

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for Water) DOCKET NO. 930133-WS
and Wastewater Certificates in) ORDER NO. PSC-94-0171-FOF-WS
Lake County by LAKE YALE) ISSUED: 02/10/94
CORPORATION d/b/a LAKE YALE)
UTILITY COMPANY.)
_____)

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON
DIANE K. KIESLING

ORDER GRANTING MOTION TO DISMISS AND GRANTING
CERTIFICATES

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER SETTING RATES AND CHARGES AND RETURN ON EQUITY

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that, except for the granting of the motion to dismiss and granting certificates, the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

On February 3, 1993, Lake Yale Corporation d/b/a Lake Yale Utility Company (Lake Yale or utility) filed an application for certificates to provide water and wastewater service in Lake County. The utility has been in existence since 1967 and is currently serving 199 mobile homes located in Sandpiper Mobile Home Manor, Sandpiper Lake Yale Estates, and Kings Peninsula. Lake Yale is also the developer of the mobile home parks. The utility will serve 360 equivalent residential connections (ERCs) in its final phase of development.

The cost for utility service to the residents of the mobile home parks is currently included in the lot rents. However, to

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promote water conservation, the St. Johns River Water Management District (SJRWMD) is requiring Lake Yale to individually meter each lot and implement a rate structure whereby the greater the amount of water used, the more the customer will pay.

Since the cost for utility service will no longer be recovered through the tenant's rent and because Lake Yale will be receiving compensation for utility service, it was advised of the necessity of filing an application for certificates. As stated previously, Lake Yale filed its application on February 3, 1993.

On May 28, 1993, the Sandpiper Mobile Homeowners Association (Sandpiper) filed an objection to the application. Sandpiper objected to the formation of the utility because of an agreement with Lake Yale under a Prospectus which provides for provision of water and wastewater service as part of the monthly rental fee and that its formation would greatly increase costs to the homeowners.

In an attempt to resolve the objection, a customer meeting was held on August 25, 1993. Approximately 75 people attended the meeting, including utility owners, residents of the mobile home parks, and representatives of SJRWMD. We understand the objections the residents have against formation of the utility. However, we believe the overall interests of the citizens of the State are better served if all water customers are metered and are required to pay for all water used.

In a Memorandum of Understanding which exists between the Florida Water Management Districts and the Commission, the two agencies have agreed to a joint goal to ensure the efficient and conservative utilization of water resources in Florida. Also, according to the Memorandum of Understanding, a cooperative effort will be made to implement an effective, state-wide water conservation policy. Further, the Memorandum of Understanding states that the Florida Water Management Districts shall be responsible for evaluating and monitoring water withdrawal rates and for identifying and requiring various potential improvements necessary to provide proper resource management. The Commission is responsible for making recommendations relative to the economic, financial and ratemaking aspects associated with implementing the necessary improvements identified by the Florida Water Management Districts in order to provide efficient use of water resources.

Motion to Dismiss Objection

As stated previously, on May 28, 1993, Sandpiper filed an objection to the notice of application. Lake Yale filed a Motion

to Dismiss Objections dated October 19, 1993. Sandpiper did not file a response to the utility's motion.

In the motion to dismiss, Lake Yale states that: 1) the Commission must disregard the homeowner contracts, and as precedent therefore cites Order No. 21680, issued August 4, 1989, In Re: Continental Country Club, Inc., Cohee v. Crestridge, 324 So.2d 155 (Fla. 1975), and Miami Bridge v. Railroad Commission, 20 So.2d 356 (Fla. 1944); 2) the objection is frivolous in view of the mandate to Lake Yale by the St. Johns River Water Management District; 3) the Commission Staff met with the customers on August 25, 1993, and explained in detail that all water must now be sold on a metered basis, which would require elimination of the flat rate and installation of meters on each unit; and 4) the customers' rent, if the application is approved, will be reduced accordingly.

We find that the utility's Motion to Dismiss has merit. Sandpiper's basis for its objection appears to be the existence of the prospectus. With respect to agreements between utilities and customers or other parties, contract disputes are matters which must be settled by the circuit court. The Commission has exclusive jurisdiction over utilities with regard to service, authority, and rates pursuant to Section 367.011, Florida Statutes. The Commission must set rates which are just, reasonable, compensatory, and not unfairly discriminatory, pursuant to Section 367.081, Florida Statutes.

In Order No. 21680, issued August 4, 1989 (Application of Continental Country Club, Inc., for an increase in water and wastewater rates in Sumter County, Florida), the Commission found that a pre-existing contract is not determinative in setting rates for a utility in accordance with Chapter 367, Florida Statutes. The Commission's finding is supported by case law, which basically provides that, despite the fact that utilities may have pre-existing contracts concerning rates, when the utility comes under the jurisdiction of the Commission, the Commission has the authority to change the rates when deemed necessary in the public interest. In fact, the Courts have also stated that contracts with public utilities are made subject to the reserved authority of the state. State v. Burr, 84 So. 61 (Fla. 1920), and H. Miller & Sons, Inc. v. Hawkins, 373 So. 2d 913 (Fla. 1979).

Even further and more recent, in Public Service Com'n v. Lindahl, 613 So. 2d 63 (Fla. 2d DCA 1993), the Court found that the Commission's authority to raise or lower rates, even those established by a contract, is preemptive. Id. at 64. In Lindahl, the utility customers residing in Shady Oaks Mobile-Modular Estates moved to enjoin the utility from billing and collecting the newly

approved rates on the basis of a 1972 deed restriction which limited the charge for water and wastewater service. The Court specifically stated that the deed restriction did not supersede the Commission order approving the rate increase, and when the Commission issued certificates to Shady Oaks, its jurisdiction over the charges for such services was comprehensive. Id. at 64.

In consideration of the foregoing, we find that Sandpiper's basis for objection is not sufficient to deny the Lake Yale's Motion to Dismiss. Therefore, Lake Yale's Motion to Dismiss is granted. It should be noted, however, that upon receipt of the objection, an administrative hearing was scheduled to be held on July 22, 1994. That hearing date shall remain in the event a protest is received to the portion of this Order issued as Proposed Agency Action.

Application

The application is in compliance with Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules. In particular, the application contains a filing fee in the amount of \$300, pursuant to Rule 25-30.020, Florida Administrative Code. Lake Yale also provided evidence in the form of a warranty deed that the utility owns the land upon its facilities are located, as required by Rule 25-30.033(1)(j), Florida Administrative Code.

Adequate service territory and system maps and a territory description have been provided, as prescribed by Rule 25-30.033(1)(l), (m) and (n), Florida Administrative Code. The territory which Lake Yale has requested to serve is described on Attachment A of this Order and incorporated herein by reference.

Lake Yale provided proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code, including notice to the customers in the proposed territory. As discussed previously, an objection to the notice of application was filed on May 28, 1993, by Sandpiper.

Although Lake Yale has been satisfactorily operating the system since 1967, it has hired Mr. Robert Stewart of Plant Technicians, Inc. to operate and maintain the water and wastewater plants. Mr. Stewart is a certified plant operator with over eight years of experience in water and wastewater utility operations. Therefore, we believe that Lake Yale has the technical ability to provide service to the requested territory. In addition, from information filed with the application, it appears that Lake Yale has the financial ability to provide service to the area.

As discussed previously, Lake Yale is currently serving three mobile home parks in the requested territory. According to Lake Yale, there are no other utilities within the surrounding area which could provide service to the mobile home parks.

Therefore, we find that it is in the public interest to grant Lake Yale Certificates Nos. 560-W and 488-S to serve the territory described in Attachment A of this Order.

Rates and Return on Equity

Lake Yale is currently serving 199 mobile homes located within Sandpiper Mobile Home Manor, Sandpiper Lake Yale Estates, and Kings Peninsula and anticipates serving 360 ERCs at buildout. The utility was constructed in 1967 and upgraded in 1986 and 1990. The water and wastewater treatment plants, transmission/distribution and collection systems are designed to serve 378 ERCs. Lake Yale is disposing of its effluent by means of percolation ponds since its wastewater system is too small to dispose of the effluent by means of spray irrigation.

Normally, in original certificate applications, rates are calculated which will allow the utility to earn a fair rate of return on investment when the treatment plants reach 80 percent of capacity. It is anticipated that Lake Yale will reach 80 percent of capacity in 1997. From the information provided by Lake Yale, we were able to calculate proforma schedules of rate base, operating income and capital structure to be used in determining initial rates.

Lake Yale provided the actual construction costs of the water and wastewater systems. These costs have been found to be reasonable. Utility plant-in-service for water has been adjusted to include the cost for meters and meter installations.

Since the utility did not include an amount for contributions-in-aid-of-construction (CIAC) in its filing, we have adjusted CIAC for water and wastewater to reflect the service availability charges discussed later in this Order. Accumulated depreciation and CIAC amortization have been adjusted to reflect the changes made to utility plant-in-service and CIAC.

Our approved working capital allowance reflects 1/8 of operation and maintenance expenses, which is consistent with current Commission practice. Calculation of rate base is shown on Schedules Nos. 1 and 2, with adjustments shown on Schedule No. 3.

Lake Yale provided operation and maintenance expenses for water and wastewater based on the existing 199 ERCs. These expenses have been adjusted to be consistent with the number of ERCs that can be served when the treatment plants reach 80 percent of design capacity. Depreciation expense for the water and wastewater systems has been adjusted to reflect the adjustments made to utility plant-in-service.

Operating revenues and the corresponding regulatory assessment fees have been adjusted to a level which allows the utility the opportunity to earn a 8.59 percent overall rate of return. The Schedule of Operations is reflected on Schedules Nos. 4 and 5, with adjustments shown on Schedule No. 6.

The utility's capital structure has been adjusted to reconcile with rate base. We find the appropriate return on common equity for this utility to be 10.97 percent using the current Commission leverage formula authorized by Order No. PSC-93-1107-FOF-WS, issued June 29, 1993. The return on equity of 10.97 percent shall be used in future proceedings involving such things as calculation of allowance for funds used during construction (AFUDC) and interim rates. The capital structure for Lake Yale is shown on Schedule No. 7. The schedules are being presented only as tools to aid in establishment of initial rates and are not intended to establish rate base.

Lake Yale did not propose specific water or wastewater rates. The rates set forth herein have been calculated using the base facility charge rate structure and are based on a revenue requirement of \$57,743 and \$88,616 for the water and wastewater systems, respectively. Lake Yale shall charge its customers the following rates and charges until authorized to change by this Commission in a subsequent proceeding.

WATER
Residential and General Service
Monthly Service

<u>Meter Size</u>	<u>Base Facility Charge</u>
5/8" x 3/4"	\$ 9.21
3/4"	13.82
1"	23.03
1-1/2"	46.05
2"	73.68
3"	147.36
4"	230.25
6"	460.50
8"	736.80
Gallonage Charge per 1,000 gallons	\$ 1.69

WASTEWATER
Residential
Monthly Service

All Meter Sizes	\$ 9.52
Gallonage Charge Per 1,000 gallons	\$ 2.42

WASTEWATER
General Service
Monthly Service

<u>Meter Size</u>	<u>Base Facility Charge</u>
5/8" x 3/4"	\$ 9.52
3/4"	14.28
1"	23.80
1-1/2"	47.60
2"	76.16
3"	152.32
4"	238.00
6"	476.00
8"	761.60
Gallonage Charge Per 1,000 gallons	\$ 2.90

Lake Yale has not requested to collect customer deposits and none are approved herein. The miscellaneous service charges requested by the utility are consistent with Staff Advisory Bulletin No. 13, Second Revised. Pursuant to Section 2.08(C)(17)(k) of the Administrative Procedures Manual, these charges will be approved administratively when the tariff is approved.

Since Lake Yale did not request specific rates, the tariff filed with its application is incomplete. Lake Yale shall file tariff sheets reflecting the rates and charges approved herein within 30 days of the effective date of this Order. In addition, Lake Yale shall file a proposed customer notice for the Commission staff's approval within 30 days of the effective date of the order. The tariff sheets will be approved upon verification that the tariff sheets are consistent with the Commission's decision, upon expiration of the protest period, and upon verification that the proposed customer notice is adequate. The rates shall be effective for meter readings on or after 30 days from the stamped approval date on the tariff sheets.

Service Availability Charges

Lake Yale requested meter and installation fees to be collected from future customers connecting to the water plant. The utility did not, however, specify what the charges should be. We find a charge of \$125 to be appropriate for a 5/8" x 3/4" meter and it is approved.

Although this utility did not request plant capacity charges, we find it appropriate to establish plant capacity charges for future connections. We find that plant capacity charges of \$250 per ERC for the water system and \$425 per ERC for the wastewater system are appropriate and these charges are hereby approved.

According to our analysis, these charges will result in a contribution level of approximately 75 percent when the systems reach buildout, which is consistent with Rule 25-30.580, Florida Administrative Code. Our analysis of the service availability charges approved herein are shown on Schedule No. 8.

AFUDC

The utility's capital structure has been utilized to calculate its AFUDC rate. Using a return on equity of 10.97 percent results in an annual AFUDC rate of 8.59 percent and a monthly discounted rate of 0.689106 percent.

Pursuant to Rule 25-30.033(4)(c), Florida Administrative Code, the effective date for the AFUDC rate shall be the date the certificate of authorization is issued to the utility. Schedule No. 9 reflects our calculation of the appropriate AFUDC rate.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the Motion to Dismiss Objections filed by Lake Yale Corporation d/b/a Lake Yale Utility Company, 37802-32 County Road 452, Leesburg, Florida 34788 is hereby granted. It is further

ORDERED that Lake Yale Corporation d/b/a Lake Yale Utility Company is hereby granted Certificates Nos. 560-W and 488-S. It is further

ORDERED that the return on equity for Lake Yale Corporation d/b/a Lake Yale Utility is 10.97 percent, which shall be used for future proceedings involving such things as calculation of AFUDC and interim rates. It is further

ORDERED that Lake Yale Corporation d/b/a Lake Yale Utility Company shall charge its customers the rates and charges approved in the body of this Order until authorized to change by this Commission. It is further

ORDERED that Lake Yale Corporation d/b/a Lake Yale Utility Company shall submit a tariff reflecting the rates and charges approved herein within 30 days of the date of this Order. It is further

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

ORDERED that the service availability charges approved in the body of this Order shall be effective for connections made on or after the stamped approval date on the tariff sheets. It is further

ORDERED that the annual AFUDC rate for the water and wastewater system is 8.59 percent, with a monthly discounted rate of 0.689106 percent. This rate shall be effective as of the date of this Order. It is further

ORDERED that the provisions of this Order setting rates and charges and a return on equity for Lake Yale Utility Company, issued as proposed agency action, shall become final and effective

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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, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission, this 10th day of February, 1994.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

LAJ

By: 
Chief, Bureau of Records

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 rates and charges and a return on equity 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 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 March

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3, 1994. 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 wastewater 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 wastewater 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.

ATTACHMENT A

Lake Yale Corporation d/b/a Lake Yale Utility Company

Territory Description

The following described lands located in portions of Sections 24, 25, Township 18 South, Range 25 East, Lake County, Florida:

Section 24, Township 18 South, Range 25 East, Lake County, Florida.

Section 25, Township 18 South, Range 25 East, less right-of-way for County Road 452.

Begin 1802.38 feet North of the Southeast corner of the Northeast 1/4, Section 25, Township 18 South, Range 25 East, Lake County, Florida, from said point of beginning run North along the East line of the Northeast 1/4 of Section 25 to the Southeast corner of Section 24, Township 18 South, Range 25 East: Thence continue North along the East line of the Southeast 1/4 of Section 24 to the waters of Lake Yale; thence run Westerly along and with said waters to the West line of the East 1/2 of the Southeast 1/4 of the Southeast 1/4 of Section 24; thence run South along said West line to the South line of Section 24; thence along said Section line run West to the East line of the West 1/2 of the Southeast 1/4 of Section 24; thence along said East line run North to the waters of Lake Yale; thence run Northwesterly along and with said waters to a line that is 25.00 feet South of the North line of the Southeast 1/4 of Section 24; thence run West to the West line of the Southeast 1/4; thence continue 125.00 feet; thence South to a point that is 138.44 feet north of the North line of the Southeast 1/2 of the Southeast 1/4 of Section 24; thence South 86°47'40" East 316.98 feet; thence South 00°14'40" East 261.54 feet; thence South 89°58'06" West 191.41 feet to the West line of the Southeast 1/4 of Section 24; thence along said West line run South 00°14'40" East 1176.80 feet to the North 1/4 corner of aforesaid Section 25; thence run South along the Mid Section line to the Northeasterly right-of-way line of County Road C-452; thence Southeasterly along said right-of-way line to the East line of the Northwest 1/4 of the Northeast 1/4 of Section 25; thence run North along said East line to a point that is West of the point of beginning; thence run East to the point of beginning.

Lake Yale Utility Company
 Schedule of Water Rate Base
 At 80% of Design Capacity

DOCKET NO. 930133-WS
 Schedule No. 1

Description	Balance Per Filing	Commission Adjust.	Commission Vote
Utility Plant in Service	224,451	25,713	250,164
Land	0	0	0
Accumulated Depreciation	(68,035)	(25,748)	(93,783)
Contributions-in-aid-of-Construction	0	(34,500)	(34,500)
Accumulated Amortization of C.I.A.C.	0	2,561	2,561
Plant Held for Future Use	0	0	0
Working Capital Allowance	<u>3,633</u>	<u>613</u>	<u>4,246</u>
TOTAL	<u>160,049</u>	<u>(31,362)</u>	<u>128,687</u>

Lake Yale Utility Company
 Schedule of Wastewater Rate Base
 At 80% of Design Capacity

DOCKET NO. 930133-WS
 Schedule No. 2

Description	Balance Per Filing	Commission Adjust.	Commission Vote
Utility Plant in Service	350,410	0	350,410
Land	0	0	0
Accumulated Depreciation	(113,999)	(32,291)	(146,290)
Contributions-in-aid-of-Construction	0	(39,100)	(39,100)
Accumulated Amortization of C.I.A.C.	0	2,402	2,402
Working Capital Allowance	7,805	(788)	7,017
TOTAL	244,216	(69,777)	174,439

Schedule No. 3

Lake Yale Utility Company
Schedule of Adjustments to Rate Base

<u>Description</u>	<u>Water</u>	<u>Wastewater</u>
<u>Utility Plant-In-Service</u>		
To include cost for meters and meter installations.	<u>\$25,713</u>	<u>\$ 0</u>
<u>Accumulated Depreciation</u>		
To reflect adjustment made to UPIS.	<u>(\$25,748)</u>	<u>(\$32,291)</u>
<u>Contributions-in-Aid-of-Construction</u>		
To reflect Commission approved service availability charges.	<u>(\$34,500)</u>	<u>(\$39,100)</u>
<u>CIAC Amortization</u>		
To reflect adjustment made to CIAC.	<u>\$ 2,561</u>	<u>\$ 2,402</u>
<u>Working Capital Allowance</u>		
To adjust working capital to reflect the adjustment made to operating and maintenance expenses.	<u>\$ 613</u>	<u>\$ (788)</u>

Lake Yale Utility Company
 Schedule of Water Operations
 At 80% of Design Capacity

DOCKET NO. 930133-WS
 Schedule No. 4

Description	Balance Per Utility	Commission Adjust.	Commission Vote
Operating Revenues	0	57,743	57,743
Operating and Maintenance	29,063	4,901	33,964
Depreciation Expense	12,227	(4,473)	7,754
Taxes Other Than Income	2,375	2,598	4,973
Income Taxes	0	0	0
Total Operating Expenses	<u>43,665</u>	<u>3,026</u>	<u>46,691</u>
Net Operating Income	<u>(43,665)</u>	<u>54,717</u>	<u>11,052</u>
Rate Base	<u>160,049</u>		<u>128,687</u>
Rate of Return	<u>-27.28%</u>		<u>8.59%</u>

Lake Yale Utility Company
 Schedule of Wastewater Operations
 At 80% of Design Capacity

DOCKET NO. 930133-WS
 Schedule No. 5

Description	Balance Per Utility	Commission Adjust.	Commission Vote
Operating Revenues	<u>0</u>	<u>88,616</u>	<u>88,616</u>
Operating and Maintenance	62,438	(6,303)	56,135
Depreciation Expense	16,980	(7,267)	9,713
Taxes Other Than Income	3,799	3,988	7,787
Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Expenses	<u>83,217</u>	<u>(9,582)</u>	<u>73,635</u>
Net Operating Income	<u>(83,217)</u>	<u>98,198</u>	<u>14,981</u>
Rate Base	<u>244,216</u>		<u>174,439</u>
Rate of Return	<u>-34.08%</u>		<u>8.59%</u>

Schedule No. 6

Lake Yale Utility Company
Adjustments to Schedule of Operations

<u>Description</u>	<u>Water</u>	<u>Wastewater</u>
<u>Operation and Maintenance</u>		
To adjust operational and maintenance expenses to reflect the number of ERCs the utility will be serving at 80% of capacity	<u>\$4,901</u>	<u>(\$6,303)</u>
<u>Depreciation Expenses</u>		
To reflect adjustments made to UPIS	<u>(\$4,473)</u>	<u>(\$7,267)</u>
<u>Taxes Other Than Income</u>		
To reflect regulatory assessment fees associated with operating revenue	<u>\$2,598</u>	<u>\$3,988</u>

Lake Yale Utility Company
 Schedule of Capital Structure
 At 80% of Design Capacity

DOCKET NO. 930133-WS
 Schedule No. 7

Description	Balance Per Filing	Commission Adjust.	Commission Vote	Recon. Adjust.	Recon. Balance	Weight	Cost Rate	Weighted Cost
Common Equity	56,943	0	56,943	64,307	121,250	40.00%	10.97%	4.39%
Long and Short-Term Debt	185,009	0	185,009	(3,133)	181,876	60.00%	7.00%	4.20%
Customer Deposits	0	0	0	0	0	0.00%	8.00%	0.00%
Advances from Associated Companies	0	0	0	0	0	0.00%	0.00%	0.00%
Other	0	0	0	0	0	0.00%	0.00%	0.00%
	<u>241,952</u>	<u>0</u>	<u>241,952</u>	<u>61,174</u>	<u>303,126</u>	<u>100.00%</u>		<u>8.59%</u>

Range of Reasonableness:	High	Low
Common Equity	11.97%	9.97%
Overall Rate of Return	8.99%	8.19%

Lake Yale Utility Company
 Schedule of Net Plant to Net C.I.A.C.
 At 100% of Design Capacity
 DOCKET NO. 930133-WS

Schedule No. 8

Account Number	Account Description	Water	Wastewater	Total
101.00	Utility Plant in Service	269,451	350,410	619,861
104.00	Accumulated Depreciation	<u>(122,336)</u>	<u>(178,580)</u>	<u>(300,916)</u>
	Net Plant	<u>147,115</u>	<u>171,830</u>	<u>318,945</u>
271.00	C.I.A.C.	135,000	153,425	288,425
272.00	Accum. Amortization of C.I.A.C.	<u>(25,523)</u>	<u>(24,014)</u>	<u>(49,537)</u>
	Net C.I.A.C.	<u>109,477</u>	<u>129,411</u>	<u>238,888</u>
	Net C.I.A.C. / Net Plant	<u>74.42%</u>	<u>75.31%</u>	<u>74.90%</u>
	Gross to Gross Minimum Contribution Level	<u>42.57%</u>	<u>59.10%</u>	<u>51.92%</u>
	Commission Vote	<u>* 375</u>	<u>425</u>	<u>800</u>

* Includes \$125 Meter and Meter Installation Fee and a \$250 Plant Capacity Charge.

Lake Yale Utility Company
 Commission Approved AFUDC Rate

Schedule No. 9
 Docket No. 930133-WS

Class of Capital	Capitalization Per Utility	Utility Adjustments	Adjusted Capital Structure	Percent of Capital	Cost Rates	Weighted Cost	Discounted Monthly Rate
Common Equity	56,943	64,307	121,250	40.00%	10.97%	4.39%	
Long Term Debt	185,009	(3,133)	181,876	60.00%	7.00%	4.20%	
Short-Term Debt	0	0	0	0.00%	0.00%	0.00%	
Customer Deposits	0	0	0	0.00%	0.00%	0.00%	
Customer Deposits	0	0	0	0.00%	0.00%	0.00%	
Tax Credits - Zero Cost	0	0	0	0.00%	0.00%	0.00%	
Tax Credits - Weighted Cost	0	0	0	0.00%	0.00%	0.00%	
Deferred Income Taxes	0	0	0	0.00%	0.00%	0.00%	
Total	241,952	61,174	303,126	100.00%		8.59%	0.689106%