

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in
Brevard County by TKCB.

DOCKET NO. 120078-SU
ORDER NO. PSC-13-0126-PAA-SU
ISSUED: March 14, 2013

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING INCREASE IN RATES AND CHARGES AND FINAL ORDER
GRANTING TEMPORARY RATES IN THE EVENT OF A PROTEST

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.

BACKGROUND

TKCB (TKCB or Utility) is a Class C utility currently providing wastewater service to 295 mobile home lots in the Sun Lake Village Estates manufactured home community (formerly Sun Lake Estates) in Cocoa, Florida. The Utility is located in the St. Johns River Water Management District. Water service is provided by the City of Cocoa (City). The Utility began providing wastewater service in 1984 as the Sun Lake Estates Homeowners Association (HOA) and became TKCB in November 1986. We granted Utility Certificate No. 562-S to provide wastewater service in 2011.¹

We have the authority to consider this rate case pursuant to Section 367.0814, Florida Statutes (F.S.).

¹ See Order No. PSC-11-0522-FOF-SU, issued November 7, 2011, in Docket No. 100442-SU, In re: Application for certificate to provide wastewater service in Brevard County by TKCB.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

DECISION

QUALITY OF SERVICE

Pursuant to Rule 25-30.433(1), Florida Administrative Code (F.A.C.), we determine the quality of service a utility provides by evaluating the quality of the utility's product, the operational condition of the utility's plant and facilities, and the utility's attempt to address customer satisfaction. The Utility's compliance with the DEP regulations and customer comments or complaints received by this Commission was also reviewed.

Quality of Utility's Product and Operational Condition of Plants and Facilities

The Utility's wastewater treatment plant (WWTP) is regulated by the DEP Central District Office located in Orlando, Florida. On May 22, 2012, DEP conducted a compliance inspection of the WWTP and it was found to be out of compliance. The four deficiencies noted in the report were: sand and grit in the surge tank; slight seepage of wastewater from the concrete structure; damage/missing north fence surrounding the percolation ponds; and failure to submit the groundwater monitoring reports for the third and fourth quarters of 2011 and the first quarter of 2012.

The Utility responded to DEP in a letter dated July 23, 2012. The Utility indicated the following actions were taken in response to the May 22, 2012 compliance inspection report: grit and sand were removed from the surge tank; the leak in the concrete repaired; and, a temporary perimeter fence was installed. All actions were completed by the date of its letter. The groundwater monitoring reports have also been sent to DEP as well. The permanent perimeter fencing will be completed from funds received through its proposed rate increase. Finally, TKCB indicated the permanent fence replacement will be completed by June 2013.

Based on the Utility's response to DEP's inspection report, it appears the Utility is in the process of correcting all deficiencies noted by DEP. The Utility is currently meeting all other required standards for wastewater operation and maintenance. A field inspection of the Utility's service area was conducted on December 13, 2012. Based on the physical inspection, the general condition of the facilities appears to be adequate. In addition, DEP indicated that TKCB is being operated in a satisfactory manner.

The Utility's Attempt to Address Customer Satisfaction

A customer meeting was held on December 13, 2012, at the Merritt Island Public Library in Merritt Island, Florida. No customers attended or spoke at the meeting. Our staff reviewed our complaint tracking system and found no complaints. We find that the Utility's attempts to address customer concerns be considered satisfactory. Therefore, we find that TKCB's quality of product, operating condition of its facilities, and its attempt to address customer satisfaction is satisfactory. However, we note that certain maintenance items (fencing), required by DEP, must be completed by June 2013.

USED AND USEFUL

Pursuant to Rule 25-30.432, F.A.C., the U&U percentage of a wastewater treatment plant is based on the plant flows and a growth allowance less excessive inflow and infiltration (I&I) divided by the permitted capacity of the plant. Other factors, such as whether the service area is built out and whether the plant flows have decreased due to conservation may also be considered.

The Utility's service area is plotted for 295 mobile home connections. During the test year the Utility indicated 275 lots were being served. The service area is built out, and there are no plans for expansion. Pursuant to Rule 25-30.432, F.A.C., we find that the wastewater treatment plant and collection system shall be considered 100 percent U&U because the service area is built out.

RATE BASE

Rate base for this Utility has never been established. We selected a test year ended April 30, 2012, for this rate case. Due to the lack of adequate and verifiable information, we were unable to substantiate the Utility's original rate base components except for land. The Utility has been in existence since 1984. Therefore, TKCB's plant assets would be almost fully depreciated. At a minimum, it is believed that rate base is less than operation and maintenance (O&M) expenses and would warrant a recommendation for the operating ratio margin as addressed in Issue 7. The adjustments to rate base reflect documented plant recorded during the test year and requested pro forma plant additions. A summary of verifiable components and the adjustments are discussed below.

Utility Plant in Service (UPIS): The Utility reflected \$0 in this account during the test year. We reclassified \$2,574 for a surge pump recorded in Account No. 720 – materials and supplies to this account. UPIS was reduced by \$1,287 for an averaging adjustment. Also, the Utility is requesting a pro forma adjustment to replace a fence. We find this request is reasonable and prudent and allows the Utility to achieve compliance with the requirement from DEP. The fence replacement shall be completed by June 2013. The Utility shall be required to submit a copy of the final invoices and cancelled checks for the fence replacement. Therefore, this account was increased by \$7,400. The net result of the adjustments is a UPIS balance of \$8,687.

Land: The Utility recorded \$30,000 for land. NARUC, Class C, Accounting Instruction, No. 3 requires that all utility plant be recorded at original cost, which is defined as "the cost of such property to the person first devoting it to public service." Based on official records with the Brevard County Clerk of Court, our staff auditor was able to determine that the original cost of TKCB's land is \$36,203. Land was increased by \$6,203. Therefore, land is \$36,203.

Non-Used and Useful Plant: TKCB's WWTP and collection system are 100 percent U&U. Therefore, a U&U adjustment is not necessary.

Accumulated Depreciation: The Utility reflected \$0 for accumulated depreciation. We increased this account by \$86 to reflect accumulated depreciation for the surge tank reclassified from expenses. We decreased this account by \$43 to reflect an averaging adjustment. Also, we increased accumulated depreciation by \$137 for the pro forma fence addition. Based on the foregoing, accumulated depreciation is \$180.

Working Capital Allowance: Working capital is defined as the investor-supplied funds that are necessary to meet operating expenses or going-concern requirements of the Utility. Consistent with Rule 25-30.433(2), F.A.C., we used the one-eighth of the O&M expense formula approach for calculating the working capital allowance. Applying this formula, a working capital allowance is \$7,767 (based on O&M expense of \$62,138/8).

Rate Base Summary: Based on the foregoing, the appropriate test year average rate base is \$52,477. Rate base is shown on Schedule No. 1-A. The related adjustments are shown on Schedule No. 1-B.

RATE OF RETURN

The Utility's capital structure has been reconciled with our approved rate base. Consistent with the Commission-approved leverage formula currently in effect, the appropriate ROE is 8.74 percent.² The ROE is 8.74 percent with a range of 7.74 percent to 9.74 percent, and an overall rate of return of 8.74 percent.

We use the operating ratio margin for the instant docket. Therefore, a determination of the ROE and overall rate of return is not essential for calculating an operating income. However, it is important to establish the overall rate of return on a going forward basis for earnings surveillance. The ROE and overall rate of return are shown on Schedule No. 2.

TEST YEAR REVENUE

TKCB recorded total test year revenue of \$64,108. The Utility recorded its revenue on a cash basis rather than an accrual basis. Accounting Instruction No. 2 of the National Association of Regulatory Utility Commissioners Uniform System of Accounts instructs that the book of accounts be kept on an accrual basis. The revenue recorded only reflects cash payments on accounts and not actual billing. Also, the City of Cocoa bills and collects the revenues for TKCB and removes its billing fee from those revenues prior to remitting the balance. TKCB's recorded revenue does not include the revenues retained by the City of Cocoa for its billing fee. We adjusted test year revenue by \$5,365 to include actual billings and the City of Cocoa's billing fee. We find that the test year revenue is \$69,473. Test year revenue is shown on Schedule No. 3-A.

² See Order Nos. PSC-12-0339-PAA-WS, issued June 28, 2012, and PSC-12-0372-CO-WS, issued July 20, 2012, in Docket No. 120006-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), Florida Statutes.

OPERATING EXPENSES

TKCB recorded operating expenses of \$59,728 during the test year ended April 30, 2012. The test year O&M expenses have been reviewed and invoices, canceled checks, and other supporting documentation have been examined. We find the several adjustments to the Utility's operating expenses, as summarized below:

Salaries and Wages – Employees (701) – TKCB recorded \$0 for salaries and wages – employees. The Utility's bookkeeper is an employee of Atlantis Investments, a related party. The bookkeeper is responsible for performing general office duties, bookkeeping, and accounting services for the Utility. The Utility is allocated \$250 per month or \$3,000 annually for the bookkeeper's services. We find this amount is reasonable for the specified duties. Therefore, we increased this account by \$3,000. Therefore, salaries and wages – employees is \$3,000.

Salaries and Wages – Officers (703) – TKCB recorded \$15,200 in this account. The Utility's president is also the president and owner of Atlantis Investments. The president's duties for the Utility consist of performing administrative duties and managing accounting, customer service, contract vendors and service operations. We evaluated an appropriate salary for the president using the American Water Works Association's 2008 Utility Compensation Survey. The president's functions best matched those of an accounting manager/controller position. The average salary for the accounting manager/controller position was \$40,326. The president works approximately 26 hours per month on Utility business. On an annual basis, this results in approximately 15 percent (312 hours/2,080 annual hours) of his time. We applied the 15 percent to the average salary for the accounting manager/controller position and adjusted for inflation. This results in a president's salary of \$6,311. Therefore, we decreased this account by \$8,889. We find salaries and wages – officers is \$6,311.

Purchased Power (715) – TKCB recorded purchased power expense of \$10,895. Pursuant to Audit Finding No. 5, we decreased purchased power expense by \$85 to reflect the appropriate purchased power expense for the test year. We find purchased power expense for the test year is \$10,810.

Chemicals (718) – The Utility recorded chemical expense of \$284. Pursuant to Audit Finding No. 5, we decreased chemical expense by \$58 to reclassify a circuit breaker to Acct. No. 720 – material and supplies. Also, we increased this account by \$33 and \$20 to reflect chemicals reclassified from Acct. No. – 720 materials and supplies and Acct. No. 736 – contractual services other, respectively. During the test year, the Utility only recorded seven months of purchases of chlorine. TKCB's operator indicated he buys approximately 10 gallons of chlorine monthly at \$32.50. We annualized the chlorine expense and the appropriate amount is \$389. This account includes \$279 for chlorine during the test year. Therefore, we increased this account by \$110 to reflect the appropriate chemicals expense. We find chemicals expense for the test year is \$389.

Material and Supplies (720) – TKCB recorded miscellaneous expense of \$4,622. We find the following adjustments.

Table 6-1

	<u>Adjustment Description</u>	
1.	To reclassify cost for circuit breaker from Acct. No. 720.	\$58
2.	To reclassify labor cost for plant site cleaning to Acct. No. 736	(110)
3.	To capitalize wastewater surge pumps.	(2,574)
4.	To reclassify chemical expense to Acct. No. 718	(33)
5.	To remove expense for lack of support documentation.	(30)
	Total	<u>(\$2,689)</u>

Based on the net decrease of \$2,689, we find the miscellaneous expense balance is \$1,933.

Contractual Services - Billing (730) – The Utility recorded \$0 for contractual services – billing. TKCB has a contract with the City of Cocoa Utilities Department (COC) for customer billing services. The Utility’s wastewater bills are based on customer’s monthly water consumption with the COC. The COC’s fee for the test year was \$0.98 per bill. The fee was increased to \$1.01 effective January 1, 2012. We annualized the increase and it results in contractual services - billing of \$3,091 (12 months x 255 average bills x \$1.01). Based on the above, we find contractual services – billing is \$3,091.

Contractual Services – Testing (735) – TKCB recorded contractual services – testing expense of \$4,787. We decreased this account by \$85 to reflect the appropriate test year testing expense. Therefore, we find contractual services – testing is \$4,702.

Contractual Services - Other (736) – The Utility recorded miscellaneous expense of \$21,093. The contract operator’s fee increased during the test year. We increased this account by \$1,000 to reflect the appropriate contractor operator fee. TKCB recorded labor for cleaning at the wastewater plant site to Account No. 720 – materials and supplies. We increased this account by \$110 to reclassify the expense to the appropriate account. We decreased this account by \$1,350 to remove an expense for weed spraying that is not related to utility operations. We decreased this account by \$145 to reclassify transportation expense to Account No. 750 – transportation. Also, we decreased this account by \$20 to reclassify chemical expenses to Account No. 718 – chemicals. As a result of the DEP compliance inspection of the WWTP, the Utility was required to remove sand and grit from its surge tank. The Utility provided an estimate of \$3,280 for the surge tank cleaning. Surge tank cleaning is typically performed about every five years. Therefore, we amortized this cost over five years and increased this account by \$656. The net adjustment to this account is an increase of \$251. Therefore, we find a miscellaneous expense balance of \$21,344.

Rent Expense (740) – TKCB recorded rent expense of \$0 for the test year. The Utility shares office space with a related party, Atlantis Investments. TKCB currently does not record any expense related to sharing this office space. The office space is 1,288 square feet (sq.ft.). We researched the cost of commercial office space near the office of the Utility. We determined the average per sq. ft. lease cost for office space was \$13.40. This results in office space rent of \$17,259 (1,288 sq.ft. x \$13.40)

TKCB also shares the electric, water, and telephone services. Invoices were obtained from the Utility for the electric, water, and telephone services for the test year to determine an appropriate allocation for these services to the Utility. Based on the invoices, we calculated electric, water and telephone services to be \$2,487, \$579, and \$2,906, respectively. The total cost associated with the office is \$23,232 (\$17,259+\$2,487+\$579+\$2,906). As discussed above, TKCB's president spends 15 percent of his time using the office space for Utility business, annually. This results in an allocation for rent expense of \$3,485 (\$23,232 x 15 percent). As a result, we find rent expense for the test year is \$3,485.

Transportation Expense (750) – The Utility recorded \$0 for transportation expense for the test year. We increased transportation expense by \$145 to reclassify transportation expense from Acct. 736 – contractual services – other. We find transportation expense for the test year is \$145.

Insurance Expense (755) – TKCB recorded \$0 in this account. During the test year, the Utility did not have insurance. TKCB purchased a general liability policy in the amount of \$512. We increased this account, accordingly. We find insurance expense for the test year of \$512.

Regulatory Commission Expense (765) – The Utility recorded \$327 of regulatory commission expense for the test year. Pursuant to Section 367.0816, F.S., rate case expense is amortized over a 4-year period. The amount of \$327 that TKCB included in this account represents legal expense incurred during its original wastewater certificate docket. The legal expense associated with the certificate docket is non-recurring. We reclassified the \$327 to miscellaneous expense to be amortized over five years. The Utility is required by Rule 25-22.0407, F.A.C., to mail notices of the customer meeting and notices of final rates in this case to its customers. For noticing, we estimated \$221 for postage expense, \$49 for printing expense, and \$25 for envelopes. This results in \$294 for the noticing requirement. The Utility paid a \$1,000 rate case filing fee. Based on the above, we find total rate case expense of \$1,294 (\$294+\$1,000), which amortized over four years is \$324. Therefore, we find regulatory commission expense is \$324.

Bad Debt Expense (770) – TKCB did not record any bad debt expense for the test year. The Utility's bad debt has been \$2,516, \$2,830, and \$2,804 for 2009, 2010, and 2011. It is Commission practice to take the three-year average to determine a representative level of bad debt expense.³ This results in bad debt expense of \$2,712, and we increased this account, accordingly. We find bad debt expense is \$2,712.

Miscellaneous Expense (775) – TKCB recorded miscellaneous expense of \$595. This account includes an amount associated with bank overdraft fees. These fees shall not be recovered from the general body of ratepayers. Therefore, we reduced miscellaneous expense by \$105 to remove the bank charges. Also, the Utility renewed its permit in 2010. TKCB provided documentation that the permit renewal costs were \$4,500. Permits are renewed every five years. We increased miscellaneous expense by \$900 (\$4,500/5) to reflect the amortization of the permit

³ See Order Nos. PSC-12-0102-FOF-WS, issued March 5, 2012, in Docket No. 100330-WS, In re: Application for increase in water/wastewater rates in Alachua, Brevard, DeSoto, Hardee, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc., PSC-10-0423-PAA-WS, issued July 1, 2010, in Docket No. 090402-WS, In re: Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation., and PSC-10-0407-PAA-SU, issued June 21, 2010, in Docket No. 090381, In re: Application for increase in wastewater rates in Seminole County by Utilities Inc. of Longwood.

renewal costs. We reclassified \$327 of legal cost incurred during the Utility's certification docket from regulatory commission expense and amortized it over five years. As result, we increased this account by \$65 ($\$327/5$). The net adjustment to miscellaneous expense is an increase of \$890 ($\$900-\$105+\65). Therefore, we find miscellaneous expense is \$1,455.

Operation and Maintenance Expense (O&M Summary) – Based on the above adjustments, O&M expense shall be increased by \$2,410. Our approved adjustments to O&M expense are shown on Schedule Nos. 3-A and 3-B.

Depreciation Expense (Net of Amortization of CIAC) – The Utility did not record depreciation expense. We calculated depreciation expense using the prescribed rates set forth in Rule 25-30.140, F.A.C. We calculated test year depreciation expense of \$171. Also, we calculated depreciation expense for the pro forma plant addition of \$274. TKCB has no CIAC to amortize. Based on the above, we find net depreciation expense is \$445.

Taxes Other Than Income (TOTI) – The Utility recorded a TOTI balance of \$0. Based on test year revenues of \$69,473, we determined that RAFs shall be \$3,126 ($\$69,473 \times 4.5$ percent). We increased TOTI by \$3,126 to reflect the appropriate RAFs. We also increased TOTI by \$760 to reflect the appropriate property taxes. The revenues have been increased by \$3,362 to reflect the change in revenue required to cover expenses and allow an opportunity to earn the recommended return over O&M expense. As a result, TOTI shall be increased by \$151 to reflect RAFs of 4.5 percent on the change in revenues. Therefore, we find TOTI is \$4,038.

Income Tax – The Utility did not have any income tax expense for the test year. TKCB is a subchapter S corporation. The tax liability is passed on to the owners' personal tax returns. Therefore, we did not make an adjustment to this account.

Operating Expenses Summary – The application of our approved adjustments results in operating expenses of \$66,621. Operating expenses are shown on Schedule Nos. 3-A and 3-B. The adjustments are shown on Schedule No. 3-C.

OPERATING RATIO METHODOLOGY

Section 367.0814(9), F.S., provides that the Commission may, by rule, establish standards and procedures for setting rates and charges of small utilities using criteria other than those set forth in Sections 367.081(1), (2)(a), and (3), F.S. Rule 25-30.456, F.A.C., provides, in part, an alternative to a staff assisted rate case as described in Rule 25-30.455, F.A.C. As an alternative, utilities with total gross annual operating revenue of less than \$250,000 per system may petition the Commission for staff assistance in alternative rate setting.

Although TKCB did not petition the Commission for alternative rate setting under the aforementioned rule, we find that the Commission shall exercise its discretion to employ the operating ratio methodology to set rates in this case. The operating ratio methodology is an alternative to the traditional calculation of revenue requirements. Under this methodology, instead of applying a return on the Utility's rate base, the revenue requirement is based on a margin over TKCB's O&M expenses. This methodology has been applied in cases where the

traditional calculation of revenue requirements would not provide sufficient revenue to protect against potential variances in revenues and expenses.

By Order No. PSC-96-0357-FOF-WU,⁴ this Commission, for the first time, utilized the operating ratio methodology as an alternative means for setting rates. This order also established criteria to determine the use of the operating ratio methodology and a guideline margin of 10 percent of O&M expense. This criteria was applied again in Order No. PSC-97-0130-FOF-SU.⁵ Most recently, we approved the operating ratio methodology for setting rates in Order No. PSC-12-0533-PAA-WU.⁶

In Order No. PSC-96-0357-FOF-WU,^{we} established criteria to determine whether to utilize the operating ratio methodology for those utilities with low or non-existent rate base. The qualifying criteria established by Order No. PSC-96-0357-FOF-WU, and how they apply to the Utility are discussed below:

- 1) Whether the Utility's O&M expense exceeds rate base. The operating ratio method substitutes O&M expense for rate base in calculating the amount of return. A Utility generally would not benefit from the operating ratio method if rate base exceeds O&M expense. The decision to use the operating ratio method depends on the determination of whether the primary risk resides in capital costs or operating expenses. In the instant case, the rate base is less than the level of O&M expense. The Utility's primary risk resides with covering its operating expense. The adjusted rate base for the test year is \$52,477, while adjusted O&M expense is \$62,138.
- 2) Whether the Utility is expected to become a Class B utility in the foreseeable future. According to Chapter 367.0814(9), F.S., the alternative form of regulation being considered in this case only applies to small utilities with gross annual revenue of \$250,000 or less. TKCB is a Class C utility and the recommended revenue requirement of \$72,835 is substantially below the threshold level for Class B status (\$200,000 per system). The Utility's service area has not had any significant growth in the last five years. Therefore, the Utility will not become a Class B utility in the foreseeable future.
- 3) Quality of service and condition of plant. As discussed previously, we find the quality of service be found satisfactory.
- 4) Whether the Utility is developer-owned. The current Utility owner is a developer. However, as noted in Order No. PSC-96-0357-FOF-WU,⁷ the fact that a utility is developer-owned does not by itself disqualify a utility from utilizing the operating ratio methodology. If a

⁴ Issued March 13, 1996, in Docket No. 950641-WU, In re: Application for staff-assisted rate case in Palm Beach County by Lake Osborne Utilities Company, Inc.

⁵ Issued February 10, 1997, in Docket No. 960561-SU, In re: Application for staff-assisted rate case in Citrus County by Indian Springs Utilities, Inc.

⁶ See Order No. PSC-12-0533-PAA-WU, issued October 9, 2012, in Docket No. 110238-WU, In re: Application for staff-assisted rate case in Polk County by Sunrise Utilities, LLC.

⁷ See Order No. PSC-96-0357-FOF-WU, p.7.

developer-owned utility is in the early stages of growth, it may be inappropriate to employ the operating ratio methodology. In this particular case, the service territory is built out.

5) Whether the Utility operates treatment facilities or is simply a distribution and/or collection system. TKCB operates a wastewater treatment plant and collection system. Based on our review of the Utility's situation relative to the above criteria, we find that TKCB is a viable candidate for the operating ratio methodology.

By Order Nos. PSC-96-0357-FOF-WS and PSC-97-0130-FOF-WU, we determined that a margin of 10 percent shall be used unless unique circumstances justify the use of a greater or lesser margin. The important question is not what the return percentage should be, but what level of operating margin will allow the utility to provide safe and reliable service and remain a viable entity. The answer to this question requires a great deal of judgment based upon the particular circumstances of the utility.

Several factors must be considered in determining the reasonableness of a margin. First, the margin must provide sufficient revenue for the Utility to cover its interest expense. However, in this case, the Utility is not paying interest expense.

Second, use of the operating ratio methodology rests on the contention that the principal risk to the utility resides in operating cost rather than in capital cost of the plant. The fair return on a small rate base may not adequately compensate the utility owner for incurring the risk associated with covering the much larger operating cost. Therefore, the margin shall adequately compensate the utility owner for that risk. Under the rate base method, the return to TKCB amounts to only \$4,586, which is enough to cover only an approximate 7.4 percent variance in O&M expense. We find that \$4,586 may be an insufficient financial cushion.

Third, if the return on rate base method was applied, a normal return would generate such a small level of revenue that in the event revenue or expenses vary from our estimates, TKCB could be left with insufficient funds to cover operating expenses. Therefore, the margin shall provide adequate revenue to protect against potential variability in revenue and expenses. The return on rate base method would provide the Utility only \$4,586. If the Utility's operating expenses increase or revenue decreases, TKCB would not have the funds required for day-to-day operations.

In conclusion, the above factors show that the Utility needs a higher margin of revenue over operating expenses than the traditional return on rate base method would allow. Therefore, in order to provide TKCB with adequate cash flow to meet environmental requirements and to provide some assurance of safe and reliable service, we find that application of the operating ratio methodology at a margin of 10 percent of O&M expense for determining the revenue requirement.

REVENUE REQUIREMENT

TKCB shall be allowed an increase of \$3,362 (4.84 percent). This will allow the Utility the opportunity to recover its expenses and a 10 percent cushion over its O&M expenses. The calculations are as follows:

Table 8-1

Adjusted O&M Expense	\$62,138
Operating Margin Ratio	<u>10.00%</u>
Operating Margin	\$6,214
Adjusted O&M Expense	62,138
Depreciation expense (Net)	445
Amortization	0
Taxes Other Than Income	4,038
Income Tax	<u>0</u>
Revenue Requirement	\$72,835
Less Adjusted Test Year Revenues	<u>\$69,473</u>
Annual Increase	<u>\$3,362</u>
Percent Increase/(Decrease)	<u>4.84%</u>

RATE STRUCTURE

TKCB's current rate structure consists of a traditional BFC and gallonage charge rate structure. The BFC is \$12.50 and the gallonage charge is \$2.65 per 1,000 gallons, with a maximum of 12,000 gallons charged to residential customers. These rates were grandfathered in by Order No. PSC-11-0522-FOF-SU.⁸ The water service is provided by the City of Cocoa.

Our preferred wastewater rate structure is a BFC and uniform rate structure. For this reason, we find a continuation of the BFC and gallonage charge rate structure is appropriate. It is our practice to set the residential wastewater gallonage cap such that approximately 80 percent of the gallons are at or below the cap.⁹ Review of the billing data indicates that 82 percent of the

⁸ See Order No. PSC-11-0522-FOF-SU, issued November 7, 2011, in Docket No. 100442-SU, In re: Application for certificate to provide wastewater service in Brevard County by TKCB.

⁹ See Orders Nos. 12350, issued August 10, 1983, in Docket No. 820073-WS, In re: Application of Seacoast Utilities, Inc. for an increase in water and sewer service rates to its customers in Palm Beach County, Florida; PSC-

gallons sold are captured at 6,000 gallons. Therefore, the Utility's residential wastewater gallonage cap of 12,000 gallons shall be changed to 6,000 gallons.

At this time, the Utility does not have any non-residential customers. Nonetheless, in the event the Utility decides to add a non-residential customer to its service territory a rate shall be in place. For this reason, we find that the non-residential gallonage charge be 1.2 times greater than the residential charge. This is done in an effort to calculate a 20 percent differential between a utility's residential and non-residential customers. There is no cap for non-residential customers. The proposed BFC recovers approximately 50 percent of the recommended revenue requirement, consistent with our practice.

Based on the foregoing, the appropriate rate structure shall be a continuation of the BFC and uniform gallonage charge rate structure. We find that the residential wastewater gallonage cap be set at 6,000 gallons a month. Furthermore, we find that the non-residential gallonage charge be 1.2 times greater than the residential charge.

RATES

The approved rates shall be designed to produce revenue of \$72,835. We find the BFC is \$13.10 and the gallonage charge is \$3.28.

Therefore, we find that rates shall be designed to produce service revenues of \$72,835. The appropriate rates for monthly service for residential and general wastewater service are shown on Schedule No. 4. The Utility shall file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. If the effective date of the new rates falls within a regular billing cycle, the initial bills at the new rate may be prorated. In addition, the approved rates shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days after the date of the notice.

FOUR YEAR RATE REDUCTION

Section 367.0816, F.S., requires that the rates be reduced immediately following the expiration of the four-year period by the amount of the rate case expense previously included in the rates. The reduction will reflect the removal of revenues associated with the amortization of rate case expense, the associated operating margin, and the gross-up for RAFs which is \$373. Using the Utility's current revenues, expenses, and customer base, the reduction in revenues will result in the rate decrease shown on Schedule No. 4.

TKCB shall be required to file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. The Utility also shall be required to file a proposed customer notice setting forth the lower rates and the reason for the reduction. If TKCB files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

TEMPORARY RATES

By this Order, we are approving an increase in rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the Utility, we find that the approved rates shall be approved as temporary rates. TKCB shall file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates shall not be implemented until our staff has approved the proposed notice, and the notice has been received by the customers. The approved rates collected by the Utility shall be subject to the refund provisions discussed below.

The Utility shall be authorized to collect the temporary rates upon our staff's approval of an appropriate security for the potential refund and the proposed customer notice. Security shall be in the form of a bond or letter of credit in the amount of \$2,241. Alternatively, the Utility could establish an escrow agreement with an independent financial institution.

If the Utility chooses a bond as security, the bond shall contain wording to the effect that it will be terminated only under the following conditions:

- 1) The Commission approves the rate increase; or
- 2) If the Commission denies the increase, the Utility shall refund the amount collected that is attributable to the increase.

If the Utility chooses a letter of credit as a security, it shall contain the following conditions:

- 1) The letter of credit is irrevocable for the period it is in effect, and,
- 2) The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions shall be part of the agreement:

- 1) No monies in the escrow account may be withdrawn by the Utility without the express approval of the Commission;
- 2) The escrow account shall be an interest bearing account;
- 3) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers;
- 4) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility;
- 5) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times;
- 6) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt;
- 7) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments;
- 8) The Commission Clerk must be a signatory to the escrow agreement; and
- 9) The account must specify by whom and on whose behalf such monies were paid.

In no instance shall the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and shall be borne by, the Utility. Irrespective of the form of security chosen by the Utility, an account of all monies received as a result of the rate increase shall be maintained by the Utility. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

The Utility shall maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility shall file reports with the Commission Clerk's office no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed shall also indicate the status of the security being used to guarantee repayment of any potential refund.

PROOF OF ADJUSTMENTS

To ensure that the Utility adjusts its books in accordance with the Commission's decision, TKCB shall provide proof, within 90 days of the final order in this docket, that the adjustments for all applicable NARUC USOA primary accounts have been made.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that TKCB's application for an increase in rates and charges is hereby approved as set forth in the body of this Order. It is further

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

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

ORDERED that TKCB is hereby authorized to charge the new rates and charges as set forth in Schedule Nos. 4-A and 4-B and as approved in the body of this Order. It is further

ORDERED that the Utility shall file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. It is further

ORDERED that the approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. It is further

ORDERED that the approved rates shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers. It is further

ORDERED that the Utility shall provide proof of the date notice was given within 10 days of the date of the notice. It is further

ORDERED that the decrease in rates shall be effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. It is further

ORDERED that TKCB shall be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If TKCB files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense. It is further

ORDERED that, pursuant to Section 367.0814(7), F.S., the recommended rates shall be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility. It is further

ORDERED that temporary rates shall not be implemented until approval of the proposed notice, and the notice has been received by the customers. Prior to implementation of any temporary rates, the Utility shall provide appropriate security. It is further

ORDERED that if the recommended rates are approved on a temporary basis, the rates collected by the Utility shall be subject to the refund provisions. After the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility shall file reports with the Commission Clerk's office no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed shall also indicate the status of the security being used to guarantee repayment of any potential refund. It is further

ORDERED that TKCB shall provide proof, within 90 days of the final order in this docket, that the adjustments for all applicable NARUC USOA primary accounts have been made. It is further

ORDERED that, except for the granting of temporary rates, subject to refund, in the event of a protest, reducing rates at the end of the four-year amortization period, and requiring books to be kept in accordance with the NARUC USOA which are final agency action, 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 28-106.201, 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 in the event this Order becomes final, this docket shall remain open until our staff has approved the revised tariffs sheets and customer notices, the Utility has sent the notices to its customers, staff has received proof that the customers have received notice within 10 days after the date of the notice, and the Utility has provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Once staff has verified that all of the above actions are complete, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 14th day of March, 2013.



HONG WANG
Chief Deputy Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

TLT

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 April 4, 2013.

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.

TKCB
 TEST YEAR ENDED 04/30/2012
 SCHEDULE OF WASTEWATER RATE BASE

DESCRIPTION	BALANCE PER UTILITY	COMMISSION ADJUSTMENT TO UTIL. BAL.	BALANCE PER COMMISSION
1. UTILITY PLANT IN SERVICE	\$0	\$8,687	\$8,687
2. LAND & LAND RIGHTS	30,000	6,203	36,203
3. NON-USED AND USEFUL COMPONENTS	0	0	0
4. CIAC	0	0	0
5. ACCUMULATED DEPRECIATION	0	(180)	(180)
6. AMORTIZATION OF CIAC	0	0	0
7. WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>7,767</u>	<u>7,767</u>
8. WASTEWATER RATE BASE	<u>\$30,000</u>	<u>\$22,477</u>	<u>\$52,477</u>

TKCB	SCHEDULE NO. 1-B
TEST YEAR ENDED 04/30/2012	DOCKET NO. 120078-SU
ADJUSTMENTS TO RATE BASE	
	<u>WASTEWATER</u>
<u>UTILITY PLANT IN SERVICE</u>	
1. To capitalize surge pump recorded as expense.	\$2,574
2. To reflect an averaging adjustment	(1,287)
3. To reflect pro forma fence addition.	<u>7,400</u>
Total	<u>\$8,687</u>
 <u>LAND AND LAND RIGHTS</u>	
To reflect the appropriate land balance per AF 3.	<u>\$6,203</u>
 <u>ACCUMULATED DEPRECIATION</u>	
1. To reflect the appropriate accumulated depreciation.	(\$86)
2. To reflect an averaging adjustment.	43
3. To reflect pro forma accumulated depreciation.	<u>(137)</u>
Total	<u>(\$180)</u>
 <u>WORKING CAPITAL ALLOWANCE</u>	
To reflect 1/8 of test year O & M expenses.	<u>\$7,767</u>

TKCB
 TEST YEAR ENDED 04/30/2012
 SCHEDULE OF CAPITAL STRUCTURE

CAPITAL COMPONENT	PER UTILITY	SPECIFIC ADJUSTMENTS	BALANCE BEFORE PRO RATA ADJUSTMENTS	PRO RATA ADJUSTMENTS	BALANCE PER COMMISSION	PERCENT OF TOTAL	COST	WEIGHTED COST
1. COMMON STOCK		\$0	\$0					
2. RETAINED EARNINGS	0	0	0					
3. PAID IN CAPITAL	0	0	0					
4. OTHER COMMON EQUITY	0	0	0					
TOTAL COMMON EQUITY	\$0	\$0	0	52,477	52,477	100.00%	8.74%	8.74%
5. TOTAL LONG TERM DEBT	0	0	0	0	0	0.00%	0.00%	0.00%
6. CUSTOMER DEPOSITS	0	0	0	0	0	0.00%	6.00%	0.00%
7. TOTAL	\$0	\$0	\$0	\$52,477	\$52,477	100.00%		8.74%
RANGE OF REASONABLENESS						<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY						<u>7.74%</u>	<u>9.74%</u>	
OVERALL RATE OF RETURN						<u>7.74%</u>	<u>9.74%</u>	

TKCB TEST YEAR ENDED 04/30/2012 SCHEDULE OF WASTEWATER OPERATING INCOME		SCHEDULE NO. 3-A DOCKET NO. 120078-SU			
	TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$64,108</u>	<u>\$5,365</u>	<u>\$69,473</u>	<u>\$3,362</u> 4.84%	<u>\$72,835</u>
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	\$59,728	\$2,410	\$62,138	0	\$62,138
3. DEPRECIATION (NET)	0	445	445	0	445
4. AMORTIZATION	0	0	0	0	0
5. TAXES OTHER THAN INCOME	0	3,886	3,886	151	4,038
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7. TOTAL OPERATING EXPENSES	<u>\$59,728</u>	<u>\$6,742</u>	<u>\$66,470</u>	<u>\$151</u>	<u>\$66,621</u>
8. OPERATING INCOME/(LOSS)	<u>\$4,380</u>		<u>\$3,003</u>		<u>\$6,214</u>
9. WASTEWATER RATE BASE	<u>\$30,000</u>		<u>\$52,477</u>		<u>\$52,477</u>
10. RATE OF RETURN (Operating Margin)	<u>14.60%</u>		<u>5.72%</u>		<u>10.00%</u>

TKCB

TEST YEAR ENDED 04/30/2012

ADJUSTMENTS TO OPERATING INCOME

SCHEDULE NO. 3-B

DOCKET NO. 120078-SU

Page 1 of 2

WASTEWATER

OPERATING REVENUES

To reflect the appropriate test year revenues per billing units. \$5,365

OPERATION AND MAINTENANCE EXPENSES

1. Salaries and Wages - Employees (701)
To reflect allocated salary of bookkeeper. \$3,000
2. Salaries and Wages - Officers (703)
To reflect the appropriate allocation for the Utility president. (\$8,889)
3. Purchased Power (615/ 715)
To reflect the appropriate test year purchased power expense. (\$85)
4. Chemicals Expense (718)
 - a. To reclassify cost for circuit breaker to Acct. No. 720. (\$58)
 - b. To reclassify chemical expense from Acct. No. 720. 33
 - c. To reclassify chemical expense from Acct. No. 736. 20
 - d. To annualize expense for chlorine. \$110

Subtotal (\$105)
5. Materials and Supplies (720)
 - a. To reclassify cost for circuit breaker from Acct. No. 718. \$58
 - b. To reclassify labor cost for plant site cleaning to Acct. No. 736. (110)
 - c. To capitalize wastewater surge pumps. (2,574)
 - d. To reclassify chemical expense to Acct. No. 718. (33)
 - e. To remove expense for lack of support documentation. (30)

Subtotal (\$2,689)
6. Contractual Services - Billing (730)
To reflect the appropriate billing cost to the City of Cocoa. \$3,091
7. Contractual Services - Testing (735)
To reflect the appropriate testing expense. (\$85)
8. Contractual Services - Other (736)
 - a. To annualize contract operator expense. \$1,000
 - b. To reclassify wastewater plant site cleaning from Acct. No. 720. 110
 - c. To remove related party expense. (1,350)
 - d. To reclassify transportation expense to Acct. No. 750. (145)
 - e. To reclassify chemical expense to Acct. No. 718. (20)
 - f. To reflect pro forma 5 year amortization of surge tank cleaning. 656

Subtotal \$251

TKCB
TEST YEAR ENDING 04/30/2012
ADJUSTMENTS TO OPERATING INCOME

(O & M Expense Continued)

9. Rent Expense		
To reflect an appropriate rent allocation.		<u>\$3,485</u>
10. Transportation Expense (750)		
To reclassify transportation expense from Acct. No. 736.		<u>\$145</u>
11. Insurance		
To reflect general liability and pollution liability insurance.		<u>\$512</u>
12. Regulatory Expense (765)		
a. To reclassify legal expense for certification docket to misc. expense..		(\$327)
b. To reflect amortization of rate case expense.		<u>324</u>
Subtotal		<u>(\$4)</u>
13. Bad Debt Expense (770)		
a. To reflect the appropriate bad debt expense.		<u>\$2,712</u>
14. Miscellaneous Expense (675/ 775)		
a. To remove bank overdraft fees.		(\$105)
b. To reflect amortization of wastewater permit renewal.		900
c. To reflect amortization legal expense from certification docket.		<u>65</u>
Subtotal		<u>\$860</u>
TOTAL OPERATION & MAINTENANCE ADJUSTMENTS		<u>\$2,410</u>

WASTEWATER

DEPRECIATION EXPENSE

1. To reflect depreciation expense.		\$171
2. To reflect pro forma depreciation expense.		<u>274</u>
Total		<u>\$445</u>

TAXES OTHER THAN INCOME

1. To reflect the appropriate regulatory assessment fees.		\$3,126
2. To reflect the appropriate property taxes.		<u>760</u>
Total		<u>\$3,886</u>

TKCB		SCHEDULE NO. 3-C		
TEST YEAR ENDED 04/30/2012		DOCKET NO. 120078-SU		
ANALYSIS OF WASTEWATER OPERATION AND MAINTENANCE EXPENSE				
	TOTAL PER UTILITY	COMMISSION ADJUSTMENT		TOTAL PER COMMISSION
(701) SALARIES AND WAGES - EMPLOYEES	\$0	\$3,000	[1]	\$3,000
(703) SALARIES AND WAGES - OFFICERS	15,200	(8,889)	[2]	6,311
(704) EMPLOYEE PENSIONS AND BENEFITS	0	0		0
(710) PURCHASED SEWAGE TREATMENT	0	0		0
(711) SLUDGE REMOVAL EXPENSE	1,400	0		1,400
(715) PURCHASED POWER	10,895	(85)	[3]	10,810
(716) FUEL FOR POWER PRODUCTION	0	0		0
(718) CHEMICALS	284	105	[4]	389
(720) MATERIALS AND SUPPLIES	4,622	(2,689)	[5]	1,933
(730) CONTRACTUAL SERVICES - BILLING	0	3,091	[6]	3,091
(731) CONTRACTUAL SERVICES - PROFESSIONAL	525	0		525
(735) CONTRACTUAL SERVICES - TESTING	4,787	(85)	[7]	4,702
(736) CONTRACTUAL SERVICES - OTHER	21,093	251	[8]	21,344
(740) RENTS	0	3,485	[9]	3,485
(750) TRANSPORTATION EXPENSE	0	145	[1]	145
(755) INSURANCE EXPENSE	0	512	[1]	512
(765) REGULATORY COMMISSION EXPENSES	327	(4)	[2]	324
(770) BAD DEBT EXPENSE	0	2,712	[3]	2,712
(775) MISCELLANEOUS EXPENSES	<u>595</u>	<u>860</u>	[4]	<u>1,455</u>
	<u>\$59,728</u>	<u>\$2,410</u>		<u>\$62,138</u>

TKCB		SCHEDULE NO. 4	
TEST YEAR ENDED 04/30/2012		DOCKET NO. 120078-SU	
MONTHLY WASTEWATER RATES			
	UTILITY'S EXISTING RATES	COMMISSION APPROVED RATES	4-YEAR RATE REDUCTION
<u>Residential Service</u>			
Base Facility Charge All Meter Sizes	\$12.50	\$13.10	\$0.07
<u>Gallonage Charge</u>			
Per 1,000 Gallons (6,000 gallon cap)	N/A	\$3.28	\$0.02
Per 1,000 Gallons(12,000 gallon cap)	\$2.65	N/A	N/A
<u>General Service</u>			
Base Facility Charge by Meter Size:			
5/8"X3/4"	\$0.00	\$13.10	\$0.07
3/4"	\$0.00	\$19.65	\$0.10
1"	\$0.00	\$32.75	\$0.17
1-1/2"	\$0.00	\$65.50	\$0.34
2"	\$0.00	\$104.80	\$0.54
3"	\$0.00	\$209.60	\$1.07
4"	\$0.00	\$327.50	\$1.68
6"	\$0.00	\$655.00	\$3.35
Gallonage Charge per 1,000 gallons	\$0.00	\$3.94	\$0.02
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
3,000 Gallons	\$20.45	\$22.94	
5,000 Gallons	\$25.75	\$29.50	
10,000 Gallons	\$39.00	\$32.78	