

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water rates in  
Washington County, by Sunny Hills Utility  
Company.

DOCKET NO. 20220066-WS  
ORDER NO. PSC-2022-0335-PAA-WS  
ISSUED: September 28, 2022

The following Commissioners participated in the disposition of this matter:

ANDREW GILES FAY, Chairman  
ART GRAHAM  
GARY F. CLARK  
MIKE LA ROSA  
GABRIELLA PASSIDOMO

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING WATER RATES IN WASHINGTON COUNTY  
AND  
FINAL ORDER REDUCING WATER RATES TO REFLECT REMOVAL OF AMORTIZED  
RATE CASE EXPENSE, CONFIRMING NO REFUND OF INTERIM RATES, AND  
REQUIRING PROOF OF ADJUSTMENTS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the actions discussed herein, except with regard to the reduction of water rates to reflect removal of amortized rate case expense, the confirmation of no interim refund, and the requirement of proof of adjustments, are 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.).

Background

Sunny Hills Utility Company (Utility or Sunny Hills) is a Class B water and wastewater utility serving approximately 559 residential customers and 18 general service customers in Washington County. The Utility has not had its rates established since its transfer from Aqua Utilities Florida, Inc.<sup>1</sup> The Utility's last rate case was in 2012.<sup>2</sup> According to the Utility's 2021

<sup>1</sup>Order No. PSC-2014-0315-PAA-WS, issued June 13, 2014, in Docket No. 20130172-WS, *In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 501-W and 435-S of Aqua Utilities Florida, Inc. to Sunny Hills Utility Company in Washington County.*

<sup>2</sup>Order No. PSC-2012-0102-FOF-WS, issued March 5, 2012, in Docket No. 20100330-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.*

Annual Report, Sunny Hills recorded net operating revenues of \$342,786 and net operating expenses of \$369,129.

On April 7, 2022, Sunny Hills filed its application for the rate increase at issue in the instant docket.<sup>3</sup> In its application, the Utility is seeking a rate increase for the water system only.

On May 3, 2022, our staff sent the Utility a letter indicating certain deficiencies with its minimum filing requirements (MFRs).<sup>4</sup> All deficiencies were subsequently satisfied, and an official filing date of May 6, 2022, was established.<sup>5</sup>

The Utility requested that the application be processed as a Proposed Agency Action (PAA) and requested interim rate relief. The test year established for interim and final rates is the period ended December 31, 2021. Sunny Hills requested an interim revenue increase of \$52,872 (16.08 percent), and a final revenue increase of \$90,740 (25.79 percent).

By Order No. PSC-2022-0227-PCO-WS, we suspended final rates proposed by the Utility and approved interim rates to allow our staff sufficient time to process this case.<sup>6</sup> Our staff conducted a virtual customer meeting on July 19, 2022. Two customers spoke at the meeting. One of the customers that spoke during the virtual customer meeting raised questions concerning the impact of potential future growth in Sunny Hills' service territory. In response to a data request, the Utility indicated that it has met with the County and a developer in the area several times, but that no definitive plans have been provided regarding future growth in their service territory.<sup>7</sup>

We have jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes (F.S.).

### Decision

#### I. QUALITY OF SERVICE

##### A. Quality of Service Provided by Sunny Hills

Pursuant to Section 367.081(2)(a)1, F.S., and Rule 25-30.433(1), Florida Administrative Code (F.A.C.), in every rate case, we are required to make a determination of the quality of service provided by the utility by evaluating the quality of the utility's product (water) and the utility's attempt to address customer satisfaction (water and wastewater). The Rule requires that the most recent chemical analyses, outstanding citations, violations, and consent orders on file with the DEP and the county health department, along with any DEP and county health department officials' testimony concerning quality of service be considered. In addition, any

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<sup>3</sup>Document No. 02296-2022, filed on April 7, 2022.

<sup>4</sup>Document No. 02778-2022, filed on May 3, 2022.

<sup>5</sup>Document No. 03123-2022, filed on May 24, 2022.

<sup>6</sup>Order No. PSC-2022-0227-PCO-WS, issued June 27, 2022, in Docket No. 20220066-WS, *In re: Application for increase in water rates in Washington County, by Sunny Hills Utility Company*.

<sup>7</sup> Document No. 04904-2022, filed on July 22, 2022.

customer testimony, comments, or complaints shall also be considered. The operating condition of the water system is addressed below in Section I-B.

*1. Quality of Utility's Product*

In evaluation of Sunny Hill's product, we reviewed the Utility's compliance with the DEP primary and secondary drinking water standards. Primary standards protect public health while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. The most recent comprehensive chemical analyses were performed on November 22, 2021. All results were found to be in compliance with DEP regulations except for the secondary standard for iron at Well No. 1, one of two backup wells. A review of the DEP records did not show any consent orders against the Utility.

*2. The Utility's Attempt to Address Customer Satisfaction*

We reviewed the complaints filed in our Consumer Activity Tracking System (CATS), complaints filed with the DEP, and complaints received by the Utility from January 1, 2017 through December 31, 2021. We also received written customer correspondence in this docket from six customers. A customer meeting was held on Tuesday July 19, 2022, where two customers provided comments, one of whom had already provided written comments. We also performed a supplemental review of the complaints filed in CATS and with DEP following the July 19, 2022 customer meeting. Table 1 shows the number of complaints categorized by complaint type and source. The majority of the complaints filed were filed with the Utility and were related to low water pressure, discolored water, and leaks.

**Table 1  
 Number of Complaints by Type and Source**

<b>Subject</b>	<b>CATS</b>	<b>Correspondence / Customer Meeting</b>	<b>DEP</b>	<b>Utility</b>	<b>Total</b>
<b>Water Pressure</b>	1			119	120
<b>Discolored Water</b>	1	4	14	68	87
<b>Damaged Meter</b>				12	12
<b>Billing</b>	6				6
<b>Leaks</b>		1		56	57
<b>Rate Increase</b>		5			5
<b>Total*</b>	8	10	14	255	287

\*A single customer complaint may be counted multiple times if it fits into multiple categories, was reported to multiple agencies, or was reported multiple times.

Starting the week of July 22, 2022, the DEP noted an increase of complaints associated with discolored water. While the operator reported that system pressure and chlorination were adequate, the DEP conducted a site visit to investigate the complaints and noted that backup Well No. 1 had elevated iron levels and had been operating due to a valve repair on the primary well. The DEP's field inspection observed the distribution system produce tinted water that

cleared after flushing and recommended repairing the primary well and reducing iron content by means of a sequestering agent or filtration, with a notation that the Utility had already submitted plans for an iron filtration system to be installed.

Low pressure, discolored water, and leaks are all related to the Utility's distribution system. Sunny Hills has a large distribution system that is over forty years old and was installed before the current owners purchased the system. In addition to the size and age of the system, the surrounding soil is mostly sand and likely to shift. This can result in distribution lines breaking and leaking. When a line breaks the pressure is reduced throughout the distribution system. When the pressure drops the Utility uses a backup well to help maintain pressure; however, as noted above the raw water supply located at Well No. 1 has high levels of natural iron that leads to discolored water when this well is utilized. As discussed further below in Section II-E, Sunny Hills is adding an iron filtration system at Well No. 1. In addition, line breaks may allow for sediment to enter the distribution system, and repairing the break will cause sediment to become dislodged resulting in discolored water. Due to the size of the distribution system it is difficult for the Utility's workers to locate breaks when they occur; however, the Utility has capped and removed from service several unused water lines that were believed to contribute to leaks. After repairs are made, and in response to customer complaints, the operator will flush the lines to remove sediment. Sunny Hills stated that most customer complaints are resolved by flushing.

### *3. Conclusion*

Although the Utility is meeting most DEP primary and secondary standards, it is not meeting DEP's secondary standard for iron at a backup well, Well No. 1. However, the Utility is taking measures to address the iron levels at Well No. 1 and has been responsive to customer complaints. Therefore, we find the quality of service provided by the Utility to be marginal. Further, we direct that the Utility shall submit a report to our staff six months from the date of this order on the status of the improvements to Well No. 1.

#### B. Infrastructure and Operating Conditions

Rule 25-30.225(2), F.A.C., requires each water and wastewater utility to maintain and operate its plant and facilities by employing qualified operators in accordance with the rules of the DEP. Rule 25-30.433(2), F.A.C., requires consideration of whether the infrastructure and operating conditions of the plant and facilities are in compliance with Rule 25- 30.225, F.A.C. In making this determination, we must consider testimony of the DEP and county health department officials, sanitary surveys for water systems and compliance evaluation inspections for wastewater systems, citations, violations, and consent orders issued to the utility, customer testimony, comments, and complaints, and utility testimony and responses to the aforementioned items.

Sunny Hill's water system consists of three wells: the main well with a capacity of 504,000 gallons per day (gpd), and two backup wells with capacities of 432,000 and 288,000 gpd for a total permitted design capacity of 1,224,000 gpd. The Utility also has three storage units: a main water storage tank with a capacity of 150,000 gallons, and two 10,000 gallon

hydropneumatic tanks, for a total capacity of 170,000 gallons. Sunny Hills uses two chlorine treatment plants to treat the raw water. We reviewed Sunny Hills' sanitary surveys conducted by the DEP to determine the Utility's overall water facility compliance. A review of the sanitary survey conducted on December 3, 2021, and the DEP site inspection on July 29, 2022, indicated that Sunny Hills' water treatment facility is in compliance with the DEP's rules and regulations.

Based on the above, we find that Sunny Hills' water system is currently in compliance with DEP regulations.

## II. RATE BASE

### A. Audit Adjustments to Rate Base

Our staff filed an audit report on July 1, 2022.<sup>8</sup> Sunny Hills did not file a formal response to the audit. Audit Finding No. 1 determined that utility plant in service (UPIS) should be decreased by \$5,627 to include the actual total additions and retirements to UPIS from March 28, 2013, through December 31, 2021. Audit Finding No. 1 also determined that accumulated depreciation should be increased by \$8,916.

Therefore, we find that UPIS shall be decreased by \$5,627 and that accumulated depreciation shall be increased by \$8,916.

### B. Used and Useful (U&U) Percentage

Rule 25-30.4325, F.A.C., provides factors to be considered in determining U&U and EUW calculations. As stated above, Sunny Hills' water system is comprised of three wells with a permitted design capacity of 1,224,000 gpd, and three water tanks with a capacity of 170,000 gallons. We last determined Sunny Hills' U&U percentages in Docket No. 20100330-WS.<sup>9</sup>

#### 1. *Water Treatment Plant U&U Percentage*

Rule 25-30.4325(5), F.A.C., states that water treatment plant U&U is calculated by dividing the peak demand, which is based on the highest daily usage, by the firm reliable capacity, which is the capacity of all wells excluding the single largest well. The Utility calculated peak demand to be 509,142 gpd and firm reliable capacity to be 720,000 gpd, resulting in a 70.7 percent U&U. Our review determined that an alternate day should be used for peak demand value, as the highest demand day was during a line break and pursuant to Rule 25-30.4325(7)(b)1, F.A.C., the peak day must have no unusual occurrences. Based on our analysis, the peak demand is 351,480 gpd based on the next highest peak day. We also reviewed the firm reliable capacity and determined it shall be modified to reflect storage on the Utility's system.

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<sup>8</sup>Document No. 04419-2022, filed on July 1, 2022.

<sup>9</sup>Order No. PSC-2012-0102-FOF-WS, issued March 5, 2012, in Docket No. 20100330-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.*

Instead of using 24 hours of pumping, 16 hours of pumping shall be used for the calculation pursuant to Rule 25-30.4325(6)(b), F.A.C. This yields a firm reliable capacity of 480,000 gpd. As a result, we calculated a U&U level of 73.2 percent. However, in Sunny Hills' last rate case the water treatment system was determined to be 91 percent U&U. Therefore, to be consistent with our previous determination, we find that the water treatment system is 91 percent U&U.

## *2. Water Storage U&U Percentage*

Rule 25-30.4325(8), F.A.C., states that water storage U&U is calculated by dividing the peak demand by usable storage. The Utility calculated the water storage system to be 299.5 percent U&U based on a usable storage capacity of 170,000 gallons. As noted above, we modified the peak demand to reflect a day without an unusual occurrence. We also removed the two hydrodynamic tanks from the calculation of usable storage, consistent with Rule 25-30.4325(8), F.A.C., reducing the usable storage value to 150,000 gallons. As a result, we calculated a U&U of 234.3 percent. Rule 25-30.4325(8), F.A.C., states that if storage capacity is less than the peak demand, the U&U should be considered 100 percent U&U. Therefore, consistent with our previous determination, we find that the water storage system is 100 percent U&U.

## *3. Water Distribution System U&U Percentage*

The Utility calculated the water distribution system to be 8.8 percent U&U based on a total system capacity of 6,384 equivalent residential connections (ERCs) and a projected 560 ERCs based on a negative growth rate of 3.2 percent. We note that there are currently 577 ERCs on the Utility's system, and we find that while Rule 25-30.431, F.A.C., requires us to consider the rate of growth, a negative growth value in this instance would not be appropriate as the distribution system is currently being used to serve customers. Therefore, based on 577 current ERCs and 6,384 potential ERCs, the distribution system is 9.0 percent U&U. However, in Sunny Hills' last rate case we determined the distribution system to be 10 percent U&U. Therefore, to be consistent with our previous determination, we find that the water distribution system is 10 percent U&U.

## *4. Excessive Unaccounted for Water (EUW)*

Rule 25-30.4325, F.A.C., provides factors to be considered in determining whether adjustments to operating expenses are necessary for EUW. EUW is defined as "unaccounted for water in excess of 10 percent of the amount produced." Unaccounted for water is all water produced that is not sold, metered, or accounted for in the records of the Utility. Sunny Hills estimated the EUW to be 4.5 percent based on producing 42,130,660 gallons, an estimated total sales of 25,494,000 gallons, and 10,516,498 gallons used for other uses, such as flushing and losses due to line breaks/leaks during the test year. Our review confirmed the values for water produced and other uses, but based on the audit report the actual gallons sold during the test year were slightly higher, at 25,628,000 gallons. The resulting calculation  $([42,130,660 - 25,628,000 - 10,516,498] \div 42,130,660)$  for unaccounted for water is 14.2 percent; therefore, the Utility has

EUW of 4.2 percent. We approve an adjustment of 4.2 percent to purchased power and chemical expenses.

### *5. Conclusion*

We find that Sunny Hills' water treatment system is 91 percent U&U, the water storage 100 percent U&U, and the water distribution system 10 percent U&U. Additionally, we find that the Utility has 4.2 percent EUW.

#### C. Adjustments to Non-U&U Balance

Based on the calculations discussed above in Section II-B, we determined the non-U&U plant balance totaled \$2,177,531. When compared to the total plant balance for Sunny Hills of \$4,226,841, we calculated a non-U&U composite rate of 51.52 percent ( $\$2,177,531 \div \$4,226,841$ ).

##### *1. Utility Plant in Service*

In MFR Schedule A-5, the Utility recorded a non-U&U balance for plant of \$2,156,891. Based on our calculations outlined above in Section II-B, we reduced this amount by \$323. The Utility also included a non-U&U adjustment of \$20,963 for pro forma plant additions; we made no adjustment to this amount.

##### *2. Accumulated Depreciation*

In MFR Schedule A-9, the Utility recorded a non-U&U balance for accumulated depreciation of \$1,244,518. Based on our calculations outlined above in Section II-B, we increased this amount by \$4,075. The Utility also included a non-U&U adjustment to the accumulated depreciation balance of pro forma of \$476. We further increased this amount by \$478.

##### *3. Negative Acquisition Adjustment*

The Utility recorded a non-U&U adjustment to the negative acquisition adjustment of \$839,646, and to the accumulated amortization of the negative acquisition adjustment of \$608,568. We used the non-U&U composite rate of 51.52 percent to decrease the Utility's non-U&U adjustments by \$47,024 and \$69,761 for acquisition adjustment and accumulated acquisition adjustment, respectively.

##### *4. Conclusion*

Based on the above calculations, we find that the Utility's non U&U balance shall be reduced by \$27,613 ( $\$323 + \$4,075 + \$478 - \$47,024 + \$69,761$ ).

D. Other Adjustments to Rate Base

We made adjustments to the Utility's reported accumulated depreciation, contributions in aid of construction (CIAC), accumulated amortization of CIAC, accumulated amortization of the acquisition adjustment, and working capital. Those adjustments are detailed below.

1. *Accumulated Depreciation*

In addition to Audit Finding 1 described in Section II-A, we made an averaging adjustment to reduce accumulated depreciation by \$4,218.

2. *Contributions in Aid of Construction (CIAC) and Accumulated Amortization of CIAC*

To reflect an appropriate balance determined by the audit, we increased CIAC by \$8,712 and accumulated amortization of CIAC by \$6,124. In MFR Schedules A-12 and A-14, the Utility recorded a non-U&U balance of \$381,292 for CIAC and \$183,509 for accumulated amortization of CIAC. Using the non-U&U composite rate of 51.52 percent detailed above in Section II-C, we reduced these amounts by \$3,149 and \$7,122 for CIAC and accumulated amortization of CIAC respectively.

3. *Accumulated Amortization of Negative Acquisition Adjustment*

In the Utility's 2014 transfer order, we established a negative acquisition adjustment for the water system of \$1,538,571.<sup>10</sup> Fifty percent of the acquisition adjustment was amortized over 7 years with the remainder amortized over the life of the assets, which was calculated as 21 years. In the instant case, the Utility recorded an accumulated amortization of the negative acquisition adjustment of \$1,148,084. Based on the 2014 order, we calculated the accumulated amortization from June 13, 2014, through December 31, 2021, as \$1,045,888. This resulted in a decrease of \$102,196 to the Utility's recorded amount.

4. *Working Capital Allowance*

In MFR Schedule A-17, the Utility recorded a working capital balance of \$37,324. Rule 25-30.433(3), F.A.C., requires Class B utilities to use the formula method, or one-eighth of operation and maintenance (O&M) expenses, to calculate the working capital allowance. As discussed below in Section IV-B and shown in Schedule No. 3-A attached, we approve a total O&M balance of \$293,581. Section 367.081(9), F.S., prohibits a utility from earning a return on the unamortized balance of rate case expense (RCE). As such, we removed the RCE of \$1,554; this resulted in an adjusted O&M balance of \$292,027 (\$293,581 - \$1,554). Based on this, we calculated working capital expense of \$36,503 (\$292,027 ÷ 8). This resulted in a decrease to the Utility's recorded working capital expense of \$821 (\$37,324 - \$36,503).

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<sup>10</sup>Order No. PSC-2014-0315-PAA-WS.



**Table 2**  
**Additional Adjustments to Test Year Rate Base**

Description	Amount
To reflect an averaging adjustment to accumulated depreciation.	\$4,218
To reflect an auditing adjustment to CIAC.	(8,712)
To reflect a non-used and useful adjustment to CIAC.	(3,149)
To reflect an auditing adjustment to accum. amort. of CIAC.	6,124
To reflect a non-used and useful adj. to accum. amort. of CIAC.	7,122
To reflect the appropriate accum. amort. of negative acquisition adj.	(102,196)
To reflect 1/8 O&M expense, less RCE for working capital.	(\$821)
Total additional adjustments to test year rate base.	<u>(\$97,414)</u>

Source: Commission staff calculations.

### 5. Conclusion

Based on the above adjustments and detailed in Table 2 above, the Utility's test year rate base shall be further reduced by \$97,414.

#### E. Pro Forma Adjustments

The Utility requested two pro forma plant additions. For its first project, Sunny Hills seeks to add an iron filtration system to the backup well by the end of 2022. As discussed above in Section I-A, the raw water located at this well contains high amounts of iron that can cause discolored water when this well is utilized. In order to reduce the iron levels, the Utility is planning on placing a "green sand" filtration system that will remove the raw iron from the water. Sunny Hills will be utilizing a retired filtration vessel skid that was previously used to remove sulfur from an affiliated utility in order to reduce cost. For the second project, Sunny Hills is also seeking to retire and replace the existing damaged generator located at Well No. 1. Rule 62-555.320(14)(a), F.A.C., requires Sunny Hills to have this generator due to the number of customers the Utility serves. As is our practice, the Utility received three bids for each pro forma project and selected the least cost option.

In MFR Schedule A-3, the Utility recorded a cost of \$232,925 for the iron filtration system described above. Additionally, the Utility recorded a cost of \$150,357 for the new generator located at Well No. 1, with a retirement amount of \$112,768 for the old generator. These two projects resulted in a pro forma increase to plant of \$270,514 (\$232,925 + \$150,357 - \$112,768). We made no adjustments to the pro forma plant balance.

Additionally, the Utility recorded an adjustment reducing accumulated depreciation by \$106,534 for the two pro forma projects. We recalculated this amount, and reduced the Utility's adjustment by \$6,245 to reflect the appropriate accumulated depreciation.

The Utility made corresponding adjustments to increase depreciation expense by \$5,757 net of non-U&U adjustment, and increased property taxes by \$2,868. We made further

adjustments to these amounts, increasing depreciation expense by an additional \$5,767 net of non-U&U, and decreasing property taxes by \$1,172.

Therefore, accumulated depreciation shall be reduced by \$6,245 and depreciation expense shall be increased by \$5,767. Additionally, property taxes shall be decreased by \$1,172.

F. Rate Base

In its MFRs, the Utility requested a rate base of \$755,752. Based on our approved adjustments detailed herein, the rate base for test year ended December 31, 2021, shall be \$665,162. The schedule for rate base is attached hereto as Schedule No. 1-A, and the adjustments are shown on Schedule No. 1-B, attached hereto.

III. CAPITAL STRUCTURE

A. Return on Equity (ROE)

The ROE included in the Utility's MFR Schedule D-1 is 8.74 percent. Based on the current leverage formula in effect, and the Utility's equity ratio of 97.27 percent, the appropriate ROE is 7.84 percent.<sup>11</sup> We find that an allowed range of plus or minus 100 basis points shall be recognized for ratemaking purposes.

B. Cost of Capital

In its filing, the Utility requested an overall cost of capital of 8.56 percent. The Utility's capital structure consists of common equity and customer deposits. Based upon the proper components, amounts, and cost rates associated with the capital structure, we find an appropriate weighted average cost of capital of 7.68 percent for the test year ended December 31, 2021. Schedule No. 2, attached hereto, details our approved overall cost of capital.

IV. NET OPERATING INCOME (NOI)

A. Test Year Revenues

Sunny Hills reflected, in its MFRs, test year revenues of \$351,891. The water revenues included \$344,137 of service revenues and \$7,754 of miscellaneous revenues. We determined service revenues by applying the number of billing determinants to the rates in effect at the time of filing. As a result, we find that service revenues shall be \$356,495, which is an increase of \$12,358. We also approve an adjustment to miscellaneous revenues to remove \$2,479 of Allowance for Funds Prudently Invested charges that were inaccurately reflected in miscellaneous revenues. We find that miscellaneous revenues shall be \$5,275 (\$7,754 - \$2,479).

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<sup>11</sup>Order No. PSC-2022-0208-PAA-WS, issued June 15, 2022, in Docket No. 20220006-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.*

Based on the above, the test year revenues for Sunny Hills' water system, including miscellaneous revenues, shall be \$361,770 ( $\$356,495 + \$5,275$ ).

B. Operations and Maintenance (O&M) Expense

Based on our review of the test year O&M expense, we approve several adjustments to the Utility's O&M expense as summarized below.

1. *Purchased Power*

In its filing, Sunny Hills reflected purchased power expense of \$14,677, which included an adjustment for excessive unaccounted for water (EUW). Based on the EUW calculation described above in Section II-B, we approve an adjustment increasing this amount by \$50.

2. *Chemicals Expense*

Sunny Hills recorded chemicals expense of \$1,355 which included an adjustment for EUW, in its MFR filing. Based on the EUW calculation described above in Section II-B, we approve an adjustment increasing this amount by \$4.

3. *Insurance Expense*

The Utility recorded insurance expense of \$2,924 for the cost of an insurance policy. During the audit, the Utility provided a copy of the insurance policy which had a total cost of \$3,069. We allocated 50 percent of this total cost to water, and the other 50 percent to wastewater. We calculated the water portion of the insurance policy to be \$1,535 ( $\$3,069 \div 2$ ). Therefore, the insurance expense shall be decreased by \$1,389 ( $\$2,924 - \$1,535$ ).

4. *Rate Case Expense*

The Utility estimated annual amortization of rate case expense of \$1,509 in its filing. We calculated a rate case expense of \$6,218, which amortized over four years is \$1,554, resulting in an increase of \$45. The approved amount includes \$468 for travel to the Commission Conference, a filing fee of \$3,500, and total noticing costs of \$2,250.<sup>12</sup>

5. *Bad Debt Expense*

In its filing, the Utility recorded bad debt expense of \$7,246. This amount reflects the amount of bad debt expense in the Utility's 2021 Annual Report. It is our practice to use a 3-year average when calculating bad debt expense. We calculated bad debt expense of \$3,859 which reflects an average of the Utility's reported 2019, 2020, and 2021 amounts. Therefore, we approve a decrease of \$3,387 ( $\$7,246 - \$3,859$ ) to the Utility's recorded bad debt expense.

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<sup>12</sup>Document No. 02415-2022, filed on April 14, 2022.

## 6. *Conclusion*

Based on the adjustments detailed above, the Utility's test year O&M expense shall be decreased by \$4,677 ( $\$50 + \$4 - \$1,389 + \$45 - \$3,387$ ).

### C. Other Adjustments to Operating Expense

We approve several adjustments to the Utility's operating expenses which are detailed below.

#### 1. *Net Depreciation Expense*

In MFR Schedule B-13, the Utility recorded test year depreciation expense of \$51,050 net of a non-U&U adjustment. We decreased this amount by \$9,353 to reflect the removal of depreciation expense for accounts which were fully depreciated. We further decreased this amount by \$339 to reflect the appropriate non-U&U adjustments. As discussed above in Section II-E, we increased depreciation expense by \$5,767 to reflect the appropriate depreciation expense associated with pro forma additions. In the audit, our staff recommended CIAC be increased by \$1,134 with a decrease of \$912 for a non-U&U adjustment. Therefore, the Utility's depreciation expense shall be decreased by \$4,148 ( $\$9,353 + \$339 - \$5,767 + \$1,134 - 912$ ).

#### 2. *Amortization of Negative Acquisition Adjustment*

As discussed above in Section II-D, our 2014 transfer order for Sunny Hills detailed how the negative acquisition adjustment will be amortized over the life of the assets.<sup>13</sup> Based on our calculations, the amortization of the negative acquisition adjustment is \$36,633. This represents a \$688 increase from the Utility's recorded amortization amount of \$35,945. Using our composite non-U&U rate of 51.52 percent, we decreased the amortization of the negative acquisition adjustment by \$18,872, which represents a further decrease of \$986 from the Utility's recorded non-U&U adjustment. Therefore, the amortization of the acquisition adjustment shall be decreased by \$298 ( $\$688 - \$986$ ).

#### 3. *Taxes Other Than Income (TOTI)*

In the Utility's MFR Schedule B-15, Sunny Hills recorded property and tangible taxes of \$18,709 net of non-used and useful adjustments. We increased this amount by \$961 to reflect the appropriate amount of property and tangible taxes using the composite non-U&U percentage of 51.52 percent. As discussed above in Section II-E, we approve a decrease in tax expense of \$1,172 to reflect pro forma projects. Additionally, we increased TOTI by \$445 to reflect the appropriate regulatory assessment fees (RAFs). Taken together, this result in a test year adjustment of \$234 ( $\$961 - \$1,172 + \$445$ ) to TOTI.

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<sup>13</sup>Order No. PSC-2014-0315-PAA-WS.

Additionally, as detailed below in Section V, we find that revenues shall be increased by \$55,646 in order to reflect the change in revenue required to cover expenses and allow an opportunity to earn the approved rate of return. As a result, TOTI shall be increased by \$2,504 to reflect RAFs of 4.5 percent of the change in revenues.

#### 4. *Conclusion*

Based on the adjustment above, the Utility's test year operating expense shall be further decreased by \$3,615 (\$4,148 - \$298 - \$234). This amount is offset by an increase in TOTI of \$2,504 to reflect RAFs for the change in revenues approved herein. As such, we approve a net decrease of \$1,111 (\$3,615 - \$2,504) to the Utility's operating expense.

#### D. Appropriate Operating Expense for the Test Year Ended December 31, 2021

In its MFRs, the Utility recorded operating expense of \$372,114. Based on the previously adjustments detailed above, the appropriate operating expense is \$363,822. The schedule for water operations is attached as Schedule No. 3-A, and the adjustments are shown on Schedule No. 3-B.

Consistent with our approved adjustments, the operating expense for the test year ended December 31, 2021, shall be \$363,822.

#### V. REVENUE REQUIREMENT

**Table 3**  
**Revenue Requirement**

<b>Test Year Revenue</b>	<b>\$ Increase</b>	<b>Revenue Requirement</b>	<b>% Increase</b>
\$361,770	\$55,646	\$417,416	15.38%

Source: Commission staff calculations.

In its filing, the Utility requested an annual revenue requirement of \$442,631. This requested revenue requirement represents an increase of \$90,740, or approximately 20.50 percent, over the reported test year revenues of \$351,891. Consistent with our findings concerning rate base, cost of capital, and operating income issues, we find that the appropriate revenue requirement is \$417,416. Therefore, we approve a revenue requirement of \$417,416.

#### VI. RATE STRUCTURE AND RATES

##### A. Rate Structure and Rates

Sunny Hills is located in Washington County within the Northwest Florida Water Management District. The Utility provides water service to 559 residential and 18 general service customers. Approximately 23 percent of the residential customer bills during the test year

had zero gallons, indicating a seasonal customer base. The average residential water demand is 3,343 gallons per month. The average water demand excluding zero gallon bills is 4,312 gallons per month. Currently, the Utility's water rate structure consists of a monthly base facility charge (BFC) and a three-tier inclining block rate structure, which includes separate gallonage charges for discretionary and non-discretionary usage for residential water customers. The rate blocks are: (1) 0-6,000 gallons; (2) 6,001-12,000 gallons; and (3) all usage in excess of 12,000 gallons per month. The general service rate structure consists of a monthly BFC and a uniform gallonage charge.

We performed an analysis of the Utility's billing in order to evaluate the appropriate rate structure for the residential water customers. The goal of the evaluation was to select the rate design parameters that: (1) produce the revenue requirement approved herein; (2) equitably distribute cost recovery among the utility's customers; (3) establish the appropriate non-discretionary usage threshold for restricting repression; and (4) implement, where appropriate, water conserving rate structures consistent with our practice.

The Utility's existing rate structure was implemented in 2012 when Sunny Hills was part of Aqua Utilities Florida, Inc. (Aqua) system.<sup>14</sup> In 2014, we approved the transfer of certain water and wastewater facilities of Aqua to Sunny Hills with the existing rates and charges remaining in effect at the time of the transfer.<sup>15</sup> For a stand-alone system, the existing three-tier rate structure shall be evaluated based on the usage characteristics of Sunny Hills' customers. We evaluated alternate rate structures, such as a two-tier inclining block rate structure, with usage blocks of monthly consumption of 0-4,000 gallons and all usage above 4,000 gallons. However, due to our approval of a relatively modest percentage increase in the total revenue requirement (15.38 percent), changing the rate structure would result in higher bill increases at lower consumption levels and reductions in bills at higher consumption levels, which is contrary to a conservation-oriented rate structure. Therefore, in this instance, we approve an across-the-board increase to the Utility's rates at the time of filing. To determine the appropriate percentage increase to apply to the service rates, miscellaneous revenues shall be removed from the test year revenues, which results in a 15.61 percent increase to be applied across-the-board.

Based on the above, the approved rate structure and monthly water rates are shown on Schedule No. 4, attached hereto. The Utility shall file revised tariff sheets and a proposed customer notice to reflect the approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. 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 of the date of the notice.

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<sup>14</sup>In 2012, Aqua provided water and wastewater service to 58 water and 27 wastewater systems in 17 counties under our jurisdiction.

<sup>15</sup>Order No. PSC-2014-0315-PAA-WS.

B. Miscellaneous Service Charges

Effective June 24, 2021, Rule 25-30.460, F.A.C., was amended to remove initial connection and normal reconnection charges.<sup>16</sup> The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premises visit charge. Sunny Hills' miscellaneous service charges consist of initial connection and normal reconnection charges. Therefore, the initial connection and normal reconnection charges shall be removed, and the definition for the premises visit charge shall be updated to comply with amended Rule 25-30.460, F.A.C. The premises visit shall remain at \$22.96 for normal hours and \$34.44 for after hours.

Based on the above, the miscellaneous service charges shall be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff shall be revised to reflect the removal of initial connection and normal reconnection charges. Sunny Hills shall be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges shall be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by customers. The Utility shall provide proof of the date notice was given no less than 10 days after the date of the notice.

C. Rate Case Expense Reduction

The water rates shall be reduced, as shown on Schedule No. 4, to remove the annual amortization of rate case expense grossed-up for RAFs. The decrease in rates shall become effective immediately following the expiration of the rate case expense recovery period, pursuant to Section 367.081(8), F.S. Sunny Hills shall 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 the Utility 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.

D. Interim Refund

We approved an interim rate increase of \$21,472 or 5.98 percent to allow Sunny Hills to earn an operating revenue of \$385,727.<sup>17</sup> Because this amount is less than our approved revenue requirement of \$417,416, no refund is necessary.

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<sup>16</sup>Order No. PSC-2021-0201-FOF-WS, issued June 4, 2020, in Docket No. 20200240-WS, *In re: Proposed amendment of Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges.*

<sup>17</sup>Order No. PSC-2022-0227-PCO-WS, issued June 27, 2022, in Docket No. 20220066-WS; *In re: Application for increase in water rates in Washington County, by Sunny Hills Utility Company.*

VII. PROOF OF ADJUSTMENTS

The Utility shall notify us, in writing, that it has adjusted its books in accordance with our decision herein. Sunny Hills shall submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, notice shall be provided within seven days prior to the deadline. Upon providing good cause, our staff is hereby given administrative authority to grant an extension of up to 60 days.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Application for increase in water rates in Washington County by Sunny Hills Utility Company is granted in part as set forth in the body of this order. It is further

ORDERED that all matters contained in the schedules appended to this Order are incorporated herein by reference. It is further

ORDERED that the Utility's miscellaneous service charges shall be revised as set forth in the body of this order. The tariff shall be revised to reflect the removal of initial connection and normal reconnection charges. Sunny Hills shall file a proposed customer notice to reflect the approved charges. The approved charges shall be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by customers. The Utility shall provide proof of the date notice was given no less than 10 days after the date of the notice. Sunny Hills shall charge the approved miscellaneous service charge until we authorize a change in a subsequent proceeding. It is further

ORDERED that the Utility's water rates shall be reduced, as shown on Schedule No. 4, to remove the annual amortization of rate case expense grossed-up for RAFs. The decrease in rates shall become effective immediately following the expiration of the rate case expense recovery period, pursuant to Section 367.081(8), F.S. Sunny Hills shall 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 the Utility 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 the Utility is authorized to charge the new rates and charges as set forth in the body of this order and the attachments and schedules attached hereto. The approved rates shall remain in effect until we authorize a change in a subsequent proceeding. 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



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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 for our staff's verification that the tariff sheets and customer notice have been filed by the Utility and approved by our staff, the Utility has provided our staff with proof that the adjustments for all applicable NARUC USOA accounts have been made, and the Utility has submitted a report to our staff six months from the date of this order on the status of the improvements to Well No. 1. Once these actions are completed, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 28th day of September, 2022.



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ADAM J. TEITZMAN  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
[www.floridapsc.com](http://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.

JHR

DISSENT:

COMMISSIONER GARY F. CLARK, dissents with respect to the issue of quality of service provided by Sunny Hills and would find the quality of service to be satisfactory.

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.

As identified in the body of this order, our actions herein, except with regard to the reduction of water rates to reflect removal of amortized rate case expense, the confirmation of no interim refund, and the requirement of proof of adjustments, are 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, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 19, 2022. If such a petition is filed, 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. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

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

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, within fifteen (15) days of the issuance of this order in the form prescribed by 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 by filing a notice of appeal with the Office of Commission Clerk and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

<b>Sunny Hills Utility Company</b>				<b>Schedule No. 1-A</b>	
<b>Schedule of Water Rate Base</b>				<b>Docket No. 20220066-WS</b>	
<b>Test Year Ended 12/31/2019</b>					
<b>Description</b>	<b>Test Year Per Utility</b>	<b>Utility Adjust- ments</b>	<b>Adjusted Test Year Per Utility</b>	<b>Adjust- ments</b>	<b>Adjusted Test Year</b>
1. Utility Plant in Service	\$3,961,954	\$270,514	\$4,232,468	(\$5,627)	\$4,226,841
2. Utility Land & Land Rights	10,779	0	10,779	0	10,779
3. Non-Used & Useful Components	0	(701,782)	(701,782)	27,613	(674,170)
4. Accumulated Depreciation	(2,347,823)	106,534	(2,241,289)	(10,942)	(2,252,231)
5. CIAC	(725,308)	381,292	(344,015)	(11,862)	(355,877)
6. Accumulated Amortization of CIAC	336,263	(183,509)	152,754	13,246	166,000
7. Acquisition Adjustments	(1,538,571)	0	(1,538,571)	0	(1,538,571)
8. Accumulated Amort. of Acquisition Adjustments	1,148,084	0	1,148,084	(102,196)	1,045,888
9. Working Capital Allowance	<u>0</u>	<u>37,324</u>	<u>37,324</u>	<u>(821)</u>	<u>36,503</u>
Total Rate Base	<u>\$845,377</u>	<u>(\$89,625)</u>	<u>\$755,752</u>	<u>(\$90,590)</u>	<u>\$665,162</u>

<b>Sunny Hills Utility Company</b>		<b>Schedule No. 1-B</b>
<b>Adjustments to Rate Base</b>		<b>Docket No. 20220066-WS</b>
<b>Test Year Ended 12/31/21</b>		
<b>Explanation</b>	<b>Water</b>	
<b><u>Utility Plant in Service</u></b>		
To reflect an auditing adjustment.	<u>(\$5,627)</u>	
<b><u>Non-Used and Useful</u></b>		
1. To reflect non-used and useful adj. to UPIS.	\$323	
2. To reflect a non-used and useful adj. to accumulated depreciation.	4,075	
3. To reflect a non-used and useful adj. to pro forma.	478	
4. To reflect a non-used and useful adj. to negative acquisition adjustment.	(47,024)	
5. To reflect a non-used and useful adj. to accumulated amortization of negative acquisition adj.	<u>69,761</u>	
Total	<u>\$27,613</u>	
<b><u>Accumulated Depreciation</u></b>		
1. To reflect an auditing adjustment.	(\$8,916)	
2. To reflect an averaging adjustment.	4,218	
3. To reflect pro forma adjustment.	<u>(6,245)</u>	
Total	<u>(\$10,943)</u>	
<b><u>Contributions In Aid of Construction</u></b>		
1. To reflect an auditing adjustment.	(\$8,712)	
2. To reflect appropriate non-used and useful adjustment.	<u>(3,149)</u>	
Total	<u>(\$11,861)</u>	
<b><u>Accumulated Amortization of CIAC</u></b>		
1. To reflect an auditing adjustment.	\$6,124	
2. To reflect appropriate non-used and useful adjustment.	<u>7,122</u>	
Total	<u>\$13,246</u>	
<b><u>Accumulated Amortization of Negative Acquisition Adjustment</u></b>		
To reflect appropriate accumulated amortization of negative acquisition adjustment.	<u>(\$102,196)</u>	
<b><u>Working Capital Allowance</u></b>		
To reflect the appropriate amount of working capital.	<u>(\$821)</u>	

Sunny Hills Utility Company						Schedule No. 2	
Capital Structure – Simple Average						Docket No. 20220066-WS	
Test Year Ended 12/31/21							
Description	Total Capital	Pro rata Adjustments	Capital Reconciled To Rate Base	Ratio	Cost Rate	Weighted Cost	
<b>Per Utility</b>							
1. Long-Term Debt	\$0	\$0	\$0	0.00%	0.00%	0.00%	
2. Short-Term Debt	0	0	0	0.00%	0.00%	0.00%	
3. Preferred Stock	0	0	0	0.00%	0.00%	0.00%	
4. Common Equity	1,121,274	(386,154)	735,120	97.27%	8.74%	8.51%	
5. Customer Deposits	31,448	(10,816)	20,632	2.73%	2.00%	0.05%	
6. Accumulated Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>	
Total Capital	<u>\$1,152,722</u>	<u>(\$396,970)</u>	<u>\$755,752</u>	<u>100%</u>		<u>8.56%</u>	
<b>Per Commission</b>							
1. Long-Term Debt	\$0	\$0	\$0	0.00%	0.00%	0.00%	
2. Short-Term Debt	0	0	0	0.00%	0.00%	0.00%	
3. Preferred Stock	0	0	0	0.00%	0.00%	0.00%	
4. Common Equity	1,121,274	(474,258)	647,016	97.27%	7.84%	7.63%	
5. Customer Deposits	31,448	(13,301)	18,147	2.73%	2.00%	0.05%	
6. Accumulated Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>	
Total Capital	<u>\$1,152,722</u>	<u>(\$487,560)</u>	<u>\$665,162</u>	<u>100%</u>		<u>7.68%</u>	
<b>RANGE OF REASONABLENESS</b>					<b>LOW</b>	<b>HIGH</b>	
<b>RETURN ON EQUITY</b>					6.84%	8.84%	
<b>OVERALL RATE OF RETURN</b>					6.71%	8.65%	



<b>Sunny Hills Utility Company</b>		<b>Schedule No. 3-B</b>
<b>Adjustments to Operating Income</b>		<b>Docket No. 20220066-WS</b>
<b>Test Year Ended 12/31/21</b>		
<b>Explanation</b>	<b>Water</b>	
<b>Operating Revenues</b>		
To reflect appropriate test year revenues.	<u>\$9,879</u>	
<b>Operations and Maintenance Expense</b>		
1. To reflect 4.2 percent EUW for purchased power.	\$50	
2. To reflect 4.2 percent EUW for chemicals expense.	4	
3. To reflect water portion of insurance expense.	(1,389)	
4. To reflect appropriate rate case expense.	45	
5. To reflect 3-year average bad debt expense.	<u>(3,387)</u>	
Total	<u>(\$4,676)</u>	
<b>Depreciation Expense – Net</b>		
1. To reflect removal of fully depreciated items.	(\$9,353)	
2. To reflect non-used and useful adjustment to depreciation.	(339)	
3. To reflect appropriate depreciation expense for pro forma projects.	6,245	
4. To reflect non-used and useful adjustment to pro forma projects.	(478)	
5. To reflect appropriate amortization of CIAC.	(1,134)	
6. To reflect non-used and useful adjustment to amortization of CIAC.	<u>912</u>	
Total	<u>(\$4,148)</u>	
<b>Amortization of Negative Acquisition Adjustment</b>		
1. To reflect appropriate amortization of negative acquisition adjustment.	(\$688)	
2. To reflect non-used and useful adjustment to negative acquisition adjustment.	<u>986</u>	
Total	<u>\$298</u>	
<b>Taxes Other Than Income</b>		
1. To reflect appropriate property and tangible taxes.	(\$63)	
2. To reflect appropriate non-used and useful adjustment to taxes.	1,024	
3. To reflect appropriate taxes on pro forma additions.	631	
4. To reflect non-used and useful adjustment to pro forma taxes.	(1,803)	
5. To reflect appropriate RAFs.	<u>445</u>	
Total	<u>\$234</u>	

<b>Sunny Hills Utility Company</b>				<b>Schedule No. 4</b>	
<b>Monthly Water Rates</b>				<b>Docket No. 20220066-WS</b>	
<b>Test Year Ended 12/31/21</b>					
	<b>Current Rates</b>	<b>Commission Approved Interim Rates</b>	<b>Utility Requested Final Rates</b>	<b>Commission Approved Rates</b>	<b>4-Year Rate Reduc.</b>
<b>Residential and General Service</b>					
Base Facility Charge by Meter Size					
5/8"X3/4"	\$19.77	\$20.95	\$27.99	\$22.86	\$0.09
3/4"	\$29.66	\$31.43	\$41.99	\$34.29	\$0.14
1"	\$49.43	\$52.38	\$69.98	\$57.15	\$0.23
1-1/2"	\$98.85	\$104.75	\$139.96	\$114.30	\$0.45
2"	\$158.16	\$167.60	\$223.94	\$182.88	\$0.72
3"	\$316.32	\$335.20	\$447.89	\$365.76	\$1.44
4"	\$494.25	\$523.75	\$699.82	\$571.50	\$2.25
6"	\$988.50	\$1,047.50	\$1,399.64	\$1,143.00	\$4.50
8"	\$1,581.60	\$1,676.00	\$2,239.43	\$1,828.80	\$7.20
10"	\$2,273.55	\$2,409.25	\$3,219.17	\$2,628.90	\$10.35
<b>Gallonage Charge - Residential Service</b>					
0 - 6,000 Gallons	\$6.82	\$7.23	\$7.91	\$7.88	\$0.03
6,001 - 12,000 Gallons	\$10.24	\$10.85	\$11.86	\$11.84	\$0.05
Over 12,000 Gallons	\$13.63	\$14.45	\$15.81	\$15.76	\$0.06
<b>Charge per 1,000 gallons - General Service</b>	\$7.64	\$8.10	\$8.60	\$8.83	\$0.03
<b>Private Fire Protection</b>					
2"	\$13.18	\$13.97	\$18.66	\$15.24	\$0.06
3"	\$26.36	\$27.93	\$37.32	\$30.48	\$0.12
4"	\$41.19	\$43.65	\$58.32	\$47.63	\$0.19
6"	\$82.38	\$87.29	\$116.64	\$95.25	\$0.38
8"	\$131.80	\$139.67	\$186.62	\$152.40	\$0.60
10"	\$189.46	\$200.77	\$268.26	\$219.08	\$0.86
<b>Typical Residential 5/8" x 3/4" Meter Bill Comparison</b>					
2,000 Gallons	\$33.41	\$35.41	\$43.81	\$38.62	
4,000 Gallons	\$47.05	\$49.87	\$59.63	\$54.38	
6,000 Gallons	\$60.69	\$64.33	\$75.45	\$70.14	