

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate) DOCKET NO. 940765-WS
increase in Broward County by) ORDER NO. PSC-95-0040-FOF-WS
FERNCREST UTILITIES, INC.) ISSUED: January 10, 1995
_____)

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 SUSPENDING PROPOSED RATES AND
GRANTING INTERIM RATE INCREASE SUBJECT TO REFUND

BY THE COMMISSION:

BACKGROUND

Ferncrest Utilities, Inc. (Ferncrest or utility) is a Class B utility providing water and wastewater service for approximately 1,547 water and 1,506 wastewater customers in Broward County. Ferncrest's entire service territory is located within the South Florida Water Management District. This service area is within a Water Resource Caution Area as declared by the District.

On October 27, 1994, Ferncrest filed an application for approval of interim and permanent rate increases pursuant to Sections 367.081 and 367.082, Florida Statutes. The utility satisfied the minimum filing requirements (MFRs) for a rate increase, and this date was declared as the official filing date, pursuant to Section 367.083, Florida Statutes. The utility has requested that the Commission process its case under proposed agency action (PAA) procedures, pursuant to Section 367.081 (8), Florida Statutes. The utility's last general rate increase was granted by the Commission on March 7, 1988, by Order No. 18960. The utility has received a price index rate increase every year since the last rate case.

Ferncrest has requested interim revenues of \$421,896 for water and \$529,145 for wastewater. This represents an increase of \$49,380 for water and \$121,268 for wastewater, or 12.49% and

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26.54%, respectively. The final requested revenues are \$474,148 for water and \$552,888 for wastewater. This represents an increase of \$99,086 for water and \$134,733 for wastewater, or 26.42% and 32.22%, respectively.

SUSPENSION OF RATES

Section 367.081(6), Florida Statutes, provides that the rate schedules proposed by the utility shall become effective within sixty (60) days after filing unless this Commission votes to withhold consent to implementation of the requested rates. In addition, under the provisions of Section 367.081(8), Florida Statutes, the utility may implement its requested rates under bond and subject to refund at the expiration of five months if: (1) the Commission has not acted upon the requested rate increase or (2) if the Commission's PAA action is protested by a party other than the utility.

We have reviewed the filing and have considered the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. We find that it is reasonable and necessary to require further amplification and explanation regarding this data, and to require production of additional and/or corroborative data. This further examination by staff will include on-site investigations by staff accountants, engineers and rate specialists. In consideration of the above, we find that it is appropriate to suspend the proposed rate increase.

INTERIM RATES

Ferncrest has requested approval of interim rates for water and wastewater service based upon recovery of its operating expenses and receipt of a 12.50% rate of return. The requested water and wastewater revenues are \$421,896 and \$529,145, for respective increases of \$46,834 and \$110,990. The test period for interim purposes is the historical year ended December 31, 1993. The utility filed rate base, cost of capital, and operating statements to support its requested rate increase.

RATE BASE

Our calculation of the appropriate rate base for the purpose of this proceeding is depicted on Schedule Nos. 1-A and 1-B, and our adjustments are itemized on 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.

Working Capital

In its application, Ferncrest used the formula method, or one-eighth of its operating and maintenance expenses, to compute the requested allowance for working capital. The utility's requested allowance is \$35,615 for water and \$45,388 for wastewater. In the utility's last rate case, the working capital allowance was derived using the balance sheet method. Section 367.082(5)(b)(1), Florida Statutes, requires that the achieved rate of return be calculated by applying appropriate adjustments consistent with those used in the utility's most recent rate proceeding. In accordance with the interim statute, and the Commission's long-standing interpretation of that statute, the working capital allowance for this case shall be calculated using the balance sheet method.

Based on our calculation using the balance sheet method, the working capital amount would be negative. Accordingly, we find it appropriate that a working capital allowance of zero and an adjustment of \$35,615 for water and \$45,388 for wastewater be made, which will remove working capital from the calculation of rate base.

Average Rate Base Determination

In its filing, Ferncrest employed a year-end rate base and cost of capital in its calculation of interim rates. Pursuant to Section 367.082(5)(a), Florida Statutes, the Commission shall determine the interim revenue deficiency (or excess) by comparing a utility's achieved return and its required rate of return using either an average or end-of-period rate base. The use of a year-end basis for rate setting purposes must be justified by a showing of extraordinary growth in investment and/or expenses. The issue to consider is whether conditions changed so substantially at year-end that using an average test year would materially understate the utility's revenue requirement. The utility did not provide any evidence of extraordinary circumstances that would justify the use of a year-end rate base. Therefore, we employed an average test year in our calculation of the interim revenue requirement. Accordingly, we find it appropriate to grant an interim rate base of \$432,642 for water and \$582,059 for wastewater.

CAPITAL STRUCTURE

As noted above, Ferncrest requested use of a year-end test year for the purpose of setting interim rates. Based upon year-end values, the weighted cost of capital was 13.66%. Because of accumulated operating losses, the utility's equity account has a

deficit balance. The reported 13.66% cost of capital consists exclusively of debt capital and customer deposits.

Ferncrest did not request approval of rates sufficient to yield that 13.66% return on rate base. Instead, the utility requested recovery of a 12.50% rate of return for interim purposes to insure that a subsequent refund of interim rates will not be required. Since the utility's equity account reflects a deficit condition, any instructions regarding use of the last authorized return on equity investment are not relevant for the purpose of setting interim rates.

Cost of Capital

Our calculation of the appropriate cost of capital, including our adjustments, is depicted on Schedule No. 2. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on that schedule without further discussion in the body of this Order. The major adjustments are discussed below.

The schedules in the MFRs do not show an average cost of capital for the historical test year ended December 31, 1993. Instead, the interim cost of capital schedules show the balance at December 31, 1993. However, since the information in the MFRs is not available on an average basis, and no debt capital was issued during 1993, no adjustment to the utility's cost of debt is necessary.

Inclusion of Intercompany Advances

The utility's balance sheet shows an omission of an account titled "Advances from Associated Companies" from the long-term debt category. The MFRs do not show what cost is appropriate to establish its cost rate. In the absence of such detail, we shall use a 0% cost rate for those advances.

Customer Deposits

During the test year, the interest rate for customer deposits was 8%. For the purpose of establishing interim rates, we used the 6% interest rate currently prescribed for customer deposits, according to Rule 25-30.311(4)(a), Florida Administrative Code. This is consistent with the interim statute requiring use of the actual cost for other sources of capital.

Based on the adjustments above, the overall cost of capital pursuant to the interim statute is 13.06%. However, since the utility's requested rate of return is 12.50%, we find it

appropriate to use that rate to calculate the interim revenue requirement.

NET OPERATING INCOME

Our calculation of net operating income is depicted on Schedule Nos. 3-A and 3-B, and our adjustments are itemized on 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.

Ferncrest's requested revenue requirement includes an adjustment to annualize operating revenues to reflect a 1993 price index increase. There is also an adjustment to remove a portion of test year salaries relating to non-utility operations. For interim purposes, we increased operating revenues to add \$9,000 of rental income consistent with a stipulation in the utility's last rate case.

Revenue Requirement

Based on the above adjustments, we find that the appropriate interim revenues are \$418,169 for water and \$519,189 for wastewater. These revenues will allow the utility the opportunity to recover its operating expenses and to earn a 12.50% return on its rate base. The resulting rate increases are \$38,607 for water and \$96,534 for wastewater, or 10.79% and 22.07%, excluding miscellaneous service revenues.

Interim Rates

We find it appropriate to grant interim rates that will generate additional annual operating revenues of \$38,607 and \$96,534 for its water and wastewater systems, respectively.

The interim rates should be implemented for service rendered on or after the stamped approval date on the tariff sheets, provided customers have received notice. The utility shall provide proof of the date notice was given within 10 days after the date of notice. The revised tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision, that the proposed notice to the customers of the approved increase is adequate and the required security discussed below has been filed.

The current water rates, utility requested interim and proposed final rates, and the approved interim rates for Ferncrest are shown on Schedule Nos. 4-A, and 4-B.

SECURITY FOR INTEREST

Pursuant to Section 367.082, Florida Statutes, the excess of interim rates over the previously authorized rates shall be collected under guarantee subject to refund with interest. The amount of a potential refund in this case has been calculated to be \$69,260. Along with its application for interim rates, the utility submitted a blank corporate undertaking to secure the additional revenues. However, a review of the utility's financial statements indicates that the utility cannot support a corporate undertaking in the amount of \$69,260. Instead, the utility shall file an escrow account, bond or letter of credit as security.

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

The utility shall deposit funds to be escrowed, \$11,543, into the escrow account each month. If a refund to the customers is required, all interest earned by the escrow account should be distributed to the customers. If a refund to the customers is not required, the interest earned by the escrow account should revert to the utility.

If the security provided is a bond or a letter of credit, said instrument shall be in the amount of \$69,260. If the utility chooses a bond as security, the bond shall state that it will be released or should terminate upon subsequent order of the Commission addressing overearnings or requiring a refund. If the utility chooses to provide a letter of credit as security, the letter of credit shall state that it is irrevocable for the period it is in effect and that it will be in effect until a final

Commission order is rendered addressing overearnings or requiring a refund.

Irrespective of the type of security provided, the utility shall keep an accurate and detailed account of all monies it receives. Pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility shall provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code.

In no instance shall maintenance and administrative costs associated with any refund be borne by the customers. The costs are the responsibility of, and should be borne by, the utility.

In filing its rate case, the utility requested a waiver of Rule 25-30.440(1), Florida Administrative Code. This requirement mandates utilities to file a detailed map showing the location and size of utility lines, as well as the location and class of each of the customers. Pursuant to Section 120.68(12), Florida Statutes, substantive rules cannot be waived. However, we already have the maps on file from the utility's last rate case. Further, for a number of years, the utility's service area has been built out. Since the last rate case, there have been no additions to the system. Additionally, we have adequate maps on file from previous docketed cases to perform the engineering analysis necessary for this rate case. Based on the foregoing, we find that filing the maps with the Commission again would not be necessary.

Based on the foregoing, it is, therefore,

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

ORDERED that the requested interim increases in water and wastewater rates by Ferncrest Utilities, Inc. are hereby granted to the extent 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 the approved interim rates shall become effective for service rendered on or after the stamped approval date on the tariff sheets, provided customers have received notice. It is further

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

ORDERED that Ferncrest Utilities, Inc. shall provide a bond or letter of credit in the amount of \$69,260 or an escrow agreement as guarantee for any potential refund of interim revenues. It is further

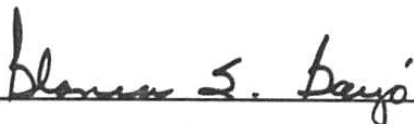
ORDERED that prior to the implementation of the interim rates approved herein, Ferncrest Utilities, Inc. shall file and have approved tariff pages revised in accordance with the provisions of this Order, appropriate security for the refund, a proposed customer notice, and proof that the customers have received notice of the rate increase. It is further

ORDERED that the tariff sheets will be stamped approved upon verification that they are consistent with our decision herein, that the proposed customer notice is adequate, and that the appropriate security is provided. It is further

ORDERED that Ferncrest Utilities, Inc. shall provide proof that notice was given to its customers no within 10 days of the date of the notice. It is further

ORDERED that during the time the interim rates are in effect, Ferncrest Utilities, Inc. shall file a report by the twentieth day of each month indicating the monthly and total revenue collected subject to refund, pursuant to Rule 25-30.360(6), Florida Administrative Code.

By ORDER of the Florida Public Service Commission, this 10th day of January, 1995.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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

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

FERNCREST UTILITIES, INC. SCHEDULE OF WATER RATE BASE TEST YEAR ENDED DECEMBER 31, 1993			SCHEDULE NO. 1-A DOCKET NO. 940765-WS			
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	
1 UTILITY PLANT IN SERVICE	\$ 1,006,187	\$ 0	\$ 1,006,187	(3,714)	1,002,473	
2 LAND	20,000	0	20,000	0	20,000	
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0	
4 CONSTRUCTION WORK IN PROGRESS	0	0	0	0	0	
5 ACCUMULATED DEPRECIATION	(376,292)	0	(376,292)	17,755	(358,537)	
6 CIAC	(444,997)	0	(444,997)	0	(444,997)	
7 AMORTIZATION OF CIAC	220,609	0	220,609	(6,906)	213,703	
8 ADVANCES FOR CONSTRUCTION	0	0	0	0	0	
9 DEFERRED TAXES	0	0	0	0	0	
10 WORKING CAPITAL ALLOWANCE	0	35,615	35,615	(35,615)	0	
RATE BASE	\$ 425,507	\$ 35,615	\$ 461,122	(28,480)	432,642	

FERNCREST UTILITIES, INC. SCHEDULE OF WASTEWATER RATE BASE TEST YEAR ENDED DECEMBER 31, 1993			SCHEDULE NO. 1-B DOCKET NO. 940765-WS		
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 1,760,496 \$	11,200 \$	1,771,696 \$	(46,725)\$	1,724,971
2 LAND	60,000	0	60,000	0	60,000
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0
4 CONSTRUCTION WORK IN PROGRESS	11,200	(11,200)	0	0	0
5 ACCUMULATED DEPRECIATION	(783,367)	0	(783,367)	31,924	(751,443)
6 CIAC	(939,348)	0	(939,348)	0	(939,348)
7 AMORTIZATION OF CIAC	503,751	0	503,751	(15,872)	487,879
8 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
9 DEFERRED TAXES	0	0	0	0	0
10 WORKING CAPITAL ALLOWANCE	0	45,388	45,388	(45,388)	0
RATE BASE	\$ 612,732 \$	45,388 \$	658,120 \$	(76,061)\$	582,059

FERNCREST UTILITIES, INC.
ADJUSTMENTS TO RATE BASE
TEST YEAR ENDED DECEMBER 31, 1993

SCHEDULE NO. 1-C
DOCKET NO. 940765-WS
PAGE 1 OF 1

EXPLANATION	WATER	WASTEWATER
(1) <u>UTILITY PLANT IN SERVICE</u> Adjustment to reflect average balance	\$ <u>(3,714)</u>	\$ <u>(46,725)</u>
(2) <u>ACCUMULATED DEPRECIATION</u> Adjustment to reflect average balance	\$ <u>17,755</u>	\$ <u>31,924</u>
(3) <u>ACCUMULATED AMORTIZATION</u> Adjustment to reflect average balance	\$ <u>(6,906)</u>	\$ <u>(15,872)</u>
(4) <u>WORKING CAPITAL</u> Adjustment to show balance sheet determination of working capital	\$ <u>(35,615)</u>	\$ <u>(45,388)</u>

FERNCREST UTILITIES, INC.
CAPITAL STRUCTURE
TEST YEAR ENDED DECEMBER 31, 1993

SCHEDULE NO. 2
DOCKET NO. 940765-WS

DESCRIPTION	TOTAL CAPITAL	SPECIFIC ADJUSTMENTS (EXPLAIN)	PRO RATA ADJUSTMENTS	CAPITAL RECONCILED TO RATE BASE	RATIO	COST RATE	WEIGHTED COST
PER UTILITY							
1 LONG TERM DEBT	\$ 2,473,123	\$ 0	\$(1,741,125)	731,998	65.40%	13.83%	9.04%
2 SHORT-TERM DEBT	1,099,659	0	(774,172)	325,487	29.08%	14.42%	4.19%
3 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
4 COMMON EQUITY	0	0	0	0	0.00%	0.00%	0.00%
5 CUSTOMER DEPOSITS	61,766	0	0	61,766	5.52%	8.00%	0.44%
7 DEFERRED ITC'S	0	0	0	0	0.00%	0.00%	0.00%
8 DEFERRED INCOME TAXES	0	0	0	0	0.00%	0.00%	0.00%
9 TOTAL CAPITAL	\$ <u>3,634,548</u>	\$ 0	<u>\$(2,515,297)</u>	<u>1,119,251</u>	<u>100.00%</u>		<u>13.68%</u>
PER STAFF							
10 LONG TERM DEBT	\$ 2,473,123	\$ 0	\$(1,835,734)	637,389	62.82%	13.83%	8.69%
11 SHORT-TERM DEBT	1,099,659	0	(816,248)	283,411	27.93%	14.42%	4.03%
12 ADVANCES-ASSOCIATED CO	124,688	0	(92,553)	32,135	3.17%	0.00%	0.00%
13 COMMON EQUITY	0	0	0	0	0.00%	0.00%	0.00%
14 CUSTOMER DEPOSITS	61,766	0	0	61,766	6.05%	6.00%	0.37%
15 DEFERRED ITC'S	0	0	0	0	0.00%	0.00%	0.00%
16 DEFERRED INCOME TAXES	0	0	0	0	0.00%	0.00%	0.00%
17 TOTAL CAPITAL	\$ <u>3,759,236</u>	\$ 0	<u>\$(2,744,535)</u>	<u>1,014,701</u>	<u>100.00%</u>		<u>13.08%</u>
RANGE OF REASONABLENESS					<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY					<u>0.00%</u>	<u>0.00%</u>	
OVERALL RATE OF RETURN					<u>13.08%</u>	<u>13.08%</u>	

PERNCREST UTILITIES, INC.
 STATEMENT OF WATER OPERATIONS
 TEST YEAR ENDED DECEMBER 31, 1993

SCHEDULE NO. 3-A
 DOCKET NO. 940765-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	\$ 372,516	\$ 49,380	\$ 421,896	\$(42,334)	\$ 379,562	\$ 38,607	418,169
OPERATING EXPENSES:						10.17%	
2 OPERATION AND MAINTENANCE	\$ 284,916	\$ 0	\$ 284,916	\$ 0	\$ 284,916	\$	284,916
3 DEPRECIATION	21,699	0	21,699	0	21,699		21,699
4 AMORTIZATION	0	0	0	0	0		0
5 TAXES OTHER THAN INCOME	55,418	2,223	57,641	(1,905)	55,736	1,737	57,473
6 INCOME TAXES	0	0	0	0	0	0	0
7 TOTAL OPERATING EXPENSES	\$ 362,033	\$ 2,223	\$ 364,256	\$(1,905)	\$ 362,351	\$ 1,737	364,088
8 OPERATING INCOME	\$ 10,483	\$ 47,157	\$ 57,640	\$(40,429)	\$ 17,211	\$ 36,869	54,080
9 RATE BASE	\$ 425,507		\$ 461,122		\$ 432,642		\$ 432,642
RATE OF RETURN	2.46%		12.50%		3.98%		12.50%

FERNCREST UTILITIES, INC.
STATEMENT OF WASTEWATER OPERATIONS
TEST YEAR ENDED DECEMBER 31, 1993

SCHEDULE NO. 3-B
 DOCKET NO. 940765-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	\$ 407,877	\$ 121,268	\$ 529,145	\$(106,490)	\$ 422,655	\$ 96,534	519,189
OPERATING EXPENSES						22.84%	
2 OPERATION AND MAINTENANCE	\$ 391,773	\$(28,669)	\$ 363,104	0	\$ 363,104	\$	363,104
3 DEPRECIATION	32,105	0	32,105	0	32,105		32,105
4 AMORTIZATION	0	0	0	0	0		0
5 TAXES OTHER THAN INCOME	48,458	3,213	51,671	(4,792)	46,879	4,344	51,223
6 INCOME TAXES	0	0	0	0	0	0	0
7 TOTAL OPERATING EXPENSES	\$ 472,336	\$(25,456)	\$ 446,880	\$(4,792)	\$ 442,088	\$ 4,344	446,432
8 OPERATING INCOME	\$ (64,459)	\$ 146,724	\$ 82,265	\$(101,698)	\$(19,433)	\$ 92,190	72,757
9 RATE BASE	\$ 612,732		\$ 658,120		\$ 582,059		\$ 582,059
RATE OF RETURN	-10.52%		12.50%		-3.34%		12.50%

FERNCREST UTILITIES, INC.
 ADJUSTMENTS TO OPERATING STATEMENTS
 TEST YEAR ENDED DECEMBER 31, 1993

SCHEDULE NO. 3-C
 DOCKET NO. 940765-WS
 PAGE 1 OF 1

EXPLANATION	WATER	WASTEWATER
(1) OPERATING REVENUES		
a) Adjustment to reflect rental income consistent with prior treatment	\$ 4,500	\$ 4,500
b) Adjustment to remove requested rate increase	<u>(46,834)</u>	<u>(110,990)</u>
	<u>\$ (42,334)</u>	<u>\$ (106,490)</u>
(2) TAXES OTHER THAN INCOME TAXES		
Revenue taxes related to adjusted revenues	<u>\$ (1,905)</u>	<u>\$ (4,792)</u>
(3) OPERATING REVENUES		
Adjustment to reflect recommended revenues	<u>\$ 38,607</u>	<u>\$ 96,534</u>
(4) TAXES OTHER THAN INCOME TAXES		
Revenue taxes related to adjusted revenues	<u>\$ 1,737</u>	<u>\$ 4,344</u>

UTILITY: FERNCREST UTILITIES, INC.
 COUNTY: BROWARD
 DOCKET NO. 940765-WS
 TEST YEAR ENDED: December 31, 1994

Schedule 4A

RATE SCHEDULE

WATER

Monthly Rates

	<u>Current</u>	<u>Utility Requested Interim</u>	<u>Utility Requested Final</u>	<u>Commission Approved Interim</u>
<u>Residential, Multi-Family, and General Service</u>				
Base Facility Charge:				
Meter Size:				
5/8"x3/4"	\$8.94	\$9.43	\$10.44	\$9.90
3/4"	\$13.42	\$14.15	\$15.66	\$14.87
1"	\$22.35	\$23.58	\$26.10	\$24.76
1-1/2"	\$44.70	\$47.15	\$52.20	\$49.52
2"	\$71.53	\$75.44	\$83.52	\$79.25
3"	\$143.06	\$150.88	\$167.04	\$158.50
4"	\$223.53	\$235.75	\$261.00	\$247.65
6"	\$447.06	\$471.50	\$522.00	\$495.30
Gallonge Charge, per 1,000 Gallons	\$1.88	\$2.26	\$2.59	\$2.08

Typical Residential Bills

<u>5/8" x 3/4" meter</u>				
3,000 Gallons	\$14.58	\$16.21	\$18.21	\$16.15
5,000 Gallons	\$18.34	\$20.73	\$23.39	\$20.32
10,000 Gallons	\$27.74	\$32.03	\$36.34	\$30.73

UTILITY: FERNCREST UTILITIES, INC.
 COUNTY: BROWARD
 DOCKET NO. 940765-WS
 TEST YEAR ENDED: December 31, 1994

Schedule 4B

RATE SCHEDULE

WASTEWATER

Monthly Rates

	<u>Current</u>	<u>Utility Requested Interim</u>	<u>Utility Requested Final</u>	<u>Commission Approved Interim</u>
<u>Residential and Multi-Family</u>				
Base Facility Charge:				
5/8" x 3/4"	\$9.34	\$12.15	\$12.71	\$11.59
Gallage Charge, per 1,000 Gallons (Sewer Cap - 6,000 Gallons)	\$3.04	\$3.83	\$4.01	\$3.77
<u>General Service</u>				
Base Facility Charge:				
Meter Size:				
5/8" x 3/4"	\$9.34	\$12.15	\$12.71	\$11.59
3/4"	\$14.01	\$18.23	\$19.07	\$17.38
1"	\$23.35	\$30.38	\$31.78	\$28.97
1-1/2"	\$46.70	\$60.75	\$63.55	\$57.94
2"	\$74.72	\$97.20	\$101.68	\$92.71
3"	\$149.43	\$194.40	\$203.36	\$185.40
4"	\$233.50	\$303.75	\$317.75	\$289.70
6"	\$466.97	\$607.50	\$635.50	\$579.41
Gallage Charge, per 1,000 Gallons	\$3.04	\$3.83	\$4.01	\$3.77

Typical Residential Bills

<u>5/8" x 3/4" meter</u>				
3,000 Gallons	\$18.46	\$23.64	\$24.74	\$22.90
5,000 Gallons	\$24.54	\$31.30	\$32.76	\$30.45
10,000 Gallons (Sewer Cap - 6,000 Gallons)	\$39.74	\$50.45	\$52.81	\$49.31