

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate) DOCKET NO. 930826-WS
increase in Marion and Pinellas) ORDER NO. PSC-94-0739-FOF-WS
Counties by UTILITIES, INC. OF) ISSUED: June 16, 1994
FLORIDA.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION

ORDER GRANTING FINAL RATES AND CHARGES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that 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

Utilities Inc. of Florida (UIF or utility) is a Class A utility providing water and wastewater service to systems in the following counties: Marion, Orange, Pasco, Pinellas and Seminole. The utility has filed for a rate increase for two systems: Lake Tarpon Mobile Home Park in Pinellas County and Golden Hills/Crownwood in Marion County. The Lake Tarpon system serves 547 water customers. The Golden Hills system provides 338 customers with water and 69 customers with wastewater service.

The Lake Tarpon (or Pinellas County) system is located in the Northern Tampa Bay Water-Use Caution Area as designated by the Governing Board of the Water Management District. A water-use caution area is one where cumulative water withdrawals may cause adverse impacts to the water resource or the public interest. The Golden Hills/Crownwood (or Marion County) system is not in a water-use caution area.

The application for approval of interim and final rates was filed November 5, 1993, pursuant to Sections 367.081 and 367.082,

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Florida Statutes. However, the information submitted did not satisfy the minimum filing requirements for a general rate increase. The utility filed additional information on December 22, 1993, satisfying our filing requirements and that date has been established as the official date of filing. The utility requested that the Commission handle its request as Proposed Agency Action, pursuant to Section 367.081(8), Florida Statutes.

The utility's test year is calendar year 1992. In 1992, the utility recorded total revenues for these systems of \$153,372, with \$56,947 provided from the Lake Tarpon system and \$96,245 from the Golden Hills system (\$72,086 in water revenue and \$24,339 in wastewater revenue). We approved UIF's request for interim rates for both systems in Order No. PSC-94-0250-FOF-WS, issued March 7, 1994.

QUALITY OF SERVICE

Our analysis of the overall quality of service is based upon the quality of the utility's product, the operational conditions of the utility's plant and facilities, customer satisfaction, and the utility's compliance with the Department of Environmental Protection (DEP) and other agencies.

According to DEP, both the water and wastewater systems in Marion County are meeting all appropriate state standards. The wastewater plant was issued a five year renewal of its operating permit on October 13, 1993. A satisfactory inspection of the water facilities was conducted on February 23, 1994.

The Pinellas County Health Department issued permit number WC52-241085 on January 4, 1994 to allow the company to interconnect the Lake Tarpon water system with the Pinellas County Water System at US Highway 19 and Colonial Boulevard; install a 10,000 gallon hydropneumatic tank; and install the necessary piping and fittings to make the system and its improvements complete and fully operational. Condition No. 16 of the permit is that Well #2 must be permanently disconnected from the water system.

The Lake Tarpon system is being upgraded to resolve deficiencies that were noted in the last sanitary survey conducted by the health department. Once the improvements listed in the above paragraph are completed, the system will meet all requirements. A cross connection control program is in effect and has been approved by the department. The water quality from Well #1 (the normal water source) meets state and federal primary and secondary water standards. This system has not been involved in any enforcement action for failure to comply with drinking water

standards, except for informal correspondence which has resulted in the improvements now in progress.

Our staff inspected the utility's facilities on February 16 and 17, 1994. Both systems were in good repair and appeared to be operated satisfactorily. The grounds were well kept and orderly. Plans for upgrading the Lake Tarpon system with a new pressure tank and interconnect with the Pinellas County water system are moving ahead.

On February 16, 1994, a customer meeting was conducted at the Lake Tarpon service area. Nine customers testified at that meeting. Several customers stated that they had installed water filters in their homes and others mentioned water test samples being taken last December. Another customer testified that a water main break which occurred six or seven months ago on a weekend was not repaired until Monday.

The utility responded to the Lake Tarpon customer concerns in a letter dated March 9, 1994. The utility stated that water test samples taken in December at the Lake Tarpon system were for lead and copper testings required by law. These test samples showed results meeting standards, and a copy of the results was sent to the customers who questioned the tests. The main break occurred on Sunday, November 29 and could not be repaired by the utility's contractor at that time. To alleviate the problem, the utility reduced pressure in the system and was able then to repair the line on Monday when parts and equipment were available.

On February 17, 1994, a customer meeting was conducted at the Golden Hills/Crownwood service area. Six customers testified at that meeting. One customer provided a saucepan and a teapot that showed accumulated lime deposits. Our staff explained that the lime deposits were calcium carbonate, which is harmless, dissolved limestone. Two other customers testified that the water quality was very good. Other comments referred to the magnitude of the rate increase requested.

Upon consideration of the foregoing, we find that the quality of service provided by the utility is satisfactory.

RATE BASE

Our calculation of the appropriate rate base for each county for the purpose of this proceeding are attached as Schedules Nos. 1-A and 1-B and the adjustments to rate base are attached as Schedule No. 1-C. Those adjustments which are self-explanatory or

which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Used and Useful

Marion County

With the exception of the water distribution system at Golden Hills and Crownwood, the used and useful percentages remain the same as those amounts recognized in the last rate case. Flows at the Crownwood wastewater plant have diminished slightly since that case, although the number of connections is the same. We find it appropriate to assign the same used and useful allocations in this case. The growth experienced by the Crownwood Water System shall be recognized, raising the used and useful percentage to 64.13 percent.

Golden Hills Water Distribution System

Without a margin reserve, the water distribution system at Golden Hills has 356 equivalent residential connections (ERCs) and would be 65.1 percent used and useful. There has been an average annual growth of 12 customers for the water system since 1988. Using linear regression as a better estimator of growth, the annual projection is 14 customers. With an 18 month margin reserve, the new customers anticipated would be 21, which equates to a margin reserve of 5.9 percent. Therefore, we find that the total used and useful percentage for the water distribution system is 68.92 percent.

Crownwood Water Treatment Plant

No new customers have been added to the Crownwood system since the utility's last rate case, and therefore no margin reserve is appropriate for that system. Further, the Crownwood well has contamination after periods of rainfall, and therefore is unreliable. This well and pump must be retired and removed from the utility's books.

Pinellas County

Lake Tarpon Water Distribution System

The Lake Tarpon system is at buildout. No new customers have been added in the last five years. Therefore, we find that the water plant and distribution system are 100 percent used and useful.

The improvements for the Lake Tarpon system (connecting to the Pinellas County water system as a back up supply; installing a new hydropneumatic tank at well #1; installation of a new flow meter at that well) will likewise be 100 percent used and useful. The tank and meter will replace existing equipment, and the interconnect with the County is to obviate the need to upgrade well #2. Well #2 will no longer be used and shall be retired.

Common Water Plant Allocations

The utility allocates its common water plant to the systems that make up UIF based on customer equivalents. UIF has a total of \$558,432 in common water plant, comprised of capitalized organization cost of \$57,341, common plant of \$362,441, and \$138,650 of inventoried plant. The company has allocated \$35,628 to its Marion county systems and \$49,310 to its Pinellas county systems.

The organization costs shall not be included in the allocation of common plant since these costs are for the formation of UIF. According to the utility, UIF is the company that was created to hold the individual utility systems. The organization costs were prudent costs incurred for the formation of UIF. Further, the utility stated that these costs have always been allocated to the individual systems of UIF and that the allocation of them has been approved in previous rate cases. UIF was created for the benefit of all of its systems, and the utility believes it to be unfair to exclude an allocation to the Marion and Pinellas systems.

As stated by the utility's representative, the organization costs have been previously allocated to other systems and incorporated in those systems' rates. The Pinellas system is one of these such systems. To allow an allocated portion of organization costs to Marion without considering a reduction of that cost to other companies, would permit recovery of more than the actual cost. Therefore, we find it appropriate to remove the organizational costs from the Marion County division common plant.

In its filing, the utility identified \$138,650 as inventoried plant. This plant belongs to UIF, but it is located at various sites throughout Florida. This plant should not be classified as common water plant until the utility can provide the location and proof that this portion of plant should be allocated. The utility contests that these items are plant in service and are properly allocated to all counties and systems. However, the utility did not provide the location and proof of this plant's existence.

Therefore, we find it appropriate to remove all allocated inventoried plant from common plant.

To accomplish the adjustments made above, the Marion water plant account shall be reduced by \$12,504, with corresponding adjustments of \$1,191 and \$397 to reduced accumulated depreciation and depreciation expense. The Pinellas County water plant allocation shall be reduced by \$12,243, with corresponding adjustments of \$1,100 and \$550 to reduce accumulated depreciation and depreciation expense.

Reclassification of Plant Accounts

During our audit in this case, several misclassified plant accounts for the Pinellas and the Marion county water systems were discovered.

Order No. 22956 established a beginning balance of \$3,701 for structures and improvements. When the Pinellas system was acquired, the recorded \$3,701 entry was incorrectly assigned to the land and land rights account. The utility also charged a 6" master meter for \$1,170 to the electric pumping equipment account. The Uniform System of Accounts (USOA) requires master meters to be recorded as supply mains (acct. 309). The utility has agreed that the \$3,701 was inadvertently booked to the wrong plant account when the Pinellas system was purchased, and also agrees with the reclassification.

The company purchased a 6" master meter for the Marion County water system in November of 1991 for \$1,371. This master meter was recorded by the utility as pumping equipment. The USOA requires master meters to be recorded as supply mains. Therefore, the \$1,371 shall to be recorded in the supply mains accounts. In 1992 the utility purchased and installed a generator for \$19,696 for the Marion County system. This generator was booked as pumping equipment by the utility. The USOA requires the generator be recorded as power generation equipment (acct. 310). Both of these accounts have the same depreciable life.

Based on the above information, we find that for the Pinellas division, the structures and improvement account shall be increased by \$3,701 and the land account decreased by the same amount. The supply mains account shall be increased by \$1,170 and the offset should be to the electrical pumping equipment. For the Marion water division, electrical pumping equipment shall be decreased by \$1,371 with the offsetting adjustment to the supply mains account. The Marion water electrical pumping equipment account shall be decreased by \$19,696, with the offsetting adjustment to power

generation equipment. The reclassification does not reduce the plant balances, but the corresponding adjustments to accumulated depreciation and depreciation expense shall be changed. For the Pinellas division, the increases are \$86 for depreciation and \$254 for the accumulated depreciation. For the Marion water system, the net increases are \$29 for depreciation and \$29 for the accumulated depreciation.

Capitalized Organizational Costs

The Marion County system and the Pinellas County system were acquired by a stock purchase. In a stock purchase, the utility's balance sheet is unaffected. According to staff's audit report, for its Marion County systems the utility recorded \$2,192 in capitalized organization costs associated with the merger of Crownwood of Ocala. For Pinellas County, the utility recorded \$17,785 for the transfer of Lake Tarpon Homes in 1990. This included \$3,717 in capitalized executive time and \$3,524 for unsupported plant.

The utility stated that these costs were appropriately capitalized and should be recovered from UIF customers. Although these costs appear reasonable and necessary to acquire the systems, they are misclassified. According to National Association of Regulatory Utility Commissioners (NARUC) Instruction 16, purchase costs of utility systems should be charged to the acquisition adjustment. Consistent with Commission decision in Docket No. 910020-WS, Order No. 25821, January 23, 1992, we find it appropriate to remove the above charges from plant in service account and reclassify them as acquisition adjustment.

Unsupported Costs

During the audit in this docket our staff made several document requests for both systems. The utility did not submit all requested invoices, and in some instances submitted cancelled checks in lieu of missing invoices. UIF stated that the cancelled checks should be sufficient evidence.

We are not persuaded by this argument. The utility's inability to provide invoices to the auditors at request is not in compliance with NARUC Uniform System of Accounts Instruction 2A. This instruction states that each utility shall be able to furnish readily information as to any item included in any account. Each entry shall be supported by such detailed information as will permit a ready identification, analysis, and verification of all facts relevant there to support all entries in the books of accounts. Proof of a cancelled check does not prove the invoice

amount nor does it specify the item. Therefore, we find it appropriate to reduce unsupported costs for plant in service for the Marion County water system by \$7,548, for the Marion County wastewater system by \$3,314, and for the Pinellas County system by \$1,344. Accumulated depreciation shall be increased for Marion County water by \$454, Marion County wastewater by \$378, and Pinellas County by \$38. Depreciation expense shall be reduced for Marion County water by \$264, Marion County wastewater by \$144, and Pinellas County by \$38.

Adjustments Pursuant to Commission Order No. 21554

In Order No. 21554, issued July 17, 1989, we made corrective adjustments to the Marion County system. The order required the utility to correctly state its plant in service balances and other corresponding adjustments. The utility confirmed that it had not made either of the adjustments stated in the order to its books and records or MFRs. The adjustments increased the water plant by \$23,657, transportation by \$3,922, computer equipment by \$1,016 and reclassified \$4,467 from the plant account to the land account. Accordingly, we have increased the land balance for the Marion wastewater system by \$720 to reflect the correct balance pursuant to Order No. 21554. The wastewater plant accounts have been increased by \$873 for transportation and \$808 for office furniture.

In total, the rate base for the Marion water and wastewater systems shall be increased by \$28,595 and \$2,401, respectively. We have made corresponding increases of \$4,654 and \$598 to accumulated depreciation and \$1,320 and \$199 to depreciation expense for water and wastewater. In the future, the utility shall comply with Order No. 21554 and book the proposed adjustments.

Retirement of the Crownwood Water Plant Well #2

Because of contamination, the utility has taken the Crownwood Water Plant Well #2 out of service in order to assure that the customers receive quality water service. The retirement of this well is in the best interest of the customers. Therefore, we find it appropriate that the well and pump be removed from rate base and retired from the company's books. However, because this retirement will result in a loss, UIF shall be allowed recovery of this investment. The original cost of the Crownwood well and pump was \$12,125. Therefore, plant in service shall be reduced by \$12,125, with corresponding reductions of \$5,017 to accumulated depreciation and \$502 to depreciation expense. We also find it appropriate to allow the utility to recover \$1,900 for the cost of plugging the well. The resulting loss of \$9,008 shall be amortized over a 6.5

year period at an annual amount of \$1,373 in accordance with Rule 25-30.433(9), Florida Administrative Code.

CIAC Imputed to Offset Margin Reserve

Consistent with past practice, we find it appropriate to impute contributions in aid of construction (CIAC) for margin reserve. The determination of plant used and useful includes an amount for the prospective customers to be connected during the margin reserve period, which is determined by historical growth patterns. Our practice requires that only the utility's investment in the margin reserve shall be recognized in rate base, and that CIAC shall be imputed for customer growth. The CIAC shall be limited to the plant cost that is included in the rate base as a result of the margin reserve.

For the Marion County systems, the water transmission and distribution system is considered 68.92 percent used and useful. We have included transmission and distribution mains in the imputation. To calculate the appropriate amount of CIAC to impute for the distribution plant, we multiplied the 21 ERCs included in the margin reserve by the approved tap-in fee of \$350. This results in a maximum amount to impute of \$7,350. We then compared this amount to the amount of plant included in the margin reserve which was 5.6 percent of the total distribution plant, or \$8,363. Since the amount of the margin reserve included in the distribution plant is greater than the imputed amount, we find it appropriate to impute CIAC in the amount of \$7,350. Accordingly, accumulated amortization of CIAC and amortization expense has been increased by \$138 and \$277, respectively.

Working Capital

Pursuant to Rule 25-30.433, Florida Administrative Code, we have used the formula method or 1/8th of operation and maintenance expense (O&M) for calculating working capital. The utility has requested a working capital allowance for Marion County of \$8,564 for water and \$1,933 for wastewater and \$9,051 for Pinellas County. Based on the adjusted O&M balances made herein, the appropriate working capital amount for Marion County is \$9,662 for water and \$2,152 for wastewater and the appropriate working capital amount for Pinellas County is \$7,942.

Rate Base

Using a beginning and ending year average and the adjustments made herein, we find that the appropriate test year rate base for the Marion County division is \$201,652 for water and \$82,806 for

wastewater. For Pinellas County, the appropriate test year rate base shall be \$133,620.

COST OF CAPITAL

Our calculation of the appropriate cost of capital for each system is depicted on Schedule No. 2-A, and our adjustments are contained on Schedule No. 2-B.

Common Equity and Intercompany Payables

UIF aggregates all of the debt and equity attributed for member utilities and then allocates a percentage of the total to the various utility systems. The Commission audit indicated that the company incorrectly calculated the average for common equity and intercompany payables. The company has acknowledged this error and does not object to the correction. Therefore, we find it appropriate to reduce common equity by \$31,040 and intercompany payable by \$10,178.

Return on Equity

In calculating the rate of return on equity, we have used the current leverage formula approved in Order No. PSC-93-1107-FOF-WS, issued July 29, 1993. Therefore, we find the appropriate return on equity is 10.64 percent, with a range of 9.64 percent to 11.64 percent. Based upon the components of the adjusted capital structure, as shown on Schedule No. 2-A, the equity ratio for Marion and Pinellas County is 40.03%.

Overall Rates of Return

Based upon our adjustments herein, the appropriate overall rate of return has been determined using the parent company's capital structure with the parent's ratio of debt and equity each reconciled to the utility's rate base on a pro rata basis. Therefore, we find the overall rate of return to be 8.61 percent, with a range of 8.21 percent to 9.01 percent.

NET OPERATING INCOME

Our calculation of net operating income is depicted on Schedules Nos. 3-A and 3-B for each individual system. The schedule of adjustments to operating income are attached as Schedule No. 3-C. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those

schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Excess Unaccounted for Water and Excessive Treated Wastewater

It is our common practice to allow 10 percent unaccounted for water in a rate case proceeding. In Marion County, the amount is 14.1 percent and in Pinellas, it is 16.8 percent. Occasionally we allow an amount greater than 10 percent when sufficient reasoning exists or explanation is provided by the company. We find that the circumstances in this case support deviation from the normal practice as explained below.

An inspection of the facilities in Marion County revealed that the wells in the Golden Hills subdivision have water-lubricated bearings. These bearings require a constant supply of water from the system. Since this water is not metered, these bearings may contribute in large part to the amount of unaccounted for water. In Pinellas County, during the two months of the test year the flow meter malfunctioned and was recording only a portion of the amount of water sold, which alerted the company to the problem. To prevent this from recurring, the utility has purchased a new flow meter and will install it along with the other related improvements being undertaken at this system.

As will be discussed in a later portion of this Order, the Crownwood wastewater plant flow records show the plant is treating significantly more wastewater than is being sold and billed to customers. The plant does not have a flow meter, and instead estimates flows with a time clock on collection system pumps. The flow data is not accurate due to errors that have occurred through estimations of flow that are too high. In the event of high flows, we would normally reduce cost of purchased power for pumping at the lift station. However, because power for the lift station and the plant averages \$177 per month, and is primarily consumed by the blowers necessary for plant operation, any reduction for lift station power would be insignificant.

Therefore, no adjustment to operational expenses is necessary since neither unaccounted for water nor the amount of wastewater appear excessive.

Allocations for Unsupported Common Expenses

UIF allocates common expenses incurred by the parent company down to the state level and then to each individual utility systems based on a "Customer Equivalency Ratio" (C/E). UIF was unable to

provide invoices to support the indirect expenses charged to audit, legal fees, and miscellaneous fees. UIF stated that cancelled checks should be sufficient evidence to support those expenses.

As noted earlier in this Order, we are not persuaded by this argument. The utility's inability to provide invoices to the auditors at request is not in compliance with NARUC Instruction 2A. This instruction states that each utility shall be able to furnish readily information as to any item included in any account. Each entry shall be supported by such detailed information as will permit a ready identification, analysis, and verification of all facts relevant there to support all entries in the books of accounts. Proof of a cancelled check does not prove the invoice amount nor does it specify the item. Therefore, we find it appropriate to remove the following unsupported common expenses for Management Contract Services: \$148 for Marion Water, \$28 for Marion Wastewater, and \$243 for Pinellas Water.

Rate Case Expense

In its rate case application, the utility included a \$101,500 estimate for rate case expense to complete this case using the PAA process. However, the utility included \$104,116 in calculating its annual revenue requirement. We consider the difference between the utility's estimated rate case expense of \$101,500 and the \$104,116 used to calculate its revenue requirement to be an error and we have removed the difference of \$2,616.

At our request, the utility submitted information concerning the actual rate case expense incurred, with supporting documentation. The revised rate case expense to date is \$44,521. We have reviewed the updated rate case expense and find it to be reasonable. Accordingly, we find that the appropriate amount of reasonable rate case expense is \$44,521. The overall \$59,595 reduction to rate case expense (\$104,116 - \$44,521) yields test year reductions of \$5,250 and \$998 for the Marion water and wastewater systems and \$8,650 for the Pinellas system.

Guideline Depreciation Rates

Pursuant to Rule 25-30.140(3), Florida Administrative Code, guideline depreciation rates shall be used in rate proceedings unless the utility submits a study which justifies the use of different rates. The utility depreciated plant on a consolidated basis. UIF determined the Marion County system's depreciation expense by using a composite rate of 1.82% for water and 2.67% for wastewater times total depreciable plant, minus transportation equipment, computer and allocated general plant. In its

application, the utility did not petition or justify the need for any other type of depreciation rates. Guideline depreciation rates are implemented at the Pinellas system.

To reflect the appropriate guideline rates, we find it appropriate to increase accumulated depreciation by \$1,032 and depreciation expense by \$2,064 for the Marion County water division. For the wastewater division, we have decreased accumulated depreciation by \$958, and made a corresponding decrease of \$1,916 to depreciation expense. Consistent with Rule 25-30.140 (3), Florida Administrative Code, the utility shall implement guideline rates on the date that this Order becomes final.

Interest on Customer Deposits

UIF recorded interest on customer deposits of \$214 for Marion County water, \$40 for Marion County wastewater, and \$352 for Pinellas County. Interest on customer deposits is a below-the-line charge and is not properly considered an expense for ratemaking purposes, but is instead considered a cost of capital component. Therefore, we find it appropriate to remove interest on customer deposits from the utility's net operating income.

Taxes Other Than Income

UIF allocated taxes other than income based on a "Customer Equivalency Ratio" (C/E). However, taxes other than income can be directly traced to the specific utilities involved. We therefore find it appropriate to use the actual amount. The following adjustments shall be made to reduce taxes other than income to reflect actual amounts in the account balances: For Marion County water and wastewater, real estate and personal property shall be reduced by \$1,159 and \$221, respectively; miscellaneous and other taxes shall be reduced by \$51 and \$9, respectively; and regulatory assessment fees shall be reduced by \$478 and \$164, respectively. For Pinellas County, real estate and personal property shall be reduced by \$2,962; miscellaneous and other taxes shall be reduced by \$84; and regulatory assessment fees shall be reduced by \$4,364.

Test Year Operating Income

Based on the level of revenues, expenses and adjustments approved herein, we find that before any provisions for increased revenues, Marion County has a test year net operating loss of \$11,987 for the water system, and a \$2,308 test year operating income for the wastewater system. Pinellas County has a test year net operating loss of \$4,153.

REVENUE REQUIREMENT

Based upon our review of the utility's application and the adjustments discussed herein, the appropriate annual revenue requirement for each system is set forth below.

	Dollar <u>Revenues</u>	<u>Increase</u>	Percent <u>Increase</u>
Marion County-water	\$123,392	\$ 49,265	66.46%
Marion County-wastewater	\$ 33,009	\$ 8,091	32.47%
Pinellas County	\$ 87,002	\$ 26,280	43.28%

These revenue requirements will allow the utility to recover its operating expenses and the opportunity to earn a 8.61 percent return on its investment. Pursuant to Commission practice, the Marion County water division revenues are limited to what the company requested in its application.

RATES AND CHARGES

The final rates are designed to produce annual revenues of \$123,392 for water and \$33,009 for wastewater service in Marion County, and \$87,002 for water service in Pinellas County. The utility's rates prior to the filing, the currently approved interim rates, the requested final rates, and approved final rates are shown on Schedules Nos. 4-A through 4-B for Marion County and Schedule No. 4-A for Pinellas County.

Residential Wastewater Cap

The Marion County wastewater customers are billed bimonthly, resulting in an monthly average of 10,000 gallons of wastewater being collected and treated. The customers live in patio homes and generally have households of 1-2 people. The residential customers' average consumption is 7,280 gallons. The utility requested that the current gallonage cap of 20,000 gallons for residential wastewater customers be continued.

The purpose of a gallonage cap is to minimize cross subsidization between customer types. A cap at 20,000 gallons bi-monthly would result in the customers with high consumption paying higher wastewater bills. Therefore, we find that a cap of 20,000 gallons is appropriate.

Rates

UIF requested a change in the base facility charges for residential wastewater rates. We generally authorize a single base facility charge for residential wastewater service regardless of the meter size. Residential customers usually install large sized water meters to meet the need for a greater water pressure for irrigation purposes. Since the water used for irrigation is not returned to the system, there is no additional demand placed on the wastewater system by the larger residential meters. We therefore find it appropriate to continue the base facility charge rate structure.

The utility also requested the same wastewater gallonage charge for residential and general service customers. This Commission usually authorizes a differential in the wastewater gallonage charge to reflect the allowance for water used for irrigation and other purposes where the water is not collected and treated by the wastewater system. We find it appropriate to continue a single base facility charge for residential wastewater service with a 20% differential in the wastewater gallonage charge between residential and general service customers.

We also evaluated the possibility of changing the billing cycle from bi-monthly to monthly. UIF requested that it be allowed to continue the bi-monthly billing cycle, primarily because of the cost savings incurred by having 6 billing periods annually instead of 12. The customers have not stated any concerns about the bi-monthly billing cycle, and the utility does not have a very high bad debt expense for any of these systems. Therefore, we find it appropriate to allow the utility to continue its bi-monthly billing cycle.

Effective date

The approved rates shall be effective for service rendered as of the stamped approval date of the revised tariff sheets, provided the customers have received notice. The rates may not be implemented until the utility submits revised tariff sheets and an adequate customer notice reflecting the Commission's decision. The utility shall provide proof of the date that the notice was given, within 10 days of the date of the notice.

Statutory Four-Year Rate Reduction

Section 367.0816, Florida Statutes, requires that rate case expense be apportioned for recovery over a period of four years. The statute further requires that the utility's rates be reduced

immediately by the amount of rate case expense previously included in the rates. This statute applies to all rate cases filed on or after October 1, 1989.

The revenues shall be reduced by \$4,098 for the Marion County water system, \$1,780 for the Marion County wastewater system, and \$6,754 for the Pinellas County water system, which reflects the removal of the amortized rate case expense and the gross-up for regulatory assessment fees. This results in rate decreases as approved on Schedules Nos. 5-A through 5-B for Marion County and Schedule No. 5-A for Pinellas County. The revenue reduction reflects the annual rate case expense that is amortized (expensed) plus the gross-up for regulatory assessment fees.

The utility shall file revised tariffs no later than one month prior to the actual date of the required rate reduction. The utility shall also file a proposed customer notice setting forth the lower rates and the reason for the reduction.

If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

Refund of Interim Revenues

By Order No. PSC-94-0250-FOF-WS, issued March 7, 1994, we suspended the utility's proposed rates and approved interim water and wastewater rates subject to refund, pursuant to Sections 367.082, Florida Statutes. For Pinellas County water, we approved interim revenues of \$106,267, an increase of \$45,549 (75 percent). For Marion County, we approved an interim revenue amount of \$99,522 for water or an increase of \$25,396 (34.26 percent). For Marion County Wastewater, we approved \$28,720 in interim revenues or an increase of \$3,802 (15.26 percent).

According to Section 367.082, Florida Statutes, any refund shall be calculated to reduce the rate of return of the utility during the pendency of the proceeding to the same level within the range of the newly authorized rate of return. Adjustments made in the rate case test period that do not relate to the period interim rates are in effect shall be removed.

In this proceeding, the test period for establishment of interim rates and final rates was the twelve months ended December 31, 1992. The approved interim rates did not include any provisions for pro forma consideration of increased operating

expenses or increased plant. The interim increase was designed to allow recovery of actual interest costs, and the floor of the last authorized range of equity earnings.

To establish the proper refund amount, we have calculated a revised revenue requirement for the interim period using the same data used to establish final rates, but excluding the proforma provisions for rate case expense. This pro forma charge was excluded since it was not an actual expense during the interim collection period. No other adjustments were necessary. We computed the comparable revenue requirement using the recommended cost of capital for final rate purposes, since this overall cost of capital includes the return on equity that, by statute, is the prescribed return to be used to test for excessive earnings during the interim collection period.

The approved revenue requirement for Pinellas County water system is \$87,002. This represents a \$26,027 (18.22 percent) reduction from the interim revenue requirement of \$106,261. Therefore, the utility shall refund 18.22 percent of the water service revenues collected under interim rates for the Pinellas County water system.

The approved revenue requirements for Marion County water and wastewater system is \$123,392 and \$33,009, respectively. This represents a \$23,870 and \$4,289 increase over the interim revenue requirements of \$99,522 and \$28,720. Therefore, no refund is necessary for the Marion County system.

Service Availability Charges

UIF's current service availability charges were approved in staff-assisted rate cases in 1989. The Marion County systems' existing service availability policy and charges were authorized in Order No. 21554, which was issued July 17, 1989 in Docket No. 881324-WS. We approved a charge of \$350 per ERC for meter installation and customer connection to the water system and a customer connection charge of \$450 per ERC for each connection to the wastewater system. These charges will result in contribution levels of approximately 62% for the water system and 36% for the wastewater system at build-out.

The Pinellas County water system's existing service availability charges were approved in Order No. 22160, which was issued November 7, 1989 in Docket No. 890442-WU. Although the service area was built out at the time of the last rate case, we authorized a meter installation charge of \$75 for 5/8" x 3/4" meters and actual cost for larger meter sizes.

Because the utility has not requested a change in its service availability charges in this rate case, and there have been no material changes in the factors effecting service availability charges, we find it appropriate that the current service availability policies be continued.

BOOKS AND RECORDS

Rule 25-30.115, Florida Administrative Code, requires utilities to maintain accounts and records in conformity with the NARUC Uniform System of Accounts. According to this system of accounts, a utility shall keep readily available a list of the account numbers and subdivisions of the accounts which it uses and a reconciliation of such numbers and subdivision with the account numbers and titles.

Based on the disclosures in the audit, we are not convinced that the books and records are in compliance with Rule 25-30.115, Florida Administrative Code. According to the audit report, the utility provided a chart of accounts. However, this chart was only sufficient to reconcile and cross-reference plant. The MFR schedules provide the USOA account numbering, but neither the titles nor the comparative utility account numbering system was sufficient to establish an audit trail to the general ledger. Furthermore, the audit report disclosed several items that were unsupported expenditures and noted several misclassified plant items. It is possible that these misclassifications occurred because the utility does not comply with the USOA.

The utility provided a cross-reference of account numbers for where it felt there would be some confusion. The utility did not provide a cross reference sheet for the revenue and expense accounts. The utility's account numbers and the USOA's account numbers tend to have the same titles, therefore a cross-reference sheet was not provided to the auditors. The utility has responded to these concerns by stating that there is no need for it to revise its accounting system. The utility asserted that it can not easily and inexpensively revise the accounts. The utility noted that it provides a reconciling schedule when needed, which is much less costly than revising the accounting system.

In previous rate cases filed by Utilities Inc. of Florida, staff auditors have expressed difficulty in reviewing the company's books and records. In the Paradise Point West and Mid-County Services, Inc. rate applications, we addressed the issue and required the company to comply with the USOA.

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DOCKET NO. 930826-WS
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Based on the above, UIF is hereby ordered to comply with Rule 25-30.115, Florida Administrative Code, and maintain its books and records in accordance with NARUC. This includes having readily available supporting documents for all plant additions and having each project supported by attached invoices documenting detailed labor charges by individual.

If a protest is not received within 21 days of issuance of this Proposed Agency Action Order, this Order will become final, and the docket may be closed upon staff's verification that the utility has completed the required refund for the water and wastewater systems, has filed proof that notice of the increase was received by the customers, and has filed revised tariff sheets which meet staff's approval. Upon staff's approval of the refund, the utility's letter of credit may be released.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Utilities Inc. of Florida's application for increased water rates in Pinellas County and increased water and wastewater rates in Marion County is approved as set forth in the body of this Order. It is further

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

ORDERED that all matters contained in the schedules attached hereto are by reference incorporated herein. It is further

ORDERED that Utilities, Inc. of Florida is authorized to charge the new rates and charges as set forth in the body of this Order. It is further

ORDERED that the rates approved herein shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Utilities, Inc. of Florida shall submit and have approved a proposed customer notice to its customers of the increased rates and charges and reasons therefor. The notice will be approved upon staff's verification that it is consistent with our decision herein. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Utilities, Inc. of Florida shall submit and have approved revised tariff pages. The revised tariff pages

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DOCKET NO. 930826-WS
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will be approved upon staff's verification that the pages are consistent with our decision herein, that the protest period has expired, and that the proposed customer notice is adequate. It is further

ORDERED that the utility shall make refunds as set forth in the body of this Order. It is further

ORDERED that the rates shall be reduced at the end of the four-year rate case expense amortization period, consistent with our decision herein. The utility shall file revised tariff sheets no later than one month prior to the actual date of the reduction and shall file a customer notice. It is further

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

ORDERED that Utilities, Inc. of Florida shall submit a statement of the actual rate case expense incurred as set forth within the body of this Order. It is further

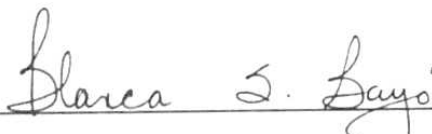
ORDERED that Utilities, Inc. of Florida shall implement guideline depreciation rates in accordance with Rule 25-30.140, Florida Administrative Code. It is further

ORDERED that Utilities, Inc. of Florida shall maintain the utility's books and records in conformity with the NARUC Uniform System of Accounts and Rule 25-30.115, Florida Administrative Code. It is further

ORDERED that this docket shall be closed if no timely protest is received from a substantially affected person, and upon the utility's filing and staff's approval of revised tariff sheets and a customer notice. It is further

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By ORDER of the Florida Public Service Commission, this 16th
day of June, 1994.



BLANCA S. BAYO, Director
Division of Records and Reporting

(S E A L)

MEO

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.

The action proposed herein 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 June 7, 1994.

In the absence of such a petition, this order shall become effective on the day 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 this order becomes final and effective on the date described above, any party adversely affected may request judicial

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DOCKET NO. 930826-WS
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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.

UTILITIES INC. OF FLORIDA - MARION COUNTY				SCHEDULE NO. 1-A		
SCHEDULE OF WATER RATE BASE				DOCKET NO. 930826-WS		
TEST YEAR ENDED DECEMBER 31, 1992						
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	
1 UTILITY PLANT IN SERVICE	\$ 520,921	\$ 15,731	\$ 505,190	(10,241)	\$ 494,949	
2 LAND	12,615	0	12,615	4,467	17,082	
3 NON-USED & USEFUL COMPONENTS	0	(47,238)	(47,238)	0	(47,238)	
4 ACCUMULATED DEPRECIATION	(185,879)	(8,000)	(177,879)	1,005	(176,874)	
5 CIAC	(102,039)	(1,050)	(100,989)	(7,350)	(108,339)	
6 AMORTIZATION OF CIAC	13,837	1,565	12,272	138	12,410	
7 ACQUISITION ADJUSTMENTS -NET	0	0	0	0	0	
8 ADVANCES FOR CONSTRUCTION	0	0	0	0	0	
9 DEFERRED TAXES	0	0	0	0	0	
10 WORKING CAPITAL ALLOWANCE	6,836	(1,728)	8,564	1,098	9,662	
RATE BASE	\$ 266,291	\$ (40,720)	\$ 212,535	(10,883)	\$ 201,652	

UTILITIES INC. OF FLORIDA - MARION COUNTY SCHEDULE OF WASTEWATER RATE BASE TEST YEAR ENDED DECEMBER 31, 1992				SCHEDULE NO. 1-B DOCKET NO. 930826-WS		
COMPONENT		TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTED ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$	127,834 \$	(2,220)\$	125,614 \$	(1,633)\$	123,981
2 LAND		10,080	0	10,080	720	10,800
3 NON-USED & USEFUL COMPONENTS		0	(22,358)	(22,358)	0	(22,358)
4 ACCUMULATED DEPRECIATION		(34,609)	2,102	(32,507)	738	(31,769)
5 CIAC		0	0	0	0	0
6 AMORTIZATION OF CIAC		0	0	0	0	0
7 ACQUISITION ADJUSTMENTS -NET		0	0	0	0	0
8 ADVANCES FOR CONSTRUCTION		0	0	0	0	0
9 DEFERRED TAXES		0	0	0	0	0
10 WORKING CAPITAL ALLOWANCE		1,593	340	1,933	219	2,152
RATE BASE	\$	104,898 \$	(22,136)\$	82,762 \$	44 \$	82,806

UTILITIES INC. OF FLORIDA - MARION COUNTY
 ADJUSTMENTS TO RATE BASE
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 1-C
 DOCKET NO. 930826-WS
 PAGE 1 OF 1

EXPLANATION	WATER	WASTEWATER
(1) UTILITY PLANT IN SERVICE		
a) Adjustment to show retirement of well and pump	\$ (12,125)	
b) Adjustment to remove acquisition costs	(2,192)	
c) Adjustment in accordance with prior Order 21554	24,128	1,681
d) Adjustment to remove allocated organization cost and inventoried plt.	(12,504)	
e) Adjustment to remove unsupported plant costs	(7,548)	(3,314)
	<u>\$ (10,241)</u>	<u>\$ (1,633)</u>
(2) LAND		
c) Adjustment in accordance with prior Order 21554	<u>\$ 4,467</u>	<u>\$ 720</u>
(3) ACCUMULATED DEPRECIATION		
a) Adjustment to show retirement of well and pump	\$ 5,017	
b) Adjustment in accordance with prior Order 21554	(4,654)	(598)
c) Adjustment to remove allocated organization cost and inventoried plt.	1,191	
d) Adjustment to remove unsupported plant costs	454	37
e) Adjustment related to reclassified plant	29	
f) Adjustment to reflect guideline rates.	(1,032)	958
	<u>\$ 1,005</u>	<u>\$ 738</u>
(4) CIAC		
a) Imputation of CIAC to offset margin reserve	<u>\$ (7,350)</u>	
(5) ACCUMULATED AMORTIZATION		
a) Provision of amortization of imputed CIAC	\$ 138	
	<u>\$ 138</u>	
(6) WORKING CAPITAL		
a) Adjustment to agree with recommended operating expenses	<u>\$ 1,098</u>	<u>\$ 219</u>

UTILITIES INC. OF FLORIDA - MARION COUNTY
 CAPITAL STRUCTURE
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 2-A
 DOCKET NO. 930826-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	\$ 328,125	9.34%	6.00%	0.56%	\$ (301,246)	\$ 26,879	9.45%	6.00%	0.57%	
2 INTERCOMPANY PAYABLE	1,359,462	38.69%	9.47%	3.66%	(1,248,934)	110,528	38.86%	9.47%	3.68%	
3 PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%	
4 COMMON EQUITY	1,421,005	40.44%	10.67%	4.32%	(1,307,144)	113,861	40.03%	10.64%	4.26%	
5 CUSTOMER DEPOSITS	58,423	1.66%	8.00%	0.13%	(53,637)	4,786	1.58%	8.00%	0.10%	
7 INVESTMENT TAX CREDITS	137,045	3.80%	0.00%	0.00%	(125,819)	11,226	3.95%	0.00%	0.00%	
8 ACCUM. DEFERRED TAXES	209,698	5.97%	0.00%	0.00%	(192,520)	17,178	6.04%	0.00%	0.00%	
9 TOTAL CAPITAL	\$ 3,513,758	100.00%		8.67%	\$ (3,229,300)	\$ 284,458	100.00%		8.61%	
RANGE OF REASONABLENESS							LOW	HIGH		
							-----	-----		
RETURN ON EQUITY							9.64%	11.64%		
							-----	-----		
OVERALL RATE OF RETURN							8.21%	9.01%		
							-----	-----		

UTILITIES INC. OF FLORIDA – MARION COUNTY ADJUSTMENTS TO CAPITAL STRUCTURE TEST YEAR ENDED DECEMBER 31, 1992		SCHEDULE NO. 2-B DOCKET NO. 930826-WS			
DESCRIPTION	SPECIFIC ADJUSTMENT (1)	SPECIFIC ADJUSTMENT (2)	PRO RATA RECONCILE	NET ADJUSTMENT	
1 LONG TERM DEBT	\$ 0	\$ 0	(301,246)	\$ (301,246)	
2 INTERCOMPANY PAYABLES	(10,178)	0	(1,238,756)	(1,248,934)	
3 PREFERRED STOCK	0	0	0	0	
4 COMMON EQUITY	(31,040)	0	(1,276,104)	(1,307,144)	
5 CUSTOMER DEPOSITS	0	0	(53,637)	(53,637)	
6 ACCUM. DEFERRED INCOME TAX	0	0	(125,819)	(125,819)	
7 OTHER (Explain)	0	0	(192,520)	(192,520)	
8 TOTAL CAPITAL	\$ (41,218)	\$ 0	(3,188,082)	\$ (3,229,300)	

UTILITIES INC. OF FLORIDA - MARION COUNTY
 STATEMENT OF WATER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 3-A
 DOCKET NO. 930826-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	\$ 72,086	\$ 56,313	\$ 128,399	(\$ 54,272)	\$ 74,127	\$ 49,265	123,392
OPERATING EXPENSES:		78.12%				66.46%	
2 OPERATION AND MAINTENANCE	\$ 54,691	\$ 28,001	\$ 82,692	(\$ 5,398)	\$ 77,294	\$	77,294
3 DEPRECIATION NET OF CIAC AMORT.	10,333	1,344	11,677	1,373	13,050		13,050
4 INTEREST ON CUSTOMER DEPOSITS	214	0	214	(214)	0		0
5 TAXES OTHER THAN INCOME	7,670	2,309	9,979	(1,688)	8,291	2,217	10,508
6 INCOME TAXES	(1,506)	6,914	5,408	(17,929)	(12,521)	17,704	5,183
7 TOTAL OPERATING EXPENSES	\$ 71,402	\$ 38,568	\$ 109,970	\$ 196,084	\$ 86,114	\$ 19,921	106,035
8 OPERATING INCOME	\$ 624	\$ 17,745	\$ 18,429	(\$ 250,356)	(\$ 11,987)	\$ 29,344	17,357
9 RATE BASE	\$ 266,291		\$ 212,535		\$ 201,652		\$ 201,652
RATE OF RETURN	0.23%		8.67%		-5.94%		8.61%

UTILITIES INC. OF FLORIDA - MARION COUNTY
 STATEMENT OF WASTEWATER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 3-B
 DOCKET NO. 930826-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	\$ 24,339	\$ 9,796	\$ 34,135	(9,217)	\$ 24,918	8,091	\$ 33,009
OPERATING EXPENSES		40.25%				32.47%	
2 OPERATION AND MAINTENANCE	\$ 12,745	\$ 5,497	\$ 18,242	(1,026)	\$ 17,216	\$	17,216
3 DEPRECIATION NET OF CIAC AMORT.	3,733	502	4,235	0	4,235		4,235
4 INTEREST ON CUSTOMER DEPOSITS	40	0	40	(40)	0		0
5 TAXES OTHER THAN INCOME	2,010	322	2,332	(394)	1,938	364	2,302
6 INCOME TAXES	425	1,685	2,110	(2,889)	(779)	2,908	2,128
7 TOTAL OPERATING EXPENSES	\$ 18,953	\$ 8,006	\$ 26,959	(4,349)	\$ 22,610	\$ 3,272	\$ 25,881
8 OPERATING INCOME	\$ 5,386	\$ 1,790	\$ 7,176	(4,668)	\$ 2,308	\$ 4,819	\$ 7,128
9 RATE BASE	\$ 82,898	\$	\$ 82,762	\$	\$ 82,806	\$	\$ 82,806
RATE OF RETURN	6%		8.67%		2.79%		8.61%

EXPLANATION	WATER	WASTEWATER
<p>UTILITIES INC. OF FLORIDA - MARION COUNTY ADJUSTMENTS TO OPERATING STATEMENTS TEST YEAR ENDED DECEMBER 31, 1992</p>		
<p>SCHEDULE NO. 3-C DOCKET NO. 930826-WS PAGE 1 OF 2</p>		
(1) OPERATING REVENUES		
a) Reverse utility's proposed rate increase	\$ (54,272)	\$ (9,217)
(2) OPERATION & MAINTENANCE		
a) Adjustment to reduce contractual services--mgmt due to lack of support	(148)	(28)
b) Adjust provision for rate case expense	(5,250)	(998)
	<u>\$ (5,398)</u>	<u>\$ (1,026)</u>
(3) DEPRECIATION EXPENSE		
a) Adjustment to reflect retirement of well #2	\$ (502)	\$
b) Depreciation related to misclassified plant costs	(29)	(199)
c) Corresponding adjustment for unrecorded plant (Order 21554)	1,320	(144)
d) Adjustment to remove related unsupported plt.	(264)	(144)
e) Adjustment to reflect guideline depreciation rates	2,064	(1,916)
f) Provision of amort. exp. related to imputation of CIAC.	(277)	(1,916)
g) Amort. of Loss on Retirement	1,273	(2,259)
	<u>\$ 3,715</u>	<u>\$ (2,259)</u>
(4) INTEREST ON CUSTOMER DEPOSITS		
a) Adjustment to remove customer deposits interest	\$	\$
(5) TAXES OTHER THAN INCOME TAXES		
a) Regulatory assessment fees related to revenue adjustment	\$ (2,425)	\$ (412)
b) Adjustment to reduce property taxes to actual amt.	(1,159)	(221)
c) Adjustment to reduce RAFs to actual amt.	(478)	(164)
d) Adjustment to reduce Misc. taxes to actual amt.	(51)	(9)
	<u>\$ (1,688)</u>	<u>\$ (394)</u>

UTILITIES INC. OF FLORIDA - MARION COUNTY
 ADJUSTMENTS TO OPERATING STATEMENTS
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 3-C
 DOCKET NO. 930826-WS
 PAGE 2 OF 2

EXPLANATION	WATER	WASTEWATER
(6) <u>INCOME TAXES</u>		
a) Income taxes associated with adjusted test year income	\$ <u>(17,929)</u>	\$ <u>(2,889)</u>
(7) <u>OPERATING REVENUES</u>		
a) Adjustment to reflect recommended revenue requirement	\$ <u>49,265</u>	\$ <u>8,091</u>
(8) <u>TAXES OTHER THAN INCOME TAXES</u>		
a) Regulatory assessment taxes on additional revenues	\$ <u>2,217</u>	\$ <u>364</u>
(9) <u>INCOME TAXES</u>		
a) Income taxes related to recommended income amount	\$ <u>17,704</u>	\$ <u>2,908</u>

UTILITY: UTILITIES INC. OF FLORIDA
 SYSTEM: MARION COUNTY WATER
 COUNTY: MARION
 DOCKET NO. 930826-WS
 PROJECTED TEST YEAR ENDED: DECEMBER 31, 1992

WATER

RATE SCHEDULE

Bi-Monthly Rates

	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final
<u>Residential, Multi-Family, and General Service</u>				
Base Facility Charge:				
Meter Size:				
5/8"x3/4"	\$6.33	\$8.51	\$8.85	\$8.04
1"	\$15.79	\$21.24	\$22.13	\$20.10
1-1/2"	\$31.59	\$42.49	\$44.26	\$40.20
2"	\$50.53	\$67.96	\$70.82	\$64.32
3"	\$94.74	\$127.42	\$132.78	\$128.64
4"	\$157.91	\$212.37	\$221.30	\$201.00
6"	-----	\$424.75	\$442.60	\$402.00
Gallonage Charge, per 1,000 Gallons	\$1.24	\$1.67	\$2.42	\$2.38

Typical Residential Bills

<u>5/8" x 3/4" meter</u>				
3,000 Gallons	\$10.05	\$13.52	\$16.11	\$15.18
5,000 Gallons	\$12.53	\$16.85	\$20.95	\$19.94
10,000 Gallons	\$18.73	\$25.21	\$33.05	\$31.84
20,000 Gallons	\$31.13	\$41.87	\$57.25	\$55.64

UTILITY: UTILITIES INC. OF FLORIDA
 COUNTY: MARION
 DOCKET NO. 930826-WS
 TEST YEAR ENDED: DECEMBER 31, 1992

RATE SCHEDULE

WASTEWATER

Bi-Monthly Rates

	<u>Rates Prior to Filing</u>	<u>Commission Approved Interim</u>	<u>Utility Requested Final</u>	<u>Commission Approved Final</u>
<u>Residential and Multi-Family</u>				
Base Facility Charge:				
5/8" x 3/4"	\$42.82	\$49.36	\$58.00	\$57.25
1"	\$42.82	\$49.36	\$145.00	\$57.25
1-1/2"	\$42.82	\$49.36	\$290.00	\$57.25
2"	\$42.82	\$49.36	\$464.00	\$57.25
3"	\$42.82	\$49.36	\$870.00	\$57.25
4"	\$42.82	\$49.36	\$1,450.00	\$57.25
6"	\$42.82	\$49.36	\$2,900.00	\$57.25
Gallonge Charge, per 1,000 Gallons	\$3.54	\$4.08	\$4.95	\$4.48
Sewer Cap, per 1,000 Gallons	20	20	20	20
<u>General Service</u>				
Base Facility Charge:				
Meter Size:				
5/8" x 3/4"	\$42.82	\$49.36	\$58.00	\$57.25
1"	\$107.05	\$123.40	\$145.00	\$143.13
1-1/2"	\$214.11	\$246.80	\$290.00	\$286.25
2"	\$342.58	\$394.89	\$464.00	\$458.00
3"	\$642.33	\$740.41	\$870.00	\$916.00
4"	\$1,070.50	\$1,234.02	\$1,450.00	\$1,431.25
6"	-----	\$2,468.05	\$2,900.00	\$2,862.50
Gallonge Charge, per 1,000 Gallons	\$3.540	\$4.08	\$4.95	\$5.38
<u>5/8" x 3/4" meter</u>				
3,000 Gallons	\$53.44	\$61.60	\$72.85	\$70.69
5,000 Gallons	\$60.52	\$69.76	\$82.75	\$79.65
10,000 Gallons	\$78.22	\$90.16	\$107.50	\$102.05
20,000 Gallons	\$113.62	\$130.96	\$157.00	\$146.85
Sewer Cap, per 1,000 Gallons	20	20	20	20

UTILITY: UTILITIES INC. OF FLORIDA
 SYSTEM: MARION COUNTY WATER
 COUNTY: MARION
 DOCKET NO. 930826-WS

Schedule 5-A

RATE SCHEDULE

Schedule of Rate Decrease After Expiration of
 Amortization Period for Rate Case Expense

Water

Monthly Rates

<u>Residential, Multi-Family, and General Service</u>	<u>Commission Approved Rates</u>	<u>Rate Decrease</u>
Base Facility Charge (meter size):		
5/8"x3/4"	\$8.04	\$0.27
1"	\$20.10	\$0.67
1-1/2"	\$40.20	\$1.34
2"	\$64.32	\$2.14
3"	\$128.64	\$4.29
4"	\$201.00	\$6.70
6"	\$402.00	\$13.41
Gallage Charge, per 1,000 gallons	\$2.50	\$1.00

UTILITY: UTILITIES INC. OF FLORIDA
 COUNTY: MARION
 DOCKET NO. 930826-WS
 TEST YEAR ENDED: DECEMBER 31, 1992

Schedule 5-B

RATE SCHEDULE

Schedule of Rate Decrease After Expiration of
 Amortization Period for Rate Case Expense

Wastewater

Monthly Rates

<u>Residential and Multi-Family</u>	<u>Commission Approved Rates</u>	<u>Rate Decrease</u>
Base Facility Charge (meter size):		
5/8"x3/4"	\$57.25	\$1.35
1"	\$57.25	\$1.35
1-1/2"	\$57.25	\$1.35
2"	\$57.25	\$1.35
3"	\$57.25	\$1.35
4"	\$57.25	\$1.35
6"	\$57.25	\$1.35
Gallage Charge, per 1,000 gallons	\$4.48	\$0.11

General Service

Base Facility Charge (meter size):		
5/8"x3/4"	\$57.25	\$1.35
1"	\$143.13	\$3.38
1-1/2"	\$286.25	\$6.76
2"	\$458.00	\$10.82
3"	\$916.00	\$21.64
4"	\$1,431.25	\$33.82
6"	\$2,862.50	\$67.63
Gallage Charge, per 1,000 gallons	\$5.38	\$0.13

UTILITIES INC. OF FLORIDA - PINELLAS COUNTY				SCHEDULE NO. 1-A	
SCHEDULE OF WATER RATE BASE				DOCKET NO. 930826-WS	
TEST YEAR ENDED DECEMBER 31, 1992					
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 250,073	\$ 53,141	\$ 303,214	(27,671)	275,543
2 LAND	9,807	0	9,807	(3,701)	6,106
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
4 ACCUMULATED DEPRECIATION	(28,983)	4,893	(24,090)	(1,316)	(25,406)
5 CIAC	(138,090)	75	(138,015)	0	(138,015)
6 AMORTIZATION OF CIAC	9,589	(2,139)	7,450	0	7,450
7 ACQUISITION ADJUSTMENTS -NET	0	0	0	0	0
8 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
9 DEFERRED TAXES	0	0	0	0	0
10 WORKING CAPITAL ALLOWANCE	9,049	2	9,051	(1,102)	7,942
RATE BASE	\$ 111,445	\$ 55,972	\$ 167,417	(33,797)	133,620

UTILITIES INC. OF FLORIDA - PINELLAS COUNTY ADJUSTMENTS TO RATE BASE TEST YEAR ENDED DECEMBER 31, 1992		SCHEDULE NO. 1-C DOCKET NO. 930826-WS PAGE 1 OF 1	
EXPLANATION	WATER	WASTEWATER	
(1) UTILITY PLANT IN SERVICE			
a) Adjustment to remove unsupported plant costs	\$ (1,344)		
b) Adjustment related to reclassified plant	3,701		
c) Adjustment to remove capitalized organizational costs	(17,785)		
d) Adjustment to remove allocated organization and inventoried plant	(12,243)		
	<u>\$ (27,671)</u>		
(2) Land			
a) Adjustment related to reclassified plant	\$ (3,701)		
(3) ACCUMULATED DEPRECIATION			
a) Adjustment related to reclassified plant	\$ 59		
b) Adjustment related to reclassified plant	(33)		
c) Adjustment related to reclassified plant	(280)		
e) Adjustment to remove Accumulated Depreciation from unsupported plant	38		
d) adjustment to remove allocated inventoried plant from accumulated depreciation.	(1,100)		
	<u>\$ (1,316)</u>		
(4) WORKING CAPITAL			
a) Adjustment to agree with recommended operating expenses	\$ (1,109)		

UTILITIES INC. OF FLORIDA - PINELLAS COUNTY
 CAPITAL STRUCTURE
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 2-A
 DOCKET NO. 930826-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	\$ 328,125	9.34%	8.00%	0.56%	\$ (315,499)	\$ 12,628	8.45%	8.00%	0.57%	
2 INTERCOMPANY PAYABLES	1,359,462	38.69%	8.47%	3.66%	(1,307,543)	51,918	38.86%	9.47%	3.68%	
3 PREFERRED STOCK	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%	
4 COMMON EQUITY	1,421,005	40.44%	10.67%	4.32%	(1,367,521)	53,484	40.03%	10.64%	4.26%	
5 CUSTOMER DEPOSITS	58,423	1.65%	8.00%	0.13%	(58,175)	2,248	1.68%	6.00%	0.10%	
7 DEFERRED ITC'S	137,045	3.90%	0.00%	0.00%	(131,772)	5,273	3.95%	0.00%	0.00%	
8 ACCUM. DEFERRED TAX	209,698	5.97%	0.00%	0.00%	(201,629)	8,069	6.04%	0.00%	0.00%	
9 TOTAL CAPITAL	\$ 3,513,758	100.00%		8.67%	\$ (3,380,138)	\$ 133,620	100.00%		8.61%	
RANGE OF REASONABLENESS							LOW	HIGH		
							9.64%	11.64%		
							8.21%	9.01%		

UTILITIES INC. OF FLORIDA – PINELLAS COUNTY		SCHEDULE NO. 2-B		
ADJUSTMENTS TO CAPITAL STRUCTURE		DOCKET NO. 930826-WS		
TEST YEAR ENDED DECEMBER 31, 1992				
DESCRIPTION	SPECIFIC ADJUSTMENT (1)	SPECIFIC ADJUSTMENT (2)	PRO RATA RECONCILE	NET ADJUSTMENT
1 LONG TERM DEBT	\$	\$	\$ (315,499)	\$ (315,499)
2 INTERCOMPANY PAYABLES		(10,178)	(1,297,365)	(1,307,543)
3 PREFERRED STOCK			0	0
4 COMMON EQUITY		(31,040)	(1,336,481)	(1,367,521)
5 CUSTOMER DEPOSITS			(56,175)	(56,175)
6 ACCUM. DEFERRED INCOME TAX			(131,772)	(131,772)
7 OTHER (Explain)			(201,629)	(201,629)
8 TOTAL CAPITAL	\$	(41,218)\$	0 \$ (3,338,920)	\$ (3,380,138)

UTILITIES INC. OF FLORIDA - PINELLAS COUNTY
 STATEMENT OF WATER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 3-A
 DOCKET NO. 930826-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	\$ 56,947	\$ 51,960	\$ 108,907	\$(48,185)	\$ 60,722	\$ 26,260	\$ 87,002
OPERATING EXPENSES:		91.24%				43.28%	
2 OPERATION AND MAINTENANCE	\$ 72,391	\$ 35	\$ 72,426	\$(8,893)	\$ 63,533	\$	\$ 63,533
3 DEPRECIATION NET OF GIAC AMORT.	9,538	(4,688)	4,850	(550)	4,300		4,300
4 INTEREST ON CUSTOMER DEPOSITS	352	1,226	1,578	(352)	1,226		1,226
5 TAXES OTHER THAN INCOME	13,402	(1,997)	11,405	(9,578)	1,827	1,183	3,010
6 PROVISION FOR INCOME TAXES	(1,492)	5,624	4,128	(10,137)	(6,011)	9,444	3,433
7 TOTAL OPERATING EXPENSES	\$ 94,135	\$ 200	\$ 94,385	\$ 159,260	\$ 64,875	\$ 10,627	\$ 75,502
8 OPERATING INCOME	\$ (37,238)	\$ 51,760	\$ 14,522	\$(207,445)	\$(4,153)	\$ 15,553	\$ 11,500
9 RATE BASE	\$ 111,445		\$ 167,417		\$ 133,620		\$ 133,620
RATE OF RETURN	-33.41%		8.67%		-3.11%		8.61%

UTILITIES INC. OF FLORIDA - PINELLAS COUNTY
 ADJUSTMENTS TO OPERATING STATEMENTS
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 3-C
 DOCKET NO. 930826-WS
 PAGE 1 OF 2

EXPLANATION	WATER	WASTEWATER
(1) OPERATING REVENUES		
a) Reverse utility's proposed rate increase	\$ (48,185)	
(2) OPERATING & MAINTENANCE		
a) Adjustment to reduce contractual services—mgmt due to lack of support		(243)
b) Adjust provision for rate case expense		(8,650)
	\$	<u>(8,893)</u>
(3) DEPRECIATION EXPENSE		
a) Depreciation related to misclassified plant costs		(26)
b) Depreciation related to reclassified plant costs		112
c) Corresponding adjustment for unrecorded plant (Order 22956)		359
d) Adjustment to remove related unsupported pit.		(38)
e) Adjustment to remove allocated inventoried plant	\$	<u>(550)</u>
		<u>(117)</u>
(4) INTEREST ON CUSTOMER DEPOSITS		
a) Adjustment to remove customer deposits interest		

UTILITIES INC. OF FLORIDA - PINELLAS COUNTY
 ADJUSTMENTS TO OPERATING STATEMENTS
 TEST YEAR ENDED DECEMBER 31, 1992

SCHEDULE NO. 3-C
 DOCKET NO. 930826-WS
 PAGE 2 OF 2

EXPLANATION	WATER	WASTEWATER
(5) TAXES OTHER THAN INCOME TAXES		
a) Regulatory assessment fees related to revenue adjustment	\$ (2,168)	\$
b) Adjustment to reduce property taxes to actual amt.	(2,962)	
c) Adjustment to reduce RAFs to actual amt.	(4,364)	
d) Adjustment to reduce Misc. taxes to actual amt.	(84)	
	<u>\$ (9,578)</u>	\$
(6) INCOME TAXES		
a) Income taxes associated with adjusted test year income	\$ <u>(10,137)</u>	\$
(7) OPERATING REVENUES		
a) Adjustment to reflect recommended revenue requirement	\$ <u>26,280</u>	\$
(8) TAXES OTHER THAN INCOME TAXES		
a) Regulatory assessment taxes on additional revenues	\$ <u>1,183</u>	\$
(9) INCOME TAXES		
a) Income taxes related to recommended income amount	\$ <u>9,444</u>	\$

UTILITY: UTILITIES INC. OF FLORIDA
 COUNTY: PINELLAS
 DOCKET NO. 930826-WS
 TEST YEAR ENDED: DECEMBER 31, 1992

Schedule 4-A

RATE SCHEDULE

WATER

Bi-Monthly Rates

	Rates Prior to <u>Filing</u>	Commission Approved <u>Interim</u>	Utility Requested <u>Final</u>	Commission Approved <u>Final</u>
Residential and General Service				
Base Facility Charge:				
Meter Size:				
5/8"x3/4"	\$9.09	\$15.97	\$12.42	\$9.28
1"	\$22.75	\$39.97	\$31.06	\$23.20
1-1/2"	\$45.50	\$79.94	\$62.10	\$46.40
2"	\$72.79	\$127.89	\$99.36	\$74.24
3"	\$145.58	\$255.78	\$186.30	\$148.48
4"	-----	\$399.28	\$310.50	\$232.00
6"	-----	\$798.56	\$621.00	\$464.00
Gallonge Charge, per 1,000 Gallons	\$0.59	\$1.04	\$1.32	\$1.09

Typical Residential Bills

<u>5/8" x 3/4" meter</u>				
3,000 Gallons	\$10.86	\$19.09	\$16.38	\$12.55
5,000 Gallons	\$12.04	\$21.15	\$19.02	\$14.73
10,000 Gallons	\$14.99	\$26.34	\$25.62	\$20.18
20,000 Gallons	\$20.89	\$36.77	\$38.82	\$31.08

ORDER NO. PSC-94-0739-FOF-WS
 DOCKET NO. 930826-WS
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UTILITY: UTILITIES INC. OF FLORIDA
 COUNTY: PINELLAS
 DOCKET NO. 930826-WS
 TEST YEAR ENDED: DECEMBER 31, 1992

Schedule 5-A

RATE SCHEDULE

Schedule of Rate Decrease After Expiration of
 Amortization Period for Rate Case Expense

Water

Monthly Rates

<u>Residential, Multi-Family, and General Service</u>	<u>Commission Approved Rates</u>	<u>Rate Decrease</u>
Base Facility Charge (meter size):		
5/8"x3/4"	\$9.28	\$0.73
1"	\$23.20	\$1.83
1-1/2"	\$46.40	\$3.66
2"	\$74.24	\$5.85
3"	\$148.48	\$11.70
4"	\$232.00	\$18.29
6"	\$464.00	\$36.58
 Sallorage Charge, per 1,000 gallons	 \$1.00	 \$0.00