service charges appear to be reasonable. Therefore, the utility's proposed miscellaneous service charges are approved as shown on Schedule No. 7. If both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the utility require multiple actions.

<u>Cost Basis for Miscellaneous Service Charges</u>		
<u>Costs</u>	<u>Regular Hours</u>	<u>After Hours</u>
Clerical and Administrative Labor	\$7.20	\$10.80
Field Labor	14.50	21.75
<u>Transportation Cost</u>	<u>8.90</u>	<u>8.90</u>
Total	\$30.60	\$41.45
Total Requested and Approved	\$30.00	\$40.00

In addition to the miscellaneous service charges, the utility proposed a \$6.00 late payment fee. The justification for a late payment fee is two-fold. First, the charge is designed to encourage customers to pay their bills on time. Second, if the payment is not made on time, the charge is designed to ensure that the cost associated with late payment is not passed onto customers who do pay on time. The cost basis provided by the utility is that it takes approximately 12 minutes of clerical and administrative labor to research, review, and verify that payment has not been received and the costs of computer and copier time, stationery, and postage to print and mail the bill. The proposed cost equals \$5.76 for labor, \$0.25 for supplies and computer usage, and \$0.41 for postage for a total of \$6.42. The utility has rounded the



request down to \$6.00. The proposed costs are consistent with our prior decisions.<sup>3</sup> Therefore, we find that the utility's requested late fee of \$6.00 is reasonable and it is approved.

Cost Basis for Late Payment Fee

<u>Costs</u>	
Labor	\$5.76
Office	.25
Supplies/Computer	
Postage	<u>.41</u>
Total	\$6.42
Total Requested and Approved	\$6.00

C. Conclusion

The proposed initial customer deposits, miscellaneous service charges, and late fee, set out above and also shown on Schedule No. 7, are consistent with our rules and shall be approved. The deposits and charges shall be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C.

V. Allowance for Funds Used During Construction (AFUDC) Rate

OBU has requested that we establish an AFUDC rate for future construction. Rule 25-30.033, F.A.C., authorizes utilities obtaining initial certificates to accrue AFUDC for projects found eligible pursuant to Rule 25-30.116(1), F.A.C. Rule 25-30.033, F.A.C., specifies that the AFUDC rate be determined to be the utility's projected weighted cost of capital in its application for initial rates and charges. To ensure that the annual AFUDC rate charged by the utility does not exceed the authorized level, Rule 25-30.033 requires that a discounted monthly AFUDC rate be calculated in accordance with Rule 25-30.116(3), F.A.C.

As discussed above, the utility's projected weighted cost of capital is 7.80%, making that the utility's authorized annual AFUDC rate. Based on the annual AFUDC rate and Rule 25-30.116(1), F.A.C., the utility's discounted monthly AFUDC rate is 0.649768%. Therefore, we approve an annual AFUDC rate of 7.80% and a discounted monthly rate of 0.649768%.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that Orange Blossom Utilities, Inc. shall be authorized to charge the rates as shown on Schedule No. 4. It is further

ORDERED that Orange Blossom Utilities, Inc. shall charge these rates until authorized to change them by this Commission in a subsequent proceeding. It is further

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<sup>3</sup> Order No. PSC-08-0009-TRF-WU, issued January 2, 2008, in Docket No. 070377-WU, In Re: Request for approval of change in meter installation customer deposits tariff and proposed changes in miscellaneous service charges in Marion County by Windstream Utilities Company.

ORDERED that the rates shall be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code. It is further

ORDERED that the schedules attached to this Order are incorporated by reference herein. It is further

ORDERED that should the utility propose to provide reuse in the future, it shall return to this Commission for an approved reuse rate. It is further

ORDERED that the utility's proposed service availability policy is approved, and the utility shall be authorized to charge the service availability charges and meter installation fees as set forth in the body of this Order and Schedule No. 6. It is further

ORDERED that the service availability charges shall be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code. It is further

ORDERED that the utility shall be authorized to charge the Initial Customer Deposits, the Miscellaneous Service Charges, and the Late Payment Charge as set forth in the body of this Order and Schedule No. 7. It is further

ORDERED that if both water and wastewater services are provided, only a single miscellaneous service charge is appropriate unless circumstances beyond the control of the utility require multiple actions. It is further

ORDERED that the utility shall be allowed to apply an annual AFUDC rate of 7.8% and a discounted monthly rate of 0.649868% as set forth in the body of this Order. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 8-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of this Order, this Order shall become final and the docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 24th day of April, 2008.



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ANN COLE  
Commission Clerk

( S E A L )

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 15, 2008.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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

ORANGE BLOSSOM UTILITIES, INC.  
Schedule of Water Rate Base

Schedule No. 1A

At 100% of Design Capacity

DESCRIPTION	UTILITY PROPOSED AND COMMISSION APPROVED
Utility Plant in Service	\$914,236
Land	\$2,313
Accumulated Depreciation	(157,613)
Contributions in Aid of Construction (CIAC)	(424,000)
Accumulated Amortization of CIAC	42,720
Working Capital Allowance	<u>6,272</u>
WATER RATE BASE	<u>\$383,928</u>

Schedule of Wastewater Rate Base  
At 100% of Design Capacity

Schedule No. 1B

DESCRIPTION	UTILITY PROPOSED AND COMMISSION APPROVED
Utility Plant in Service	\$1,859,305
Land	\$510,956
Accumulated Depreciation	(341,762)
Contributions in Aid of Construction (CIAC)	(1,166,000)
Accumulated Amortization of CIAC	313,500
Working Capital Allowance	<u>5,555</u>
WASTEWATER RATE BASE	<u>\$1,181,554</u>

ORANGE BLOSSOM UTILITIES, INC.  
Schedule of Cost of Capital  
At 100% of Design Capacity

Schedule No. 2

DESCRIPTION	UTILITY PROPOSED	WEIGHT	COST RATE	WEIGHTED COST
Common Equity	\$626,193	40.0%	12.01%	4.80%
Long & Short-Term Debt	939,289	60.0%	5.00%	3.00%
Total	\$1,565,481	100.0%		7.80%

Range of Reasonableness	High	Low
Return on Equity	13.01%	11.01%

ORANGE BLOSSOM UTILITIES, INC.  
Schedule of Water Operating Revenues  
At 100% of Design Capacity

Schedule No. 3A

DESCRIPTION	UTILITY PROPOSED AND COMMISSION APPROVED
Operating Revenues	<u>\$108,931</u>
Operating and Maintenance	50,173
Net Depreciation Expense	21,887
Taxes Other Than Income	6,910
Income Taxes	<u>0</u>
Total Operating Expense	<u>\$78,970</u>
Net Operating Income (Loss)	<u>\$29,961</u>
Water Rate Base	\$383,928
Rate of Return	7.80%

Schedule of Wastewater Operating Revenues  
At 100% of Design Capacity

Schedule No. 3B

DESCRIPTION	UTILITY PROPOSED AND COMMISSION APPROVED
Operating Revenues	<u>\$189,582</u>
Operating and Maintenance	44,439
Net Depreciation Expense	41,272
Taxes Other Than Income	11,662
Income Taxes	<u>0</u>
Total Operating Expense	<u>\$97,373</u>
Net Operating Income (Loss)	<u>\$92,209</u>
Wastewater Rate Base	\$1,181,554
Rate of Return	7.80%

ORANGE BLOSSOM UTILITIES, INC.  
 Schedule of Monthly Rates and Charges

Schedule No. 4

**Monthly Service Rates**  
 Residential Service

Base Facility Charge Meter Size:	WATER	WASTEWATER
	UTILITY PROPOSED AND COMMISSION APPROVED	UTILITY PROPOSED AND COMMISSION APPROVED
5/8" x 3/4"	\$ 14.19	\$ 24.62
3/4"	21.29	
1"	35.48	
1.5"	70.95	
2.0"	113.52	
3.0"	248.33	
4.0"	425.70	
6.0"	886.88	
8.0"	1,277.10	
Charge per 1,000 gallons	\$1.31	\$2.91*

\*Residential wastewater capped at 10,000 gallons

General Service

Base Facility Charge Meter Size:	WATER	WASTEWATER
	UTILITY PROPOSED AND COMMISSION APPROVED	UTILITY PROPOSED AND COMMISSION APPROVED
5/8" x 3/4"	\$ 14.19	\$ 24.62*
3/4"	21.29	36.93
1"	35.48	61.55
1.5"	70.95	123.10
2.0"	113.52	196.96
3.0"	248.33	430.85
4.0"	425.70	738.60
6.0"	886.88	1,538.75
8.0"	1,277.10	2,215.80
Charge per 1,000 gallons	\$1.31	\$2.91**

Typical Residential Bills

5/8" x 3/4" meter		
5,000 gallons	\$20.74	\$39.17
10,000 gallons	\$27.29	\$53.72
20,000 gallons	\$40.39	\$53.72

ORANGE BLOSSOM UTILITIES, INC.  
Schedule of Net CIAC to Net Plant  
At 100% of Design Capacity - Water

Schedule No. 5A

DESCRIPTION	UTILITY PROPOSED AND COMMISSION APPROVED
Utility Plant in Service	\$916,549
Accumulated Depreciation	<u>(157,613)</u>
Net Plant	<u>\$758,936</u>
CIAC	\$424,000
Accum. Amortization of CIAC	<u>(42,720)</u>
Net CIAC	<u>\$381,280</u>
Net CIAC/Net Plant	50.24%

Schedule of Net CIAC to Net Plant  
At 100% of Design Capacity – Wastewater

Schedule No. 5B

DESCRIPTION	UTILITY PROPOSED AND COMMISSION APPROVED
Utility Plant in Service	\$2,370,261
Accumulated Depreciation	<u>(341,762)</u>
Net Plant	<u>\$2,028,499</u>
CIAC	\$1,166,000
Accum. Amortization of CIAC	<u>(313,500)</u>
Net CIAC	<u>\$852,500</u>
Net CIAC/Net Plant	42.03%



ORANGE BLOSSOM UTILITIES, INC.  
Schedule of Service Availability Charges  
Water and Wastewater

Schedule No. 6

DESCRIPTION	UTILITY PROPOSED AND COMMISSION APPROVED	
	Water	Wastewater
Main Extension Charge (per ERC)	\$1,440.00	\$4,450.00
Main Extension Charge (per gallon)	\$4.80	\$14.83
Plant Capacity Charge (per ERC)	\$560.00	\$1,050.00
Plant Capacity Charge (per gallon)	\$1.87	\$3.50
Meter Installation Charge – 5/8” x 3/4”	\$150.00	
Meter Installation Charge – over 5/8” x 3/4”	Actual Cost	

ERC = 300 gpd

ORANGE BLOSSOM UTILITIES, INC.

Schedule No. 7

INITIAL CUSTOMER DEPOSITS

DESCRIPTION	UTILITY PROPOSED AND COMMISSION APPROVED	
	WATER	WASTEWATER
Residential and General Service 5/8" x 3/4" Meter	\$ 52.00	\$102.00

MISCELLANEOUS SERVICE CHARGES

DESCRIPTION	NORMAL HOURS	AFTER HOURS
<b>Water Service</b>		
Initial Connection	\$ 30.00	\$ 40.00
Normal Reconnection	\$ 30.00	\$ 40.00
Violation Reconnection	\$ 30.00	\$ 40.00
Premises Visit Charge	\$ 30.00	\$ 40.00
Late Payment Charge	\$ 6.00	Not Applicable
<b>Wastewater Service</b>		
Initial Connection	\$ 30.00	\$ 40.00
Normal Reconnection	\$ 30.00	\$ 40.00
Violation Reconnection	Actual Cost	Actual Cost
Premises Visit Charge	\$ 30.00	\$ 40.00
Late Payment Charge	\$ 6.00	Not Applicable