

ORIGINAL 26
FILE COPY

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 PREPARED DIRECT TESTIMONY OF GEORGE H. BILLINGS, JR.
3 ON BEHALF OF SANLANDO UTILITIES CORPORATION
4 DOCKET NO. 930256-WS
5 MAY 1994
6
7 Q1: Please state your name, business address, and occupation.
8
9 A1: My name is George H. Billings, Jr. My business address
10 is 1105 Kensington Park Drive, Altamonte Springs, Florida
11 32714. I am employed as the Chief Financial Officer of
12 Sanlando Utilities Corporation.
13
14 Q2: Please describe your position with your employer and your
15 duties and responsibilities in that position.
16
17 A2: As the Chief Financial Officer for Sanlando Utilities
18 Corporation, I am directly responsible for all financial
19 activities of the utility, including all books and
20 records, income tax returns, financings, risk management,
21 regulatory reporting and compliance, and rate setting
22 matters.
23
24 Q3: Please summarize your background and experience.
25

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FPSC-RECORDS/REPORTING

1 A3: I am a CPA in the State of Florida and a member of the
2 American Institute of Certified Public Accounts and the
3 Florida Institute of Certified Public Accountants. I
4 graduated from Stetson University in August, 1977
5 receiving a Bachelors in Business Administration with a
6 major in accounting. In August 1977, I began a career in
7 public accounting with the firm of Ernst & Ernst in their
8 Orlando office. During my employment with Ernst & Ernst,
9 I was involved with utility clients in an auditing,
10 regulatory reporting, and tax preparation capacity, as
11 well as various other unrelated industry clients. I left
12 the firm in February 1981 to join Sanlando Utilities
13 Corporation and have been continually employed there
14 since.

15

16 Q4: What is the purpose of your testimony?

17

18 A4: My testimony will explain the inverted rate structure,
19 the financial considerations and the conservation effect
20 of the Sanlando Utilities Corporation's Proposed Water
21 Reuse Program which was the subject of its Petition for
22 Limited Proceeding to Implement Water Conservation Plan
23 filed by Sanlando Utilities Corporation before the
24 Florida Public Service Commission.

25

1 Q5: Have you prepared or are you sponsoring any exhibits to
2 this case?

3

4 A5: Yes. I am sponsoring the Proposed Water Reuse Program
5 First Amendment Dated 1/31/93 Sanlando Utilities
6 Corporation which was attached to the Petition filed by
7 Sanlando Utilities Corporation in this case. The
8 Proposed Water Reuse Program is Petitioner's Exhibit C.

9

10 Q6: What assumptions have been used in determining the rate
11 structure for the reuse plan for Sanlando Utilities
12 Corporation?

13

14 A6: The rate structure proposed for the reuse plan is
15 identical to the structure that was included in paragraph
16 3 of the specific conditions of the Utility's FDER
17 operating permit for its Wekiva wastewater treatment
18 plant, in which the Utility was required to seek approval
19 from the Florida Public Service Commission to implement
20 an inverted rate structure initially seeking rates not
21 less than those proposed in the plan. Based on the
22 results of a historical consumption analysis, and
23 estimates of future consumption patterns, it was
24 determined that these rates would generate sufficient
25 capital with which to construct the necessary

1 infrastructure to accomplish the task set forth in the
2 plan in approximately four years. Additionally, it was
3 determined that the use of these rates would not unduly
4 affect those customers who were minimizing their
5 consumption, but would however send the proper signal in
6 that these surcharges may help reduce nonessential water
7 use by virtue of sending an efficient price signal.

8

9 Q7: Are there any other assumptions which have been made in
10 establishing the Proposed Water Reuse Program?

11

12 A7: Yes. Assumptions were required regarding expected
13 consumption patterns, expected effects of implementing
14 increasing block rates, expected customer growth,
15 expected capital cost of related infrastructure, expected
16 earnings on escrowed funds, expected regulatory
17 assessment fees, and expected federal and state income
18 tax rates.

19

20 Q8: Please explain the rate structure that is being proposed
21 by Sanlando Utilities Corporation in its Proposed Water
22 Reuse Program and explain how long that rate structure
23 would be in effect.

24

25 A8: As previously stated, the rate structure proposed for the

1 reuse plan is identical to the structure that was
2 included in paragraph 3 of the specific conditions of the
3 Utility's FDER operating permit for its Wekiva wastewater
4 treatment plant, in which the Utility was required to
5 seek approval from the Florida Public Service Commission
6 to implement an inverted rate structure initially seeking
7 rates not less than those proposed in the plan. The
8 Utility currently charges the same rate for the first
9 thousand gallons of consumption as it does for the last
10 thousand gallons of consumption. The proposed rate
11 structure provides for increasing charges per thousand
12 gallons as consumption increases for a particular
13 customer. It is believed that this type of conservation
14 surcharge could reduce nonessential water use because it
15 sends an efficient price signal to a utility's customers.
16 Based on current estimates the proposed rates would need
17 to be in effect for approximately four years in order for
18 the Utility to collect funds sufficient to cover the cost
19 associated with the construction of the reuse system.

20

21 Q9: Please explain how the Petitioner plans to collect,
22 account for, hold and ultimately use the funds generated
23 for the reuse system from the increased water consumption
24 and the inverted rate structure?

25

1 A9: It is anticipated that the Utility would render during
2 its normal billing cycle a single bill to each customer
3 which would be based on the proposed reuse rates. The
4 Utility would be responsible for segregating the portion
5 of the bill which would be considered applicable to the
6 incremental difference between the Utility's existing
7 rates and the proposed reuse rates. This difference
8 would be deposited to an escrow account and disposed of
9 in accordance with an escrow agreement agreed upon by the
10 PSC and the Utility. All amounts collected in excess of
11 the Utility's existing rates would be recorded as
12 Contributions in Aid of Construction and would therefore
13 be netted against all related capital outlays for rate
14 setting purposes resulting in a zero basis for future
15 rate base determinations.

16

17 Q10: Please explain the overall effect of the rate structure
18 upon water consumption and consequent reduced water
19 withdrawals from the aquifer.

20

21 A10: It is obvious that the most significant impact on water
22 withdrawal from the aquifer will be achieved by
23 eliminating the withdrawal by the three area golf courses
24 and replacing that irrigation with treated effluent.
25 This not only results in the most significant impact, but

1 also an immediate impact realized immediately upon
2 completion of the reuse system infrastructure. There is
3 also an expectation that certain other customers within
4 close proximity of the transmission line will be
5 encouraged to replace potable water irrigation with
6 treated effluent irrigation resulting in additional
7 reduction of water withdrawal from the aquifer. Thirdly,
8 the conservation surcharge approach is expected to assist
9 in reducing nonessential water demand for all classes of
10 customers as the increasing price signal is expected to
11 cause some customers to minimize that nonessential water
12 use. The combined effect of the items mentioned above is
13 likely to exceed 500 million gallons per year in reduced
14 potable water use.

15

16 Q11: Please summarize your testimony.

17

18 A11: Sanlando submitted a Petition for a proposed water reuse
19 system utilizing an inverted rate structure identical to
20 the structure required by the Florida Department of
21 Environmental Protection in the operating permit issued
22 for Sanlando's Wekiva plant. The reuse plan contemplates
23 collecting monies which will be escrowed and will be used
24 to construct the reuse infrastructure. There will be a
25 resulting reduction in water extracted from the aquifer

1 equal to the amount of water distributed and reused
2 through the reuse system which is expected to exceed 500
3 million gallons per year.

4

5 Q12: Does this conclude your testimony?

6

7 A12: Yes.

Petitioner's Exhibit C

PROPOSED WATER REUSE PROGRAM

FIRST AMENDMENT DATED 1/31/93

SANLANDO UTILITIES CORPORATION

On July 10, 1992, The Florida Department of Environmental Regulation issued Operating Permit Number D059-200447 to Sanlando Utilities Corporation authorizing Sanlando to continue operating its Wekiva wastewater treatment plant. Included in the specific conditions of the operating permit, specifically paragraphs 3 and 4, are conditions requiring Sanlando to enter into preliminary discussions with Florida Public Service Commission Staff and Commissioners, (to the extent permitted by law), to determine if the Public Service Commission would allow implementation of reuse water conservation rates which will provide capital funding for the construction and installation of the necessary improvements to further treat and deliver reclaimed wastewater to three golf courses located within Sanlando's service area. Paragraph 4 requires that on-site plant modifications and improvements be completed by December 31, 1995, and that the distribution system be completed by December 31, 1996. All three golf courses are currently irrigating with on-site wells with combined estimated average daily usage of approximately 1 MGD. As a result, Sanlando's proposed reuse program, in addition to encouraging reduced water consumption by it's customers, would result in an immediate and significant reduction in water resource withdrawal from Florida's diminishing potable water supply.

At Sanlando's request, Conklin, Porter and Holmes Engineers, Inc. has updated and revised previous studies related to the reuse of

treated effluent produced by Sanlando's Wekiva wastewater treatment plant. A review of their latest report indicates that a system designed to maintain pressure for local system reuse on demand as well as for transmission to the respective golf courses would be the most advantageous and the most economical. This system would be designed with both on-site storage and pumping with the ability to deliver slightly over 1 MGD to the three golf courses on an annual average basis, and another 225,000 gallons to commercial users in the vicinity of the main transmission route to the respective golf courses. Initially, the total capital cost of the three golf course system is estimated by CPH at approximately \$1,000,000. As this estimate was prepared during 1992 and will be expended during 1995, 1996, and 1997, the original estimate of \$1,000,000 has been escalated by a factor of 5% annually, or for a total of approximately \$1,200,000. When considering the other cost associated with the collection of these additional revenues, primarily regulatory assessment fees and income taxes, the total cost of the project approximates \$2,050,000.

It is contemplated that funding for this capital program can and should be achieved by implementing a rate structure which requires increases in rates as consumption increases while minimizing the effect on water consumption that can be attributed to household usage. A preliminary review of the consumption data for Sanlando Utilities Corporation for the years ended December 31, 1991 and December 31, 1992 indicates that approximately 80% of Sanlando's total consumption was used by residential customers, approximately 50% of which falls in the

over 15,000 gallon per month range. This translates to approximately one billion gallons per year for irrigation and other outside uses. This disparity suggests that Sanlando's current gallonage charge of 35.5 cents per thousand gallons simply does not encourage water conservation. As a result, implementation of a conservation rate structure provides a method of increasing revenues which can be reserved to fund a water reclamation program without causing the Utility to take unnecessary risks and potentially deteriorate its capital structure. In addition, the impact on the average customer would be minimal.

In developing a rate structure that will not only encourage water conservation, but also provide funds with which to complete the water reuse capital program, the collection of water reuse rates is estimated to occur for the years ended December 31, 1994 through December 31, 1997. This will enable Sanlando to substantially comply with the requirements of its operating permit, and enable earlier adoption of its reuse program. Based on recent historical trends, realizing that Sanlando's service area is almost entirely built out, an annual growth rate of 1% per year was chosen as reasonable for purposes of projecting customers and the resultant number of bills for the years ended December 31, 1993 through December 31, 1997. Consumption patterns on the other hand have traditionally been projected based on historical averages as was the case during the last two rate proceedings. In that regard, the average historical consumption was determined by customer class and in blocks of 0 to 10,000 gallons, 10,000 to 20,000 gallons,

20,000 to 30,000 gallons, and over 30,000 gallons. These averages which are presumed to contemplate weather normalization were then applied to the number of bills as determined above resulting in normalized consumption. The results of these calculations are as shown on Exhibit I, attached hereto. A review of Exhibit I indicates that Sanlando's normalized consumption is expected to range from approximately 3.06 billion gallons in 1993 to approximately 3.18 billion gallons in 1997.

In connection with the adoption of inclining block rates, there is an expectation of a decrease in consumption as the price for water increases. For illustration purposes, estimated reduction in residential consumption caused by an increase in the gallonage charge above the current gallonage charge of 35.5 cents per thousand gallons is as indicated in the following chart:

	<u>CHARGE PER</u> <u>1000 GALLONS</u>	<u>REDUCED</u> <u>CONSUMPTION</u>
10,000 to 20,000 gallons per month	\$.50	5%
20,000 to 30,000 gallons per month	\$.65	10%
over 30,000 gallons per month	\$.85	20%

These reductions are assumed only for the purpose of illustration. Subsequent to implementation of inclining block rates, real reduction in consumption will be monitored to determine the real impact on consumption. It should be noted that actual variations in consumption

patterns will merely have the effect of accelerating or lengthening the time requirement for collection of the funds necessary with which to complete the reuse project. Assuming the proposed rates are implemented on January 1, 1994, consumption might be impacted as shown on Exhibit II, attached hereto. A review of Exhibit II indicates that consumption might be expected to range from 2.80 billion gallons to 2.87 billion gallons. This represents an annual reduction in potable water withdrawal of approximately 300 million gallons. The total annual reduction in potable water withdrawal when considering the golf course usage could be in excess of a half billion gallons per year.

The annual effect on revenues was determined by applying Sanlando's existing rates to the projected data from Exhibit I, Sanlando's proposed rates to the projected data from Exhibit II, and comparing the two. The difference between the two represents the gross increase in revenues available for the water reuse capital expansion program and is more fully illustrated in Exhibit III, attached hereto. Given the assumptions used in this analysis, the gross and net increase in water revenues could be expected to flow as follows:

	GROSS	REGULATORY		NET
	REVENUE	ASSESSMENT	INCOME	REVENUE
<u>YEAR</u>	<u>INCREASE</u>	<u>FEE</u>	<u>TAXES</u>	<u>INCREASE</u>
1994	534,806	24,066	197,223	313,517
1995	539,613	24,283	202,070	313,260
1996	544,464	24,501	200,425	319,538
1997	<u>549,341</u>	<u>24,720</u>	<u>200,645</u>	<u>323,976</u>
	2,168,224	97,570	800,363	1,270,291

It is contemplated that the excess revenues received would be deposited to an escrow fund and held solely for capital expenditures related to the water reuse program. This escrow fund would also provide the vehicle for tracking fund earnings, and payment of regulatory assessment fees and income taxes related to those excess revenues. Exhibit IV provides a four year summary of the escrow fund which contemplates fund earnings at 5% per year, payment of the regulatory assessment fee at 4.5% per year, and payment of income taxes at the current maximum rate of 37.63% per year. The block rates as shown on Exhibit III given the assumptions used in this analysis would generate funds sufficient with which to fully implement the first phase of the water reuse capital expansion program by December 31, 1997. Upon full implementation of Phase I of the water reuse program, a determination would be made regarding the disposition of the excess funds produced by the water conservation rates. Alternatives might

include a reduction in rates to a level consistent with the then current rate setting regulation, or continued collection based on water conservation rates for further expansion of the water reuse program.

For information purposes, Exhibit V represents a calculation of comparable monthly bills at differing levels of consumption demonstrating the monthly effect on various customers. Exhibit VI depicts a comparison of Sanlando's typical monthly bill at 15,000 gallons of consumption calculated using the proposed water conservation rates to various other utilities within the area. In addition, a copy of the FDER operating permit and a complete copy of the most recent analysis prepared by Conklin, Porter and Holmes Engineers, Inc. are enclosed.

Exhibit VII represents the proposed method of calculating and reporting the portion of the revenues collected that are being transferred to the escrow fund. This schedule contemplates a calculation of revenues as if the existing rates remained in effect whereas the base charge is determined by multiplying the actual number of bills rendered times the applicable base facility charge. Consumption is determined by multiplying the number of bills rendered by the applicable historical four average of consumption. The resultant consumption is multiplied by the applicable gallonage charge and then added to the base facility charge calculation above resulting in total water revenues as if existing rates remained in effect. These amounts are compared to actual revenues based on the reuse rates, the difference representing that portion of the revenues that will be

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transferred to the escrow fund. This calculation would be required monthly in order to determine the proper transfer to the escrow fund.

SANLANDO UTILITIES CORPORATION
 ASSUMING EXISTING RATES
 EXHIBIT I
 CUSTOMER GROWTH RATE:
 1.00% ANNUALLY

		-----HISTORICAL DATA-----					PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	FOUR YEAR	PROJECTED	PROJECTED	PROJECTED	PROJECTED	
		NUMBER	NUMBER	NUMBER	NUMBER	AVERAGE	NUMBER	NUMBER	NUMBER	NUMBER	
		OF BILLS/ CONSUMPTION	OF BILLS/ CONSUMPTION	OF BILLS/ CONSUMPTION	OF BILLS/ CONSUMPTION	CONSUMPTION	OF BILLS/ CONSUMPTION	OF BILLS/ CONSUMPTION	OF BILLS/ CONSUMPTION	OF BILLS/ CONSUMPTION	
		12/89	12/90	12/91	12/92	PER BILL	12/93	12/94	12/95	12/96	
		12/89	12/90	12/91	12/92	PER BILL	12/93	12/94	12/95	12/96	
WATER:											
RESIDENTIAL	3/4"	70,466	71,124	70,976	71,083		71,794	72,512	73,237	73,969	
	1"	32,816	33,767	34,110	34,512		34,857	35,206	35,558	35,914	
	1 1/2"	240	239	246	247		249	251	251	254	
	TOTALS	103,522	105,130	105,332	105,842		106,900	107,969	109,046	110,137	
GALLONS BILLED (000)	0-10000	887,528	902,149	881,013	885,371	8.471	905,550	914,605	923,729	932,971	
	10000-20000	552,231	563,822	490,318	497,677	5.014	535,997	541,357	546,757	552,227	
	20000-30000	351,127	365,566	288,548	304,391	3.121	333,635	336,971	340,333	343,738	
	OVER 30000	751,224	736,462	513,474	550,640	6.085	650,487	656,991	663,545	670,184	
	TOTALS	2,542,110	2,567,999	2,173,353	2,238,079	22.691	2,425,669	2,449,924	2,474,364	2,499,120	
GENERAL SERVICE	3/4"	1,233	1,197	1,152	1,272		1,285	1,298	1,311	1,324	
	1"	1,911	1,968	1,997	2,125		2,146	2,167	2,189	2,211	
	1 1/2"	536	554	599	622		628	634	640	646	
	2"	568	590	634	648		654	661	668	675	
	3"	45	49	49	51		52	53	54	55	
	4"	34	36	36	36		36	36	36	36	
	6"	24	25	24	24		24	24	24	24	
	TOTALS	4,351	4,419	4,491	4,778		4,825	4,873	4,922	4,971	
GALLONS BILLED (000)	0-10000	29,718	30,270	30,549	33,211	6.858	33,090	33,419	33,755	34,091	
	10000-20000	22,673	22,971	23,204	24,989	5.202	25,100	25,349	25,604	25,859	
	20000-30000	18,752	19,110	19,167	20,421	4.294	20,719	20,925	21,135	21,345	
	OVER 30000	207,536	211,333	216,092	226,614	47.767	230,476	232,769	235,109	237,450	
	TOTALS	278,679	283,684	289,012	305,235	64.121	309,385	312,462	315,603	318,745	
MULTI FAMILY	3/4"	228	230	228	228		230	232	234	236	
	1"	84	83	84	84		85	86	87	88	
	1 1/2"	812	812	814	817		825	833	841	849	
	2"	730	728	738	816		824	832	840	848	
	3"	168	180	180	180		182	184	186	188	
	4"	24	24	24	24		24	24	24	24	
	6"	12	12	12	12		12	12	12	12	
	TOTALS	2,058	2,069	2,080	2,161		2,182	2,203	2,224	2,245	
GALLONS BILLED (000)	0-10000	19,492	19,983	19,924	20,794	9.583	20,910	21,111	21,313	21,514	
	10000-20000	16,851	17,709	17,523	18,089	8.386	18,298	18,474	18,650	18,827	
	20000-30000	13,659	15,071	14,941	15,233	7.038	15,357	15,505	15,653	15,800	
	OVER 30000	109,631	111,741	104,875	114,976	52.726	115,048	116,155	117,263	118,370	
	TOTALS	159,633	164,504	157,263	169,092	77.733	169,613	171,245	172,879	174,511	
BULK SALES	6"	24	24	24	24		24	24	24	24	
	8"	0	0	3	12		12	12	12	12	
	TOTALS	24	24	27	36		36	36	36	36	
GALLONS BILLED (000)	0-10000	240	240	260	282	9.366	337	337	337	337	
	10000-20000	240	240	247	250	9.023	325	325	325	325	
	20000-30000	240	240	240	240	8.889	320	320	320	320	
	OVER 30000	120,205	133,130	113,200	104,945	4,415.839	158,970	158,970	158,970	158,970	
	TOTALS	120,925	133,850	113,947	105,717	4,443.117	159,952	159,952	159,952	159,952	
TOTAL CONSUMPTION		3,101,347	3,150,037	2,733,575	2,818,123		3,064,619	3,093,583	3,122,798	3,152,328	
TOTAL BILLS		109,955	111,642	111,930	112,817		113,943	115,081	116,228	117,389	

CALCULATION OF PROJECTED BILLS & CONSUMPTION USING WATER CONSERVATION RATES
 SANLANDO UTILITIES CORPORATION
 EXHIBIT II

CUSTOMER GROWTH RATE:	1.00%	PROJECTED NUMBER OF BILLS/ CONSUMPTION 12/93	PROJECTED NUMBER OF BILLS/ CONSUMPTION 12/94	PROJECTED NUMBER OF BILLS/ CONSUMPTION 12/95	PROJECTED NUMBER OF BILLS/ CONSUMPTION 12/96	PROJECTED NUMBER OF BILLS/ CONSUMPTION 12/97
EST. CONSUMPTION REDUCTION:						
10,000 TO 20,000 GALLONS-	5.00%					
20,000 TO 30,000 GALLONS-	10.00%					
OVER 30,000 GALLONS-	20.00%					
WATER:						
RESIDENTIAL	3/4"	71,794	72,512	73,237	73,969	74,709
	1"	34,857	35,206	35,558	35,914	36,273
	1 1/2"	249	251	251	254	254
	TOTALS	106,900	107,969	109,046	110,137	111,236
BLOCK CONSUMPTION (000)	0-10000	905,550	914,605	923,729	932,971	942,280
	10000-20000	535,997	514,289	519,419	524,616	529,850
	20000-30000	333,635	303,274	306,300	309,364	312,451
	OVER 30000	650,487	525,593	530,836	536,147	541,497
	TOTALS	2,425,669	2,257,761	2,280,284	2,303,098	2,326,078
GENERAL SERVICE	3/4"	1,285	1,298	1,311	1,324	1,337
	1"	2,146	2,167	2,189	2,211	2,233
	1 1/2"	628	634	640	646	652
	2"	654	661	668	675	682
	3"	52	53	54	55	56
	4"	36	36	36	36	36
	6"	24	24	24	24	24
	TOTALS	4,825	4,873	4,922	4,971	5,020
BLOCK CONSUMPTION (000)	0-10000	33,090	33,419	33,755	34,091	34,427
	10000-20000	25,100	24,082	24,324	24,566	24,808
	20000-30000	20,719	18,833	19,022	19,211	19,400
	OVER 30000	230,476	186,215	188,087	189,960	191,832
	TOTALS	309,385	262,549	265,188	267,828	270,467
MULTI FAMILY	3/4"	230	232	234	236	238
	1"	85	86	87	88	89
	1 1/2"	825	833	841	849	857
	2"	824	832	840	848	856
	3"	182	184	186	188	190
	4"	24	24	24	24	24
	6"	12	12	12	12	12
	TOTALS	2,182	2,203	2,224	2,245	2,266
BLOCK CONSUMPTION (000)	0-10000	20,910	21,111	21,313	21,514	21,715
	10000-20000	18,298	17,550	17,718	17,886	18,053
	20000-30000	15,357	13,955	14,088	14,220	14,353
	OVER 30000	115,048	92,924	93,810	94,696	95,582
	TOTALS	169,613	145,540	146,929	148,316	149,703
BULK SALES	6"	24	24	24	24	24
	8"	12	12	12	12	12
	TOTALS	36	36	36	36	36
BLOCK CONSUMPTION (000)	0-10000	337	337	337	337	337
	10000-20000	325	309	309	309	309
	20000-30000	320	288	288	288	288
	OVER 30000	158,970	127,176	127,176	127,176	127,176
	TOTALS	159,952	128,110	128,110	128,110	128,110
TOTAL CONSUMPTION		3,064,619	2,793,960	2,820,511	2,847,352	2,874,358
TOTAL BILLS		113,943	115,081	116,228	117,389	118,558

COMPARISON OF WATER REVENUES
 SANLANDO UTILITIES CORPORATION
 PROJECTED FOR THE YEAR ENDED 12/31/94
 WATER CONSERVATION RATE STRUCTURE
 EXHIBIT III

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		SANLANDO CURRENT RATES	SANLANDO PROPOSED RATES	PROJECTED NUMBER OF BILLS AND CONSUMPTION AT CURRENT RATES 1994	PROJECTED NUMBER OF BILLS AND CONSUMPTION AT PROPOSED RATES 1994	PROJECTED REVENUE AT CURRENT RATES 1994	PROJECTED REVENUE AT PROPOSED RATES 1994	GROSS AMOUNT SUBJECT TO ESCROW FUND
WATER:								
RESIDENTIAL	3/4"	4.03	4.03	72,512	72,512	292,223	292,223	0
	1"	10.09	10.09	35,206	35,206	355,229	355,229	0
	1 1/2"	20.18	20.18	251	251	5,065	5,065	0
	TOTALS			107,969	107,969	652,517	652,517	0
USAGE CHARGE PER 1000	0-10000	0.355	0.355	914,605	914,605	324,685	324,685	0
	10000-20000	0.355	0.50	541,357	514,289	192,182	257,145	64,963
	20000-30000	0.355	0.65	336,971	303,274	119,625	197,128	77,503
	OVER 30000	0.355	0.85	656,991	525,593	233,232	446,754	213,522
	TOTALS			2,449,924	2,257,761	869,724	1,225,712	355,988
GENERAL SERVICE	3/4"	4.03	4.03	1,298	1,298	5,231	5,231	0
	1"	10.09	10.09	2,167	2,167	21,865	21,865	0
	1 1/2"	20.18	20.18	634	634	12,794	12,794	0
	2"	32.29	32.29	661	661	21,344	21,344	0
	3"	64.57	64.57	53	53	3,422	3,422	0
	4"	100.91	100.91	36	36	3,633	3,633	0
	6"	201.81	201.81	24	24	4,843	4,843	0
	TOTALS			4,873	4,873	73,132	73,132	0
USAGE CHARGE PER 1000	0-10000	0.355	0.355	33,419	33,419	11,864	11,864	0
	10000-20000	0.355	0.50	25,349	24,082	8,999	12,041	3,042
	20000-30000	0.355	0.65	20,925	18,833	7,428	12,241	4,813
	OVER 30000	0.355	0.85	232,769	186,215	82,633	158,283	75,650
	TOTALS			312,462	262,549	110,924	194,429	83,505
MULTI FAMILY	3/4"	4.03	4.03	232	232	935	935	0
	1"	10.09	10.09	86	86	868	868	0
	1 1/2"	20.18	20.18	833	833	16,810	16,810	0
	2"	32.29	32.29	832	832	26,865	26,865	0
	3"	64.57	64.57	184	184	11,881	11,881	0
	4"	100.91	100.91	24	24	2,422	2,422	0
	6"	201.81	201.81	12	12	2,422	2,422	0
	TOTALS			2,203	2,203	62,203	62,203	0
USAGE CHARGE PER 1000	0-10000	0.355	0.355	21,111	21,111	7,494	7,494	0
	10000-20000	0.355	0.50	18,474	17,550	6,558	8,775	2,217
	20000-30000	0.355	0.65	15,505	13,955	5,504	9,071	3,567
	OVER 30000	0.355	0.85	116,155	92,924	41,235	78,985	37,750
	TOTALS			171,245	145,540	60,791	104,325	43,534
BULK SALES	6"	201.81	201.81	24	24	4,843	4,843	0
	8"	362.83	362.83	12	12	4,354	4,354	0
	TOTALS			36	36	9,197	9,197	0
USAGE CHARGE PER 1000	0-10000	0.355	0.355	337	337	120	120	0
	10000-20000	0.355	0.50	325	309	115	155	40
	20000-30000	0.355	0.65	320	288	114	187	73
	OVER 30000	0.355	0.85	158,970	127,176	56,434	108,100	51,666
	TOTALS			159,952	128,110	56,783	108,562	51,779
GRAND TOTALS						1,895,271	2,430,077	534,806

SANLANDO UTILITIES CORPORATION
 PROJECTED FOR THE YEAR ENDED 12/31/95
 WATER CONSERVATION RATE STRUCTURE
 EXHIBIT III

PAGE 2

		SANLANDO CURRENT RATES	SANLANDO PROPOSED RATES	PROJECTED NUMBER OF BILLS AND CONSUMPTION AT CURRENT RATES 1995	PROJECTED NUMBER OF BILLS AND CONSUMPTION AT PROPOSED RATES 1995	PROJECTED REVENUE AT CURRENT RATES 1995	PROJECTED REVENUE AT PROPOSED RATES 1995	GROSS AMOUNT SUBJECT TO ESCROW FUND
WATER:								
RESIDENTIAL	3/4"	4.03	4.03	73,237	73,237	295,145	295,145	0
	1"	10.09	10.09	35,558	35,558	358,780	358,780	0
	1 1/2"	20.18	20.18	251	251	5,065	5,065	0
	TOTALS			109,046	109,046	658,990	658,990	0
USAGE CHARGE PER 1000	0-10000	0.355	0.355	923,729	923,729	327,924	327,924	0
	10000-20000	0.355	0.50	546,757	519,419	194,099	259,710	65,611
	20000-30000	0.355	0.65	340,333	306,300	120,818	199,095	78,277
	OVER 30000	0.355	0.85	663,545	530,836	235,558	451,211	215,653
	TOTALS			2,474,364	2,280,284	878,399	1,237,940	359,541
GENERAL SERVICE	3/4"	4.03	4.03	1,311	1,311	5,283	5,283	0
	1"	10.09	10.09	2,189	2,189	22,087	22,087	0
	1 1/2"	20.18	20.18	640	640	12,915	12,915	0
	2"	32.29	32.29	668	668	21,570	21,570	0
	3"	64.57	64.57	54	54	3,487	3,487	0
	4"	100.91	100.91	36	36	3,633	3,633	0
	6"	201.81	201.81	24	24	4,843	4,843	0
	TOTALS			4,922	4,922	73,818	73,818	0
USAGE CHARGE PER 1000	0-10000	0.355	0.355	33,755	33,755	11,983	11,983	0
	10000-20000	0.355	0.50	25,604	24,324	9,089	12,162	3,073
	20000-30000	0.355	0.65	21,135	19,022	7,503	12,364	4,861
	OVER 30000	0.355	0.85	235,109	188,087	83,464	159,874	76,410
	TOTALS			315,603	265,188	112,039	196,383	84,344
MULTI FAMILY	3/4"	4.03	4.03	234	234	943	943	0
	1"	10.09	10.09	87	87	878	878	0
	1 1/2"	20.18	20.18	841	841	16,971	16,971	0
	2"	32.29	32.29	840	840	27,124	27,124	0
	3"	64.57	64.57	186	186	12,010	12,010	0
	4"	100.91	100.91	24	24	2,422	2,422	0
	6"	201.81	201.81	12	12	2,422	2,422	0
	TOTALS			2,224	2,224	62,770	62,770	0
USAGE CHARGE PER 1000	0-10000	0.355	0.355	21,313	21,313	7,566	7,566	0
	10000-20000	0.355	0.50	18,650	17,718	6,621	8,859	2,238
	20000-30000	0.355	0.65	15,653	14,088	5,557	9,157	3,600
	OVER 30000	0.355	0.85	117,263	93,810	41,628	79,739	38,111
	TOTALS			172,879	146,929	61,372	105,321	43,949
BULK SALES	6"	201.81	201.81	24	24	4,843	4,843	0
	8"	362.83	362.83	12	12	4,354	4,354	0
	TOTALS			36	36	9,197	9,197	0
USAGE CHARGE PER 1000	0-10000	0.355	0.355	337	337	120	120	0
	10000-20000	0.355	0.50	325	309	115	155	40
	20000-30000	0.355	0.65	320	288	114	187	73
	OVER 30000	0.355	0.85	158,970	127,176	56,434	108,100	51,666
	TOTALS			159,952	128,110	56,783	108,562	51,779
GRAND TOTALS						1,913,368	2,452,981	539,613

SANLANDO UTILITIES CORPORATION
 PROJECTED FOR THE YEAR ENDED 12/31/96
 WATER CONSERVATION RATE STRUCTURE
 EXHIBIT III

PAGE 3

		SANLANDO CURRENT RATES	SANLANDO PROPOSED RATES	PROJECTED NUMBER OF BILLS AND CONSUMPTION AT CURRENT RATES 1996	PROJECTED NUMBER OF BILLS AND CONSUMPTION AT PROPOSED RATES 1996	PROJECTED REVENUE AT CURRENT RATES 1996	PROJECTED REVENUE AT PROPOSED RATES 1996	GROSS AMOUNT SUBJECT TO ESCROW FUND
WATER:								
RESIDENTIAL	3/4"	4.03	4.03	73,969	73,969	298,095	298,095	0
	1"	10.09	10.09	35,914	35,914	362,372	362,372	0
	1 1/2"	20.18	20.18	254	254	5,126	5,126	0
	TOTALS			110,137	110,137	665,593	665,593	0
USAGE CHARGE PER 1000								
	0-10000	0.355	0.355	932,971	932,971	331,205	331,205	0
	10000-20000	0.355	0.50	552,227	524,616	196,041	262,308	66,267
	20000-30000	0.355	0.65	343,738	309,364	122,027	201,087	79,060
	OVER 30000	0.355	0.85	670,184	536,147	237,915	455,725	217,810
	TOTALS			2,499,120	2,303,098	887,188	1,250,325	363,137
GENERAL SERVICE								
	3/4"	4.03	4.03	1,324	1,324	5,336	5,336	0
	1"	10.09	10.09	2,211	2,211	22,309	22,309	0
	1 1/2"	20.18	20.18	646	646	13,036	13,036	0
	2"	32.29	32.29	675	675	21,796	21,796	0
	3"	64.57	64.57	55	55	3,551	3,551	0
	4"	100.91	100.91	36	36	3,633	3,633	0
	6"	201.81	201.81	24	24	4,843	4,843	0
	TOTALS			4,971	4,971	74,504	74,504	0
USAGE CHARGE PER 1000								
	0-10000	0.355	0.355	34,091	34,091	12,102	12,102	0
	10000-20000	0.355	0.50	25,859	24,566	9,180	12,283	3,103
	20000-30000	0.355	0.65	21,345	19,211	7,577	12,487	4,910
	OVER 30000	0.355	0.85	237,450	189,960	84,295	161,466	77,171
	TOTALS			318,745	267,828	113,154	198,338	85,184
MULTI FAMILY								
	3/4"	4.03	4.03	236	236	951	951	0
	1"	10.09	10.09	88	88	888	888	0
	1 1/2"	20.18	20.18	849	849	17,133	17,133	0
	2"	32.29	32.29	848	848	27,382	27,382	0
	3"	64.57	64.57	188	188	12,139	12,139	0
	4"	100.91	100.91	24	24	2,422	2,422	0
	6"	201.81	201.81	12	12	2,422	2,422	0
	TOTALS			2,245	2,245	63,337	63,337	0
USAGE CHARGE PER 1000								
	0-10000	0.355	0.355	21,514	21,514	7,637	7,637	0
	10000-20000	0.355	0.50	18,827	17,886	6,684	8,943	2,259
	20000-30000	0.355	0.65	15,800	14,220	5,609	9,243	3,634
	OVER 30000	0.355	0.85	118,370	94,696	42,021	80,492	38,471
	TOTALS			174,511	148,316	61,951	106,315	44,364
BULK SALES								
	6"	201.81	201.81	24	24	4,843	4,843	0
	8"	362.83	362.83	12	12	4,354	4,354	0
	TOTALS			36	36	9,197	9,197	0
USAGE CHARGE PER 1000								
	0-10000	0.355	0.355	337	337	120	120	0
	10000-20000	0.355	0.50	325	309	115	155	40
	20000-30000	0.355	0.65	320	288	114	187	73
	OVER 30000	0.355	0.85	158,970	127,176	56,434	108,100	51,666
	TOTALS			159,952	128,110	56,783	108,562	51,779
GRAND TOTALS						1,931,707	2,476,171	544,464

SANLANDO UTILITIES CORPORATION
 PROJECTED FOR THE YEAR ENDED 12/31/97
 WATER CONSERVATION RATE STRUCTURE
 EXHIBIT III

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		SANLANDO CURRENT RATES	SANLANDO PROPOSED RATES	PROJECTED NUMBER OF BILLS AND CONSUMPTION AT CURRENT RATES 1997	PROJECTED NUMBER OF BILLS AND CONSUMPTION AT PROPOSED RATES 1997	PROJECTED REVENUE AT CURRENT RATES 1997	PROJECTED REVENUE AT PROPOSED RATES 1997	GROSS AMOUNT SUBJECT TO ESCROW FUND
WATER:								
RESIDENTIAL	3/4"	4.03	4.03	74,709	74,709	301,077	301,077	0
	1"	10.09	10.09	36,273	36,273	365,995	365,995	0
	1 1/2"	20.18	20.18	254	254	5,126	5,126	0
	TOTALS			111,236	111,236	672,198	672,198	0
USAGE CHARGE PER 1000	0-10000	0.355	0.355	942,280	942,280	334,509	334,509	0
	10000-20000	0.355	0.50	557,737	529,850	197,997	264,925	66,928
	20000-30000	0.355	0.65	347,168	312,451	123,245	203,093	79,848
	OVER 30000	0.355	0.85	676,871	541,497	240,289	460,272	219,983
	TOTALS			2,524,056	2,326,078	896,040	1,262,799	366,759
GENERAL SERVICE	3/4"	4.03	4.03	1,337	1,337	5,388	5,388	0
	1"	10.09	10.09	2,233	2,233	22,531	22,531	0
	1 1/2"	20.18	20.18	652	652	13,157	13,157	0
	2"	32.29	32.29	682	682	22,022	22,022	0
	3"	64.57	64.57	56	56	3,616	3,616	0
	4"	100.91	100.91	36	36	3,633	3,633	0
	6"	201.81	201.81	24	24	4,843	4,843	0
	TOTALS			5,020	5,020	75,190	75,190	0
USAGE CHARGE PER 1000	0-10000	0.355	0.355	34,427	34,427	12,222	12,222	0
	10000-20000	0.355	0.50	26,114	24,808	9,270	12,404	3,134
	20000-30000	0.355	0.65	21,556	19,400	7,652	12,610	4,958
	OVER 30000	0.355	0.85	239,790	191,832	85,125	163,057	77,932
	TOTALS			321,887	270,467	114,269	200,293	86,024
MULTI FAMILY	3/4"	4.03	4.03	238	238	959	959	0
	1"	10.09	10.09	89	89	898	898	0
	1 1/2"	20.18	20.18	857	857	17,294	17,294	0
	2"	32.29	32.29	856	856	27,640	27,640	0
	3"	64.57	64.57	190	190	12,268	12,268	0
	4"	100.91	100.91	24	24	2,422	2,422	0
	6"	201.81	201.81	12	12	2,422	2,422	0
	TOTALS			2,266	2,266	63,903	63,903	0
USAGE CHARGE PER 1000	0-10000	0.355	0.355	21,715	21,715	7,709	7,709	0
	10000-20000	0.355	0.50	19,003	18,053	6,746	9,027	2,281
	20000-30000	0.355	0.65	15,948	14,353	5,662	9,329	3,667
	OVER 30000	0.355	0.85	119,477	95,582	42,414	81,245	38,831
	TOTALS			176,143	149,703	62,531	107,310	44,779
BULK SALES	6"	201.81	201.81	24	24	4,843	4,843	0
	8"	362.83	362.83	12	12	4,354	4,354	0
	TOTALS			36	36	9,197	9,197	0
USAGE CHARGE PER 1000	0-10000	0.355	0.355	337	337	120	120	0
	10000-20000	0.355	0.50	325	309	115	155	40
	20000-30000	0.355	0.65	320	288	114	187	73
	OVER 30000	0.355	0.85	158,970	127,176	56,434	108,100	51,666
	TOTALS			159,952	128,110	56,783	108,562	51,779
GRAND TOTALS						1,950,111	2,499,452	549,341

ANALYSIS OF ESCROW FUND
 SANLANDO UTILITIES CORPORATION
 EXHIBIT IV

ESTIMATED EARNINGS RATE: 5.00%
 REGULATORY ASSESSMENT FEE: 4.50%
 ESTIMATED INCOME TAX RATE: 37.63%

	DEPOSIT	PROGRESS EXPENDITURES	EARNINGS	REGULATORY ASSESSMENT FEE	INCOME TAXES	END OF PERIOD BALANCE
1994	534,806	0	13,370	24,066	197,223	326,887
1995	539,613	400,000	11,663	24,283	198,307	255,573
1996	544,464	400,000	10,001	24,501	199,425	186,112
1997	549,341	400,000	8,386	24,720	200,571	118,548
	2,168,224	1,200,000	43,420	97,570	795,526	

CALCULATION OF COMPARABLE MONTHLY BILL
 SANLANDO UTILITIES CORPORATION
 METER SIZE-3/4"
 EXHIBIT V

		MONTHLY BILL AT SANLANDO CURRENT RATES	MONTHLY BILL AT SANLANDO PROPOSED RATES	MONTHLY INCREASE
RESIDENTIAL--				
CONSUMPTION-	10,000	7.58	7.58	0.00
CONSUMPTION-	20,000	11.13	12.58	1.45
CONSUMPTION-	30,000	14.68	19.08	4.40
CONSUMPTION-	40,000	18.23	27.58	9.35
CONSUMPTION-	50,000	21.78	36.08	14.30
AVERAGE-	22,691	12.09	14.33	2.24
GENERAL SERVICE--				
CONSUMPTION-	10,000	7.58	7.58	0.00
CONSUMPTION-	20,000	11.13	12.58	1.45
CONSUMPTION-	30,000	14.68	19.08	4.40
CONSUMPTION-	40,000	18.23	27.58	9.35
CONSUMPTION-	50,000	21.78	36.08	14.30
AVERAGE-	64,121	26.79	48.08	21.29
MULTI FAMILY--				
CONSUMPTION-	10,000	7.58	7.58	0.00
CONSUMPTION-	20,000	11.13	12.58	1.45
CONSUMPTION-	30,000	14.68	19.08	4.40
CONSUMPTION-	40,000	18.23	27.58	9.35
CONSUMPTION-	50,000	21.78	36.08	14.30
AVERAGE-	77,733	31.63	59.65	28.02
BULK SALE:6"--				
AVERAGE-	4,443,117	1779.12	3968.01	2188.89

NOTE: AN ANALYSIS OF THE BULK SALE ARRANGEMENTS INDICATED THAT THERE ARE APPROXIMATELY 690 BILLING UNITS CONVERTING TO AN AVERAGE USAGE OF 17,000 GALLONS PER MONTH PER BILLING UNIT.

COMPARISON OF CHARGES FOR MONTHLY UTILITY SERVICES
 SANLANDO UTILITIES CORPORATION
 USAGE OF 15000 GALLONS
 EXHIBIT VI

 COMBINED RESIDENTIAL WATER & SEWER FEE

CITY OF CLERMONT	\$ 29.85
DELTONA UTILITIES, INC.	30.73
CITY OF LAKE LAND	31.10
SANLANDO UTILITIES CORPORATION (PROPOSED)	32.38
CITY OF WINTER GARDEN	32.72
CITY OF APOPKA	37.00
CITY OF MAITLAND	43.65
CITY OF WINTER PARK	44.30
POINCIANA, INC.	44.55
CITY OF ORLANDO	46.79
CITY OF CASSELBERRY	49.55
CITY OF WINTER SPRINGS	49.78
CITY OF OCOEE	51.01
CITY OF LONGWOOD	51.78
SEMINOLE COUNTY	53.00
CITY OF ALTAMONTE SPRINGS	53.31
CITY OF COCOA	54.79
SOUTHERN STATES (UNIV. SHORES)	55.88
CITY OF LAKE MARY	58.56
DEBARY ASSOCIATES, INC.	60.03
CITY OF KISSIMMEE	62.56
CITY OF ST. CLOUD	65.25
CITY OF MELBOURNE	69.62
BREVARD COUNTY	69.95
REEDY CREEK IMPROVEMENT DISTRICT	75.04
ORANGE COUNTY	77.90
SOUTHERN STATES (SEMINOLE COUNTY)	82.73
ENTERPRISE UTILITIES CORPORATION	85.14
SOUTHERN STATES (SUGAR MILL)	89.80
CITY OF PALM BAY	108.10

 COMBINED AVERAGE UTILITY \$ 56.56
