

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate) DOCKET NO. 920655-WS  
increase in Collier County by ) ORDER NO. PSC-92-1359-FOF-WS  
MARCO ISLAND UTILITIES ) ISSUED: 11/23/92  
(Deltona). )  
\_\_\_\_\_)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman  
SUSAN F. CLARK  
J. TERRY DEASON  
BETTY EASLEY  
LUIS J. LAUREDO

ORDER SUSPENDING PROPOSED RATES AND  
GRANTING INTERIM RATES, SUBJECT TO REFUND

BY THE COMMISSION:

BACKGROUND

Southern States Utilities Inc. (SSUI or utility) is a Class A water and wastewater utility. On August 10, 1992, pursuant to Sections 367.081 and 367.082, Florida Statutes, SSUI filed an application for approval of interim and permanent rate increases for its Marco Island utility systems.

According to the utility's minimum filing requirements (MFRs), annual revenues for the twelve month period ended April 30, 1992, were \$4,135,902 for water and \$1,090,910 for wastewater. On September 9, 1992, the utility completed the filing requirements for a general rate increase, and that date was established as the official filing date. This proceeding is currently set for hearing.

A projected test year ending April 30, 1993, is used for determining the requested final rates. The test year for the interim increase is twelve months ended April 30, 1992.

SUSPENSION OF PROPOSED RATES

Section 367.081(6), Florida Statutes, provides that the rate schedules proposed by the utility shall become effective within sixty days of filing unless this Commission votes to withhold consent to implementation of the requested rates.

DOCUMENT NUMBER-DATE

13770 NOV 23 1992

FPSC-RECORDS/REPORTING

We have reviewed the filing and find that it is reasonable and necessary to require further amplification and explanation of the data filed and to gather additional data. In consideration of the above, we find it appropriate to suspend the utility's proposed rate schedules.

INTERIM RATES REQUEST

The utility requested interim rates to generate annual revenues of \$7,140,840 for water and \$2,676,249 for wastewater based on a year-end rate base. The corresponding interim increases are \$3,010,001 (72.87%) for water and \$881,509 (49.12%) for wastewater. The utility has requested final rates designed to generate annual revenues of \$8,571,656 for water and \$3,343,777 for wastewater. The corresponding increases are \$4,394,093 (105.18%) for water and \$1,519,000 (83.24%) for wastewater.

Upon review of the information filed in the application, we find that, pursuant to Section 367.082, Florida Statutes, it is appropriate, on an interim basis, to approve interim rates that will generate annual revenues of \$6,666,943 for water and \$2,533,314 for wastewater, subject to refund with interest.

YEAR-END BASIS UTILIZED FOR TEST YEAR

The utility requested that this Commission establish interim rates using end-of-year rate base and cost of capital measurements. The utility proposed this treatment to procure full rate base inclusion of the cost of installing reverse osmosis water production facilities and new wastewater plant improvements.

Pursuant to Section 367.082(5)(a), Florida Statutes, the Commission shall determine the interim revenue deficiency (or excess) by comparing a utility's achieved return and its required rate of return using either an average investment rate base or an end-of-period investment rate base. Thus, the Commission has the authority and the discretion to decide when interim rates should be established under year-end conditions rather than under average test year conditions.

To measure the utility's "achieved rate of return" (actual income) for the interim test period, we apply appropriate adjustments from the utility's most recent rate case. This replication of prior adjustments does not, however, determine whether an average or a year-end basis will be employed. This is not a carryover adjustment from a prior case, since use of a year-end, where appropriate, must be justified in each case. Utilizing year-end basis is appropriate when reliance upon average basis

conditions would substantially understate the utility's revenue requirement during the interim collection period.

We believe that a material difference in the relative revenue requirements should be shown to justify use of a year-end basis for interim rates purposes. It is standard practice for final rate purposes to require a showing of extraordinary growth in order to use a year-end basis for rate purposes. In the instant case, the utility contends that the installation of reverse osmosis water facilities and additional investment in wastewater plant facilities qualify for extraordinary treatment. The utility's 1991 plant additions were \$14,315,405 for water and \$4,187,264 for wastewater. Because of these additions to plant, utilizing an end-of-period basis increases the utility's revenue requirement by \$1,362,514 for water and \$294,117 for wastewater. We find that this difference in revenue requirements is sufficient to justify use of the requested year-end rate base and cost of capital provisions. Accordingly, we hereby grant the utility's request to determine its revenue requirement on a year-end basis for interim purposes.

#### RATE BASE

Our calculation of the appropriate rate bases is depicted on Schedule No. 1-A for the water system and Schedule No.1-B for the wastewater system. Adjustments appear on Schedule No. 1-C. Those adjustments that are self-explanatory or 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 utility's proposed used and useful calculations overstate the interim test year conditions. While we agree that the distribution and collection facilities are 100% used and useful, we find that reductions are appropriate for the treatment plants.

Although the utility's calculation indicates that the water production and treatment plants are 96.9% used and useful, it treated those facilities as fully used and useful in the rate base calculation. Our review indicates that several corrections are appropriate for interim rate setting purposes. First, while the utility employs a single day to measure system demand, this Commission generally uses average demand during the peak month to compute system demand. This correction produces other adjustments to relative demand per equivalent residential connection (ERC). For example, while the utility believes that trended peak demand per ERC should be 600 gallons per day (gpd), the corrected peak

demand would be 528 gpd. We also find it appropriate to approve the requested provision for margin reserve, although we have reduced it due to the aforementioned peaking consideration. Finally, we find it appropriate to include a provision for fire flow, which was not specifically addressed in the utility's used and useful calculation since a provision for fire flow was included in the utility's last rate case.

5-day Peak Demand - 1/92	7,060,000 gpd
Year-end Growth Provision (50 ERCs)	27,800 gpd
Margin Reserve (300 ERCs)	166,800 gpd
Fire Flow	1,080,000 gpd
TOTAL	8,334,600 gpd
Available Capacity	9,000,000 gpd
Used and Useful %	92.6%

We also find it appropriate to reduce the used and useful determination for the wastewater system. This adjustment concerns a possible error in reporting the number of added ERCs in the test year. While the utility's calculation shows 431 additional ERCs, we agree with the utility's projection that the growth in wastewater customers will be approximately 100 ERCs per year. Therefore, we have adjusted the ERC growth for the test year to 100 ERCs.

March 1991 ERCs	5058 ERCs
Test Year Growth	100 ERCs
Margin Reserve	150 ERCs
TOTAL	5308 ERCs
Usage per ERC	500 gpd/ERC
Demand	2,654,000 gpd
Capacity	3,500,000 gpd
Used and Useful %	75.8%

### Imputation of CIAC

By Order No. 17600, issued May 26, 1987, the utility's last completed rate case, we imputed contributions-in-aid-of-construction (CIAC) to offset the allowance for margin reserve in the used and useful calculation. Therefore, consistent with the treatment in the utility's most recent rate case, we find it appropriate to impute CIAC for the purpose of setting interim rates. The utility's authorized plant capacity charges for water and wastewater service are \$452 and \$462 for each residential connection and the corresponding provisions for imputed CIAC are \$135,600 (300 ERCs) for water and \$69,300 (150 ERCs) for wastewater.

### Working Capital

The utility requested working capital allowances of \$218,294 for water and \$93,797 for wastewater. The utility has requested that working capital for interim purposes be based on the formula approach, or one-eighth of test year operation and maintenance expenses.

In the previous rate proceeding, Marco Island was an operating division of Deltona Utilities, Inc. Currently, the utility is an operating division of SSUI. The utility's test year balance sheet indicates an excess of current and deferred asset accounts over corresponding liability accounts. After excluding interest-bearing accounts and removing other accounts that are rate base or cost of capital components, the remaining balance is \$3,486,000. That amount is an inexact sum since uncertainty remains concerning whether all interest-bearing accounts and non-utility accounts have been properly removed. If the balance sheet approach was used, some method would be needed to allocate the approved provision among the various systems owned by SSUI.

The MFRs require the utility to submit a balance sheet for the beginning and end of the test year. Since the MFRs also require the utility to file its working capital allowance using the formula method, the utility is not required to submit a breakdown of the accounts which should be included or excluded from the balance sheet method. Thus, the balance sheet approach does not reveal which accounts are interest bearing, non-utility, non-used and useful or shareholder related accounts. Our review of the application reveals that information necessary to make a precise calculation using the balance sheet method is not readily available for interim purposes. Based on the above, we find that the appropriate method to use in calculating the working capital allowance is the formula method.

We believe that the utility has made a sufficient showing for interim purposes that it needs working capital. Therefore, using the formula approach, the approved working capital allowance is \$220,213 for water and \$95,148 for wastewater.

#### Interim Rate Base

In consideration of the foregoing, we find that the appropriate rate base amounts are \$23,088,469 and \$8,234,554 for water and wastewater, respectively.

#### COST OF CAPITAL

Our calculation of the appropriate cost of capital is depicted on Schedule No. 2-A. Our adjustments are depicted on Schedule No. 2-B. 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. The major adjustments are discussed below.

In its application, the utility requested approval of a 10.95% overall cost of capital for interim purposes. The utility's requested return on equity was 12.96%, or the lower end of the range of reasonableness authorized in Order No. 17600. This is consistent with the requirements of Section 367.082(5)(b)(3), Florida Statutes. Since the utility's cost of capital calculation appears correct, we find that the appropriate overall cost of capital for interim purposes is 10.95%.

#### NET OPERATING INCOME

Our calculation of net operating income is depicted on Schedule No. 3-A for water and Schedule No. 3-B for wastewater. Our adjustments that are self-explanatory or essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

We have made several adjustments to the utility's operating income for interim purposes. In its application, the utility adjusted its operating statement to reclassify certain payroll taxes from the operating expense account to an account designated for taxes. We find that this adjustment is not a simple reclassification since the tax increase exceeds the corresponding reduction to operating expenses. This increase has been removed for interim rate setting purposes. This action is consistent with this Commission's decision in Order No. PSC-92-0948-FOF-WS, issued September 8, 1992, which reversed a similar proposed reclassification.

As discussed previously in this Order, we have adjusted the used and useful provisions for plant and we have imputed CIAC as an offsetting adjustment to margin reserve. Therefore, we find it appropriate to make corresponding reductions to depreciation expense, or \$98,143 for water and \$26,021 for wastewater.

#### REVENUE REQUIREMENT

Based upon recovery of actual operating expenses for the test year ended April 30, 1992, and the allowance of a 10.95% return on rate base, we find it appropriate to approve interim rate increases of \$2,488,974 (59.57%) for water service and \$1,191,123 (88.74%) for wastewater service. This results in an annual revenue requirement of \$6,666,943 and \$2,533,314 for the water and wastewater systems, respectively.

#### INTERIM RATES

The approved interim rates are designed to allow the utility the opportunity to generate additional annual operating revenues of \$2,488,974 for the water system and \$1,191,123 for the wastewater system. We find these rates to be fair, just and reasonable. The existing rates, and the approved interim rates are set forth below for comparison.

Water

Monthly Rates

	<u>Current Rates</u>	<u>Utility Requested Interim Rates</u>	<u>Utility Requested Final Rates</u>	<u>Commission Approved Interim Rates</u>
<u>Residential and General Service</u>				
Basic Facility Charge:				
<u>Meter Size</u>				
5/8" x 3/4"	\$ 5.81	\$ 10.06	\$ 22.25	\$ 9.31
3/4"	----	----	33.38	----
1"	13.01	22.52	55.63	20.84
1-1/2"	24.99	43.27	111.25	40.03
2"	39.38	68.18	178.00	63.07
3"	77.73	134.57	356.00	124.50
4"	120.90	209.31	556.25	193.65
6"	240.77	416.85	1,112.50	385.64
8"	464.80	804.71	1,780.00	744.47
10"	668.15	1,156.77	2,558.75	1,070.18
Gallonge Charge per 1,000 G.	1.60	2.78	2.18	2.56

Private Fire Protection

Monthly

	<u>Current Rates</u>	<u>Utility Requested Interim Rates</u>	<u>Utility Requested Final Rates</u>	<u>Commission Approved Interim Rates</u>
<u>Meter Size:</u>				
5/8"x 3/4"	----	----	\$ 7.42	----
3/4"	----	----	\$ 11.13	----
1"	----	----	\$ 18.54	----
1-1/2"	----	----	\$ 37.08	----
2"	\$ 13.81	\$ 16.00	\$ 59.33	\$ 22.12
3"	\$ 26.59	\$ 46.04	\$118.67	\$ 42.59
4"	\$ 40.98	\$ 70.95	\$185.42	\$ 65.64
6"	\$ 80.94	\$140.13	\$370.83	\$129.64
8"	\$128.89	\$223.15	\$593.33	\$206.44
10"	\$184.83	\$320.00	\$852.92	\$296.04



Wastewater

Monthly

<u>Residential</u>	<u>Current Rates</u>	<u>Utility Requested Interim Rates</u>	<u>Utility Requested Final Rates</u>	<u>Commission Approved Interim Rates</u>
<u>Meter Size:</u>				
All meter sizes	\$ 6.57	\$13.54	\$37.28	\$12.51
Gallorage Charge (per 1,000 G)				
0-6,000 Gallons	1.11	2.29	2.23	2.11
6,000 - 10,000 Gallons	---	---	2.23	---
Wastewater Cap (Gallons)	6,000	6,000	10,000	6,000
<u>General Service and Multi-Family</u>				
Base Facility Charge:				
<u>Meter Size:</u>				
5/8"x3/4"	\$ 6.57	\$ 13.54	\$ 37.28	\$ 12.51
3/4"	---	---	55.92	---
1"	30.05	61.91	93.20	57.23
1-1/2"	59.39	122.34	186.40	113.10
2"	94.60	194.89	298.24	180.16
3"	188.51	388.35	596.48	359.00
4"	294.15	605.99	932.00	560.18
6"	587.62	1,210.58	1,864.00	1,119.06
8"	587.62	1,210.58	2,982.40	1,119.06
10"	755.55	1,556.69	4,287.20	1,438.87
Gallorage Charge (per 1,000 G.)	\$ 1.35	\$ 2.78	\$ 2.23	\$ 2.57
Shadowridge Flat Rate	\$ 814.28	\$1,674.75	\$1,287.83	\$1,550.71

	<u>Current Rates</u>	<u>Utility Requested Interim Rates</u>	<u>Utility Requested Final Rates</u>	<u>Commission Approved Interim Rates</u>
Bulk Wastewater Service				
<u>Meter Sizes:</u>				
5/8"x3/4"	\$ 6.57	\$ 13.54	\$ 37.28	\$ 12.51
3/4"	---	---	55.92	---
1"	30.05	61.91	93.20	57.23
1-1/2"	59.39	122.34	186.40	113.10
2"	94.60	194.89	298.24	180.16
3"	188.51	388.35	596.48	359.00
4"	294.15	605.99	932.00	560.18
6"	587.62	1,210.58	1,864.00	1,119.06
8"	---	---	2,982.40	---
10"	---	---	4,287.20	---
Gallage Charge (per 1,000 G.)				
	\$ 1.41	\$ 2.90	\$ 2.23	\$ 2.69

The interim rates shall be effective for meter readings on or after 30 days from the stamped approval date on the revised tariff sheets. The revised tariff sheets will be approved upon Commission Staff's verification that the tariffs are consistent with the Commission's decision, the appropriate security has been filed to guarantee any potential refund, and the proposed customer notice is adequate.

SECURITY FOR REFUND

Pursuant to Section 367.082, Florida Statutes, the excess of interim rates over the previously authorized rates shall be collected under guarantee subject to refund with interest. The amount of a potential refund in this case has been calculated to be \$2,560,000. A review of the utility's financial statements indicates that the utility cannot support a corporate undertaking for \$2,560,000. Therefore, the utility must provide a bond, letter of credit in the amount of \$2,560,000, or an escrow agreement.

If the security provided is an escrow account, said account shall be established between the utility and an independent financial institution pursuant to a written escrow agreement. The Commission shall be a party to the written escrow agreement and a signatory to the escrow account. The written escrow agreement

shall state the following: that the account is established at the direction of this Commission for the purpose set forth above, that no withdrawals of funds should occur without the prior approval of the Commission through the Director of the Division of Records and Reporting, that the account shall be interest bearing, that information concerning the escrow account shall be available from the institution to the Commission or its representative at all times, and that pursuant to Consentino v. Elson, 263 So.2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.

The utility shall deposit the funds to be escrowed, \$320,000, into the escrow account each month, pending the completion of the rate case proceeding. If a refund is required, all interest earned by the escrow account shall be distributed to the customers. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the utility.

If the security provided is a bond or a letter of credit, said instrument shall be in the amount of \$2,560,000. If the utility chooses a bond as security, the bond shall state that it will be released or shall terminate upon subsequent Order of the Commission addressing overearnings or requiring a refund. If the utility chooses to provide a letter of credit as security, the letter of credit shall state that it is irrevocable for the period it is in effect and that it will be in effect until a final Commission order is rendered addressing overearnings or requiring a refund.

Regardless of the type of security provided, the utility shall keep an accurate and detailed account of all monies it receives. By no later than the twentieth (20th) day of each month, the utility shall file a report showing the amount of revenues collected that month and the amount of revenues collected to date in excess of the revenue requirement approved herein, as required in Rule 25-30.360(6), Florida Administrative Code. Should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the rates and schedules proposed by Southern States Utilities, Inc., for Marco Island Utilities, are hereby suspended in accordance with Section 367.081(6), Florida Statutes. It is further

ORDERED that the request for an interim increase in water and wastewater rates by Southern States Utilities, Inc., for Marco

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Island Utilities, is hereby approved to the extent set forth in the body of this Order. It is further

ORDERED that the difference between the interim rates granted herein and the previously authorized rates shall be collected subject to refund, with interest. It is further

ORDERED that Southern States Utilities, Inc., for Marco Island Utilities, shall file revised tariff pages in accordance with the provisions of this Order, as well as a proposed notice to customers, in accordance with the provisions of this Order. It is further

ORDERED that the interim water and wastewater rates shall be effective for meter readings on or after 30 days from the stamped approval date on the revised tariff sheets. It is further

ORDERED that Southern States Utilities, Inc. for Marco Island Utilities shall provide a bond, letter of credit, in the amount of \$2,560,000 or an escrow agreement which requires the utility to deposit \$320,000 monthly in the account until completion of the rate case. It is further

ORDERED that Southern States Utilities, Inc., for Marco Island Utilities, shall submit, pursuant to Rule 25-30.360(6), Florida Administrative Code, a report by the 20th day of each month indicating the monthly and total revenues collected subject to refund. It is further

ORDERED that the revised tariff sheets will be approved upon Commission Staff's verification that the tariff sheets are consistent with the Commission's decision, the appropriate security has been filed to guarantee any potential refund, and the proposed customer notice is adequate.

By ORDER of the Florida Public Service Commission, this 23rd day of November, 1992.

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

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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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

COMPANY: SSU / COLLIER / MARCO ISLAND  
 SCHEDULE OF WATER RATE BASE - YEAR-END  
 TEST YEAR ENDED APRIL 30, 1992

SCHEDULE NO. 1-A  
 DOCKET NO. 920655-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 31,926,911	\$ 1,777,401	\$ 33,704,312	0	\$ 33,704,312
2 LAND	(119,582)	488,549	368,967	0	368,967
3 NON-USED & USEFUL COMPONENTS	0	0	0	(1,628,062)	(1,628,062)
4 ACCUMULATED DEPRECIATION	(5,825,107)	(13,861)	(5,838,968)	0	(5,838,968)
5 CIAC	(4,733,452)	0	(4,733,452)	(135,600)	(4,869,052)
6 AMORTIZATION OF CIAC	815,807	0	815,807	0	815,807
7 ACQUISITION ADJUSTMENTS -NET	0	0	0	0	0
8 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
9 DEFERRED TAXES	315,252	0	315,252	0	315,252
10 WORKING CAPITAL ALLOWANCE	220,213	(1,919)	218,294	1,919	220,213
<b>RATE BASE</b>	<b>\$ 22,600,042</b>	<b>\$ 2,250,170</b>	<b>\$ 24,850,212</b>	<b>\$(1,761,743)</b>	<b>\$ 23,088,469</b>

COMPANY: SSU / COLLIER / MARCO ISLAND						SCHEDULE NO. 1-B	
SCHEDULE OF WASTEWATER RATE BASE - YEAR-END						DOCKET NO. 920655-WS	
TEST YEAR ENDED APRIL 30, 1992							
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR		
1 UTILITY PLANT IN SERVICE	\$ 16,334,501	\$ 165,055	\$ 16,499,556	0	\$ 16,499,556		
2 LAND	2,812,940	(2,578,604)	234,336	0	234,336		
3 NON-USED & USEFUL COMPONENTS	(1,771,984)	0	(1,771,984)	(438,429)	(2,210,413)		
4 ACCUMULATED DEPRECIATION	(3,387,363)	(4,885)	(3,392,248)	0	(3,392,248)		
5 CIAC	(3,944,781)	0	(3,944,781)	(69,300)	(4,014,081)		
6 AMORTIZATION OF CIAC	1,130,413	0	1,130,413	0	1,130,413		
7 ACQUISITION ADJUSTMENTS -NET	0	0	0	0	0		
8 ADVANCES FOR CONSTRUCTION	0	0	0	0	0		
9 DEFERRED TAXES	(108,157)	0	(108,157)	0	(108,157)		
10 WORKING CAPITAL ALLOWANCE	95,148	(1,351)	93,797	1,351	95,148		
<b>RATE BASE</b>	<b>\$ 11,160,717</b>	<b>(2,419,785)</b>	<b>8,740,932</b>	<b>(506,378)</b>	<b>8,234,554</b>		

**COMPANY: SSU / COLLIER / MARCO ISLAND**  
**ADJUSTMENTS TO RATE BASE**  
**TEST YEAR ENDED APRIL 30, 1992**

**SCHEDULE NO. 1-C**  
**DOCKET NO. 920655-WS**

EXPLANATION	WATER	WASTEWATER
<b>1) NON-USED AND USEFUL PLANT</b> -----		
Adjustment to net plant based upon recommended used and useful determination	\$ (1,628,062) =====	\$ (438,429) =====
<b>2) CIAC</b> -----		
Imputation of CIAC to offset provision for margin reserve	\$ (135,600) =====	\$ (69,300) =====
<b>3) WORKING CAPITAL</b> -----		
Adjustment to working capital due to revised provision for operating expenses	\$ 1,919 =====	\$ 1,351 =====



COMPANY: SSU / COLLIER / MARCO ISLAND CAPITAL STRUCTURE TEST YEAR ENDED APRIL 30, 1992					SCHEDULE NO. 2-A DOCKET NO. 920655-WS					
DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	UTILITY WEIGHTED COST	COMMISSION RECONC. ADJ. TO UTILITY EXHIBIT	BALANCE PER COMMISSION	WEIGHT	COST	WEIGHTED COST PER COMMISSION	
1 LONG TERM DEBT	\$ 70,979,582	47.36%	10.54%	4.99%	\$ (56,143,850)	\$ 14,835,732	47.36%	10.54%	4.99%	
2 SHORT-TERM DEBT	10,000,000	6.67%	5.48%	0.37%	(7,909,859)	2,090,141	6.67%	5.48%	0.37%	
3 PREFERRED STOCK	3,271,600	2.18%	0.00%	0.00%	(2,587,790)	683,810	2.18%	0.00%	0.00%	
4 COMMON EQUITY	64,661,913	43.15%	12.96%	5.59%	(51,146,663)	13,515,250	43.15%	12.96%	5.59%	
5 CUSTOMER DEPOSITS	1,378,669	0.92%	7.67%	0.07%	(1,090,508)	288,161	0.92%	7.67%	0.07%	
7 DEFERRED ITC'S	2,453,230	1.64%	10.98%	0.18%	(1,940,470)	512,760	1.64%	10.98%	0.18%	
8 ADJUSTMENT FOR GAS	(2,884,169)	-1.92%	12.96%	-0.25%	2,281,337	(602,832)	-1.92%	12.96%	-0.25%	
9 TOTAL CAPITAL	<u>\$ 149,860,825</u>	<u>100.00%</u>		<u>10.95%</u>	<u>\$ (118,537,802)</u>	<u>\$ 31,323,023</u>	<u>100.00%</u>		<u>10.95%</u>	
RANGE OF REASONABLENESS							LOW	HIGH		
							-----	-----		
RETURN ON EQUITY							12.96%	14.96%		
							-----	-----		
OVERALL RATE OF RETURN							10.95%	11.81%		
							-----	-----		

**COMPANY: SSU / COLLIER / MARCO ISLAND  
 ADJUSTMENTS TO CAPITAL STRUCTURE  
 TEST YEAR ENDED APRIL 30, 1992**

**SCHEDULE NO. 2-B  
 DOCKET NO. 920655-WS**

DESCRIPTION	SPECIFIC ADJUSTMENT (1)	SPECIFIC ADJUSTMENT (2)	PRO RATA RECONCILE	NET ADJUSTMENT
1 LONG TERM DEBT	\$ 0	\$ 0	0 \$ (56,143,850)	\$ (56,143,850)
2 SHORT-TERM DEBT	0	0	(7,909,859)	(7,909,859)
3 PREFERRED STOCK	0	0	(2,587,790)	(2,587,790)
4 COMMON EQUITY	0	0	(51,146,663)	(51,146,663)
5 CUSTOMER DEPOSITS	0	0	(1,090,508)	(1,090,508)
6 ACCUM. DEFERRED INCOME TAX	0	0	(1,940,470)	(1,940,470)
7 OTHER (Explain)	0	0	2,281,337	2,281,337
8 TOTAL CAPITAL	\$ 0	\$ 0	0 \$ (118,537,802)	\$ (118,537,802)

COMPANY: SSU / COLLIER / MARCO ISLAND  
STATEMENT OF WATER OPERATIONS - YEAR-END  
TEST YEAR ENDED APRIL 30, 1992

SCHEDULE NO. 3-A  
DOCKET NO. 920655-WIS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 4,135,902	\$ 3,004,938	\$ 7,140,840	(2,962,871)	\$ 4,177,969	2,488,974	\$ 6,666,943
OPERATING EXPENSES:						59.57%	
2 OPERATION AND MAINTENANCE	\$ 1,761,702	(15,351)	\$ 1,746,351	15,351	\$ 1,761,702		\$ 1,761,702
3 DEPRECIATION	1,336,632	0	1,336,632	(98,143)	1,238,489		1,238,489
4 AMORTIZATION	0	0	0	0	0		0
5 TAXES OTHER THAN INCOME	377,688	177,226	554,914	(175,333)	379,581	112,004	491,585
6 INCOME TAXES	(244,827)	1,027,593	782,766	(1,030,393)	(247,627)	894,454	646,827
7 TOTAL OPERATING EXPENSES	\$ 3,231,195	\$ 1,189,468	\$ 4,420,663	7,552,808	\$ 3,132,145	1,006,458	\$ 4,138,603
8 OPERATING INCOME	\$ 904,707	\$ 1,815,470	\$ 2,720,177	(10,515,679)	\$ 1,045,824	1,482,516	\$ 2,528,340
9 RATE BASE	\$ 22,600,042		\$ 24,850,212		\$ 23,088,469		\$ 23,088,469
RATE OF RETURN	4.00%		10.95%		4.53%		10.95%

COMPANY: SSU / COLLIER / MARCO ISLAND  
STATEMENT OF WASTEWATER OPERATIONS - YEAR-END  
TEST YEAR ENDED APRIL 30, 1992

SCHEDULE NO. 3-B  
DOCKET NO. 920655-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 1,090,910	\$ 1,565,339	\$ 2,676,249	\$(1,334,058)	\$ 1,342,191	\$ 1,191,123	\$ 2,533,314
OPERATING EXPENSES						88.74%	
2 OPERATION AND MAINTENANCE	\$ 761,185	\$(10,807)	\$ 750,378	\$ 10,807	\$ 761,185	\$	\$ 761,185
3 DEPRECIATION	451,491	0	451,491	(26,021)	425,470		425,470
4 AMORTIZATION	0	0	0	0	0		0
5 TAXES OTHER THAN INCOME	170,837	93,459	264,296	(82,151)	182,145	53,601	235,746
6 INCOME TAXES	(357,624)	610,899	253,275	(472,150)	(218,875)	428,050	209,175
7 TOTAL OPERATING EXPENSES	\$ 1,025,809	\$ 693,551	\$ 1,719,440	\$(569,515)	\$ 1,149,925	\$ 481,650	\$ 1,631,575
8 OPERATING INCOME	\$ 65,021	\$ 891,788	\$ 956,809	\$(764,543)	\$ 192,266	\$ 709,473	\$ 901,738
9 RATE BASE	\$ 11,160,717		\$ 8,740,932		\$ 8,234,554		\$ 8,234,554
RATE OF RETURN	0.58%		10.95%		2.33%		10.95%

COMPANY: SSU / COLLIER / MARCO ISLAND  
 ADJUSTMENTS TO OPERATING STATEMENTS  
 TEST YEAR ENDED APRIL 30, 1992

SCHEDULE NO. 3-C  
 DOCKET NO. 920655-WS  
 PAGE 1 OF 1

EXPLANATION	WATER	WASTEWATER
<b>1) OPERATING REVENUES</b>		
a) Reverse revenue increase that the utility contends is needed to achieve its revenue requirement	\$ (3,010,001)	\$ (881,509)
b) Adjustment to annualize revenues	47,130	31,367
c) Remove interim rate increase in Docket No. 900329-WS		(483,916)
	-----	-----
	\$ (2,962,871)	\$ (1,334,058)
	=====	=====
<b>2) OPERATING EXPENSES</b>		
Reverse utility's adjustment to reclassify payroll taxes	\$ 15,351	\$ 10,807
	=====	=====
<b>3) DEPRECIATION EXPENSE</b>		
a) Adjustment to reflect reduction associated with used and useful calculation	\$ (91,681)	\$ (22,851)
b) Adjustment due to imputation of CIAC	(6,462)	(3,170)
	-----	-----
	\$ (98,143)	\$ (26,021)
	=====	=====
<b>4) TAXES OTHER THAN INCOME TAXES</b>		
a) Reverse utility's adjustment to reclassify payroll taxes	\$ (42,004)	\$ (22,118)
b) Regulatory assessment fees related to revenue adjustment	(133,329)	(60,033)
	-----	-----
	\$ (175,333)	\$ (82,151)
	=====	=====
<b>5) INCOME TAXES</b>		
Income taxes related to taxable income for the test year	\$ (1,030,393)	\$ (472,150)
	=====	=====
<b>6) OPERATING REVENUES</b>		
Additional revenues for receipt of compensatory earnings	\$ 2,488,974	\$ 1,191,123
	=====	=====
<b>7) TAXES OTHER THAN INCOME TAXES</b>		
Regulatory assessments fees related to revenue adjustment	\$ 112,004	\$ 53,601
	=====	=====
<b>8) INCOME TAXES</b>		
Income taxes related to adjusted income	\$ 894,454	\$ 428,050
	=====	=====