

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a)	DOCKET NO. 900604-WS
staff-assisted rate case in)	
Citrus County by INDIAN SPRINGS)	ORDER NO. 24211
UTILITIES, INC.)	
<hr/>		ISSUED: 3/11/91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY
 GERALD L. GUNTER
 MICHAEL MCK. WILSON

ORDER SETTING TEMPORARY RATES IN EVENT OF PROTEST AND

NOTICE OF PROPOSED AGENCY ACTION

ORDER SETTING FINAL RATES AND CHARGES

AND DIRECTING COMPLIANCE WITH NARUC SYSTEM OF ACCOUNTS

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the actions discussed herein are preliminary, except for the setting of temporary rates in the event of protest, 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.

CASE BACKGROUND

Indian Springs Utilities, Inc. (Indian Springs or utility) is a Class C water and wastewater facility located in Crystal River in Citrus County, Florida. The utility provides water service to approximately 80 residences. The utility provides wastewater service to approximately 50 residences, a 37 unit apartment complex, and a 102 room motel.

On August 2, 1983, Indian Springs filed its application for a certificate to operate a water utility in Citrus County. The Eyster family purchased the Indian Springs Water System in November 1977, and have operated the system since that time. By Order No.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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13385 (Docket No. 831375-W), issued on June 6, 1984, Indian Springs was granted Certificate No. 429-W.

Indian Springs acquired a certificate to supply wastewater services in 1988. On July 24, 1987, NASI, Inc. and Indian Springs filed a joint application for a transfer of wastewater Certificate No. 136-S in Citrus County. At that time Indian Springs had been providing water service to the public for almost ten years. In addition, Indian Springs made operational improvements after it began operating the wastewater system in July 1987. Based on those factors, the transfer was determined to be in the public interest. Therefore, by Order No. 18907 (Docket No. 870810-SU), issued on February 22, 1988, the transfer of Certificate No. 136-S from NASI, Inc. to Indian Springs was approved.

Indian Springs' application for the instant staff assisted case was filed on June 29, 1990. During the test year ended June 30, 1990, the utility's books reflected \$12,137 in operating revenues for the water system and \$9,185 in operating revenues for the wastewater system. The utility recorded a net operating income of \$4,294 for the water system, while the wastewater system incurred a net operating loss of \$1,514 during the same period.

The utility does not maintain its books and records in conformity with the 1984 NARUC Uniform System of Accounts. This resulted in our making numerous adjustments to each account.

QUALITY OF SERVICE

To determine a utility's quality of service, we look at the following factors: compliance with the regulations of the Department of Environmental Regulation (DER) and other regulatory agencies; the operation and maintenance of the system; and overall customer satisfaction with the service.

A field investigation of Indian Springs' service area and its water and wastewater treatment facilities was conducted. In addition, our staff conducted a customer meeting on December 13, 1990, at the Crystal River City Hall to afford customers an opportunity to present testimony on the quality of service provided by the utility and to express their concerns about other issues. Eight customers attended the meeting. Two of those customers commented on the quality of service.

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The two customers remarked that they had no complaints about the service rendered by the utility. However, they both buy bottled drinking water because they believe that the quality of the utility's water is unsatisfactory. One customer explained that the quality is very poor in that it smells and has a salty taste. It also discolors his sinks and commode. He believes that a better source of water is needed. The other customer complained about having had diarrhea for several months, and believes that the water is to blame. He also said that there were several incidents of muddy water, but apparently the utility has remedied the situation by modifying its flushing program.

The Commission is aware that the water provided by the utility does occasionally have problems with salt water intrusion. This is because the water from the utility's well is influenced by the coastal waters of the Gulf of Mexico. However, for the most part, the utility is meeting water quality standards. A more permanent solution would be to install additional treatment facilities such as a reverse osmosis system, or to interconnect with another water supplier. At this time we will not require that corrections be made because of the expense involved and the effect it would have on rates.

The first customer who commented was also concerned that the quality of the water might be further affected due to the close proximity of a nuclear power plant. In order to make sure that water quality standards are being met, the health department requires the utility to routinely sample its water. Although no problem has been indicated, the sampling records can be viewed at the utility's office.

Overall, we find that the quality of service for both the water and wastewater systems is satisfactory. We are concerned about the salt water infiltration situation, however. If it becomes a more consistent problem, alternative solutions may have to be initiated. For the time being, however, no adjustments will be required.

RATE BASE

Our calculation of the utility's rate base is attached to this Order as Schedule No. 1 with adjustments to the rate base shown on Schedule No. 1A. Those adjustments essentially mechanical in

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nature are shown on the schedule without further explanation in the text of this Order. The major components of the utility's rate base and adjustments thereto are discussed below.

Used and Useful

To determine the used and useful portion of each component of plant in service, we compared actual flow data and equivalent residential connections (ERCs) to the rated capacity of each system. The results are as follows.

Water Pumping and Treatment System: The maximum daily flow represents only 31% of the capacity of the plant. However, the pumped water is prone to salt water intrusion, there is no backup well, and the peak demand pumping capacity of the plant is very limited. Therefore, we find the pumping and treatment system to be 100% used and useful.

Water Transmission and Distribution System - The existing capacity of this system is approximately 150 ERCs. Based on eighty ERCs for the test year, and four ERCs as a margin reserve, we find the transmission and distribution system to be 56.0% used and useful.

Wastewater Treatment and Disposal System - Based on the average daily flow during July 1990, the peak month during the test year, plus 927 gallons per day (gpd) margin reserve, we find that the treatment and disposal system is 56.4% used and useful.

Wastewater Collection System - The existing capacity of the system is approximately 176 ERCs. Based on 129.5 ERCs during the test year, plus 7.5 ERCs as a margin reserve, we find that the collection system is 77.8% used and useful.

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Plant-in-Service

Water System - The water treatment system was built in 1966. It consists of a primary pump with a five horsepower (HP) motor, rated at 100 gallons per minute (gpm), attached to a single six inch well. In addition, there are two secondary pumps, each with a two HP motor rated at 40 gpm, a 1,000 gallon hydropneumatic tank, and a hypochlorinator unit. The transmission and distribution system is comprised of both PVC and cast iron pipe.

The utility's balance per books at the end of the test year was \$24,024. Several adjustments to the depreciable plant accounts were necessary: 1) in order to record the \$16,584 increase that resulted from Order No. 14631; 2) to record \$4,859 in meter additions to plant-in-service; and 3) to remove \$176 associated with miscoded disbursements. Finally, we applied a test year averaging adjustment of \$400. Based on the foregoing, we find the appropriate balance of depreciable water plant-in-service is \$44,891.

Wastewater System - The treatment system is a concrete, activated sludge facility, with a rated capacity of 30,000 gpd. Disinfection is achieved through hypochlorination, with the treated effluent flowing to a percolation pond. The collection system consists of both vitrified clay and PVC pipe connected by four lift stations.

The utility's balance per books at the end of the test year was \$47,191. We made several adjustments to the utility's books: 1) in order to record the \$4,274 increase that resulted from Order No. 18907; 2) to record \$33,103 as the value of lines donated to the utility by Pelican Cove Development Company; and 3) to remove \$158 associated with miscoded disbursements. There were no plant additions during the test year, therefore no averaging adjustment is necessary. Therefore, we find the appropriate balance of depreciable wastewater plant-in-service is \$84,410.

Accumulated Depreciation of Plant-in-Service

Water System - The utility's per books balance at the end of the test year was \$12,450. Our adjustments to the related plant-in-service accounts result in a \$10,278 increase in the reserve balance. After an averaging adjustment of \$799, we find the

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appropriate average amount of accumulated depreciation of plant-in-service to include in rate base is \$21,929 for the water system.

Wastewater System - The utility's per books balance at the end of the test year was \$4,343. Our adjustments to the related plant-in-service accounts result in a \$30,154 increase in the reserve balance. After an averaging adjustment of \$1,613, we find the appropriate average amount of accumulated depreciation of plant-in-service to include in rate base is \$32,884 for the wastewater system.

Plant Held for Future Use

Water System - As discussed previously, the water treatment plant is 100.0% used and useful, and the water distribution system is 56.0% used and useful. Applying the resulting nonused and useful percentages to the respective water plant balances results in gross water plant held for future use of \$12,165. The accumulated depreciation associated with water plant held for future use reduces that balance by \$8,255, resulting in a net balance of \$3,910. After an averaging adjustment of \$364, we find the appropriate water plant held for future use balance to be \$4,274.

Wastewater System - As discussed previously, the wastewater treatment plant is 56.4% used and useful, and the wastewater collection system is 77.8% used and useful. Applying the resulting nonused and useful percentages to the respective wastewater plant balances results in gross wastewater plant held for future use of \$23,221. The accumulated depreciation associated with wastewater plant held for future use reduces that balance by \$9,731, resulting in a net balance of \$13,490. After an averaging adjustment of \$497, we find the appropriate wastewater plant held for future use balance to be \$13,987.

Contributions-in-Aid-of-Construction (CIAC)

Water System - The utility had recorded \$7,150 in CIAC associated with the water system at the end of the test year. The utility had misclassified \$7,560 in CIAC as revenues, requiring an adjustment to increase the CIAC balance. We made two other adjustments to this account: 1) reduced the balance by \$630 to reflect the averaging adjustment; and 2) calculated \$525 associated

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with the imputation of CIAC on the margin of reserve. Therefore, we find the appropriate amount of CIAC to include in rate base to be \$14,605 for the water system.

Wastewater System - The utility had recorded no CIAC associated with the wastewater system at the end of the test year. We made numerous adjustments to this account: 1) recorded \$33,938 in the account as a result of Order 18907; 2) increased the balance by \$2,000 to correct a misclassification of CIAC as revenues; 3) increased the balance by \$33,103 to record the value of lines donated to the utility by Pelican Cove Development Company; 4) reduced the balance by \$850 to reflect the averaging adjustment; and 5) calculated \$500 associated with the imputation of CIAC on the margin reserve. Finally, we reduced the balance to reflect CIAC associated with wastewater plant held for future use. Therefore, we find the appropriate amount of CIAC to include in rate base to be \$53,808 for the wastewater system.

Accumulated Amortization of CIAC

Water System - The utility had recorded \$472 in accumulated amortization of CIAC for the water system at the end of the test year. Our adjustment to the related CIAC account results in a reserve balance adjustment of \$2,287. We also made a \$251 averaging adjustment and a \$19 adjustment to reflect amortization associated with the margin reserve. Therefore, we find the appropriate amount of accumulated amortization of CIAC to include in rate base is \$2,528 for the water system.

Wastewater System - The utility had not recorded any accumulated amortization of CIAC for the wastewater system at the end of the test year. Our adjustments to the related CIAC account results in a \$24,848 increase in the reserve balance. We made several additional adjustments: 1) an averaging adjustment of \$1,302; 2) a \$19 adjustment to reflect amortization associated with the margin reserve; and 3) removal of the accumulated amortization associated with wastewater plant held for future use. Therefore, we find the appropriate amount of accumulated amortization of CIAC to include in rate base is \$18,048 for the wastewater system.

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Land

Indian Springs previously provided this Commission with evidence that it owns the land on which the utility's facilities are located. In addition, Indian Springs submitted a signed affidavit affirming the utility's ownership of the land.

The value of the land associated with the water system was established in Indian Springs' previous rate case before this Commission (Order No. 14631, Docket No. 840402-WU), while the value of the land associated with the wastewater system was established during the utility's wastewater certificate transfer case (Order No. 18907, Docket No. 870810-SU). Consistent with those findings, we find the appropriate balances for land for the water and wastewater systems are \$1,985 and \$3,000, respectively.

Working Capital

We used the formula method to measure working capital for this utility. This approach uses one-eighth of operation and maintenance expenses to determine the utility's working capital needs. Using this method, we find the appropriate working capital allowance to be \$930 for the water system and \$1,518 for the wastewater system.

Rate Base

The appropriate components to include in the utility's test year rate base are depreciable plant-in-service, accumulated depreciation, nondepreciable plant, plant held for future use, amortizable plant, accumulated amortization, CIAC, accumulated amortization of CIAC, and working capital allowance. Based on all our adjustments, we find the appropriate test year rate base to be \$9,525 for the water system and \$6,298 for the wastewater system.

CAPITAL STRUCTURE

Return on Equity

The utility's per books equity balance was \$18,259 at the end of the test period. The audited balance at the end of the period was \$97,500, and we made an averaging adjustment, reducing that balance to \$57,880. We also made an adjustment of \$42,252 to the

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equity balance in order to reconcile that balance with the total rate base figure of \$15,823. Applying the leverage formula in Order No. 23318 to the common equity ratio, we find the appropriate return on equity is 11.50%.

Rate of Return

The components of the utility's capital structure are an average common equity balance of \$57,880 and an average customer deposits balance of \$195. Applying the appropriate cost rates to the capital structure ratios, we find the appropriate overall rate of return is 11.46%.

The capital structure is shown on Schedule No. 2.

NET OPERATING INCOME

Attached as Schedule No. 3 is our schedule of water and wastewater operating income. Our adjustments thereto are shown on Schedule No. 3A. Those adjustments essentially mechanical in nature or which are self-explanatory are shown on those schedules without further explanation in the text of this Order.

Operating Revenues

The utility recorded water system revenue of \$12,137 and wastewater system revenue of \$9,185 during the test period. We adjusted each balance, primarily because the utility had misclassified other monies collected as revenues. Therefore, we calculated test year operating revenues to be \$9,440 for the water system and \$4,903 for the wastewater system.

Operating and Maintenance Expenses

The utility charged \$7,843 to the water system and \$10,699 to the wastewater system during the test year. Details of the calculations and adjustments made to each expense account follow and are also shown on Schedule No. 3B.

- 1) Sludge Removal Expense - The utility recorded \$900 in this account during the test period. We find this amount is reasonable, and will allow it on an annual basis.

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- 2) Purchased Power - The utility recorded \$663 in the water system account and \$2,345 in the wastewater system account during the test period. We find both amounts are reasonable.
- 3) Chemicals - The utility recorded \$1,867 in the water system account and \$989 in the wastewater system account during the test period. We made several adjustments to this account in order to correct miscoded disbursements and make other necessary adjustments. In addition, based on our Staff engineer's review of the chemicals invoices for the test period, we find the appropriate allowances are \$1,346 and \$938, respectively.
- 4) Materials and Supplies - The utility charged \$226 to the water system and \$197 to the wastewater system during the test period. Based on our reclassifications and other adjustments, we find reasonable allowances are \$383 for the water system and \$439 for the wastewater system.
- 5) Contractual Services - The utility charged \$4,171 to the water system and \$5,963 to the wastewater system for contractual services during the test period. Included in these amounts are charges for the utility's manager, bookkeeper, and contract operator. We have removed a portion of the bookkeeping expense (\$240) from the water system and allocated it to the wastewater system. Incorporating the effects of the aforementioned adjustment, numerous adjustments to correct miscoded disbursements, and other necessary adjustments, we find an allowance of \$4,254 for the water system and \$6,798 for the wastewater system reasonable.
- 6) Rents - The utility recorded no expenses in this account during the test period. We believe a reasonable annual allocation of utility office overhead is \$113 per system.
- 7) Transportation Expense - The utility booked \$0 per system to this account. We believe a reasonable annual allowance is \$52 per system.
- 8) Insurance Expense - The utility recorded \$0 per system during the test period. We believe a reasonable annual

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allocation for coverage of utility property is \$350 per system.

- 9) Regulatory Commission Expense - The utility recorded \$325 for the water system and \$130 for the wastewater system during the test period. This expense is related to the payment of regulatory assessment fees, so the expense was removed and reclassified. The filing fee for the instant rate case was \$300. Based on a four-year amortization period, we calculate the appropriate annual balance to be \$38 per system.
- 10) Miscellaneous Expense - The utility charged miscellaneous expenses of \$592 to the water system and \$174 to the wastewater system during the test period. As a result of our reclassifications, we find an allowance of \$241 for the water system and \$175 for the wastewater system to be appropriate.

Depreciation Expense

We calculated test year depreciation expense using the Water System Guideline Average Service Lives contained in Rule 25-30.140(2)(a), Florida Administrative Code, and the Sewer System Guideline Average Service Lives contained in Rule 25-30.140(2)(b), Florida Administrative Code. Application of the prescribed depreciation service lives to the used and useful year-end balances of the various plant accounts results in a test year depreciation expense of \$870 for the water system and \$2,232 for the wastewater system.

CIAC Amortization

We calculated test year amortization for CIAC using the Water System Guideline Average Service Lives contained in Rule 25-30.140(2)(a), Florida Administrative Code, and Sewer System Guideline Average Service Lives contained in Rule 25-30.140(2)(b), Florida Administrative Code. Applying the prescribed service lives to the used and useful year-end balances of the various plant accounts and adding amortization associated with the margin reserve, the appropriate test year amortizations are \$520 for the water system and \$2,053 for the wastewater system.

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The combined effects of our depreciation and amortization calculations result in balances of used and useful test year depreciation expense, net of amortization, of \$350 for the water system and \$179 for the wastewater system.

Taxes Other than Income Taxes

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

The appropriate level of property taxes is \$334 for the water system and \$504 for the wastewater system. The utility does not pay wages or salaries, but instead contracts for management, bookkeeping, and operating services; therefore, there are no payroll taxes to consider.

The regulatory assessment fees associated with approved test year revenues are \$425 for the water system and \$221 for the wastewater system. The fees associated with the approved revenue increase are \$9 for the water system and \$418 for the wastewater system. This results in total regulatory assessment fees of \$434 and \$639, respectively.

Based on the above calculations, the appropriate amount of taxes other than income taxes is \$768 for the water system and \$1,143 for the wastewater system.

Income Tax Expense

The utility is a Subchapter S corporation. Therefore, the utility will have no income tax expense.

Operating Income

The test year operating revenues for the water system are \$9,440, while the corresponding operating expenses are \$8,548. This results in test year operating income of \$892 for the water system.

The test year operating revenues for the wastewater system are \$4,903, while the corresponding operating expenses are \$13,051. This results in a test year operating loss of \$8,148 for the wastewater system.

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REVENUE REQUIREMENT

Based on the utility's books and records and the adjustments discussed above, we find that the appropriate annual revenue requirement is \$9,649 for the water system and \$14,190 for the wastewater system. This represents an annual increase in water revenue of \$209 or 2.2% and an annual increase in wastewater revenue of \$9,287 or 189.4%. These revenue requirements will allow the utility to recover its expenses and allow it an opportunity to earn an 11.46% return on its rate base.

RATES AND CHARGES AND RATE STRUCTURE

Monthly Service Rates

We find that the rates set forth below are fair, just, reasonable, and not unfairly discriminatory. These rates have been designed to allow Indian Springs to recover its expenses and the opportunity to earn an 11.46% return on its investment, using the base facility/gallongage charge rate structure for the water system and a flat rate for the wastewater system.

The Commission's preferred rate structure is the base facility/gallongage charge rate structure, because it is designed to provide for the equitable sharing by the rate payers of both the fixed and variable costs of providing service. The base facility charge is based upon the concept of readiness to serve all customers connected to the system. This ensures that rate payers pay their share of the costs of providing service through the consumption or gallongage charge, but also pay their share of the fixed costs of providing service through the base facility charge. However, the base facility/gallongage charge rate structure is not practical for Indian Springs' wastewater system. Many wastewater customers are not customers of Indian Springs' water system. This makes it difficult to obtain accurate consumption data. Therefore, we find the utility should retain a flat rate structure for the wastewater system.

The utility's existing rates and those approved herein are set forth below for comparison:

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MONTHLY RATES - WATER

Residential and General Service

<u>Base Facility Charge</u>	<u>Current Rate</u>	<u>Approved Rate</u>
<u>Meter Sizes:</u>		
5/8" x 3/4"	\$ 4.39	\$ 3.88
3/4"	N/A	5.83
1"	10.98	9.71
1 1/2"	21.95	19.42
2"	35.12	31.07
3"	N/A	62.14
4"	N/A	97.09
6"	N/A	194.17
 <u>Consumption Charge</u>		
Per 1,000 Gallons	\$ 0.90	\$ 1.02

MONTHLY RATES - WASTEWATER

Residential and General Service (Motel)

<u>Flat Rate</u>	<u>Current Rate</u>	<u>Approved Rate</u>
<u>Customer Class:</u>		
Residential	\$ 3.50	\$ 8.21
Multi-Residential	3.50	8.21
General Service	100.00	418.80

These water rates shall be effective for meter readings taken on or after thirty days after the stamped approval date on the revised tariff pages to be filed by Indian Springs. The wastewater rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet. The revised tariff pages will be approved upon our Staff's verification that the tariffs are consistent with our decision, that the proposed customer notice is adequate, that proper security for refund has been provided, and upon expiration of the protest period.

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Reduction in Rates

Section 367.0816, Florida Statutes, requires that rate case expense be apportioned for recovery over four years. The statute further requires that after four years the rates be reduced immediately by the amount of rate case expense previously included in its rates. This statute applies to all rate cases filed on or after October 1, 1989.

The only rate case expense Indian Springs incurred was the \$300 filing fee. Therefore, pursuant to Section 367.0816, Florida Statutes, the utility may recover \$37.50 per system per year. After this \$37.50 figure is grossed up to include resulting regulatory assessment fees, annual recovery is \$39 per system per year. At the end of four years, Indian Springs' rates per system should be reduced by \$39. Assuming no change in the utility's current revenues, expenses, capital structure, and customer base, the effect of this rate reduction is an approximate \$0.02 reduction in the water system's base facility charge for a 5/8 inch by 3/4 inch meter, and a \$0.01 reduction in the gallonage charge for that system. The wastewater system flat rate will be reduced by approximately \$0.02 per month.

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

Service Availability Charges

Indian Springs' current service availability charges for water consist of a plant capacity charge of \$85 and a meter installation fee of \$125 for a 5/8 inch by 3/4 inch meter. The current wastewater service availability charge is \$100.

Rule 25-30.580, Florida Administrative Code, provides the following guidelines for designing service availability policies:

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- a) The maximum amount of contributions-in-aid-of-construction, net of amortization, should not exceed 75% of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their designed capacity; and
- (b) The minimum amount of contributions-in-aid-of-construction should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution and sewage collection systems.

Customer growth projections have an effect on service availability calculations. Because the customer growth rate for Indian Springs is low and because the treatment plant is 100% used and useful, we find it appropriate to retain the nominal plant capacity and meter installation charges for the water system. Although the water system is only 48% contributed, given the factors discussed above, it is not practical to calculate a service availability charge that would provide a 75% contribution level pursuant to Rule 25-30.580(a). The 48% figure does meet the minimum contribution level set forth in Rule 25-30.580(b), however.

The wastewater system is at an 84% contribution level. Although this level exceeds the 75% level set forth in the rule, the current charge of \$100 is nominal and will ensure that each customer pays for a portion of the wastewater system capacity. Therefore we find it appropriate to retain the \$100 service availability charge for wastewater.

It has come to our attention that since July 1988 the utility has been charging higher than authorized service availability charges for the water system. The current authorized charge is comprised of a \$125 meter installation fee and an \$85 plant capacity charge, for a total authorized charge of \$210 per connection. Indian Springs has been charging \$230 per connection. It appears, however, that Indian Springs made an unintentional error in determining its authorized service availability charges. When the utility submitted its wastewater tariff pages for approval after the 1988 transfer of its certificate was complete, one of the pages submitted was a copy of the proposed application for service. The sample application was filled out to reflect a \$230 water connection fee. When this tariff page was returned to the utility,

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it had a stamp indicating approval on the back of the page. Indian Springs apparently mistakenly believed the charge itself, rather than the application format, had been approved. The total over-collection due to this error is \$160, which reflects \$20 overpayments by each of eight customers. While we will not assess a penalty against Indian Springs because of this unintentional error, we direct Indian Springs to refund the overcharges to the eight customers affected.

It has also come to our attention that the utility has been collecting unauthorized customer deposits since January of 1989. Before January 1989, deposits were collected only from customers who were more than six months delinquent in paying their bills. The utility's current tariffs do not provide for any customer deposits. We do not believe the violation of our rule was intentional and we will not assess a penalty at this time.

The utility has requested that its tariff be modified to provide for initial customer deposits of \$30 for both the water and wastewater systems, as well as specific criteria for the establishment of credit, payment of eight percent interest on all residential customer deposits, and a refund of residential deposits after twenty-three months of satisfactory payment. These provisions comply with Rule 25-30.311, Florida Administrative Code, and will be approved administratively by our Staff when the revised tariffs are submitted.

Miscellaneous Service Charges

Indian Springs current tariff does not provide for miscellaneous service charges except for a wastewater system violation reconnection charge based on actual cost. Based on our analysis of the labor and materials 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
Premises Visit (in lieu of disconnection)	\$10.00	\$10.00

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These 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 tariff charge of actual cost for a wastewater only violation reconnection is approved contingent upon the utility filing with the Commission for prior approval a breakdown of the actual components, corresponding unit costs, and typical man hours required for the discontinuance and subsequent reinstatement of service.

When both water and wastewater services are provided, we believe only a single charge is appropriate unless circumstances beyond the control of the utility require multiple actions. Following is a description of each service:

- 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 an existing customer after disconnection of service for cause according to Rule 25-30.320(2), F.A.C., including a delinquency in bill payment.
- 4) Premises Visit (in lieu of disconnection): This charge is to be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill, but does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

The miscellaneous service charges approved herein shall be effective for services rendered on or after the stamped approval date on the revised tariff pages. The revised tariff pages will be approved upon our Staff's verification that the tariffs are

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consistent with our decision, the proposed customer notice is adequate, proper security for refund has been provided, and upon expiration of the protest period.

COMPLIANCE WITH UNIFORM SYSTEM OF ACCOUNTS

Indian Springs currently does not maintain its books and records according to the NARUC Uniform System of Accounts. Rule 25-30.115(1), Florida Administrative Code, provides that effective January 1, 1986, water and sewer utilities must maintain their books and records in conformity with the 1984 NARUC Uniform System of Accounts. Indian Springs employs a Certified Public Accountant in conjunction with the services performed by the utility's bookkeeper. Thus, Indian Springs has access to persons with the expertise necessary to convert and maintain the utility's records in conformity with the 1984 NARUC System of Accounts. We therefore direct Indian Springs to comply with Rule 25-30.115(1), Florida Administrative Code.

TEMPORARY RATES IN EVENT OF PROTEST

This Order proposes an increase in water and wastewater rates. A timely protest might 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 to the utility. In the event of a protest filed by a party other than the utility, we hereby authorize Indian Springs to collect the monthly service rates approved herein subject to the utility providing security for any possible refund. The security shall be in the form of a bond or letter of credit in the amount of \$6,671. Alternatively, the utility may establish an escrow agreement with an independent financial institution.

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

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

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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, the utility shall file reports with the Division of Water and Sewer no later than 20 days after each monthly billing. These reports shall indicate the amount of revenue collected under the increased rates.

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

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

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

- 1) No refunds in the escrow account may be withdrawn by the utility without the express approval of the Commission.
- 2) The escrow account shall be an interest bearing account.
- 3) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
- 4) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the utility.
- 5) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
- 6) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
- 7) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s)

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set forth in its order requiring such account. Pursuant to Consentino v. Elson, 263 So. 2d 253, (Fla. 3d DCA 1972), escrow accounts are not subject to garnishment.

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. This account must specify by whom and on whose behalf such monies were paid. Indian Springs may implement these rates only after providing security and after it has filed and our Staff has approved revised tariff pages and a proposed customer notice. Should a refund ultimately be required, the refund shall be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Indian Springs Utilities, Inc., for an increase in its water and wastewater rates in Citrus County is approved as set forth in the body of this Order. It is further

ORDERED that all matters contained herein or attached hereto, whether in the form of discourse or schedules, are by this reference specifically made integral parts of this Order. It is further

ORDERED that each of the specific findings herein are approved in every respect. 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 25-22.036, 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 the utility is authorized to charge the new monthly water rates, as set forth in the body of this Order, effective for meter readings taken on or after thirty days after

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the stamped approval date on the revised tariff sheets. It is further

ORDERED that the utility is authorized to charge the new monthly wastewater rates, as set forth in the body of this Order, effective for service rendered on or after the stamped approval date on the revised tariff sheets. It is further

ORDERED that the utility is authorized to retain its current service availability charges. It is further

ORDERED that the utility is authorized to charge the miscellaneous service charges set forth in the body of this Order for service rendered on or after the stamped approval date on the revised tariff sheets. It is further

ORDERED that, in the event this Order becomes final, the utility shall notify each customer of the increased water and wastewater rates and approved miscellaneous service charges and shall explain the reasons for such increased rates and charges. The form of this notice shall be submitted to this Commission for prior approval. It is further

ORDERED that the utility shall comply with the NARUC Uniform System of Accounts as set forth in the body of this Order. It is further

ORDERED that the utility shall refund \$160 in service availability overcharges as set forth in the body of this Order. It is further

ORDERED that the revised tariff sheets will be approved upon our staff's verification that the tariff sheets are consistent with our decisions herein; that the proposed customer notice is adequate; and that the time for protesting this Order has expired and no such protests were filed. It is further


ORDERED that in the event a substantially affected person, other than the utility, protests this proposed agency action, the utility may implement the monthly service rates herein approved on a temporary basis under the terms and conditions set forth in the

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body of this Order. The temporary rate portion of this Order is not issued as proposed agency action. It is further

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

By ORDER of the Florida Public Service Commission this 11th day of MARCH, 1991.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MJL

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 action setting final rates and charges is 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) and (f), Florida Administrative Code. This

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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 April 1, 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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INDIAN SPRINGS UTILITIES, INC.
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TEST YEAR ENDED JUNE 30, 1990

SCHEDULE NO. 1
RATE BASE
PAGE 1 OF 2
WATER

Account Title *****	Balance per Utility *****	Commission Adjustments to Utility Balance *****		Balance per Commission *****
Depreciable Plant in Service	\$24,024	\$20,867	A	\$44,891
Land/Nondepreciable Assets	16,500	(14,515)	B	1,985
Plant Held for Future Use	0	(4,274)	D	(4,274)
Contributions in Aid of Construction	(7,150)	(7,455)	E	(14,605)
Accumulated Depreciation	(12,450)	(9,479)	F	(21,929)
Accumulated Amortization of CIAC	472	2,056	G	2,528
Working Capital Allowance	0	930	H	930
RATE BASE	----- \$21,396 ----- *****	----- (\$11,871) ----- *****		----- \$9,525 ----- *****

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INDIAN SPRINGS UTILITIES, INC.
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SCHEDULE NO. 1
 RATE BASE
 PAGE 2 OF 2
 WASTEWATER

Account Title *****	Balance per Utility *****	Commission Adjustments to Utility Balance *****		Balance per Commission *****
Depreciable Plant in Service	\$47,191	\$37,219	A	\$84,410
Land/Nondepreciable Assets	0	3,000	B	3,000
Construction Work in Progress	16,944	(16,944)	C	0
Plant Held for Future Use	0	(13,987)	D	(13,987)
Contributions in Aid of Construction	0	(53,808)	E	(53,808)
Accumulated Depreciation	(4,343)	(28,541)	F	(32,884)
Accumulated Amortization of CIAC	0	18,048	G	18,048
Working Capital Allowance	0	1,518	H	1,518
RATE BASE	----- \$59,792 ----- *****	----- (\$53,494) ----- *****		----- \$6,298 ----- *****

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INDIAN SPRINGS UTILITIES, INC.
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TEST YEAR ENDED JUNE 30, 1990

SCHEDULE NO. 1A
ADJUSTMENTS TO
RATE BASE
PAGE 1 OF 3

	WATER -----	WASTEWATER -----
A. DEPRECIABLE PLANT IN SERVICE: -----		
1. To record the necessary adjustments as a result of Order No. 14631	16,584	
2. To record the necessary adjustments as a result of Order No. 18907		4,274
3. To record the cost of meters that were installed but not recorded	4,859	
4. To record the value of lines donated by Pelican Cove Development Company but not recorded by the utility		33,103
5. To correct miscoded disbursements	(176)	(158)
6. Averaging adjustment	(400)	
	-----	-----
Subtotal	20,867	37,219
B. LAND/NONDEPRECIABLE ASSETS: -----		
1. To record the necessary adjustments as a result of Order No. 14631	(14,515)	
2. To record the necessary adjustments as a result of Order No. 18907		3,000
C. CONSTRUCTION WORK IN PROGRESS (CWIP): -----		
1. To remove CWIP from rate base		(16,944)
D. PLANT HELD FOR FUTURE USE (PHFU): -----		
1. To record PHFU	(12,165)	(23,221)
2. To reflect accumulated depreciation associated with PHFU	8,255	9,731
3. Averaging adjustment	(364)	(497)
	-----	-----
Subtotal	(4,274)	(13,987)

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INDIAN SPRINGS UTILITIES, INC.
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SCHEDULE NO. 1A
 ADJUSTMENTS TO
 RATE BASE
 PAGE 2 OF 3

	WATER -----	WASTEWATER -----
E. CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC): -----		
1. To record the necessary adjustments as a result of Order No. 18907		(33,938)
2. To record CIAC misclassified as revenues	(7,560)	(2,000)
3. To record the value of lines donated by Pelican Cove Development Company but not recorded by the utility		(33,103)
4. Averaging adjustment	630	850
5. To record CIAC associated with the margin of reserve	(525)	(500)
6. To record CIAC associated with PHFU		14,883
	-----	-----
Subtotal	(7,455)	(53,808)
F. ACCUMULATED DEPRECIATION: -----		
1. Adjustment necessary to reflect Commission's approved balance @ 06/30/90	(10,278)	(30,154)
2. Averaging adjustment	799	1,613
	-----	-----
Subtotal	(9,479)	(28,541)
G. ACCUMULATED AMORTIZATION OF CIAC: -----		
1. Adjustment necessary to reflect Commission's approved balance @ 06/30/90	2,287	24,848
2. Averaging adjustment	(251)	(1,302)
3. To reflect accumulated amortization associated with the margin of reserve	19	19
4. To remove accumulated amortization associated with PHFU		(5,516)
	-----	-----
Subtotal	2,055	18,049

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INDIAN SPRINGS UTILITIES, INC.
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SCHEDULE NO. 1A
 ADJUSTMENTS TO
 RATE BASE
 PAGE 3 OF 3

	WATER -----	WASTEWATER -----
H. WORKING CAPITAL ALLOWANCE: -----		
1. To reflect working capital allowance based on one-eighth of O&M expenses	930	1,518
	-----	-----
TOTAL ADJUSTMENTS:	(11,871) =====	(53,494) =====

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INDIAN SPRINGS UTILITIES, INC.
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 TEST YEAR ENDED JUNE 30, 1990

SCHEDULE NO. 2
 COST OF CAPITAL

Component	Balance Per Utility	Commission Adjustments to Utility Balance	Adjusted Balance	Pro Rata Adjustments	Balance per Commission	Percent of Total	Weighted Cost	Weighted Cost
*****	*****	*****	*****	*****	*****	*****	****	*****
Common Equity	\$18,259	\$39,621	\$57,880	(\$42,252)	\$15,628	98.77%	11.50%	11.36%
Customer Deposits	0	195	195	0	195	1.23%	8.00%	0.10%
TOTAL	\$18,259	\$39,816	\$58,075	(\$42,252)	\$15,823	100.00%		11.46%

Zone of Reasonableness:	Low	High
*****	***	****
Equity	10.50%	12.50%
Rate of Return	10.47%	12.44%

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INDIAN SPRINGS UTILITIES, INC.
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TEST YEAR ENDED JUNE 30, 1991

SCHEDULE NO. 3
OPERATING INCOME
PAGE 1 OF 2
WATER

Per Utility *****	Commission Adjustments to Utility Balance *****	Test Year Balance per Commission *****	Commission Adjustments for Increase *****	Balance per Commission *****	
Operating Revenues	\$12,137	(\$2,697) A	\$9,440	\$209 E	\$9,649
Operating Expenses:					
Operation and Maintenance	7,843	(404) B	7,439	0	7,439
Depreciation	0	350 C	350	0	350
Amortization	0	0	0	0	0
Taxes Other Than Income	0	759 D	759	9 F	768
Income Taxes	0	0	0	0	0
Total Operating Expenses	7,843	705	8,548	9	8,558
Operating Income (Loss)	\$4,294		\$892	\$200	\$1,091
RATE BASE	\$21,396		\$9,525		\$9,525
RATE OF RETURN	20.07%		9.36%		11.46%
*****			*****		*****

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INDIAN SPRINGS UTILITIES, INC.
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 TEST YEAR ENDED JUNE 30, 1991

SCHEDULE NO. 3
 OPERATING INCOME
 PAGE 2 OF 2
 WASTEWATER

Per Utility *****	Commission Adjustments to Utility Balance *****		Test Year Balance per Commission *****	Commission Adjustments for Increase *****		Balance per Commission *****	
Operating Revenues	\$9,185	(\$4,282)	A	\$4,903	\$9,287	E	\$14,190
Operating Expenses:							
Operation and Maintenance	10,699	1,448	B	12,147	0		12,147
Depreciation	0	179	C	179	0		179
Amortization	0	0		0	0		0
Taxes Other Than Income	0	725	D	725	418	F	1,143
Income Taxes	0	0		0	0		0
Total Operating Expenses	10,699	2,352		13,051	418		13,469
Operating Income (Loss)	(\$1,514)			(\$8,148)	\$8,869		\$722
RATE BASE	\$59,792			\$6,298			\$6,298
RATE OF RETURN	-2.53%			-129.37%			11.46%
*****				*****			*****

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INDIAN SPRINGS UTILITIES, INC.
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TEST YEAR ENDED JUNE 30, 1990

SCHEDULE NO. 3A
ADJUSTMENTS TO
OPERATING INCOME
PAGE 1 OF 5

A. OPERATING REVENUES:	WATER	WASTEWATER
-----	-----	-----
1. To remove CIAC misclassified as revenues	(1,260)	(1,500)
2. To remove additional paid in capital misclassified as revenues	(1,180)	(2,950)
3. To remove unauthorized CIAC charges misclassified as revenues	(120)	
4. To remove customer deposits misclassified as revenues	(300)	
5. To add unbilled customers and reflect revenues on an accrual basis	131	168
6. To add test year revenue misclassified as a prior period expense	32	
Subtotal	(2,697)	(4,282)
	=====	=====
B. OPERATION AND MAINTENANCE EXPENSES:		

1. Chemicals Expense:		
a. To correct miscoded disbursements:		
1. To remove wastewater contractual service expense misclassified as chemicals expense	(121)	(42)
2. To remove wastewater refund misclassified as water chemicals expense	(120)	
3. To remove water contractual service misclassified as wastewater chemicals expense		(9)
b. Other adjustments:		
1. To reflect annualized Aqua Mag expense as determined by the Staff engineer	(280)	
Subtotal	(521)	(51)
	=====	=====
2. Materials and Supplies Expense:		
a. To correct miscoded disbursements:		
1. To remove meter installations (plant) misclassified as water materials and supplies expense	(165)	
2. To add replacement meter expense	50	
3. To remove wastewater contractual services expense misclassified as wastewater materials and supplies expense		(173)
4. To add motor expense		270
5. To add pump expense		116

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INDIAN SPRINGS UTILITIES, INC.
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SCHEDULE NO. 3A
ADJUSTMENTS TO
OPERATING INCOME
PAGE 2 OF 5

	WATER -----	WASTEWATER -----
2. Materials and Supplies Expense (cont.)		
b. Other adjustments:		
1. To record copying services provided by Pelican Cove Developments, Inc.	20	2
2. To record postage provide by Pelican Cove Developments, Inc.	253	28
	-----	-----
Subtotal	157	242
	=====	=====
3. Contractual Services Expense:		
a. To correct miscoded disbursements:		
1. To add pump house roof repair expense	225	
2. To remove meter installations (plant) misclassified as contractual services expense	(474)	
3. To add water contractual services refund misclassified as water chemicals expense	120	
4. To remove wastewater contractual services expense misclassified as water contractual services expense	(10)	10
5. To add water contractual services expense misclassified as water miscellaneous expense	316	
6. To add water contractual services expense misclassified as wastewater chemicals expense	9	
7. To add wastewater contractual services expense misclassified as water chemicals expense		121
8. To add wastewater contractual services expense misclassified as wastewater materials and supplies expense		173
9. To add wastewater contractual services expense misclassified as wastewater chemicals expense		42
10. To add wastewater contractual services expense misclassified as plant		42
11. To remove a portion of bookkeeping expense and allocate it to the wastewater system	(240)	240

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INDIAN SPRINGS UTILITIES, INC.
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SCHEDULE NO. 3A
ADJUSTMENTS TO
OPERATING INCOME
PAGE 3 OF 5

	WATER -----	WASTEWATER -----
3. Contractual Services Expense (cont):		
b. Other adjustments:		
1. To remove estimated water meter installations (plant) included in water		
2. To add accounting contractual services expense incurred during test year but not recorded	(70)	
	207	207
	-----	-----
Subtotal	83	835
	=====	=====
4. Rents Expense:		
1. To reflect a reasonable allocation of office overhead	113	113
	=====	=====
5. Transportation Expense:		
1. To reflect a reasonable mileage allowance	52	52
	=====	=====
6. Insurance Expense:		
1. To reflect a reasonable allowance in order to obtain coverage	350	350
	=====	=====
7. Regulatory Commission Expense:		
1. To remove regulatory assessment fees misclassified as regulatory commission expense	(325)	(130)
2. To add amortization of regulatory commission expense associated with the filing fee in the instant case	38	38
	-----	-----
Subtotal	(287)	(93)
	=====	=====

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INDIAN SPRINGS UTILITIES, INC.
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SCHEDULE NO. 3A
 ADJUSTMENTS TO
 OPERATING INCOME
 PAGE 4 OF 5

	WATER -----	WASTEWATER -----
8. Miscellaneous Expense:		
1. To add bank service charge incurred during the test year but not recorded	1	1
2. To remove disallowed late payment fee	(4)	
3. To remove water contractual services expense misclassified as water miscellaneous expense	(316)	
4. To remove taxes other than income taxes expense misclassified as water miscellaneous expense	(18)	
5. To remove materials and supplies expense (postage) misclassified as water miscellaneous expense	(13)	
Subtotal	(350) =====	1 =====
O&M Adjustments	(404) =====	1,448 =====
C. DEPRECIATION EXPENSE: -----		
1. To reflect test year depreciation expense	1,598	3,227
2. To remove depreciation expense associated with PHFU	(728)	(995)
3. To reflect test year amortization	(501)	(2,605)
4. To remove amortization associated with PHFU		571
5. To add amortization associated with margin of reserve	(19)	(19)
Subtotal	350 =====	179 =====

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INDIAN SPRINGS UTILITIES, INC.
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TEST YEAR ENDED JUNE 30, 1990

SCHEDULE NO. 3A
ADJUSTMENTS TO
OPERATING INCOME
PAGE 5 OF 5

	WATER -----	WASTEWATER -----
D. TAXES OTHER THAN INCOME:		

1. To record taxes associated with regulatory assessment fees	425	221
2. To record taxes associated with real estate and property taxes	334	504
	-----	-----
Subtotal	759	725
	-----	-----
E. OPERATING REVENUES:		

1. To reflect Commission's approved revenue increase	209	8,689
	-----	-----
F. TAXES OTHER THAN INCOME:		

1. To reflect the additional regulatory assessment fees associated with Commission's approved revenue increase	9	418
	-----	-----

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INDIAN SPRINGS UTILITIES, INC.
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 TEST YEAR ENDED JUNE 30, 1990

SCHEDULE NO. 3B
 DETAIL OF OPERATION AND
 MAINTENANCE EXPENSES
 PAGE 1 OF 2
 WATER

---- Account ---- No. Description === =====	Balance per Utility *****	Commission Adjustments *****		Balance per Commission *****
601 Salaries and Wages - Employees	\$0	\$0		\$0
603 Salaries and Wages - Officers	0	0		0
604 Employee Pensions and Benefits	0	0		0
610 Purchased Water	0	0		0
615 Purchased Power	663	0		663
616 Fuel for Power Production	0	0		0
618 Chemicals	1,867	(521)	1	1,346
620 Materials and Supplies	226	157	2	383
630 Contractual Services	4,171	83	3	4,254
640 Rents	0	113	4	113
650 Transportation Expenses	0	52	5	52
655 Insurance Expense	0	350	6	350
665 Regulatory Commission Expense	325	(287)	7	38
670 Bad Debt Expense	0	0		0
675 Miscellaneous Expenses	592	(350)	8	241
TOTAL OPERATION AND MAINTENANCE EXPENSES	<u>\$7,843</u> *****	<u>(\$404)</u> *****		<u>\$7,439</u> *****

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INDIAN SPRINGS UTILITIES, INC.
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SCHEDULE NO. 38
 DETAIL OF OPERATION AND
 MAINTENANCE EXPENSES
 PAGE 2 OF 2
 WASTEWATER

---- Account ---- No. Description === =====	Balance per Utility =====	Commission Adjustments =====	Balance per Commission =====
701 Salaries and Wages - Employees	\$0	\$0	\$0
703 Salaries and Wages - Officers	0	0	0
704 Employee Pensions and Benefits	0	0	0
710 Purchased Sewage Treatment	0	0	0
711 Sludge Removal Expense	900	0	900
715 Purchased Power	2,345	0	2,345
716 Fuel for Power Production	0	0	0
718 Chemicals	989	(51) 1	938
720 Materials and Supplies	197	242 2	439
730 Contractual Services	5,963	835 3	6,798
740 Rents	0	113 4	113
750 Transportation Expenses	0	52 5	52
755 Insurance Expense	0	350 6	350
765 Regulatory Commission Expense	130	(93) 7	38
770 Bad Debt Expense	0	0	0
775 Miscellaneous Expenses	174	1 8	175
	-----	-----	-----
TOTAL OPERATION AND MAINTENANCE EXPENSES	\$10,699	\$1,448	\$12,147
	=====	=====	=====