

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a staff-)	DOCKET NO. 900571-WS
assisted rate case in Putnam County)	ORDER NO. 23973
by SPORTSMAN'S HARBOR UTILITIES)	ISSUED: 01-09-91
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The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 FRANK S. MESSERSMITH

ORDER GRANTING TEMPORARY RATES IN
EVENT OF PROTEST

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING INCREASED
RATES AND CHARGES AND REQUIRING IMPROVEMENTS AND REPORTS

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the actions discussed herein, except the granting of increased rates on a temporary basis in the event of a protest, are preliminary in nature, and as such, 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.

CASE BACKGROUND

Sportsman's Harbor Utilities (Sportsman's or the Utility) is a water and wastewater utility located in Welaka, Florida. The Utility provides water service to 198 residential and 7 general service connections and wastewater service to 140 residential connections. Its 1989 Annual Report shows water revenues of \$16,022 and operating expenses of \$35,677, resulting in a net loss of \$19,655. Wastewater revenues are reported as \$12,652 and

DOCUMENT NUMBER-DATE

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operating expenses as \$34,818, resulting in a reported net loss of \$22,166.

Since 1983, Sportsman's and its assets have been sold twice without authorization of the Commission. There is a cloud on the title to some of the Utility's assets from a purchase money mortgage dispute. The dispute is in foreclosure in circuit court and should be resolved soon by judicial sale. Purity Utilities, Inc. (Purity) is operating the system and plans to purchase the Utility once clear title to the property is obtained. Under the management of Purity, the Utility obtained a 1989 price index adjustment. On June 21, 1990, on behalf of Sportsman's, Purity requested a staff-assisted rate case. We examined the Utility's books and records, reviewed the operational expense support and the 1976 original cost study for reasonableness, inspected the service area and plant sites, and conferred with the Florida Department of Environmental Regulation and the owner of Purity.

The test period selected for setting rates is the historical twelve month period ended December 31, 1989, adjusted for known changes including property costs of certain plant improvements required by the Department of Environmental Regulation (DER).

QUALITY OF SERVICE

We conducted a field inspection of the facilities and the general service area, and reviewed the history of the Utility on file at the Commission. Our staff conducted a customer meeting on October 31, 1990. Nine of the Utility's 215 customers attended the meeting. Two customers expressed concern about unaccounted-for-water, which in their opinion, was aggravated due to Sportsman's slow response to customer calls reporting line breaks. S o m e customers expressed concern about odors from the water and from the wastewater treatment plant. Recently, a Community Appearance Award was presented to Purity's owner for the appearance of the wastewater treatment plant site. It would appear that the treatment plant site would not have qualified for the award if a chronic odor problem existed. We consider the odor problem to be isolated instances for both water and wastewater. Chemical analysis indicates no excessive sulphur in the water. We believe that the odor in the water occurs only following prolonged absences of the residents and can be corrected on an individual basis by the flushing of the residents' lines. Based on the foregoing, we find

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that the quality of service is satisfactory. However, as addressed later in this Order, we will monitor the water system for unaccounted-for-water.

RATE BASE

Our calculation of the appropriate rate base for the purpose of this proceeding is depicted on Schedules Nos. 1W for water and 1WW for wastewater. Our adjustments are itemized on Schedules Nos. 1W(A) for water and 1WW(A) for wastewater. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Used and Useful

The water treatment plant, located a considerable distance from the subdivision, is a 2-well closed system that extracts raw water from the groundwater table. It provides service to 140 Sportsman's Harbor residents, plus 66 residences and establishments outside the subdivision. The Utility disinfects the water with gas chlorine. According to General Waterworks' design criteria, promulgated by the American Waterworks Association, each customer connection requires a minimum of 1.1 gallons per minute (gpm) which should be met by the lowest capacity well. However, because the only well currently in service is the 270 gpm well, that well along with the test year unit connections was used to evaluate the used and useful portion of the treatment plant. Using the foregoing information and the Commission's standard formula, the water treatment plant is 100 percent used and useful.

The water transmission and distribution system begins at the treatment plant with a 6-inch PVC supply main that extends 2 1/2 miles to the service area. The extensive length of supply main provides an undetermined potential for future customer growth. Although General Waterworks' design criteria of the American Waterworks Association would result in the transmission and distribution system being 92.26 percent used and useful, no less of a distribution system could serve the existing customers. The transmission and distribution system is considered 100 percent used and useful.

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The wastewater treatment plant, located within the subdivision, is a 35,000 gallon per day (gpd) extended aeration plant. The highest average 5 day flow during the test year was 30,200 gpd. Strict application of the facts to the standard formula results in the wastewater treatment plant being 89.52 percent used and useful. Since several peak day flows averaged readings higher than 30,000 gpd and because tanks are constructed in 5,000 gallon increments, a smaller plant could not serve the existing number of customers. Therefore, the wastewater treatment plant is considered 100 percent used and useful.

The collection system utilizes approximately 6,200 feet of 8-inch PVC pipe with 20 manholes. One lift station, centrally located in the subdivision, transports the raw influent approximately 700 feet to the plant. The subdivision is limited to 145 connections, which equals 83 equivalent residential connections (ERCs), including 10 privately-owned, undeveloped lots. There are currently 140 connections, or an average of 80 ERCs in the test year. The standard formula applied to these facts provides that the collection system is 100 percent used and useful.

Based on the foregoing, we find that the water treatment plant, the water transmission and distribution system, the wastewater treatment plant, and the wastewater collection system are 100 percent used and useful.

Plant-in-Service

Plant-in-service were last established in 1976 by Order No. 7492 at \$121,015 for water and \$98,540 for wastewater. Original documentation is not available to substantiate the plant additions from 1977 through 1988. We performed an original cost study of plant additions for 1977 through 1981 and examined the 1982 through 1985 and 1987 through 1989 Annual Reports in our files. (The 1986 Annual Report was never filed.) We estimate that water distribution system improvements of \$17,383 were made from 1977 through 1981 and that \$19,512 was expended for meters and other plant from 1977 through 1988.

We found no evidence of wastewater plant additions for 1977 through 1981. The Annual Reports state the additions were \$13,767 for the years 1982 through 1988; \$4,210 was expended for rehabilitation of the lift station, \$4,695 for treatment and

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disposal improvements, and the remaining \$4,862 for other wastewater plant improvements. By use of the engineering estimates and Annual Reports, we can approximate the Utility's investment in depreciable plant as of December 31, 1988. Original documentation was used for 1989 additions. As of December 31, 1989, depreciable water plant is \$162,418 and depreciable wastewater plant is \$113,605. Averaging adjustments result in average test year water plant of \$160,164 and wastewater plant of \$112,956.

Our field inspection of the water plant discovered that only one well is in operation and there is no auxiliary generator. Both of these improvements are required by the Florida Department of Environmental Regulation. In addition, the hydro-pneumatic tank needs to be repainted and the shed at the water plant must be repaired. We estimate it will cost \$5,000 to reactivate the well, \$10,000 to purchase and install an auxiliary generator, and \$1,000 to paint and clean the shed and tank. We, therefore, make a pro forma adjustment of \$16,000 for the water plant to allow for these estimated expenses.

As far as the wastewater plant is concerned, a single motor/blower assembly is used to supply air to the aeration chamber. While this is considered sufficient for daily operations, it offers no assurance should any portion of the assembly break. A dual motor/blower assembly must be installed as an alternate aerator for emergency outages. We estimate the dual motor/blower assembly will cost \$6,000. We, therefore, make a pro forma adjustment of \$6,000 for the wastewater plant to allow for these estimated expenses.

All of the above listed repairs and replacements to the water and wastewater plants must be completed within 6 months of the effective date of this Order.

Based on the above, we find a total of water plant-in-service of \$176,164 and wastewater plant-in-service of \$120,306. The Utility shall complete the improvements not later than 6 months following the effective date of this order. Should the Utility fail to complete these improvements within the allotted time, we will address noncompliance in a new proceeding.

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Land

Land costs were last established for Sportsman's in 1976 by Order No. 7492. That order lists one unit of land for the water treatment site and 6 lots for the wastewater plant site. 7 lots are listed on the wastewater plant tax bill. We have verified that the 7 lots listed on the tax bill are in fact occupied by the wastewater treatment plant. The land evaluations established in Order No. 7492 will be utilized here, resulting in water plant land costs of \$3,555 and wastewater plant land costs of \$24,000.

Accumulated Depreciation

Accumulated depreciation was established by Order No. 7492 in 1976 for water at \$2,844 and for wastewater at \$2,381. We updated these balances to December 31, 1988 using calculated plant balances and a composite depreciation rate of 2.5 percent. For the test year, we used calculated plant balances and depreciation rates prescribed by Rule 25-30.140, Florida Administrative Code, resulting in a test year composite rate of 3.2 percent for water and 3.0 percent for wastewater.

Using this methodology, water accumulated depreciation at December 31, 1989 is \$52,822 and test year wastewater accumulated depreciation is \$39,199. An averaging adjustment was made to each year end balance, resulting in accumulated depreciation of \$50,273 and \$37,112 for water and wastewater respectively. In addition, the pro forma plant adjustments of \$16,000 to water plant and \$6,000 to wastewater plant increases water accumulated depreciation to \$51,191 and wastewater accumulated depreciation to \$37,604.

Contributions in Aid of Construction (CIAC)

Both water and wastewater CIAC were established at zero in 1976 by Order No. 7492 when the Utility was providing service to 36 water and 10 wastewater customers. As of December 31, 1989, the Utility had 206 water customers and 140 wastewater customers. Thus, using these customer growth figures and estimating the time periods that the customers connected to the system, we calculate water CIAC as of December 31, 1989 to be \$34,000 and wastewater CIAC to be \$39,000. To these year end balances, averaging adjustments result in average test year water CIAC of \$33,200 and average test year wastewater CIAC of \$38,700. The margin reserve ERCs contained in

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used and useful water plant are 8 ERCs and in wastewater collection plant are 2 ERCs. Consistent with current practice, we impute margin of reserve CIAC. Therefore, we impute additional water CIAC of \$4,000 (\$500 for each water ERC) and additional wastewater CIAC of \$1,200 (\$600 for each wastewater ERC), resulting in water CIAC of \$37,200 and wastewater CIAC of \$39,900.

Accumulated Amortization of CIAC

Accumulated amortization of water and wastewater CIAC were established at zero in Commission Order No. 7492 in 1976. We accumulated amortization through December 31, 1989, using historical CIAC balances and a composite depreciation/amortization rate of 2.5 percent for the years 1977 through 1988. For the test year we used the composite depreciation rates of 3.2 for water and 3.0 for wastewater. The result is water accumulated amortization of \$5,774 and wastewater accumulated amortization of \$6,740. Averaging adjustments result in average test year balances of \$5,246 and \$6,256 for water and wastewater respectively. We also calculate amortization on the imputed margin reserve CIAC, resulting in final balances of accumulated amortization of CIAC of \$5,373 for water and \$6,292 for wastewater.

Working Capital

Consistent with Rule 25-30.443, Florida Administrative Code, the formula method ("one-eighth of operation and maintenance expenses" method) will be used to calculate working capital. Consequently, based on water operation and maintenance expenses of \$20,451 and wastewater operation and maintenance expenses of \$19,907, we find the appropriate working capital allowances to be \$2,556 for water and \$2,448 for wastewater.

Test Year Rate Base

The individual rate base components are used and useful plant-in-service, land, CIAC, accumulated depreciation, accumulated amortization of CIAC, and working capital. Based on our decisions relating to these components, we find that water rate base is \$99,257 and wastewater rate base is \$75,542.

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COST OF CAPITAL

Our calculation of the appropriate cost of capital, including our adjustments, is depicted on Schedule No. 2. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on that schedule without further discussion in the body of this Order.

Order No. 23318, issued August 7, 1990, established the current leverage formula to be used in calculating equity returns for water and wastewater utilities. The leverage formula sets the minimum return on equity at 11.50 percent for utilities whose equity ratios are 40 percent or more. Sportsman's is funded 100 percent by equity. Consequently, the equity rate is 11.50 percent. Since the Utility has no debt, the overall cost of capital is 11.50 percent, which is also the authorized rate of return.

NET OPERATING INCOME

Our calculation of net operating income is shown on Schedules Nos. 3W for water and 3WW for wastewater. Details of operation and maintenance (O & M) expenses for water are shown on Schedule 3W(A) and are shown on 3W(B) for wastewater. Adjustments are shown on Schedules No. 3W(B) for water and 3WW(B) for wastewater. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Test Year Revenues

Based on test year customers and consumption, revenues are \$16,022 for water and \$12,652 for wastewater.

O & M Expense

The test year ending December 31, 1989 was used to determine the appropriate expense levels which follow. We audited the transactions recorded within this time period and made reclassification adjustments as appropriate. The components of each expense account were examined for reasonableness, taking into consideration both average test period customers and year end

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customers. Annualizing adjustments, adjustments for appropriate levels and known changes were then made to arrive at the approved expenses. The results are detailed below.

O & M Expense - Water

1) Purchased Power - During the audit period of January 1 through December 31, 1989, the Utility charged \$2,127.82 to this account, reflecting only 11 months of purchased power costs. We increased 1989 power expenses by \$222.42 to a total of \$2,350.24 to adjust for the missing month. Reactivation of the DER required secondary well will result in an increase in power cost of \$705 per year, resulting in projected power costs of \$3,055.24. However, we are also decreasing purchased power expense by \$642, attributable to excessive unaccounted-for-water. Consequently, we hereby allow \$2,413 for purchased power costs.

2) Chemicals - The Utility charged \$356.21 to this account for the test year. We have reclassified \$49.40 as materials and supplies. The Utility allocated the cost of gas chlorine, used solely for water treatment, to water chemicals and wastewater materials and supplies. We have reclassified gas chlorine costs of \$306.81 from wastewater expenses to water chemicals. The audited water chemical expense for 1989 is \$613.62. The Utility purchases gas chlorine in 150 pound cylinders that cost \$85 per cylinder. Normal gas chlorine usage is one cylinder every 6 weeks, for an annual cost of \$736, or an increase of \$122.38. We are also disallowing chemical costs by \$155, the amount attributable to excessive unaccounted-for-water. Consequently, the allowed chemical costs are \$581.

3) Materials and Supplies - During 1989, the Utility charged \$2,983.94 to this account. We have reclassified \$1,803.61 to water plant, \$161.35 to nonutility expenses, \$52.58 to wastewater materials and supplies, and \$245.81 to other water O & M expense accounts. Further, we reclassified \$49.40 from chemicals as noted above. Consequently, the correct materials and supplies expense for 1989 is \$769.99, which is representative of the materials and supplies for the foreseeable future.

4) Contractual Services - Purity - Purity Control acts as the operator and tends to the day to day management and operation of the Utility. During 1989, Purity charged \$15,025 to water

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contractual services. Based on detailed analysis, we have reduced these costs by \$3,727, resulting in a balance of \$11,298 for water services.

5) Contractual Services - Royal - During 1989, the Utility charged \$430 to this account for meter reading on a quarterly basis and for limited maintenance and repairs. We have reclassified \$295 from wastewater contractual services, resulting in a total of \$725 for water services. Hereafter the Utility will be reading meters each month. Therefore we increase this allowance by \$280 to allow \$600 per year for monthly water meter reading services and \$405 for maintenance and repairs.

6) Contractual Services - Taylor - During 1989, the Utility charged \$1,331.71 to this account for services performed by Taylor Plumbing. \$1,081.16 are found to be capital costs and are hereby reclassified to plant, resulting in a balance of \$250.55.

7) Contractual Services - Blake - During 1989, the Utility charged \$1,358.74 to this account. Mr. Blake performs limited maintenance on both facilities and limited landscaping at the water treatment plant. He is paid \$150 per year for the water treatment site, plus additional compensation for plant repairs and maintenance. We hereby reclassify \$675 to wastewater contractual services relating to maintenance of the wastewater plant, leaving a balance of \$683.74.

8) Contractual Services - Other - During 1989, the Utility charged \$2,104.50 to this account. We hereby reclassify \$1,432.50 in legal fees associated with the pending purchase of the systems as nonutility expenses and \$75 as wastewater contractual services - other, leaving a balance of \$597.

9) Transportation Expense - The Utility charged \$656.78 to transportation expenses in 1989. We reclassify \$162.50 related to trips to Tallahassee regarding Commission proceedings as regulatory commission expense; \$26.11 as nonutility expenses; and \$25 as miscellaneous expenses, leaving a balance of \$443.17.

10) Regulatory Commission Expense - The Utility charged \$195.43 to this account in 1989, related to an application to amend its certificate. We have added \$217.50 that had been incorrectly recorded in other O & M expense accounts, resulting in a balance of

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\$412.93. We included \$150 for the filing fee and \$250 in other miscellaneous expenses for this proceeding, for a total of \$812.93. Section 367.0816, Florida Statutes, requires amortizing rate case expenses over a four year period, resulting in an annual expense of \$203.23.

11) Miscellaneous Expenses - The Utility charged \$397.67 to this account in 1989. We reclassify \$20 to nonutility expenses and add \$75 from other water O & M expenses, for a total of \$452.67.

O & M Expense - Wastewater

1) Sludge Removal - The Utility charged \$240 for sludge removal expense in 1989. Five double loads of sludge were disposed of in 1989 at \$135 per double load for an actual expense of \$675, which is representative. We therefore make a pro forma adjustment of \$435, resulting in a balance of \$675.

2) Purchased Power - The Utility charged \$3,267.31 to this account in 1989, reflecting only 11 months of purchased power costs. We add one month's cost of \$270.64 for a total of \$3,537.95. In the latter part of 1990, the Utility purchased a more efficient wastewater treatment plant blower, which reduced power costs to an average of \$200 per month. Therefore, we authorize an annual expense of \$2,400, which is a reduction of \$1,137.95 from test year expenses.

3) Chemicals - The Utility charged \$322.83 to this account in 1989. As noted above under "Water - Chemicals," we reclassified \$306.81 of gas chlorine costs to water treatment chemicals, leaving a balance of \$16.02.

4) Materials and Supplies - The Utility charged \$993.25 in materials and supplies in 1989. We hereby reclassify \$274.49 as water plant, \$180.35 as nonutility expenses, \$50 as miscellaneous expenses, and add \$52.58 from water materials and supplies expense, leaving a balance of \$540.99.

5) Contractual Services - Purity - As previously stated, Purity acts as the operator of the Utility. During 1989, Purity charged \$15,025 to wastewater contractual services. Based on detailed analysis, a reasonable allowance for the services provided by Purity for wastewater operations is \$11,391. We have,

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therefore, reduced these costs by \$3,634, resulting in a balance of \$11,391.

6) Contractual Services - Royal - During 1989, the Utility charged \$430 to this account. Mr. Royal is compensated \$80 per quarter for meter reading and is compensated on a per job basis for other services. We reclassify \$295 to water contractual services, leaving a total of \$135 for wastewater services.

7) Contractual Services - Taylor - The Utility recorded \$1,295.74 to this account during 1989. We have reclassified \$432.45 to water plant and \$648.69 to wastewater plant, leaving a balance of \$214.60.

8) Contractual Services - Blake - During 1989, the Utility charged \$675 to this account. Mr. Blake performs extensive landscaping at the conspicuous wastewater treatment site at the rate of \$150 per month. Mr. Blake also receives additional compensation for plant repairs and maintenance on a per job basis. During 1989, the Utility charged \$675 to this account. We have reclassified an additional \$675 from water contractual services and \$100 from water materials and supplies for a total of \$1,450, plus an additional \$350 for unrecorded cost of lawn services, resulting in an annual total of \$1,800.

9) Contractual Services - Other - During 1989, the Utility charged \$1,936 to this account. We hereby reclassify \$1,432.50 as nonutility expenses (legal fees associated with the pending purchases of the systems) and add \$75 as reclassification from water contractual services - other, leaving a balance of \$578.50.

10) Transportation Expense - During 1989, the Utility charged \$238.60 in transportation expenses. We reclassify \$100 related to trips to Tallahassee regarding Commission proceedings as regulatory commission expense, \$26.10 as nonutility expenses, and \$50 as miscellaneous expenses, leaving a balance of \$62.50.

11) Regulatory Commission Expense - The Utility charged nothing to this account during 1989. We have reclassified \$100 from other wastewater operating expenses for expenses related to its application to amend its certificate. We have added \$150 for the filing fee and \$250 in other miscellaneous expenses for this proceeding, for a total of \$500. Amortizing this rate case

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expenses over a four year period, results in an annual regulatory commission expense of \$125.

12) Miscellaneous Expenses - During 1989, the Utility charged \$330.98 to this account. We have reclassified \$100 from other wastewater O & M expenses, increasing the total to \$430.98.

In consideration of the above adjustments we find the appropriate amount of water O & M expenses to be \$20,451, and wastewater O & M expenses to be \$19,907.

Depreciation and Amorization Expense

Use of the average water plant-in-service and the rates prescribed by Rule 25-30.140, Florida Administrative Code, results in depreciation expense of \$5,097 and a composite depreciation rate of 3.2 percent. Further, depreciation on the pro forma plant is calculated to be \$917, for an annual water depreciation expense of \$6,014.

Use of the average wastewater plant-in-service and the rates prescribed by Rule 25-30.140, Florida Administrative Code, results in depreciation expense of \$4,173 and a composite depreciation rate of 3.0 percent. Further, depreciation on the pro forma plant is calculated to be \$492, for a wastewater depreciation expense of \$4,665.

Use of the average test year water CIAC with the composite depreciation rate of 3.2 percent results in water CIAC amortization of \$1,056. Amortization on the imputed margin reserve CIAC is \$127. The appropriate test year water CIAC amortization expense is \$1,183.

Use of the average test year wastewater CIAC along with the composite depreciation rate of 3.0 percent results in wastewater CIAC amortization of \$968. Amortization on the imputed margin reserve CIAC is \$36. The appropriate test year wastewater CIAC amortization expense is \$1,004.

Taxes Other than Income

Taxes other than income taxes include payroll taxes, property taxes, and regulatory assessment fees. However, because all

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services for this Utility are performed by contract, the Utility has no employees and therefore payroll taxes are inappropriate. 1989 real property taxes for the water plant were \$52.25 and for the wastewater plant were \$630.43. 1989 tangible personal property taxes (water and wastewater) were \$106.44. We have allocated one half of the tangible personal property taxes to water and one half to wastewater. The test year water property taxes are \$105.47 and wastewater property taxes are \$683.65. Regulatory assessment fees were calculated on the revenue requirements of each system and the current assessment rate of 4.5 percent. The water regulatory assessment fees are \$1,734 and wastewater regulatory assessment fees are \$1,552. Consequently, total water system taxes other than income taxes are \$1,839 and total wastewater system taxes other than income taxes are \$2,236.

Income Tax

The Utility's 1989 Annual Report to the Commission specifies Mrs. L. Combs as 100 percent owner of the Utility as a sole proprietorship. Purity Utilities, Inc., a Subchapter S corporation, will possess the assets of this Utility after the sale of Sportsman's takes place. Currently, the revenues and expenses of Sportsman's Harbor are reported through the Subchapter S corporation, Purity.

We consider Mrs. Combs to be the owner of this sole proprietorship. Even if Purity Utilities, Inc. is considered the taxable entity for setting rates, income tax expenses are equally inappropriate. Consistent with Commission policy, income taxes are not considered in setting rates for sole proprietorships, partnerships, or Subchapter S corporations, all of which are nontaxable entities and carry the benefits through to personal income tax returns. Based on these facts, it is inappropriate to allow any income tax expenses.

Unaccounted-for-Water

Based on nine months of monthly operating reports and corresponding billing records, the Utility is pumping and treating 34 percent more gallons of water than it is recovering through the billing of its customers. Flushing, washdowns, and other known

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uses account for 3 percent of the difference, leaving 31 percent still unaccounted for. Our field investigation did not reveal any obvious signs of excessive water losses.

The Utility suspected that there might be unreported tap-ins. Current customers have been urged to report unauthorized connections. There have been no reported unauthorized tap-ins to either the Utility or to the Commission. We conclude the unaccounted-for-water is not attributable to illegal tap-ins. Furthermore, at the customer meeting, 2 customers voiced concerns about the Utility's slow response time in correcting line breaks. In at least one instance the response time to a complaint to stop a line break was 3 weeks. The response time is unsatisfactory and must be improved without delay.

A well-run utility should be allowed no more than 10 percent unaccounted-for-water. When excessive unaccounted-for-water exists, Commission practice is to reduce chemical expenses and purchased power expense allowances by the amount in excess of 10 percent, which in this case is 21 percent excess. Earlier in this Order and based on excessive unaccounted-for-water, we reduced chemical costs by \$155 and purchased power costs by \$642, for a total of \$797 so that these disallowed expenses are not charged to the ratepayers.

The Utility shall submit to the Commission by the 20th day of each month, copies of the previous month's operating report and billing register, commencing with the February 1991 data and continuing for 6 months or to the date of the final order in this case, whichever occurs last. This data must show the amount of treated water leaving the water plant and the number of gallons of metered water sold, to allow us to monitor the Utility's efforts in reducing its unaccounted-for-water.

Operating Income

Based on our adjustments and decisions herein, we find that the test year water operating loss is \$10,086 and test year wastewater operating loss is \$12,169.

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REVENUE REQUIREMENT

Based upon the Utility's books and records and the adjustments made herein, we find the appropriate annual revenue requirement for water is \$38,536. This requirement represents an annual increase in revenue of \$22,514, or 141 percent. The appropriate wastewater annual revenue requirement is \$34,491. This represents an increase of \$21,839, or 173 percent. This combined revenue requirement will allow the Utility to recover expenses and allow it an opportunity to earn 11.50 percent on its investment. These requirements are shown on Schedules Nos. 3W and 3WW.

RATES AND CHARGES

The Utility's tariff currently allows the Utility to bill its customers every three months. The minimum water bill for a residential customer is \$15.70 per quarter (or \$5.23 per month) which includes 9,000 gallons of water. Gallons in excess of 9,000 are \$1.05 per thousand gallons. The wastewater rate for a residential customer is a flat charge of \$24.89 per quarter (or \$8.30 per month). The tariff also provides for lower bills for part-time residents. Quarterly billing is convenient, less costly, and workable when a utility's rates are extremely low. The increases approved in this proceeding are substantial. Consequently, the Utility shall begin billing its customers on a monthly basis for both water and wastewater services. A base facility/gallorage rate structure shall be employed for both water and wastewater. We prefer this rate structure because it provides for the equitable sharing by the customers of the fixed costs of providing service. The customer's usage is reflected by the gallorage charge. This rate structure encourages conservation and gives the customer a measure of control over his or her bill. The base facility charge is paid whether or not the customer is in residence because the service is available for use whether or not it is actually utilized.

We find that the rates set forth below are fair, just, reasonable, and not unfairly discriminatory. These rates have been designed to allow Sportsman's the opportunity to achieve the revenue requirements we have approved.

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M O N T H L Y

W A T E R

RESIDENTIAL SERVICE

BASE FACILITY CHARGE

Meter Size

5/8" x 3/4"	\$ 4.98
1"	12.45
1-1/2"	24.90
2"	39.84
3"	79.68
4"	124.50
6"	249.00
8"	398.40

GALLONAGE CHARGE PER 1,000 GALLONS
 (no maximum)

\$ 2.54

GENERAL SERVICE AND MULTI-RESIDENTIAL SERVICE

BASE FACILITY CHARGE

Meter Size

Meter Type

5/8" x 3/4"	All	\$ 4.98
1"	All	12.45
1-1/2"	All	24.90
2"	All	39.84
3"	Displacement	74.70
3"	Compound	79.68
3"	Turbine	87.15
4"	Displacement or compound	124.50
4"	Turbine	149.40
6"	Displacement or compound	249.00
6"	Turbine	311.25

GALLONAGE CHARGE PER 1,000 GALLONS
 (no maximum)

\$ 2.54

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W A S T E W A T E R

RESIDENTIAL SERVICE

BASE FACILITY CHARGE

All meter sizes \$ 11.89

GALLONAGE CHARGE PER 1,000 GALLONS

(maximum of 10,000 gallons per month) \$ 4.51

MULTI-RESIDENTIAL SERVICE

BASE FACILITY CHARGE

Meter Size

5/8" x 3/4"	\$ 11.89
1"	29.73
1-1/2"	59.45
2"	95.12
3"	190.24
4"	297.25
6"	594.50
8"	951.20

GALLONAGE CHARGE PER 1,000 GALLONS

(no maximum) \$ 4.51

GENERAL SERVICE

BASE FACILITY CHARGE

Meter Size

5/8" x 3/4"	\$ 11.89
1"	29.73
1-1/2"	59.45
2"	95.12
3"	190.24
4"	297.25
6"	594.50
8"	951.20

GALLONAGE CHARGE PER 1,000 GALLONS

(no maximum) \$ 5.41

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Miscellaneous Service Charges

The Utility does not currently have miscellaneous service charges. Based upon our analysis of the labor and material required for these services, we find that the following miscellaneous service charges are reasonable and consistent with Rule 25-30.345, Florida Administrative Code.

	<u>Water</u>	<u>Wastewater</u>
Initial connection	\$15.00	\$15.00
Normal reconnection	\$15.00	\$15.00
Violation reconnection	\$15.00	Actual cost(1)
Premises visit (in lieu of disconnection)	\$10.00	\$10.00

Where both services are provided, only one charge is appropriate. (1) Actual cost for a wastewater violation reconnection is limited to materials and equipment rental.

These charges are designed to provide revenues to a utility for services other than the direct provision of potable water and wastewater collection and treatment. The approved charges are designed to more accurately reflect the costs associated with each service and to place the burden of payment on the person who causes the cost to be incurred, rather than on the entire ratepaying body. The four types of miscellaneous service charges are as follows:

(1) Initial Connection: This charge is to be levied for service initiation at a location where service did not exist previously.

(2) Normal Reconnection: This charge is to be levied for transfer of service to a new customer account at a previously served location, or reconnection of service subsequent to a customer requested disconnection.

(3) Violation Reconnection: This charge is to be levied prior to reconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment. Actual cost is limited to direct labor and equipment rental for wastewater.

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(4) Premises Visit Charge (in lieu of disconnection): This charge is to be levied when a service representative visits a premises to discontinue service for nonpayment of a due and collectible bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

Service Availability Charges

Currently for new connections, the Utility's water tariff authorizes the collection of a \$200 tap fee and the Utility's wastewater tariff authorizes the collection of a "residential sewer connection fee" of \$300.

Rule 25-30.580, Florida Administrative Code (FAC), entitled "Guidelines for Designing Service Availability Policy" states that the maximum amount of contributions in aid of construction, net of amortization, should not exceed 75 percent of the total original cost, net of accumulated depreciation, of the Utility's facilities and plant when the facilities and plant are at their designed capacity. It also states that the minimum amount of contributions should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution and wastewater collection system. This rule also provides that the Commission may exempt the Utility from the guidelines in any case where compliance introduces unusual hardship or unreasonable difficulty, and when it is not in the best interests of the Utility's customers to require compliance.

Because the Utility's authorized charges of \$200 and \$300 are low, resulting in its current low levels of CIAC of 22 percent for water and 31 percent for wastewater and because the Utility is close to build out, adherence to the minimum/maximum guidelines results in calculated water service availability charges (SAC) between \$6,500 and \$7,790 per ERC and wastewater SACs between \$3,470 and \$5,258 per ERC. If we should require the setting of SACs according to the Rule's minimum/maximum guidelines it would introduce unusual hardship. Consequently, we hereby exempt the Utility from the guidelines of Rule 25-30.580, Florida Administrative Code. We believe a more appropriate way to calculate water SACs is to divide total water distribution system costs by the total ERCs it will serve. We will also calculate wastewater SACs by dividing total collection system costs by the total number of ERCs it will serve. These calculations result in water SACs of \$500 per ERC and wastewater SACs of \$600 per ERC.

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The appropriate ERC for this Utility is 110 gallons per day for water and wastewater. Those new customers whose estimated water usage exceeds 110 gpd shall pay \$4.55 per gallon of estimated usage in excess of 110 gpd. The wastewater service availability charges are hereby increased to \$600 per ERC. Those new customers whose wastewater usage is estimated to exceed 110 gpd will pay \$5.45 per gallon of the estimated usage in excess of 110 gpd.

Rates after Amortization of Rate Case Expense

The approved rate case expense for this Utility is \$400. Pursuant to Section 367.0816, Florida Statutes, the appropriate recovery period for this expense is four years. We have included \$100 per system in the Utility's rates to recover these expenses. Grossed-up for regulatory assessment fees, a total allowance of \$104 for water and \$104 for wastewater is appropriate. Consequently, at the end of four years, the Utility's water and wastewater rates should each be reduced \$104 annually. The effect of this rate reduction is an approximate \$.04 reduction in the Utility's water base facility charge for a 5/8 inch x 3/4 inch meter and an approximate \$.06 reduction in the Utility's wastewater base facility charge for each residential customer.

The Utility shall file revised tariff sheets 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.

Rates in the Event of Protest

This Order authorizes an increase in water and wastewater rates and service availability charges. A timely protest could delay what may be a justified rate increase, pending a formal hearing and final order in this case, resulting in an unrecoverable loss of revenue and customer contributions to the Utility.

Accordingly, in the event that a timely protest is filed by anyone other than the Utility, Sportsman's may collect the rates and charges authorized herein, on a temporary basis, subject to refund, provided that it furnishes security for such a potential refund.

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We depart from our general practice and hereby authorize temporary collection of the service availability charges because the Utility is materially undercontributed. A protest could result in the Utility's being even more undercontributed if collection of temporary SACs is not approved.

The security shall either be a bond or letter of credit in the amount of \$32,000, or the Utility may establish an escrow account with an independent financial institution pursuant to a written agreement. Any withdrawals of funds from this escrow account are subject to the prior approval of this Commission through the Director of Records and Reporting.

The Utility must keep a detailed accurate account of all monies received due to rate increases, specifying by whom and on whose behalf such amounts were paid. The Utility shall also file a report, no later than the twentieth day of each month that the temporary rates and charges are in effect, showing the amount of the revenues and charges collected as a result of the temporary rates and charges, and the amount of revenues and charges that would have been collected under the prior rates and charges. Should any refund ultimately be required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

The Utility is authorized to implement the temporary rates and charges only after providing the above discussed security and approval of the revised tariff sheets and customer notice.

Effective Dates

The approved monthly rates shall be effective for meter readings on or after thirty (30) days from the stamped approval date on the revised tariff sheets. The service availability charges will be effective for connections made on or after the stamped approval date on the revised tariff sheets. Miscellaneous service charges will be effective for service rendered on or after the stamped approval date. The revised tariff sheets will be approved upon Staff's verification that the tariffs are consistent with our decisions, that the proposed customer notice is adequate, and that the required security (if applicable) has been provided.

Based on the foregoing, it is

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ORDERED by the Florida Public Service Commission that the application of Sportsman's Harbor Utilities for an increase in its water and wastewater rates in Putnam County is approved as set forth in the body of this Order. It is further

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

ORDERED that all matters contained in the body of this Order and in the schedules attached hereto are by reference incorporated herein. It is further

ORDERED that the provisions of this Order issued as proposed agency action shall become final unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that Sportsman's Harbor Utilities is authorized to charge the new rates and charges set forth in the body of this Order. It is further

ORDERED that the rates approved herein shall be effective for meter readings taken on or after thirty (30) days after the stamped approval date on the revised tariff pages. It is further

ORDERED that the miscellaneous service charges approved herein shall be effective for services rendered on or after the stamped approval date on the revised tariff pages. It is further

ORDERED that service availability charges shall be effective for new customer connections made on and after the stamped approval date of the revised tariff sheets. It is further

ORDERED that prior to its implementation of the rates approved herein, Sportsman's Harbor Utilities, shall submit and have approved revised tariff pages and a proposed notice to its customers of the increased rates and charges and the reasons therefor. The revised tariff pages will be approved upon Staff's verification that they are consistent with our decision herein and that the protest period has expired. The proposed customer notice will be approved upon Staff's determination of its adequacy. It is further

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ORDERED that Sportsman's Harbor Utilities shall within six (6) months of the effective date of this Order complete all improvements specified under the heading "Plant-in-Service." It is further

ORDERED that Sportsman's Harbor Utilities shall, commencing with February 1991, submit reports to the Commission by the twentieth of each month for the next six months or to the date of a final Order in this case, whichever occurs last. The data must show the number of gallons of treated water leaving the water plant and the corresponding number of gallons of water sold in the same billing cycle, to enable calculations of "unaccounted for water." It is further

ORDERED that Sportsman's Harbor Utilities will reduce rates after four (4) years to reflect the fact that rate case expenses have been amortized, and submit revised tariff sheets as specified in this Order. It is further

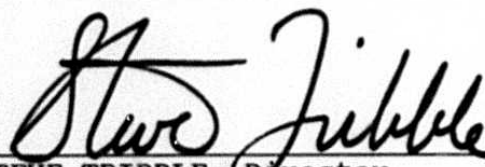
ORDERED that in the event of a protest by any substantially affected person other than Sportsman's Harbor Utilities, the Utility is authorized to collect the rates and service availability charges approved herein on a temporary basis, subject to refund in accordance with Rule 25-30.360, Florida Administrative Code, provided that Sportsman's Harbor Utilities has provided satisfactory security for any potential refund and provided that it has submitted and Staff has approved revised tariff pages and a proposed customer notice. It is further

ORDERED that the provisions of this Order issued as proposed agency action shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that in the event no timely protest is filed, this docket shall be closed.

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By ORDER of the Florida Public Service Commission this 9th
day of JANUARY, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

TCP

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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, other than the granting of temporary rates and charges in the event of a protest, are preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)

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and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on January 30, 1991. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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.

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting 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 of the effective date 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.

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 Director, Division of Records and Reporting 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 sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting 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.

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Schedule No. 1W

	BALANCE PER UTILITY		COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION
	-----		-----	-----
DEPRECIABLE PLANT IN SERVICE	\$181,582	A	(\$5,418)	\$176,164
LAND AND LAND IMPROVEMENTS	\$3,650	B	(\$95)	\$3,555
ACCUMULATED DEPRECIATION & AMORTIZATION	(\$107,089)	C	\$55,898	(\$51,191)
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(\$21,315)	D	(\$15,885)	(\$37,200)
ACCUMULATED AMORTIZATION OF CIAC	\$3,665	E	\$1,708	\$5,373
WORKING CAPITAL ALLOWANCE	\$0	F	\$2,556	\$2,556
	-----		-----	-----
	\$60,493		\$38,764	\$99,257
	-----		-----	-----

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Schedule No. 1W(A)

A. DEPRECIABLE PLANT IN SERVICE (PIS)

1. Adjust to balance established as of December 31, 1989	(\$19,164.00)
2. Averaging adjustment	(\$2,254.00)
3. Pro forma plant	\$16,000.00

	(\$5,418.00)

B. LAND AND LAND IMPROVEMENTS

Adjust to balance established in Order No. 7492	(\$95.00)

C. ACCUMULATED DEPRECIATION AND AMORTIZATION OF PIS

1. Adjust to balance established as of December 31, 1989	\$54,267.00
2. Averaging adjustment	\$2,549.00
3. Depreciation associated with pro forma plant	(\$918.00)

	\$55,898.00

D. CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)

1. Adjust to balance established as of December 31, 1989	(\$12,685.00)
2. Averaging adjustment	\$800.00
3. Imputed based on service availability charges of \$500 and eight connections in margin of reserve	(\$4,000.00)

	(\$15,885.00)

E. ACCUMULATED AMORTIZATION OF CIAC

1. Adjust to balance established as of December 31, 1989	\$2,109.00
2. Averaging adjustment	(\$528.00)
3. Imputed amortization on margin of reserve CIAC	\$127.00

	\$1,708.00

F. WORKING CAPITAL ALLOWANCE

One-eighth of O & M expenses	\$2,556.00

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Schedule No. 1WW

	BALANCE PER UTILITY		COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION
	-----		-----	-----
DEPRECIABLE PLANT IN SERVICE	\$173,197	A	(\$52,891)	\$120,306
LAND AND LAND IMPROVEMENTS	\$5,100	B	\$18,900	\$24,000
ACCUMULATED DEPRECIATION & AMORTIZATION	(\$103,999)	C	\$66,395	(\$37,604)
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(\$22,565)	D	(\$17,335)	(\$39,900)
ACCUMULATED AMORTIZATION OF CIAC	\$3,979	E	\$2,313	\$6,292
WORKING CAPITAL ALLOWANCE	\$0	F	\$2,448	\$2,448
	-----		-----	-----
	\$55,712		\$19,830	\$75,542
	*****		*****	*****

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Schedule No. 1WW(A)

A. DEPRECIABLE PLANT IN SERVICE (PIS)

1. Adjust to balance established as of December 31, 1989	(\$59,592.00)
2. Averaging adjustment	(\$649.00)
3. Pro forma and 1990 plant	\$7,350.00

	(\$52,891.00)

B. LAND AND LAND IMPROVEMENTS

Adjust to balance established in Order No. 7492	\$18,900.00

C. ACCUMULATED DEPRECIATION AND AMORTIZATION
OF PIS

1. Adjust to balance established as of December 31, 1989	\$64,800.00
2. Averaging adjustment	\$2,087.00
3. Depreciation associated with pro forma plant	(\$492.00)

	\$66,395.00

D. CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)

1. Adjust to balance established as of December 31, 1989	(\$16,435.00)
2. Averaging adjustment	\$300.00
3. Imputed based on service availability charges of \$600 and two connections in margin of reserve	(\$1,200.00)

	(\$17,335.00)

E. ACCUMULATED AMORTIZATION OF CIAC

1. Adjust to balance established as of December 31, 1989	\$2,761.00
2. Averaging adjustment	(\$484.00)
3. Imputed amortization on margin of reserve CIAC	\$36.00

	\$2,313.00

F. WORKING CAPITAL ALLOWANCE

One-eighth of O & M expenses	\$2,448.00

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Schedule No. 2

	BALANCE PER UTILITY	COMMISSION ADJUSTMENTS & RECONCILING ADJUSTMENTS	BALANCE PER COMMISSION	RATIO	COST	WEIGHTED AVERAGE COST
	-----	-----	-----	-----	-----	-----
NOTES PAYABLE	(\$7,567)	\$7,567	\$0	0.0000	N/A	0.0000
LONG-TERM DEBT	(\$7,384)	\$7,384	\$0	0.0000	N/A	0.0000
PROPRIETARY CAPITAL	(\$57,601)	(\$117,198)	(\$174,799)	1.0000	0.1150	0.1150
	-----	-----	-----	-----		-----
	(\$72,552)	(\$102,247)	(\$174,799)	1.0000		0.1150
	-----	-----	-----	-----		-----

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Schedule No. 3W

	TOTAL PER UTILITY	COMMISSION ADJUSTMENTS	TOTAL PER COMMISSION	COMMISSION ADJUSTMENTS FOR INCREASE	TOTAL FOR INCREASE
	-----	-----	-----	-----	-----
OPERATING REVENUES	(\$16,022) A	\$0	(\$16,022) F	(\$22,514)	(\$38,536)
OPERATING AND MAINTENANCE EXPENSES	\$28,680 B	(\$8,229)	\$20,451		\$20,451
DEPRECIATION AND AMORTIZATION	\$7,299 C	(\$1,285)	\$6,014		\$6,014
AMORTIZATION OF CIAC	(\$845) D	(\$338)	(\$1,183)		(\$1,183)
TAXES OTHER THAN INCOME	\$542 E	\$284	\$826 G	\$1,013	\$1,839
INCOME TAXES	\$0	\$0	\$0		\$0
	-----	-----	-----	-----	-----
TOTAL OPERATING EXPENSES	\$35,676	(\$9,568)	\$26,108	\$1,013	\$27,121
	-----	-----	-----	-----	-----
NET OPERATING (INCOME)/LOSS	\$19,654	(\$9,568)	\$10,086	(\$21,501)	(\$11,415)
	-----	-----	-----	-----	-----
RATE BASE	\$60,493		\$99,257		\$99,257
	-----		-----		-----
RATE OF RETURN	-0.3249		-0.1016		0.1150
	-----		-----		-----

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Schedule No. 3W(A)

	TOTAL PER UTILITY	COMMISSION ADJUSTMENTS	TOTAL PER COMMISSION
	-----	-----	-----
PURCHASED POWER	\$2,128 (1)	\$285	\$2,413
CHEMICALS	\$356 (2)	\$225	\$581
MATERIALS AND SUPPLIES	\$2,984 (3)	(\$2,214)	\$770
CONTRACTUAL SERVICES - PURITY	\$15,025 (4)	(\$3,727)	\$11,298
CONTRACTUAL SERVICES - RHEMA	\$1,507 (5)	\$0	\$1,507
CONTRACTUAL SERVICES - ROYAL	\$430 (6)	\$575	\$1,005
CONTRACTUAL SERVICES - TAYLOR	\$1,332 (7)	(\$1,081)	\$251
CONTRACTUAL SERVICES - BLAKE	\$1,359 (8)	(\$675)	\$684
CONTRACTUAL SERVICES - MISC.	\$175 (9)	\$0	\$175
CONTRACTUAL SERVICES - OTHER	\$2,105 (10)	(\$1,508)	\$597
RENTAL EXPENSE	\$0 (11)	\$41	\$41
TRANSPORTATION EXPENSE	\$657 (12)	(\$214)	\$443
REGULATORY COMMISSION EXPENSE	\$195 (13)	\$8	\$203
BAD DEBT EXPENSE	\$30 (14)	\$0	\$30
MISCELLANEOUS EXPENSES	\$397 (15)	\$56	\$453
	-----	-----	-----
	\$28,680	(\$8,229)	\$20,451
	*****	*****	*****

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Schedule No. 3W(B)

A. OPERATING REVENUES		\$0.00

B. OPERATING AND MAINTENANCE EXPENSES		
1. Purchased Power		
a. Adjust to twelve months of expenses	\$222.42	
b. Pro forma allowance to reactivate secondary well	\$705.00	
c. Disallowance of expense associated with excessive "unaccounted for" water	(\$642.00)	
	-----	\$285.42
2. Chemicals		
a. Net reclassifications from other O & M expenses	\$257.41	
b. Pro forma allowance	\$122.38	
c. Disallowance of expense associated with excessive "unaccounted for" water	(\$155.00)	
	-----	\$224.79
3. Materials and Supplies		
a. Reclassified to plant in service	(\$1,803.61)	
b. Reclassified to nonutility expense	(\$161.35)	
c. Net reclassifications to other O & M expenses	(\$248.99)	
	-----	(\$2,213.95)
4. Contractual Services - Purity		
Reduction to adequate level on a prospective basis		(\$3,727.00)
5. Contractual Services - Rhema		\$0.00
6. Contractual Services - Royal		
a. Reclassification from wastewater O & M expenses	\$295.00	
b. Pro forma allowance for monthly water meter readings	\$280.00	
	-----	\$575.00
7. Contractual Services - Taylor		
Reclassification to plant in service		(\$1,081.15)
8. Contractual Services - Blake		
Reclassification to wastewater O & M expenses		(\$675.00)

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9. Contractual Services - Miscellaneous		\$0.00
10. Contractual Services - Other		
a. Reclassified as nonutility expense	(\$1,432.50)	
b. Reclassified as wastewater O & M expenses	(\$75.00)	
	-----	(\$1,507.50)
11. Rental Expense		
Reclassified from other O & M expenses		\$41.00
12. Transportation Expense		
a. Reclassified to other O & M expenses	(\$187.50)	
b. Reclassified as nonutility expense	(\$26.11)	
	-----	(\$213.61)
13. Regulatory Commission Expense		
a. Reclassified from other O & M expense	\$217.50	
b. Pro forma allowance for expenses related to this proceeding	\$400.00	
c. Deferral of three-quarters	(\$610.00)	
	-----	\$7.50
14. Bad Debt Expense		\$0.00
15. Miscellaneous Expenses		
a. Reclassified as nonutility expense	(\$20.00)	
b. Reclassified from other O & M expense	\$76.00	
	-----	\$56.00

		(\$8,228.51)
		=====
C. DEPRECIATION AND AMORTIZATION OF PLANT IN SERVICE		
1. Adjust to rates prescribed by Rule 25-30.140, Florida Administrative Code	(\$2,202.00)	
2. Pro forma depreciation on pro forma plant in service	\$917.00	
	-----	(\$1,285.00)
		=====
D. AMORTIZATION OF CIAC		
1. Adjust to composite depreciation rate and adjusted CIAC balances	(\$211.00)	
2. Imputed CIAC on margin of reserve connections	(\$127.00)	
	-----	(\$338.00)
		=====

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E. TAXES OTHER THAN INCOME TAXES

Adjust to established level of ad
valorem taxes and regulatory assessment
fees of 4.5 percent

\$284.00

F. OPERATING REVENUE

Increase required to allow the
utility to cover its operating
expenses and earn an 11.5 return
on its investment

(\$22,514.00)

G. TAXES OTHER THAN INCOME TAXES

Regulatory assessment fees based
on revenue increase

\$1,013.00

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Schedule No. 3WW

	TOTAL PER UTILITY	COMMISSION ADJUSTMENTS	TOTAL PER COMMISSION	COMMISSION ADJUSTMENTS FOR INCREASE	TOTAL FOR INCREASE
	-----	-----	-----	-----	-----
OPERATING REVENUES	(\$12,652) A	\$0	(\$12,652) F	(\$21,839)	(\$34,491)
OPERATING AND MAINTENANCE EXPENSES	\$26,292 B	(\$6,385)	\$19,907		\$19,907
DEPRECIATION AND AMORTIZATION	\$7,104 C	(\$2,439)	\$4,665		\$4,665
AMORTIZATION OF CIAC	(\$867) D	(\$137)	(\$1,004)		(\$1,004)
TAXES OTHER THAN INCOME	\$2,290 E	(\$1,037)	\$1,253 G	\$983	\$2,236
INCOME TAXES	\$0	\$0	\$0		\$0
	-----	-----	-----	-----	-----
TOTAL OPERATING EXPENSES	\$34,819	(\$9,998)	\$24,821	\$983	\$25,804
	-----	-----	-----	-----	-----
NET OPERATING (INCOME)/LOSS	\$22,167	(\$9,998)	\$12,169	(\$20,857)	(\$8,687)
	-----	-----	-----	-----	-----
RATE BASE	\$55,712		\$75,542		\$75,542
	-----		-----		-----
RATE OF RETURN	-0.3979		-0.1611		0.1150
	-----		-----		-----

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Schedule No. 3WW(A)

	TOTAL PER UTILITY	COMMISSION ADJUSTMENTS	TOTAL PER COMMISSION
	-----	-----	-----
SLUDGE REMOVAL	\$240 (1)	\$435	\$675
PURCHASED POWER	\$3,267 (2)	(\$867)	\$2,400
CHEMICALS	\$323 (3)	(\$307)	\$16
MATERIALS AND SUPPLIES	\$993 (4)	(\$452)	\$541
CONTRACTUAL SERVICES - PURITY	\$15,025 (5)	(\$3,634)	\$11,391
CONTRACTUAL SERVICES - RHEMA	\$1,507 (6)	\$0	\$1,507
CONTRACTUAL SERVICES - ROYAL	\$430 (7)	(\$295)	\$135
CONTRACTUAL SERVICES - TAYLOR	\$1,296 (8)	(\$1,081)	\$215
CONTRACTUAL SERVICES - BLAKE	\$675 (9)	\$1,125	\$1,800
CONTRACTUAL SERVICES - OTHER	\$1,936 (10)	(\$1,358)	\$578
TRANSPORTATION EXPENSE	\$239 (11)	(\$176)	\$63
REGULATORY COMMISSION EXPENSE	\$0 (12)	\$125	\$125
BAD DEBT EXPENSE	\$30 (13)	\$0	\$30
MISCELLANEOUS EXPENSES	\$331 (14)	\$100	\$431
	-----	-----	-----
	\$26,292	(\$6,385)	\$19,907
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Schedule No. 3WW(B)

A. OPERATING REVENUES		\$0.00	

B. OPERATING AND MAINTENANCE EXPENSES			
1. Sludge Removal			
Pro forma adjustment based on current needs		435	
2. Purchased Power			
a. Adjust to twelve months of expenses	\$270.64		
b. Pro forma reduction based on new blower at plant	(\$1,137.95)		

			(\$867.31)
3. Chemicals			
a. Reclassified to water chemicals			(\$306.81)
4. Materials and Supplies			
a. Reclassified to nonutility expense	(\$180.35)		
c. Net reclassifications to other O & M expenses	(\$271.91)		

			(\$452.26)
5. Contractual Services - Purity			
Reduction to adequate level on a prospective basis			(\$3,634.00)
6. Contractual Services - Rhema			\$0.00
7. Contractual Services - Royal			
Reclassified to water O & M expenses			(\$295.00)
8. Contractual Services - Taylor			
Reclassification to plant in service			(\$1,081.14)
9. Contractual Services - Blake			
a. Reclassified from water O & M expense	\$775.00		
b. Pro forma adjustment to allow \$150 per month for lawn care	\$350.00		

			\$1,125.00
10. Contractual Services - Other			
a. Reclassified as nonutility expense	(\$1,432.50)		
b. Reclassified from water O & M expenses	\$75.00		

			(\$1,357.50)

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11. Transportation Expense		
a. Reclassified to other O & M expenses	(\$150.00)	
b. Reclassified as nonutility expense	(\$26.10)	
	-----	(\$176.10)
12. Regulatory Commission Expense		
a. Reclassified from other O & M expense	\$100.00	
b. Pro forma allowance for expenses related to this proceeding	\$400.00	
c. Deferral of three-quarters	(\$375.00)	
	-----	\$125.00
13. Bad Debt Expense		\$0.00
14. Miscellaneous Expenses		
Reclassified from other wastewater O & M expenses		\$100.00
	-----	(\$6,385.12)
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C. DEPRECIATION AND AMORTIZATION OF PLANT IN SERVICE		
1. Adjust to rates prescribed by Rule 25-30.140, Florida Administrative Code	(\$2,931.00)	
2. Pro forma depreciation on pro forma plant in service	\$492.00	
	-----	(\$2,439.00)
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D. AMORTIZATION OF CIAC		
1. Adjust to composite depreciation rate and adjusted CIAC balances	(\$101.00)	
2. Imputed CIAC on margin of reserve connections	(\$36.00)	
	-----	(\$137.00)
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E. TAXES OTHER THAN INCOME TAXES		
Adjust to established level of ad valorem taxes and regulatory assessment fees of 4.5 percent		(\$1,037.00)

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F. OPERATING REVENUE

Increase required to allow the
utility to cover its operating
expenses and earn an 11.5 return
on its investment

(\$21,839.00)

G. TAXES OTHER THAN INCOME TAXES

Regulatory assessment fees based
on revenue increase

\$983.00
