

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for) DOCKET NO. 930892-WU
amendment of Certificate No.) ORDER NO. PSC-94-1621-FOF-WU
488-W in Marion County by) ISSUED: December 30, 1994
VENTURE ASSOCIATES UTILITIES)
CORP.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER AMENDING CERTIFICATE TO INCLUDE ADDITIONAL TERRITORY

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING RATES AND CHARGES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein, regarding our granting of the rates and charges, 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

Venture Associates Utilities Corporation (Venture or utility) is a developer owned class B water utility which presently provides service to the Palm Cay subdivision within Marion County. On September 9, 1993, Venture filed its application to amend its existing water certificate to include additional territory to provide service to the Ocala Palms Subdivision. This property, as well as the existing Palm Cay property, is being developed by Venture Associates, an affiliated company. Within the additional territory, Venture proposes to serve an additional 798 equivalent residential connections (ERCs) consisting of single family homes and townhouses as well as a club house and community center. Venture proposes to provide only water service. Wastewater service

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FPSC-RECORDS/REPORTING

will be provided to individual customers directly by the City of Ocala. However, it is anticipated that, at some point in the future, the City of Ocala will provide water service to the individual homes within the new territory.

Venture provides service to its Palm Cay system through an on-site water treatment plant. To provide service to the proposed Ocala Palms Subdivision, Venture will purchase water from the City of Ocala through a master meter and resell to the individual water users within the development.

On September 12, 1994, our Staff met with Ocala's City Manager and representatives of the utility. The City Manager advised Staff that the intent of the water agreement between Venture and the City was that the City would provide bulk service to Venture and Venture would then provide service to customers within the development. While it is envisioned that at some point the City will take over the water system, it would prefer not to provide retail service at this time. The City prefers that Venture provide water service during the initial years of the development as anticipated by the service agreement.

The transmission line bringing water to the development as well as the distribution lines within the development have been constructed and are in service. Venture is presently providing service, without compensation to several customers.

APPLICATION

As stated earlier, Venture filed an application for amendment of its water certificate to include additional territory in Marion County on September 9, 1993. Except that Venture was providing service to several customers prior to Commission approval, the application is in compliance with Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules. The application contains a check in the amount of \$900, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.036(1)(e),(f) and (i), Florida Administrative Code. The additional territory which Venture has requested to serve is described in Attachment A of this Order, which by reference is incorporated herein. The utility has submitted an affidavit consistent with Section 367.045(2)(d), Florida Statutes, that it has tariffs and annual reports on file with the Commission. In addition, the application contains proof of compliance with the

noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. No objections to the notice of application have been received and the time for filing such has expired.

The Ocala Palms development is located one mile outside the Ocala city limits and provision of service to the area by Venture is consistent with the approved local comprehensive plan. Venture has adequately provided service to its rapidly growing Palm Cay system since 1988. We have contacted the Department of Environmental Protection and they have stated that the utility has no outstanding notices of violation. Therefore, we believe Venture has shown the technical ability to operate and expand a utility.

As previously stated, Venture will purchase and resell water from the City of Ocala. Therefore, additional plant to serve the added territory will consist only of additional lines. The utility will fund the proposed expansion through a combination of debt equity and contributions-in-aid-of-construction in a similar proportion to that used to fund its existing system. Therefore, no significant impact on the utility's overall capital structure is anticipated. In view of the information provided, it appears that Venture has the technical and financial ability to provide service to the additional territory.

As stated earlier, our Staff met with Ocala's City Manager on September 12, 1994. The City Manager advised Staff that the intent of the water agreement between Venture and the City was that the City would provide bulk service and Venture would provide service to customers within the development. While it is envisioned that at some point the City will take over the water system, the City does not want to provide retail service at this time. We believe it is important to cooperate and coordinate with local governments in the overall provision of utility service within the state. Therefore, in order to respect the City's wishes and not intrude upon parameters they have established in providing service, we find that it is in the public interest to approve the amendment as filed by Venture. However, in so finding, we recognize that the cost of water service to customers within the development will be higher than if service were received directly from the City. Since the basis for our approval is the reluctance of the City to provide service, we believe that fact should be clearly stated in the Order to make customers aware of why they are receiving service from Venture at a higher cost.

In consideration of the foregoing, Certificate No. 488-W shall be amended to reflect the territory described in Attachment A of this Order. Venture shall return the Certificate to the Commission

for entry reflecting the additional territory. Further, Venture shall file tariff sheets reflecting the amendment.

RATES AND CHARGES

Normally, in amendment applications, the utility's existing rates and charges are applied to customers within the amended territory. While this case is properly styled as an amendment application, rates are being developed for the Ocala Palms territory in the same manner as is done in an original certificate application. This different treatment is based upon the fact that Venture will be serving the additional territory as a reseller without investing in treatment facilities.

Obviously, this scenario highlights uniform vs. stand alone rates. However, based upon the fact that the utility operates only two small systems and the interim nature of the new system, we believe stand alone rates are appropriate. We believe that the benefits of uniform rates are minimized by the fact that there are only two small systems and that the administration of two systems within the same county would not be a burden to the utility. The present rates for the Palm Cay system as well as the approved rates for the Ocala Palms system are both original rates based upon projected data. Rate base has never been established for this utility and its operation has not been audited. We believe a consideration of uniform rates should only be done in conjunction with a rate proceeding with a complete evaluation of the utility's operation.

In designing original rates, we determine rates which will allow the utility to earn a fair rate of return on investment when the treatment plants reach 80 percent of capacity. It is anticipated that Venture will reach 80 percent of capacity in 1999. From the information supplied by the applicant, we were able to calculate proforma schedules of rate base, operating income and capital structure to be used in determining initial rates.

We have adjusted utility plant in service by a total of \$394,080 to recognize costs which are not properly utility costs which should be borne by the developer. Organizational costs and engineering costs have been reduced by \$24,850 and \$50,817 respectively. Based upon Venture's existing service availability policy, these costs are the developer's responsibility.

The major adjustment to utility plant in service is a reduction of \$318,413 which represents removal of the costs associated with the water main which brings water approximately one

mile from the City of Ocala to the Ocala Palms Development. As previously stated, Venture is a developer owned utility. Venture entered into a contractual agreement with the City of Ocala to extend water lines to the development. The developer entered into a similar agreement to extend wastewater lines. Pursuant to these agreements, both the water and wastewater lines have been donated to the City. Since the water line has been donated to the City, it is not a utility asset and therefore, cannot properly be considered for ratemaking purposes.

Regardless of the accounting treatment, we believe that running the line to the development is a development cost, not a utility cost. The mere fact that the water agreement was executed by the developer in the name of the utility is not persuasive. The Commission is not bound by such agreement. Potable water is provided to the development by the City of Ocala. Obviously, such service would not be available without the transmission line and the City would not incur the cost of the line. The City's consideration in providing service is that the line be paid for by someone other than the City. However, the decision of Venture to resell water is based upon the master meter which is the point of delivery to the development. That is the point where the City's responsibility ends and where the decision was made to place a master meter in lieu of having the City provide retail service.

The utility argues that the cost of the line was necessary to bring service to the area based upon the need for service and the Commission has considered interconnection costs in other dockets. As noted earlier, the choice to develop at this time necessitating the line was that of the developer and the cost and risk of constructing the line should be borne by the developer. We do not believe that the developer could have induced any non-affiliated utility to assume the risk and spend over \$300,000 to construct a line to serve its property when water service is available directly from the City.

The utility has brought three orders relating to reseller utilities to our attention in an attempt to show a precedent in treating interconnection costs in rate base. Both Orders Nos. 22447 and 24133 relate to line extensions by a private utility to receive bulk service. However, neither order indicates if the lines in question were donated to the respective suppliers or if the supplier was unable or unwilling to provide service to individual customers thereby necessitating the existence of the reseller. Order No. PSC-92-0868-FOF-SU outlines the scenario of an existing regulated utility which purchases sewage treatment from the county. As a result of a rate increase by the County, the utility was advised that it owed the County an additional \$235,000

in impact fees based upon their existing reserve capacity. In that order, the Commission recognized this cost as investment. However, this decision would be considered an emergency or hardship case in that this expense was necessary in order for the existing utility to continue receiving bulk service from its only source. In the Venture scenario we are dealing with a new development and utility system. Here, Venture was not the victim of changing circumstances. This is not an existing system suddenly faced with the need to interconnect due to operating problems, salt water intrusion or environmental concerns. This is a newly planned community which chose to receive service from the City whose nearest lines were one mile from the proposed development. Constructing that line was part of the planning process and not an emergency measure.

The utility further argues that the utility's construction of the supply main was required under Venture's approved service availability policy and that allowing another party to construct the line would be in violation of its tariff. While we believe that the fact that the utility does not own the supply main is the determining factor in this issue, we will address this point. The utility's service availability policy clearly states that off-site transmission and distribution systems shall be provided by the utility. However, the policy's following paragraph defines "off-site" as follows:

for the purpose of this policy, the term "off-site" shall be defined as those main water transmission lines necessary to connect developer's property with facilities of UTILITY adequate in size to transmit to developer's property an adequate supply of water under adequate pressure. (emphasis added)

Since the line in question connects the developer's property to the City's and not the utility's facilities, the line is not an off-site facility subject to the provisions of the service availability policy.

The rate base schedule appears on Schedule No. 1 with our adjustments appearing on Schedule No. 1A. Depreciation expense was adjusted to reflect the adjustments made to utility plant in service. Additionally, our approved working capital allowance reflects 1/8 of operation and maintenance expenses, which is consistent with current Commission practice and Rule 25-30.433(2) Florida Administrative Code.

Operating revenues and the corresponding regulatory assessment fees were adjusted to a level which allows the utility the

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opportunity to earn a 9.19 percent overall rate of return. Our Schedule of Operations appears on Schedule No. 2 with our adjustments appearing on Schedule No. 2A.

The utility's capital structure has been adjusted to reconcile with utility rate base. We have calculated the return on common equity to be 10.97 percent using the current Commission leverage formula authorized by Order No. PSC-93-1107-FOF-WS, issued June 29, 1993. The utility's capital structure appears on Schedule No. 3.

We have used the above-referenced schedules in establishing initial rates for the Ocala Palms service area. These schedules are not intended to establish rate base. This is consistent with Commission practice in original certificate applications.

Based on the foregoing, we find that the rates stated below are appropriate. The utility shall file revised tariff sheets reflecting the approved rates within 30 days of the effective date of this Order. The rates shall be effective for meter readings on or after 30 days from the stamped approval date of the tariff sheets. The utility shall provide a copy of this Order approving these rates to each customer presently receiving service within ten days of the issuance date of this Order.

WATER
Residential and General Service
Monthly Service

<u>Base Facility Charge Meter Size</u>	<u>City of Ocala Rates</u>	<u>Present Rate (Palm Cay)</u>	<u>Commission Approved (Ocala Palms)</u>
5/8" x 3/4"	\$ 8.65	\$ 10.61	\$ 7.06
3/4"	- - - -	- - - -	10.59
1"	26.98	26.52	17.65
1-1/2"	49.05	53.03	35.30
2"	110.00	84.85	56.48
3"	207.05	169.70	112.96
4"	249.76	265.16	176.50
6"	384.24	- - - -	353.00
8"	562.91	- - - -	564.80
Gallonage Charge (per 100 cubic feet)	\$.65	\$.91	\$ 1.31
Bill at 1,300 cubic feet (9,724 gal.)	\$ 17.10	\$ 22.44	\$ 24.09

Venture had initially requested a total service availability charge of \$1,067. We have recalculated this charge based upon the adjustments made to utility plant in service. As is shown on Schedule No. 4, we find that the appropriate total service availability charge of \$750 should be broken down into a main extension charge of \$650 and a meter installation charge of \$100.

Additionally, Venture has requested that the City of Ocala's impact fee be included within its tariff. Presently that charge is \$536 per ERC. Based upon the agreement with the City, Venture will collect and pass through this charge each time it connects a customer to its system which in effect is a connection to the City system. We believe that specifying this charge in the tariff is beneficial in that it clearly shows that at the time of connection customers have contributed to Venture for the on-site lines and meter and to the City for off-site lines and plant capacity. Therefore, if in the future Ocala were to take over the system, there would be no question about the charge and it would be clearly shown that the City's impact fee has been paid. Ocala's City Manager has confirmed that it is the City's intent that customers would not have to pay an additional impact fee if the system is taken over by the City in the future. Upon consideration, the requested service availability charges appear reasonable and are hereby approved. The service availability charges shall be effective for connections made on or after the stamped approval date of the tariff sheets.

If no timely protests are filed to this Order, no further action shall be required and this docket shall be closed.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Venture Associates Utilities Corporation's application for amendment of Certificate No. 488-W to include the additional territory described in Attachment A is hereby approved. 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 Venture Associates Utilities Corporation shall return Certificate No. 488-W to the Commission for the proper entry reflecting the additional territory and shall file revised tariff sheets reflecting the amendment. It is further

ORDERED that Venture Associates Utilities Corporation shall charge the customers in the additional territory the approved rates

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as set forth herein until authorized to change by this Commission.
It is further

ORDERED that Venture Associates Utilities Corporation shall file revised tariff sheets reflecting the approved rates within 30 days of the effective date of this Order. The rates shall be effective for meter readings on or after 30 days from the stamped approval date of the tariff sheets. It is further

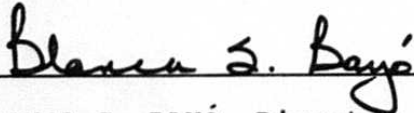
ORDERED that Venture Associates Utilities Corporation shall provide a copy of this Order approving these rates to each customer presently receiving service within ten days of the issuance date of this Order.

ORDERED that Venture Associates Utilities Corporation shall collect the service availability charges approved in this Order until authorized to change by this Commission. The charges shall be effective for connections made on or after the stamped approval date of the tariff sheets.

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

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

By ORDER of the Florida Public Service Commission, this 30th day of December, 1994.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this Order, our action regarding the granting of the rates and charges is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on January 20, 1995. such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of

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this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ATTACHMENT A

VENTURE ASSOCIATES UTILITIES CORPORATION
OCALA PALMS

TERRITORY DESCRIPTION

The following described lands located in portions of Sections 3, 4 and 9, Township 15 South, Range 21 East, Marion County, Florida:

A parcel of land lying in section 3, 4 and 9, Township 15 South, Range 21 East, Marion County, Florida, Tallahassee Meridian being more particularly described as follows:

Beginning at the Southeast corner of said Section 4; thence South 4° 48 feet 07 inches West, along the East boundary of the Northeast quarter of said Section 9, 1322.45 feet to the Southeast corner of the Northeast quarter of said Section 9; thence North 85° 41 feet 55 inches West, along the Souther boundary of the said Northeast quarter of the Northeast quarter, 1297.34 feet to the Southwest corner of the Northeast quarter of the Northeast quarter of said Section 9; thence continue North 85° 41 feet 55 inches West, along the South boundary of the Northwest quarter of the Northeast quarter, 1297.33 feet to the Southwest corner of the said Northwest quarter of the Northeast quarter of said Section 9; thence North 84° 56 feet 00 inches West, along the South boundary of the Northeast quarter of the Northwest quarter 1348.41 feet, to the Southwest corner of the said Northeast quarter of the Northwest quarter of said Section 9; thence continue North 84° 56 feet 00 inches West, along the South boundary of the East quarter of the Northwest quarter of the Northwest quarter of said Section 9, 674.20 feet to the Southwest corner of the said East half of the Northwest quarter of the Northwest quarter; thence North 5° 01 feet 04 inches East, along the West line of the said East half of the Northwest quarter of the Northwest quarter, 230.63 feet; thence North 85° 09 feet 24 inches West, 649.90 feet to the East right of way line of Northwest 60th Avenue (50 feet right of way); thence North 4° 50 feet 36 inches East, along the said East right of way line, 264.00 feet; thence South 85° 09 feet 24 inches East, departing said East right of way line, 650.70 feet to the West line of the said East half of the Northwest quarter of the Northwest quarter; thence North 5° 01 feet 04 inches East, along said West line, 824.90 feet to the Northwest corner of the said East half of the Northwest quarter of the Northwest quarter; thence North 84° 30

ATTACHMENT A

VENTURE ASSOCIATES UTILITIES CORPORATION
OCALA PALMS

TERRITORY DESCRIPTION

The following described lands located in portions of Sections 3, 4 and 9, Township 15 South, Range 21 East, Marion County, Florida:

A parcel of land lying in section 3, 4 and 9, Township 15 South, Range 21 East, Marion County, Florida, Tallahassee Meridian being more particularly described as follows:

Beginning at the Southeast corner of said Section 4; thence South 4° 48 feet 07 inches West, along the East boundary of the Northeast quarter of said Section 9, 1322.45 feet to the Southeast corner of the Northeast quarter of said Section 9; thence North 85° 41 feet 55 inches West, along the Souther boundary of the said Northeast quarter of the Northeast quarter, 1297.34 feet to the Southwest corner of the Northeast quarter of the Northeast quarter of said Section 9; thence continue North 85° 41 feet 55 inches West, along the South boundary of the Northwest quarter of the Northeast quarter, 1297.33 feet to the Southwest corner of the said Northwest quarter of the Northeast quarter of said Section 9; thence North 84° 56 feet 00 inches West, along the South boundary of the Northeast quarter of the Northwest quarter 1348.41 feet, to the Southwest corner of the said Northeast quarter of the Northwest quarter of said Section 9; thence continue North 84° 56 feet 00 inches West, along the South boundary of the East quarter of the Northwest quarter of the Northwest quarter of said Section 9, 674.20 feet to the Southwest corner of the said East half of the Northwest quarter of the Northwest quarter; thence North 5° 01 feet 04 inches East, along the West line of the said East half of the Northwest quarter of the Northwest quarter, 230.63 feet; thence North 85° 09 feet 24 inches West, 649.90 feet to the East right of way line of Northwest 60th Avenue (50 feet right of way); thence North 4° 50 feet 36 inches East, along the said East right of way line, 264.00 feet; thence South 85° 09 feet 24 inches East, departing said East right of way line, 650.70 feet to the West line of the said East half of the Northwest quarter of the Northwest quarter; thence North 5° 01 feet 04 inches East, along said West line, 824.90 feet to the Northwest corner of the said East half of the Northwest quarter of the Northwest quarter; thence North 84° 30

feet 04 inches West, along the South boundary of the Southwest quarter of said Section 4, 648.13 feet to the East right of way line of said Northwest 60th Avenue; thence North 4° 52 feet 39 inches East, along said East right of way line, 2643.25 feet to the North boundary of the Southwest quarter of said Section 4; thence South 85° 17 feet 29 inches East, along said North boundary, 2649.01 feet to the Northeast corner of the said Southwest quarter; thence South 4° 09 feet 21 inches West, along the East boundary of the said Southwest quarter, 315.00 feet (105 yards); thence South 85° 17 feet 29 inches East, parallel to the North boundary of the Southeast quarter of said Section 4, along the South boundary of the North 105 yards, 882.23 feet; thence North 4° 28 feet 23 inches East, along the West boundary of the East 6.36 chains of the Northwest quarter of the Southeast quarter of said Section 4, 44.39 feet to the South line of the North 4.10 chains of the said Northwest quarter of the Southeast quarter; thence South 85° 17 feet 29 inches East, along the South boundary of the said North 4.10 chains, 352.15 feet; thence North 4° 28 feet 23 inches East, parallel to the East boundary of the Northwest quarter of the Southeast quarter, 270.60 feet to the North boundary of the Southeast quarter of said Section 4; thence South 85° 17 feet 29 inches East, along the North boundary of the said Southeast quarter, 414.98 feet to the Southerly right of way line of U.S. Highway No. 27 (State Road No. 500); thence South 57° 36 feet 40 inches East, along said Southerly right of way line, 2827.20 feet to the South boundary of the Northeast quarter of the Southwest quarter of said Section 3; thence North 85° 36 feet 04 inches West, along said South boundary, 224.48 feet to the Southwest corner of the said Northeast quarter of the Southwest quarter; thence continue North 85° 36 feet 04 inches West, along the South boundary of the Northwest quarter of the Southwest quarter of said Section 3, 1324.81 feet to the Southwest corner of the said Northwest quarter of the Southwest quarter; thence South 4° 47 feet 44 inches West, along the East boundary of the Southeast quarter of said Section 4, 1321.71 feet to the Point of Beginning.

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Venture Associates Utilities Corporation
Schedule of Water Rate Base
At 80% of Design Capacity

DOCKET NO. 930892-WU
Schedule No. 1

Description	Balance Per Filing	Commission Adjust.	Commission Vote
Utility Plant in Service	\$1,236,472	(\$394,080)	\$842,392
Land	0	0	0
Accumulated Depreciation	(183,495)	70,788	(112,707)
Contributions-in-aid-of-Construction	(859,380)	266,880	(592,500)
Accumulated Amortization of C.I.A.C.	67,227	(19,992)	47,235
Plant Held for Future Use	0	0	0
Working Capital Allowance	<u>20,202</u>	<u>0</u>	<u>20,202</u>
TOTAL	<u>\$281,026</u>	<u>(\$76,404)</u>	<u>\$204,623</u>

Schedule No. 1A

Venture Associates Utilities Corporation
Schedule of Adjustments to Rate Base

<u>Description</u>	<u>Water</u>
<u>Utility Plant-In-Service</u>	
To remove organizational costs	\$(24,850)
To remove engineering costs	(50, 817)
To remove cost of main from city	(318,413)
Total	<u>\$(394,080)</u>
 <u>Accumulated Depreciation</u>	
To reflect adjustment made to UPIS.	<u>\$70,788</u>
 <u>Contributions-in-Aid-of-Construction</u>	
To reflect recommended service availability charges.	<u>\$266,880</u>
 <u>CIAC Amortization</u>	
To reflect adjustment made to CIAC.	<u>\$(19,992)</u>

Venture Associates Utilities Corporation
 Schedule of Water Operations
 At 80% of Design Capacity

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 Schedule No. 2

Description	Balance Per Utility	Commission Adjust.	Commission Vote
Operating Revenues	<u>\$223,664</u>	<u>(\$17,588)</u>	<u>\$206,076</u>
Operating and Maintenance	161,617	0	161,617
Depreciation Expense	13,225	(3,776)	9,449
Taxes Other Than Income	17,000	(791)	16,209
Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Expenses	<u>191,842</u>	<u>(4,567)</u>	<u>187,275</u>
Net Operating Income	<u>31,822</u>	<u>(13,021)</u>	<u>18,801</u>
Rate Base	<u>\$281,026</u>		<u>\$204,623</u>
Rate of Return	<u>11.32%</u>		<u>9.19%</u>

Venture Associates Utilities Inc.
Adjustments to Schedule of Operations

Description

Water

Depreciation Expenses

To reflect adjustments made to UPIS

\$(3,776)

Taxes Other Than Income

To reflect regulatory assessment fees
associated with change in operating revenue

\$(791)

Venture Associates Utilities Corporation
 Schedule of Capital Structure
 At 80% of Design Capacity

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 Schedule No. 3

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Description	Balance Per Filing	Commission Adjust	Commission Vote	Recon. Adjust	Recon. Balance	Weight	Cost Rate	Weighted Cost
Common Equity	\$0	\$0	\$0	\$81,849	\$81,849	40.00%	10.97%	4.38%
Long and Short-Term Debt	259,097	0	259,097	(136,323)	122,774	60.00%	8.00%	4.80%
Customer Deposits	0	0	0	0	0	0.00%	8.00%	0.00%
Advances from Associated Companies	0	0	0	0	0	0.00%	0.00%	0.00%
Other	0	0	0	0	0	0.00%	0.00%	0.00%
	<u>\$259,097</u>	<u>\$0</u>	<u>\$259,097</u>	<u>(\$54,474)</u>	<u>\$204,623</u>	<u>100.00%</u>		<u>9.19%</u>

Range of Reasonableness:

	High	Low
Common Equity	11.97%	9.97%
Overall Rate of Return	9.59%	8.79%

Venture Associates Utilities Corporation
 Schedule of Net Plant to Net C.I.A.C.
 At 100% of Design Capacity
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Schedule No. 4

Account Number	Account Description	Water	Wastewater	Total
101	Utility Plant in Service	\$842,392	\$0	\$842,392
104	Accumulated Depreciation	(112,707)	0	(112,707)
	Net Plant	<u>729,685</u>	<u>0</u>	<u>729,685</u>
271	C.I.A.C.	592,500	0	592,500
272	Accum. Amortization of C.I.A.C.	(47,235)	0	(47,235)
	Net C.I.A.C.	<u>545,265</u>	<u>0</u>	<u>545,265</u>
	Net C.I.A.C. / Net Plant	<u>74.73%</u>	<u>0.00%</u>	<u>74.73%</u>
	Gross to Gross Minimum Contribution Level	<u>93.32%</u>	<u>0.00%</u>	<u>93.32%</u>
	Commission Vote	<u>\$750</u>	<u>\$0</u>	<u>\$750</u>