

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in  
Pasco County by A Utility Inc.

DOCKET NO. 20210098-WU  
ORDER NO. PSC-2023-0091-PAA-WU  
ISSUED: February 16, 2023

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 RATE INCREASE FOR A UTILITY INC. AND ORDER ON  
RECOVERY OF RATE CASE EXPENSES, TEMPORARY RATES, AND ACCOUNTING  
ADJUSTMENTS

NOTICE is hereby given by the Florida Public Service Commission (Commission) that the actions discussed herein, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, (2) the granting of temporary rates in the event of protest, and (3) the requirement for proof of adjustment of books and records, 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.). The reduction of rates after four years, the granting of temporary rates in the event of protest, and the requirement for proof of adjustment of books and records are procedural agency actions and subject to reconsideration and appeal as described below under the heading, "NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW."

**Case Background**

A Utility Inc. (AUI or Utility) is a Class C utility serving 118 residential water customers in Pasco County. The service area is located in the Southwest Florida Water Management District (SWFWMD). The water system was initially built in 1963 to serve the residents of Tropical Trailer Park in Zephyrhills, Florida. The Utility was granted an original certificate in 1974, and was subsequently transferred four times before being transferred to AUI on May 20, 2021.<sup>1</sup>

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<sup>1</sup> Order No. 6020, issued February 4, 1974, in Docket No. 1974037-W, *In re: Application of John W. Beeman for a certificate to operate a water utility in Pasco County, Florida*; Order No. 6998, issued November 14, 1975, in Docket No. 1974544-W, *In re: Application for transfer of water utility d/b/a Tropical Utilities and Certificate No. 165-W from John W. Beeman to Fisher Ames and his wife, Helen Ames, in Pasco County, Florida*; Order No. 10151, issued July 21, 1981, in Docket No. 19800253-W, *In re: Application for the transfer of Certificate No. 165-W from Fisher Ames and His Wife, Helen Ames, to Dale Hendryx, in Pasco County*; Order No. 11946, issued May 19, 1983, in Docket No. 19830048-W, *In re: Application for transfer of Certificate No. 165-W from Dale Hendryx to Barbara*

The Utility's rates were last set by us in 1988.<sup>2</sup> According to AUI's 2020 Annual Report, total gross revenues were \$20,667, and total operating expenses were \$18,171, resulting in net operating income of \$1,950. On May 14, 2021, AUI filed an application for a staff-assisted rate case. Our staff selected a test year ended December 31, 2020, for the instant case.

A virtual customer meeting was held on December 1, 2022, and four customers participated. We have jurisdiction in this case pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, 367.091, and 367.121, Florida Statutes (F.S.).

## **Review and Decision**

### 1. Quality of Service

Pursuant to Section 367.081(2)(a)1, F.S., and Rule 25-30.433(1), Florida Administrative Code (F.A.C.), we, in every rate case, shall 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 shall be considered. In addition, any customer testimony, comments, or complaints shall also be considered. The operating condition of the water system is addressed in Section 2.

#### *A. Quality of Utility's Product*

In evaluation of AUI's product quality, we reviewed the Utility's compliance with 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 August 3, 2021. All results were in compliance with the DEP's standards.

#### *B. The Utility's Attempt to Address Customer Satisfaction*

We reviewed the complaints filed in our Consumer Activity Tracking System (CATS), filed with the DEP, and received by the Utility for the test year and four years prior. No complaints were recorded through the CATS system, the DEP, or the Utility during this time period.

A virtual customer meeting was conducted on December 1, 2022. Four customers participated at the customer meeting and addressed several issues including the rate increase, the operation of the system, and the water pressure. Two of the customers expressed concerns

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*Cobb in Pasco County, Florida*; Order No. 19163, issued April 18, 1988, in Docket No. 19871156-WU, *In re: Application for transfer of Certificate No. 165-W from Melvin Cobb to Allen LaFortune and Otis Fonder (Tropical Park Water System) in Pasco County.*

<sup>2</sup> Order No. 21652, issued August 2, 1989, in Docket No. 19881601-WU, *In re: Application of Allen LaFortune and Otis Fonder for a staff-assisted rate case in Pasco County.*

regarding the size of the increase and indicated they had experienced issues of low water pressure. Another customer voiced concerns regarding AUI's financial state and the expenses required to maintain the system. Finally, one customer stated that the water quality was good and the water pressure had increased after improvements had been made to the system.

Representatives from the Utility and OPC attended the customer meeting. Mr. Troy Fonder, representing AUI, stated that the Utility was in the process of replacing water mains in the system, which would improve many of the water pressure problems; however, some of the service lines to customers' homes were very small in size and likely was the reason for the low pressure. Comments from two customers were also filed in the docket file. One of the customer's comments stated an opposition to the size of the rate increase, and provided pictures of residue in their water filter. The second customer comment stated that they had experienced low water pressure and AUI's well sheds were in disrepair. This customer's comments on the Utility's facilities will be addressed further in Section 2.

Specific to water quality, the comments made by customers were largely related to low water pressure and residue in the water. AUI indicated it is replacing water mains to address the low pressure concerns. However, some of the low pressure issues experienced by customers were likely due to the size of the customers' individual water lines, which are not the responsibility of the Utility. Additionally, no complaints were filed in CATS, with the DEP, or the Utility, and AUI is in compliance with DEP water standards according to its last chemical analysis. Therefore, we find that the quality of service provided by the Utility is satisfactory.

### *C. Conclusion*

AUI is currently in compliance with the DEP standards; therefore, the quality of service shall be considered satisfactory.

## 2. Infrastructure and Operating Conditions

Rule 25-30.225 F.A.C., requires that each water utility shall operate and maintain its plant and facilities by employing qualified operators in accordance with the rules of the DEP in order to provide safe and efficient service up to and including the point of delivery into the piping owned by the customer. During a rate making proceeding, 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.

### *A. Water System Operating Conditions*

AUI's water system has two wells with a combined pumping capacity range of 50 to 70 gallons per minute (gpm), one 220-gallon hydropneumatic storage tank, and two 850-gallon bladder storage tanks. We reviewed the sanitary survey conducted by the DEP for determination

of the Utility's overall water facility compliance. The sanitary survey conducted on December 27, 2022, indicated that the system was determined to be in compliance. As stated in Section 1, one customer provided comments in the docket stating that the Utility's well sheds were in disrepair. The customer stated that they would be more accepting of the rate increase if improvements to the system were addressed. No deficiencies related to AUI's water sheds were noted in the DEP sanitary survey, and the system was determined to be in compliance.

### *B. Conclusion*

We find the infrastructure and operating conditions of A Utility Inc.'s water system are in compliance with DEP regulations.

### 3. Used and Useful Percentages

AUI's WTP consists of two wells with a combined pumping capacity ranging between 50 to 70 gpm, a 220-gallon hydropneumatic storage tank, and two 850-gallon hydropneumatic bladder storage tanks. AUI's water distribution system is composed of approximately 2,200 feet of 2-inch polyvinyl chloride (PVC) pipe, 1,800 feet of 1.5-inch PVC pipe, 1,000 feet of 1.25-inch PVC pipe, 1,200 feet of 1.25-inch galvanized pipe, and 300 feet of 1-inch galvanized pipe.

#### *A. Used and Useful Percentages*

Rule 25-30.4325, F.A.C., addresses the method by which the U&U of a water system is determined. AUI's U&U percentages were last determined in Docket No. 19881601-WU. In that docket, we determined the Utility's treatment facilities and distribution system were 100 percent U&U. The Utility has not increased the capacity of its facilities and the service area is built out. Therefore, consistent with our previous decision, we find the Utility's WTP and distribution system be considered 100 percent U&U.

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

Rule 25-30.4325, F.A.C., additionally 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.

EUW is calculated by subtracting both the gallons sold to customers and the gallons used for other services, such as flushing, from the total gallons pumped for the test year. AUI's customers are unmetered; therefore, we are unable to calculate EUW and find no adjustment to purchased power and chemicals is needed.

*C. Conclusion*

AUI's WTP and distribution system shall be considered 100 percent U&U. Additionally, we find no adjustment to purchased power and chemicals expenses shall be made for EUW.

4. Average Test Year Rate Base

The appropriate components of the Utility's rate base include utility plant in service (UPIS), land and land rights, accumulated depreciation, contributions-in-aid-of-construction (CIAC), accumulated amortization of CIAC, and working capital. We selected the test year ended December 31, 2020, for the instant rate case. According to Audit Finding No. 7, Commission audit we determined that the Utility does not maintain a general ledger to record its transactions, instead relying on a profit and loss (P&L) statement and a balance sheet in order to track the balances in its accounts. We determined that the Utility's books and records are not in compliance with the National Association of Regulatory Utility Commissioners' Uniform System of Accounts (NARUC USOA). The corrective measures are discussed in Section 7 of this Order. A summary of each component of rate base and the approved adjustments are discussed below.

*A. Utility Plant in Service*

The Utility recorded UPIS of \$97,700. During the audit, it was found that the Utility did not make our ordered adjustments stemming from Order No. PSC-2021-0183-PAA-WU (2017 Transfer Order).<sup>3</sup> Therefore, we decreased UPIS by \$43,107. We made no further adjustments to UPIS and therefore find an average UPIS balance of \$54,593 (\$97,700 - \$43,107).

*B. Land and Land Rights*

The Utility recorded a land value of \$19,300. In the 2017 Transfer Order, we determined the original cost of the land was \$1,000. There have been no additions to this account since the prior rate case. To reflect our prior Order, we decreased land and land rights by \$18,300. Therefore, we find land and land rights balance of \$1,000 (\$19,300 - \$18,300).

*C. Accumulated Depreciation*

The Utility recorded accumulated depreciation of \$15,267. During the audit, it was found that the Utility did not properly record accumulated depreciation. We recalculated accumulated depreciation from January 1, 2017, to December 31, 2020, using the adjusted UPIS plant balances from the 2017 Transfer Order, and the depreciation rates established by Rule 25-30.140(2), F.A.C. As such, we increased accumulated depreciation by \$33,692. we further made an adjustment decreasing accumulated depreciation by \$315 to reflect an averaging adjustment. Therefore, we find an average accumulated depreciation of \$48,645 (\$15,267 + \$33,692 - \$315).

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<sup>3</sup> Order No. PSC-2021-0183-PAA-WU, issued May 20, 2021, in Docket No. 20170114-WU, *In re: Application for transfer of facilities and water Certificate No. 165-W in Pasco County from Allen LaFortune and Otis Fonder to A Utility Inc.*

*D. Contributions-In-Aid-Of-Construction*

The Utility did not record any CIAC on its P&L statement or its balance sheet as of December 31, 2020. However, we established a CIAC balance of \$26,625 in its 2017 Transfer Order. There have been no additions to CIAC since the last rate proceeding. Therefore, we find a CIAC balance of \$26,625.

*E. Accumulated Amortization of CIAC*

The Utility did not record any accumulated amortization of CIAC on its P&L statement or its balance sheet as of December 31, 2020. According to the 2017 Transfer Order, CIAC is fully amortized, therefore we find an accumulated amortization of CIAC of \$26,625.

*F. Working Capital Allowance*

Working Capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(3), F.A.C., we used the one-eighth operation and maintenance (O&M) expense (less rate case expense) formula for calculating the working capital allowance. Section 367.081(9), F.S., prohibits a utility from earning a return on the unamortized balance of rate case expense. As such, for this calculation we removed the recommended rate case expense of \$341. This resulted in an adjusted O&M expense of \$24,617 (\$24,958 - \$341). Applying this formula, we find a working capital allowance of \$3,077 ( $\$24,617 \div 8$ ).

*G. Rate Base Summary*

In its response to the Commission audit, the Utility stated that as of January 1, 2021, the Commission-ordered adjustments have been made for UPIS, land and land rights, and accumulated depreciation.<sup>4</sup> Based on the foregoing, we find that the appropriate average test year rate base is \$10,026. Rate Base is shown on Schedule No. 1-A. The related adjustments are shown on Schedule No. 1-B.

5. Rate of Return

AUI's capital structure consists entirely of long-term debt and has been reconciled with our approved rate base. The appropriate ROE is 10.45 percent which is based on the Commission-approved leverage formula currently in effect.<sup>5</sup> We find an ROE of 10.45 percent with a range of 9.45 percent to 11.45 percent, and an overall rate of return of 9.95 percent. The ROE and overall rate of return are shown on Schedule No. 2.

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<sup>4</sup> Document No. 03342-2022, filed June 2, 2022.

<sup>5</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 rate of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

## 6. Test Year Revenues

AUI recorded total test year revenues of \$20,722. The water revenues included only service revenues. There are no miscellaneous revenues. AUI had a price index rate increase subsequent to the test year. As a result, we annualized the test year revenues. Based on our review of the Utility's billing determinants and the price index rate increase, we determined test year service revenues shall be \$21,608. This results in an increase of \$886 (\$21,608 - \$20,722) to service revenues. The Utility has no miscellaneous service charges and thus, no miscellaneous revenues. Based on the above, the appropriate test year revenues for the Utility are \$21,608.

## 7. Operating Expenses

The Utility recorded operating expense of \$12,614. The test year O&M expenses have been reviewed by us, including invoices and other supporting documentation. We have made several adjustments to the Utility's operating expenses as described below. Many of our adjustments reflect updated invoices from 2021, which we find more accurately reflect the expense levels going forward. On November 16, 2022, the Utility provided a response to the Staff Report filed on November 1, 2022.<sup>6</sup> In its response, the Utility prioritized concerns which have been addressed in this Order.

### *A. Operation and Maintenance Expenses*

#### **Salaries and Wages – Employees (601)**

The Utility did not record any salaries expense for the test year. In response to our Staff's Second Data Request (DR No. 2), the Utility calculated salaries expense of \$3,874.<sup>7</sup> We find this amount is reasonable, and therefore approve a salaries expense of \$3,874.

#### **Purchased Power (615)**

The Utility recorded purchased power expense of \$401. Through discovery, the Utility provided purchased power invoices for both of its locations.<sup>8,9</sup> Based on its calculations, we increased purchased power expense by \$772, approving a total purchased power expense of \$1,173 (\$401 + \$772).

#### **Chemicals Expense (618)**

The Utility recorded chemicals expense of \$84. In response to our Staff's First Data Request (DR No. 1), the Utility provided invoices for two chlorine purchases during 2021. The first invoice was from January 2021, for \$89, and the second was from July 2021, for \$90; totaling \$179 (\$89 + \$90). Therefore, we find a chemicals expense of \$179.

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<sup>6</sup> Document No. 11370-2022, filed November 16, 2022.

<sup>7</sup> Document No. 03343-2022, filed June 2, 2022.

<sup>8</sup> Document No. 00041-2022, filed January 4, 2022.

<sup>9</sup> Document No. 06273-2022, filed September 13, 2022.

### **Materials and Supplies (620)**

The Utility recorded materials and supplies expense of \$3,723. We made an audit adjustment decreasing this amount by \$76, and therefore approve a materials and supplies expense of \$3,647 (\$3,723 - \$76).

### **Contractual Services – Professional (631)**

The Utility recorded contractual services – professional expense of \$3,450. In response to DR No. 1, the Utility provided invoices totaling \$5,326 paid to MCL Environmental Services (MCL) for plant operations in 2021. This amount included \$2,610 (\$217.50 monthly) for well operations, and invoices for work orders totaling \$2,716 from January 2021 through December 2021. Therefore, we find a contractual services – professional expense of \$5,326.

### **Contractual Services – Accounting (632)**

The Utility did not record any expenses for contractual services – accounting for the test year. We find it is necessary for the Utility to obtain professional accounting services in order to maintain its books and records in accordance with NARUC standards. Because of this, through DR No. 2, we requested the Utility obtain an estimate for professional accounting services. In response to DR No. 2, the Utility provided an estimate from Henson & Murtha CPAs (Firm) to bring the Utility's books and records in compliance with Rule 25-30.110, F.A.C., and maintain the books on a going-forward basis. The Firm provided a quote of \$3,900 for its services. We find this is a necessary service for the Utility, and therefore find a contractual services – accounting fee of \$3,900.

In the past, we have approved pro forma expenses with the requirement that the Utility file an affidavit attesting that it has performed the related actions.<sup>10</sup> Therefore, we find, as pro forma, the inclusion of the requested contractual services – accounting fee of \$3,900, with a requirement that the Utility file an affidavit with us, no later than May 1, 2023, attesting that it has entered into a contract with the Firm. Should the Utility not enter into a contract with the Firm by May 1, 2023, our staff shall file a recommendation addressing potential actions to be taken.

### **Contractual Services – Testing (635)**

The Utility did not record any contractual services – testing expense for the test year. In response to DR No. 1, the Utility provided invoices from MCL for performing lab testing from January 2021 through December 2021. These tests totaled \$3,529, and therefore we find a contractual services – testing expense of \$3,529.

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<sup>10</sup> Order No. PSC-2013-0646-PAA-WU, issued December 5, 2013, in Docket No. 20130025-WU, *In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.*



### **Contractual Services – Other (636)**

The Utility did not record any contractual services – other expense for the test year. In response to DR No. 2, the Utility provided a contract effective January 1, 2023, between itself and Rich Allbright Property Maintenance (Maintenance Company). This contract was for the performance of professional property maintenance at a cost of \$40 per month for each of the Utility's three lots. Combined, property maintenance for the Utility is \$120 per month, or \$1,440 annually. Therefore, we find a contractual services – other expense of \$1,440.

Similar to contractual services – accounting, we find the inclusion of the requested contractual services – other fee of \$1,440, with a requirement that the Utility file an affidavit with us, no later than May 1, 2023, attesting that it has executed the contract with the Maintenance Company. Should the Utility not execute the contract with the Maintenance Company by May 1, 2023, our staff shall file a recommendation addressing potential actions to be taken.

### **Transportation Expense (650)**

The Utility did not record any transportation expense for the test year. In response to DR No. 2, the Utility estimates it travels 100 total miles monthly in providing water services. Using the 2022 IRS business mileage rate of \$0.625 per mile, we calculated transportation expense of \$750 ( $\$0.625 \times 100 \text{ miles} \times 12 \text{ months}$ ).<sup>11</sup> Therefore, we find transportation expense of \$750.

### **Rate Case Expense (665)**

The Utility did not record any rate case expense. The Utility is required by Rule 25-22.0407, F.A.C., to mail notices of the rate case overview, final rates, and four-year rate reduction. We calculated noticing costs to be \$348. We calculated the distance from the Utility to Tallahassee as 253 miles. Based on the 2022 IRS mileage rate, we calculated a round-trip travel expense to the Commission Conference, to include lodging, of \$516. Additionally, the Utility paid a \$500 filing fee.<sup>12</sup>

We calculated total rate case expense as \$1,364 ( $\$348 + \$516 + \$500$ ). This amount amortized over four years is \$341 ( $\$1,364 \div 4 \text{ years}$ ). Therefore, we find an amortized rate case expense of \$341.

### **Bad Debt Expense (670)**

The Utility did not record any bad debt expense for the test year. In the past, we have used a percentage of total revenues to determine bad debt expense when a three year average was

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<sup>11</sup> <https://www.irs.gov/newsroom/irs-increases-mileage-rate-for-remainder-of-2022>.

<sup>12</sup> Document No. 07094-2021, filed June 28, 2021.

not available.<sup>13</sup> As such, we find a bad debt expense of 1 percent of total revenues. Therefore, we find a bad debt expense of \$216.

### **Miscellaneous Expense (675)**

The Utility did not record any miscellaneous expense for the test year. However, in response to DR No. 2, the Utility provided a list of costs which are necessary for running its operations. These costs are listed in Table 1 below:

**Table 1**  
**Miscellaneous Expenses**

Expense	Amount
Consumer Confidence Report	\$125
Valve Exercising Cost	150
Meter Accuracy Testing	48
Florida Rural Water Association Annual Fee	161
DEP Licensing Fee	100
Total Miscellaneous Expenses	<u>\$583</u>

Source: Staff's Second Data Request

We find the costs provided by the Utility in its response to DR No. 2 are appropriate. Therefore, we find a miscellaneous expense of \$583.

### *B. Operation and Maintenance Expense Summary*

The Utility recorded test year O&M expense of \$7,658. Based on the above adjustments, we find the O&M expense be increased by \$17,300. This results in total O&M expense of \$24,958 (\$7,658 + \$17,300). Our approved adjustments to O&M expense are shown on Schedule No. 3-C.

### *C. Depreciation Expense*

The Utility recorded depreciation expense of \$3,818. Using the depreciation rates prescribed in Rule 25-30.140, F.A.C., we decreased this amount by \$3,385 based on certain plant accounts being fully depreciated. Therefore, we find a depreciation expense of \$433 (\$3,818 - \$3,385).

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<sup>13</sup> Order No. PSC-2018-0552-PAA-WU, issued November 19, 2018, in Docket No. 20180022-WU, *In re: Application for staff-assisted rate case in Lake County by Pine Harbour Waterworks, Inc.*; Order No. PSC-2018-0553-PAA-WU, issued November 19, 2018, in Docket No. 20180021-WU, *In re: Application for staff-assisted rate case in Highlands County by Country Walk Utilities, Inc.*; Order No. PSC-2017-0334-PAA-WS, issued August 23, 2017, in Docket No. 20160222-WS, *In re: Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.*

*D. Taxes Other Than Income (TOTI)*

The Utility recorded TOTI of \$1,138. We increased TOTI by \$292 due to an audit adjustment. Additionally, we increased TOTI by \$34 to reflect the appropriate regulatory assessment fees (RAFs) based on corrected Utility test year revenues. These adjustments result in a test year TOTI increase of \$326 (\$292 + \$34).

As discussed in Section 9, we find revenues be increased by \$8,588 to reflect the change in revenue required to cover expenses and allow an opportunity to recover an operating margin of 12 percent. As a result, TOTI shall be increased by \$386 to reflect RAFs of 4.5 percent of the change in revenues. Therefore, we find TOTI of \$1,851 (\$1,138 + \$326 + \$386).

*E. Operating Expense Summary*

The Utility recorded operating expenses of \$12,614. The application of our approved adjustments to the Utility's operating expense result in a total operating expense of \$27,242. Operating expenses are shown on Schedule No. 3-A and the related adjustments are shown on Schedule No. 3-B.

8. Operating Ratio Methodology

Rule 25-30.4575(2), F.A.C., provides that, in rate cases processed under Rule 25-30.455, F.A.C., we will use the operating ratio methodology to establish the Utility's revenue requirement when its rate base is not greater than 125 percent of O&M expenses, less rate case expense, and the use of the operating ratio methodology does not change the Utility's qualification for a SARC.

With respect to AUI, we have approved a rate base of \$10,026. After removal of rate case expense, we have calculated an O&M expense of \$24,617 (\$24,958 - \$341). Based on our approved amounts, the Utility's rate base is 41 percent of its adjusted O&M expense. Based on this ratio, the Utility qualifies for application of the operating ratio methodology.

9. Revenue Requirement

AUI shall be allowed an annual increase of \$8,588 (39.75 percent). This will allow the Utility the opportunity to recover expenses and earn an operating margin of 12 percent. The calculations are shown below in Table 2.

**Table 2**  
**Water Revenue Requirement**

Adjusted O&M Expense	\$24,617
Operating Margin (%)	<u>12.00%</u>
Operating Margin (\$)	<u>\$2,954</u>
Water O&M Expense	24,958
Depreciation Expense	433
Taxes Other Than Income	<u>1,851</u>
Revenue Requirement	<u>\$30,196</u>
Less Test Year Revenues	<u>\$21,608</u>
Annual Increase	<u>\$8,588</u>
Percent Increase	39.75%

Source: Staff calculations.

### 10. Rate Structure

AUI is located in Pasco County and currently provides water service to 118 residential and no general service customers. The Utility's current rate structure for residential customers consists of a monthly flat rate of \$15.26. AUI currently does not have any meters to measure water usage. In this proceeding, the Utility has not proposed to install any meters. Our preferred rate structure is a base facility and gallonage charge rate structure. The conversion from flat to metered rates would include the Utility earning a return on the meter investment as well as additional billing costs. At this time, the Utility does not have any issues in terms of its permitted withdrawal and a need for conservation-oriented rates. Thus, we do not find it would be cost effective to require AUI to install meters and bill based on metered water usage. Therefore, we find a continuation of the Utility's current flat rate structure is appropriate. As a result, our approved increase of 39.75 percent shall be applied to the existing monthly flat rate.

Based on the above, we approve a monthly flat rate for residential service of \$21.33 per month as shown on Schedule No. 4. The Utility shall file a revised tariff sheet and a proposed customer notice to reflect our approved rate. The approved rate shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet provided customers have received notice pursuant to Rule 25-30.475, F.A.C. The Utility shall provide proof of noticing within 10 days of rendering its approved notice.

### 11. Four-Year Rate Reduction

Subsection 367.081(8), F.S., requires that the rates be reduced by the amount of the rate case expense previously included in rates immediately following the expiration of the recovery period. With respect to AUI, the reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. The total reduction is \$357. We find that the rates shall be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Subsection 367.081(8), F.S., the decrease in rates shall become effective immediately following the expiration of the rate case expense recovery period. AUI shall be required to file revised tariffs and a proposed

customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting 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 and the reduction in the rates due to the amortized rate case expense.

## 12 Appropriate Miscellaneous Charges

Section 367.091, F.S., authorizes us to establish miscellaneous service charges. The purpose of these charges is to place the burden for requesting or causing these services on the cost causer rather than the general body of ratepayers.

### **Violation Reconnection Charges**

The Utility requested a violation reconnection charge. Pursuant to Rule 25-30.460, F.A.C., a violation reconnection charge is levied prior to reconnection of an existing customer after discontinuance of service for cause according to subsection 25-30.320(2), F.A.C. AUI does not have any on-site personnel to perform disconnections. Therefore, a third-party vendor, MCL Environmental Services, LLC, which is also the contract operator, will be used for this function. The third-party vendor estimates \$85 for disconnection and \$70 for reconnection, or a total of \$155. AUI customers are not metered. As a result, disconnections and reconnections are labor intensive, which involves digging up lines in order to cap and re-digging up lines to restore service. We find the proposed disconnection and reconnection charges are reasonable.

### **Late Payment Charge**

Currently, AUI does not have a late payment charge. A late payment charge recovers administrative and supply cost for processing late payment notices. Historically, we have allowed 15 minutes for processing late payment notices, actual cost of postage which is currently \$0.60, and supplies of \$0.15. Based on the salary of the Utility personnel who processes late notices, the labor component of the late payment charge is \$3.50 (\$14.00 hr x .25 hr). This results in a late payment charge of \$4.45. The cost for the late payment charge is shown below on Table 3.

**Table 3**  
**Late Payment Cost Justification**

Labor	\$3.50
Supplies/Postage	\$.75
Mark Up for RAFs	.20
<b>Total Calculated Charge</b>	<b>\$4.45</b>

Source: Staff's Calculation

### **Nonsufficient Funds Charges (NSF)**

The Utility requested NSF charges pursuant to Section 68.065, F.S. We find that AUI shall be authorized to collect NSF charges consistent with Section 68.065, F.S., which allows for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Section 68.065(2), F.S., the following NSF charges may be assessed:

- 1) \$25, if the face value does not exceed \$50,
- 2) \$30, if the face value exceeds \$50 but does not exceed \$300,
- 3) \$40, if the face value exceeds \$300,
- 4) or 5 percent of the face amount of the check, whichever is greater.

Our approved miscellaneous service charges are shown in Table 4.

**Table 4**  
**Our Approved Miscellaneous Service Charges**

Violation Reconnection Charge - Disconnect	\$85.00
Violation Reconnection Charge - Reconnection	\$70.00
Late Payment Charge	\$4.45
NSF Charges	Pursuant to Section 68.065(2), F.S.

The appropriate miscellaneous service charges are shown above and shall be approved. The Utility shall file revised tariff sheets and a proposed customer notice to reflect our approved charges. The approved charges 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. AUI shall be required to charge the approved miscellaneous service charges until authorized to change them by us in a subsequent proceeding.

### 13. Temporary Rates

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's Office of Commission Clerk no later than the 20th of each month indicating both the current monthly and total amount 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.

This Order proposes an increase in rates. A timely protest might delay a 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 proposed rates be approved on a temporary basis. AUI shall file revised tariff sheets and a proposed customer notice reflecting our 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 it has been received by the customers. The additional revenue produced by our approved rates and collected by the Utility shall be subject to the refund provisions discussed below.

AUI shall be authorized to initiate the temporary rates upon our approval of an appropriate security for the potential refund and cost of the proposed customer notice. Security

shall be in the form of either a bond or letter of credit in the amount of \$5,862. Alternatively, the Utility may establish an escrow agreement with an independent financial institution.

If the Utility chooses a bond for securing the potential refund, the bond shall contain wording to the effect that it will be terminated only under the following conditions:

1. We approve the rate increase; or,
2. If we deny the increase, the Utility shall refund the amount collected that is attributable to the increase.

If the Utility chooses a letter of credit for securing the potential refund, the letter of credit shall contain the following conditions:

1. The letter of credit is irrevocable for the period it is in effect.
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. The Commission Clerk, or his or her designee, must be a signatory to the escrow agreement.
2. No monies in the escrow account may be withdrawn by the Utility without the prior written authorization of the Commission Clerk, or his or her designee.
3. The escrow account shall be an interest bearing account.
4. If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
5. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility.
6. All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
7. The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
8. 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.

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 our Clerk's office no later than the 20th of every 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.

#### 14. Adjustment to Books

AUI shall be required to notify us, in writing, that it has adjusted its books in accordance with our decision. AUI shall submit a letter within 90 days of our final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause shall be filed not less than seven days prior to the deadline. Upon providing a notice of good cause, our staff shall be 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 A Utility Inc. is currently in compliance with the Department of Environmental Protection (DEP) standards; therefore, the quality of service shall be considered satisfactory. It is further

ORDERED that the infrastructure and operating conditions of A Utility Inc.'s water system are in compliance with DEP regulations. It is further

ORDERED that A Utility Inc.'s WTP and water distribution system shall be considered 100 percent Used & Useful and no adjustment to purchased power and chemicals expenses shall be made for excessive unaccounted for water. It is further

ORDERED that the appropriate average test year rate base for A Utility Inc. is \$10,026. It is further

ORDERED that the appropriate return on equity is 10.45 percent with a range of 9.45 percent to 11.45 percent. The appropriate overall rate of return is 9.95 percent. It is further



ORDERED that the appropriate test year revenues for A Utility Inc. are \$21,608. It is further

ORDERED that the appropriate amount of operating expense for A Utility Inc. is \$27,242. It is further

ORDERED that A Utility Inc. meets the requirement for application of the operating ratio methodology for calculating revenue requirement. It is further

ORDERED that the appropriate revenue requirement for A Utility Inc. is \$30,196, resulting in an annual increase of \$8,588 (39.75 percent). It is further

ORDERED that the approved monthly flat rate for residential service of \$21.33 per month as shown on Schedule No. 4. The Utility shall file a revised tariff sheet and a proposed customer notice to reflect the Commission-approved rate. The approved rate shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet provided customers have received notice pursuant to Rule 25-30.475, F.A.C. The Utility shall provide proof of noticing within 10 days of rendering its approved notice. It is further

ORDERED that the rates shall be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates shall become effective immediately following the expiration of the rate case expense recovery period. A Utility Inc. shall be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting 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 and the reduction in the rates due to the amortized rate case expense. It is further

ORDERED that the appropriate miscellaneous service charges are shown on Table 4 are approved. The Utility shall file revised tariff sheets to reflect Commission-approved charges. The approved charges 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. A Utility Inc. shall be required to charge the approved miscellaneous service charges until authorized to change them by this Commission in a subsequent proceeding. It is further

ORDERED that Pursuant to Section 367.0814(7), F.S., are approved for the utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the utility. A Utility Inc. shall file revised tariff sheets and a proposed customer notice reflecting our approved rates. The approved rates shall be effective for services 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. Further, prior to implementing any temporary rates, the utility shall provide appropriate financial security. It is further

ORDERED that A Utility Inc. shall be required to notify us, in writing, that it has adjusted its books in accordance with the Commission's decision. A Utility Inc. shall submit a letter within 90 days of the Commission's final order in this docket, confirming that the adjustments to all applicable National Association of Regulatory Utility Commissioners Uniform System of Accounts primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause shall be filed not less than seven days prior to the deadline. Upon providing a notice of good cause, our staff shall be given administrative authority to grant an extension of up to 60 days. It is further

ORDERED that if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the Proposed Agency Action Order, a Consummating Order shall be issued. The docket shall remain open for our verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by our staff. Once these actions are complete, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 16th day of February, 2023.



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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

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

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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

As identified in the body of this order, our actions are preliminary in nature, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, (2) the granting of temporary rates in the event of protest, and (3) the requirement for proof of adjustment of books and records. 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 March 9, 2023. 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 procedural 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>A UTILITY INC.</b> <b>TEST YEAR ENDED 12/31/2020</b> <b>SCHEDULE OF WATER RATE BASE</b>		<b>SCHEDULE NO. 1-A</b> <b>DOCKET NO. 20210098-WU</b>	
<b>DESCRIPTION</b>	<b>BALANCE</b>	<b>COMM.</b>	<b>BALANCE</b>
	<b>PER</b> <b>UTILITY</b>	<b>ADJUST.</b>	<b>PER</b> <b>COMM.</b>
1. UTILITY PLANT IN SERVICE	\$97,700	(\$43,107)	\$54,593
2. LAND & LAND RIGHTS	19,300	(18,300)	1,000
3. ACCUMULATED DEPRECIATION	(15,267)	(33,378)	(48,645)
4. CIAC	0	(26,625)	(26,625)
5. ACCUMULATED AMORTIZATION OF CIAC	0	26,625	26,625
6. ACQUISITION ADJUSTMENT	0	0	0
7. WORKING CAPITAL ALLOWANCE	<u>\$0</u>	<u>\$3,077</u>	<u>\$3,077</u>
8. WATER RATE BASE	<u>\$101,733</u>	<u>(\$91,707)</u>	<u>\$10,026</u>

<b>A UTILITY INC.</b>		<b>SCHEDULE NO. 1-B</b>
<b>TEST YEAR ENDED 12/31/2020</b>		<b>DOCKET NO. 20210098-WU</b>
<b>ADJUSTMENTS TO RATE BASE</b>		
		<b><u>WATER</u></b>
<b><u>UTILITY PLANT IN SERVICE</u></b>		
	To reflect Commission-ordered adjustments.	<u>(\$43,107)</u>
<b><u>LAND &amp; LAND RIGHTS</u></b>		
	To reflect an audit adjustment.	<u>(\$18,300)</u>
<b><u>ACCUMULATED DEPRECIATION</u></b>		
1.	To reflect audit adjustments.	(\$33,692)
2.	To reflect an averaging adjustment.	\$315
	Total	<u>(\$33,378)</u>
<b><u>CIAC</u></b>		
	To reflect an audit adjustment.	<u>(\$26,625)</u>
<b><u>ACCUMULATED AMORTIZATION OF CIAC</u></b>		
	To reflect an audit adjustment.	<u>\$26,625</u>
<b><u>WORKING CAPITAL ALLOWANCE</u></b>		
	To reflect 1/8 of test year O&M expenses.	<u>\$3,077</u>

<b>A UTILITY INC.</b>						<b>SCHEDULE NO. 2</b>	
<b>TEST YEAR ENDED 12/31/2020</b>						<b>DOCKET NO. 20210098-WU</b>	
<b>SCHEDULE OF CAPITAL STRUCTURE</b>							
<u>CAPITAL COMPONENT</u>	<u>PER UTILITY</u>	<u>SPECIFIC ADJUST-MENTS</u>	<u>PRO RATA ADJUST-MENTS</u>	<u>BALANCE PER COMM.</u>	<u>PERCENT OF TOTAL</u>	<u>COST</u>	<u>WEIGHTED COST</u>
1. LONG-TERM DEBT	\$118,000	\$0	(\$107,974)	\$10,026	100.00%	9.95%	9.95%
2. SHORT-TERM DEBT	0	0	0	0	0.00%	0.00%	0.00%
3. COMMON EQUITY	0	0	0	0	0.00%	10.45%	0.00%
4. CUSTOMER DEPOSITS	0	0	0	0	0.00%	2.00%	0.00%
5. DEFERRED INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
TOTAL CAPITAL	<u>\$118,000</u>	<u>\$0</u>	<u>(\$107,974)</u>	<u>\$10,026</u>	<u>100.00%</u>		<u>9.95%</u>
<b>RANGE OF REASONABLENESS</b>						<b><u>LOW</u></b>	<b><u>HIGH</u></b>
<b>RETURN ON EQUITY</b>						9.45%	11.45%
<b>OVERALL RATE OF RETURN</b>						9.95%	9.95%

<b>A UTILITY INC.</b>		<b>SCHEDULE NO. 3-A</b>				
<b>TEST YEAR ENDED 12/31/2020</b>		<b>DOCKET NO. 20210098-WU</b>				
<b>SCHEDULE OF WATER OPERATING INCOME</b>		<b>TEST YEAR PER UTILIT Y</b>	<b>COMM ADJUS T- MENT S</b>	<b>COMM ADJUST ED TEST YEAR</b>	<b>ADJUST FOR INCREA SE</b>	<b>REVENUE REQUIREM ENT</b>
1	<b>TOTAL OPERATING REVENUES</b>	<u>\$20,722</u>	<u>\$886</u>	<u>\$21,608</u>	<u>\$8,588</u>	<u>\$30,196</u>
					39.75%	
	<b>OPERATING EXPENSES:</b>					
2	OPERATION & MAINTENANCE	\$7,658	\$17,300	\$24,958	\$0	\$24,958
3	DEPRECIATION (NET)	3,818	(3,385)	433	0	433
4	AMORTIZATION	0	0	0	0	0
5	TAXES OTHER THAN INCOME	1,138	326	1,464	386	1,851
6	INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<b>TOTAL OPERATING EXPENSES</b>	<u>\$12,614</u>	<u>\$14,241</u>	<u>\$26,856</u>	<u>\$386</u>	<u>\$27,242</u>
7	<b>OPERATING INCOME / (LOSS)</b>	\$8,108		(\$5,248)		\$2,954
8	<b>WATER RATE BASE</b>	\$101,733				\$10,026
9	<b>OPERATING MARGIN</b>					12.00%

<b>A UTILITY INC.</b>		<b>SCHEDULE NO. 3-B</b>
<b>TEST YEAR ENDED 12/31/2020</b>		<b>DOCKET NO. 20210098-WU</b>
<b>ADJUSTMENTS TO OPERATING INCOME</b>		<b>PAGE 1 OF 2</b>
		<b><u>WATER</u></b>
<b>OPERATING REVENUES</b>		
1.	To reflect an auditing adjustment to Service Revenues.	\$136
2.	To reflect the appropriate test year Service Revenues.	<u>750</u>
	Total	<u>\$886</u>
<b>OPERATION AND MAINTENANCE EXPENSE</b>		
1.	Salaries and Wages - Employees (601) To reflect 2021 salaries per DR No. 2.	<u>\$3,874</u>
2.	Purchased Power (615) To reflect annual amount per DR No. 1.	<u>\$772</u>
3.	Chemicals Expense (618) To reflect 2021 chlorine expenses per DR No. 1.	<u>\$95</u>
4.	Materials and Supplies (620) To reflect an auditing adjustment.	<u>(\$76)</u>
5.	Contractual Services - Professional (631) To reflect 2021 operating fees per DR No. 1.	<u>\$1,876</u>
6.	Contractual Services - Accounting (632) To reflect estimate provided in DR No. 2.	<u>\$3,900</u>
7.	Contractual Services - Testing (635) To reflect 2021 testing per DR No. 1.	<u>\$3,529</u>
8.	Contractual Services - Other (636) To reflect lawn maintenance bid per DR No. 2.	<u>\$1,440</u>
9.	Transportation Expense (650) To reflect 2022 IRS travel expense for 1,200 annual miles per DR No. 2.	<u>\$750</u>
10.	Rate Case Expense (665) To reflect 1/4 rate case expense.	<u>\$341</u>



<b>A UTILITY INC.</b>		<b>SCHEDULE NO. 3-B</b>
<b>TEST YEAR ENDED 12/31/2020</b>		<b>DOCKET NO. 20210098-WU</b>
<b>ADJUSTMENTS TO OPERATING INCOME</b>		<b>PAGE 2 OF 2</b>
		<b><u>WATER</u></b>
11.	Bad Debt Expense (670) To reflect 1.0 percent of test year revenues.	<u>\$216</u>
12.	Miscellaneous Expense (675)	
	a. To reflect Consumer Confidence Report cost.	\$125
	b. To reflect valve exercising cost.	150
	c. To reflect meter accuracy testing.	48
	d. To reflect Florida Rural Water Association annual fee.	161
	e. To reflect DEP licensing fee.	<u>100</u>
	Subtotal	<u>\$583</u>
	<b>TOTAL OPERATION AND MAINTENANCE ADJUSTMENTS</b>	<u>\$17,300</u>
	<b>DEPRECIATION EXPENSE</b>	
	To reflect an auditing adjustment.	<u>(\$3,385)</u>
	<b>TAXES OTHER THAN INCOME</b>	
1.	To reflect audit adjustments.	\$292
2.	To reflect appropriate test year RAF's.	<u>34</u>
	Total	<u>\$326</u>
	<b>TOTAL OPERATING EXPENSE ADJUSTMENTS</b>	<u>\$14,241</u>

<b>A UTILITY INC.</b>		<b>SCHEDULE NO. 3-C</b>		
<b>TEST YEAR ENDED 12/31/2020</b>		<b>DOCKET NO. 20210098-WU</b>		
<b>ANALYSIS OF WATER O&amp;M EXPENSE</b>				
<b>ACCT. #</b>	<b>DESCRIPTION</b>	<b>TOTAL PER UTILITY</b>	<b>COMM ADJUST- MENT</b>	<b>TOTAL PER COMM</b>
601	Salaries and Wages - Employees	\$0	\$3,874	\$3,874
615	Purchased Power	401	772	1,173
618	Chemicals	84	95	179
620	Materials and Supplies	3,723	(76)	3,647
631	Contractual Services - Professional	3,450	1,876	5,326
632	Contractual Services - Accounting	0	3,900	3,900
635	Contractual Services - Testing	0	3,529	3,529
636	Contractual Services - Other	0	1,440	1,440
650	Transportation Expense	0	750	750
665	Rate Case Expense	0	341	341
670	Bad Debt Expense	0	216	216
675	Miscellaneous Expenses	<u>0</u>	<u>583</u>	<u>583</u>
	Total O&M Expense	<u>\$7,658</u>	<u>\$17,300</u>	<u>\$24,958</u>
	Working Capital is 1/8 of O&M Less RCE			\$3,077

<b>A UTILITY INC.</b>		<b>DOCKET NO. 20210098-WU</b>	
<b>MONTHLY WATER RATES</b>		<b>SCHEDULE NO. 4</b>	
	<b>EXISTING RATES</b>	<b>COMM APPROVED RATES</b>	<b>FOUR-YEAR RATE REDUCTION</b>
<b><u>Residential</u></b>			
Flat Rate	\$15.26	\$21.33	\$0.25