

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a staff- ) DOCKET NO. 940895-WS  
assisted rate case in Palm Beach ) ORDER NO. PSC-95-0480-FOF-WS  
County by W.P. UTILITIES, INC. ) ISSUED: April 13, 1995  
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The following Commissioners participated in the disposition of this matter:

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

ORDER GRANTING TEMPORARY RATES  
IN THE EVENT OF PROTEST

AND

NOTICE OF PROPOSED AGENCY ACTION  
ORDER GRANTING RATES AND CHARGES

BY THE COMMISSION:

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

BACKGROUND

W.P. Utilities, Inc. (W.P. or utility) is a Class C water and wastewater utility serving approximately 189 residential and 2 general service customers in Palm Beach County. The utility purchases potable water and wastewater treatment and disposal services from the City of Lake Worth and resells these services to the residents of Palm Breezes Club Mobile Home Park. W.P. owns the water distribution and wastewater collection lines within the mobile home park. The utility has been in existence and providing service since 1987. W.P. requested and received reseller exempt status through Order No. 23412, issued August 28, 1990.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

In order to recover the costs of administration, meter setting, meter reading, customer accounting, maintenance of the distribution and collection systems and plant investment, which could not be done under the reseller exempt status, the utility applied for and received Certificate Nos. 548-W and 478-S by Order No. PSC-92-1374-FOF-WS, issued November 11, 1992. Rates for the customers were established by Order No. PSC-93-0419-FOF-WS, issued March 18, 1993 and amended by Order No. PSC-93-0419A-FOF-WS, issued March 24, 1993. The Commission received a protest to the Order establishing the rates from a customer of W.P., but it was withdrawn and the rates became final and effective by Order No. PSC-93-0859-FOF-WS, issued June 8, 1993.

W.P. Utilities, Inc. filed their staff assisted rate case application on August 24, 1994 and has paid the appropriate filing fee. The official filing date has been set as October 24, 1994. We have audited the utility's records for compliance with Commission rules and orders and determined all components necessary for rate setting. An engineer has also conducted a field investigation of the utility's water distribution and wastewater collection systems along with the service area. A review of the utility's operation expenses, maps, files, and rate application was performed to obtain information about the systems and operating costs.

We have selected a historical test year ended June 30, 1994. During that period, the utility's books reflected unaudited operating revenues of \$19,679 resulting in an operating income of \$1,304 for water and operating revenues of \$33,443 resulting in an operating loss of \$1,170 for wastewater.

Water use in the utility's service area is under the jurisdiction of the South Florida Water Management District. The utility is a consecutive system, which is considered non-jurisdictional by the South Florida Water Management District, and has not been issued a consumptive use permit. The utility is located within a critical water use caution area, but all conservation limitations and/or restrictions are placed upon the City of Lake Worth, since they are the supplier of this consecutive system.

#### QUALITY OF SERVICE

A customer meeting was held on February 2, 1995, in the Palm Breezes Clubhouse. Approximately 65 customers were represented at this meeting. Those customers that came forward to express comments and opinions were mainly concerned with the impact of the rates and the way the rates were calculated. The overall quality of service provided by the utility is derived from the evaluation

of three separate components of Water and Wastewater Utility Operations: (1) Quality of Utility's Product (water and wastewater service); (2) Operational Conditions of Utility's Plant or Facilities; and (3) Customer Satisfaction with the drinking water and domestic wastewater.

W.P. Utilities purchases water for resale from the City of Lake Worth via an eight inch transmission main. There are no water treatment plant facilities to evaluate other than the interconnection that is equipped with a double check valve assembly. This device is tested yearly and repaired as needed. There is also no wastewater treatment plant to evaluate. Wastewater generated by the residents of Palm Breezes is transported to the City of Lake Worth via a master lift station, and service for processing wastewater is charged to W.P. Utilities. The City of Lake Worth is under the jurisdiction of the Department of Environmental Protection (DEP). DEP has no citations or corrective orders pending against the City of Lake Worth.

Customers made no comments regarding quality of service at the meeting. Therefore, the customers appear content with the quality of the product received and so we find that the quality of service provided by W.P. Utilities, Inc. is satisfactory.

#### RATE BASE

Our calculation of the appropriate rate base for the purpose of this proceeding is depicted on Schedules Nos. 1 and 1A, and our adjustments are itemized on Schedule No. 1B. 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

A calculation for a used and useful percentage of both the water treatment plant and the wastewater treatment plant is not applicable, since W.P. has no treatment plant facilities.

The network of water distribution and wastewater collection mains are engineered and constructed to adequately serve the potential capacity of the Palm Breezes Club. In keeping with the approved formula, used to determine a starting point for a used and useful percentage, both sets of mains were calculated to be 93.59% used and useful. However, this is a mobile home park where available lots can be occupied at a moment's notice and the park can be at full capacity at any time. We believe that nothing less than the existing network of mains could serve the current customer

base. Therefore, we find that all accounts relating to both the distribution system and the wastewater collection system are 100% used and useful.

#### Test Year Rate Base

The appropriate components of W.P. Utilities, Inc.'s rate base include depreciable plant in service, contributions in aid of construction (CIAC), accumulated depreciation, accumulated amortization of CIAC, and working capital allowance. Plant, depreciation, and CIAC balances were determined as of December 31, 1991 in the utility's application for water and wastewater certificates through Order No. PSC-93-0419-FOF-WS, issued March 18, 1993. We have used the amounts set forth in that Order as a base for rate base components updated in this recommendation. Further adjustments are necessary to reflect test year changes and used and useful determinations of our staff engineer. A discussion of each component follows.

#### Depreciable Plant in Service

W.P. has no water treatment plant facilities. The water distribution system is a composite network of approximately 480 linear feet of 8 inch ductile iron pipe, approximately 415 linear feet of eight inch PVC pipe, and approximately 7,100 feet of six inch PVC pipe that appears properly sized and engineered to meet pressure and supply demands. The distribution system contains eight fire hydrants in a completely looped system.

There are no wastewater treatment plant facilities. Wastewater generated by the residents of Palm Breezes is transported to the City of Lake Worth via a master lift station. The single lift station utilizes approximately 1,000 linear feet of four inch (4") ductile iron pipe (force main) to connect with the city's collection system.

The collection system is a network of approximately 2,025 linear feet of eight inch PVC gravity feed mains with twenty five manholes. One section, approximately 20 linear feet, located just prior to the master lift station, was constructed with eight inch ductile iron pipe. This network of mains appears adequately designed and constructed to serve the customers of Palm Breezes Club Mobile Home Park.

The utility recorded utility plant in service balances of \$117,138 for water and \$150,806 for wastewater at the end of the test year. We made an adjustment of \$422 to water plant for unrecorded meter additions. Averaging adjustments of \$873 for water and \$1,151 for wastewater were also made. Therefore, we find

that total utility plant in service of \$118,433 for water and \$151,957 for wastewater is appropriate.

#### Non-Used and Useful Plant

According to the approved formulas, our engineer calculated that the water distribution system and wastewater collection system are 93.59% used and useful. However, this is a mobile home park where available lots can be occupied within days and the park can be at full capacity at any time. No less of a water distribution system or wastewater collection system could serve the existing customer base. Therefore, we found that all water distribution system and wastewater collection system accounts are 100% used and useful.

#### Contributions in Aid of Construction

The utility CIAC balances at the end of the test year were (\$26,285) for water and -0- for wastewater. We made adjustments of \$231 to water CIAC and (\$3,670) to wastewater CIAC to bring the utility balances to the correct amount. Averaging adjustments of \$1,021 for water and \$1,835 for wastewater were also made. Therefore, we find that CIAC balances of (\$25,033) for water and (\$1,835) for wastewater are appropriate.

#### Accumulated Depreciation

The utility books reflected accumulated depreciation balances of (\$23,393) for water and (\$30,284) for wastewater at the end of the test year. Consistent with Commission practice, we calculated accumulated depreciation using the prescribed rates described in Rule 25-30.140, Florida Administrative Code, and started with Commission Order No. PSC-93-0419-FOF-WS. We made adjustments of (\$2,387) to water and (\$2,193) to wastewater to bring the utility's figures to the proper amount. Averaging adjustments of \$1,954 for water and \$2,070 for wastewater were also made. Therefore, we find that accumulated depreciation balances of (\$23,826) for water and (\$30,407) for wastewater are appropriate.

#### Accumulated Amortization

The utility recorded accumulated amortization balances of \$6,190 for water and -0- for wastewater at the end of the test year. We calculated amortization of CIAC by using a composite rate of 3.30% for water and 2.74% for wastewater. Adjustments of (\$1,295) for water and \$50 for wastewater were made to bring the utility balances to the proper amount. Averaging adjustments of (\$727) for water and (\$25) for wastewater were also made.

Therefore, we find that total accumulated amortization balances of \$4,168 for water and \$25 for wastewater are appropriate.

#### Working Capital Allowance

Following current Commission practice and consistent with Rule 25-30.443, Florida Administrative Code, we find that the one-eighth of operation and maintenance expense formula approach is appropriate for calculating working capital allowance. Applying that formula, we find that a working capital allowance of \$2,106 for water and \$3,825 for wastewater (based on O&M of \$16,849 for water and \$30,603 for wastewater) is appropriate.

#### Rate Base Summary

Based on the foregoing, we find that the appropriate balance of W.P. Utilities, Inc.'s test year rate base is \$75,848 for water and \$123,565 for wastewater.

#### CAPITAL STRUCTURE

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.

Based on our audit, the utility's capital structure consists of \$185,340 of long-term debt with an interest rate of 8.13%, customer deposits of \$9,403, a negative retained earnings of \$101,894, common stock of \$100 and common equity of \$3,800. Since including a negative retained earnings would penalize the utility's capital structure by understating the overall rate of return, we have adjusted the negative retained earnings to zero. We have also made a pro forma adjustment of (\$9,403) to customer deposits since all customer deposits were refunded as of September 30, 1994.

Applying the weighted average method to the total capital structure yields an overall rate of return of 8.13% with a range of 8.05% to 8.20%. We calculated total rate base of \$199,413 and the only identifiable debt was a loan in the amount of \$185,340. Therefore, to reconcile the capital structure to the total rate base, we made an adjustment of \$10,173 to paid in capital. Since the utility requested non-compensatory rates during the certification process, and is therefore partially responsible for the negative retained earnings, we find it appropriate to assign the 8.13% cost of debt to the cost of equity.

NET OPERATING INCOME

Our calculation of net operating income is depicted on Schedules Nos. 3 and 3A, and our adjustments are itemized on Schedule No. 3B. 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.

The utility recorded water revenues of \$19,679 and wastewater revenues of \$33,443 during the test period. A review of the test year billing analysis showed test year revenue should be \$19,409 for water and \$34,039 for wastewater. We made adjustments of (\$270) to water and \$596 to wastewater to increase/(decrease) test year revenue to the proper amount.

The utility recorded operating expenses of \$18,375 for water and \$34,613 for wastewater. The components of these expenses include operation and maintenance expenses, depreciation expense (net of related amortization of CIAC), and taxes other than income taxes.

The utility's test year operating expenses have been traced to invoices. Adjustments have been made to reflect unrecorded test year expenses and to reflect allowances for plant operations.

Operation and Maintenance Expenses

The utility charged \$16,443 to water Operation and Maintenance Expenses (O & M) and \$31,178 to wastewater O & M during the test year. Test Year figures show the utility purchased \$9,294 in water services and \$22,827 in wastewater services from the City of Lake Worth. An examination of the City of Lake Worth bills shows W.P. pays a monthly water base facility charge of \$148 and \$ .90/1,000 gallons of water used plus a 25% surcharge for being outside the city limits of Lake Worth. For purchased wastewater, W.P. pays \$4.10 per unit (189 units), \$1.50/1,000 gallons of water billed, \$1.75 monthly billing charge plus a 25% surcharge for being outside the city limits of Lake Worth. No adjustments were necessary to these actual costs. Also, no adjustments were made to test year bad debt expense of \$43 for water and \$44 for wastewater. A summary of adjustments that were made to the utility's recorded expenses follows:

1) Sludge Removal Expense - The utility recorded no sludge removal expense during the test year. Our engineer inspected the master lift station and found a foul odor from sludge buildup. Sludge hauling should occur when telltale signs such as odor and sludge buildup deem it appropriate. We find that a Sludge Removal

Expense of \$275 for wastewater, which will allow for one clean-out per year after peak season, is appropriate.

2) Chemicals - The utility did not record any chemical expense during the test year. All water treatment is performed by the City of Lake Worth and no additional treatment for water is needed.

During the engineering inspection, it was found that the master lift station had a build-up of sludge/grease that was creating septic odors. Pretreatment chemicals can eliminate this condition at a cost of approximately \$10 per month. Therefore, we find that a Chemicals Expense of \$120 for wastewater is appropriate.

3) Contractual Services - The utility recorded contractual services expenses of \$6,142 for water and \$6,198 for wastewater during the test year. We made adjustments to the Water Contractual Services account to: a) reclassify water testing costs from wastewater contractual services \$195; b) reclassify backflow device repair and maintenance cost from wastewater contractual services \$159; c) remove out of test year consulting cost and disallow consulting cost on the purchase of Seminole Manor (\$4,042); and d) include Homeland Development Management Services for water \$4,165.

We made adjustments to the Wastewater Contractual Services account to: a) reclassify water testing costs to water contractual services (\$195); b) reclassify backflow device repair and maintenance cost to water contractual services (\$159); c) remove out of test year consulting cost and disallow consulting cost on the purchase of Seminole Manor (\$4,048); d) include Homeland Development Management Services for wastewater \$4,773.

Homeland Development Management Services (Homeland) handles all management services for W.P. Utilities, Inc. Responsibilities include preparing and mailing customer bills, receiving and posting payments to the utility, handling accounts payable, preparing the general ledger, quarterly and annual reports, personnel supervision, reading of meters, handling customer complaints, checking of the lift station, flushing the lines, changing out meters and checking the lines for leaks. Homeland is also responsible for the lift station electric, office electric, rent, telephone and insurance. All accounting of time and monies for related duties appear prudent and reasonable for normal activities of utility operations.

Total adjustments are \$477 for water contractual services and \$371 for wastewater contractual services. We find that \$6,619 for water contractual services, which includes \$4,523 for management

services, \$693 for regulatory consulting services, \$450 for repairs and maintenance, \$820 for required DEP testing and \$133 for legal fees is appropriate. We find that \$6,569 for wastewater contractual services, which includes \$5,137 for management services, \$510 for a lift station maintenance contract, \$134 for legal fees, \$693 for regulatory consulting services and \$95 for repairs and maintenance is appropriate.

4) Transportation Expense - The utility recorded no transportation expense in the water or wastewater account. We included a pro forma transportation expense of \$225 for water and \$225 for wastewater based on our estimate of 150 miles travel per month x \$.25/mile, which is reasonable and prudent for this utility. Therefore, we find that a Transportation Expense of \$225 for water and \$225 for wastewater is appropriate.

5) Regulatory Commission Expense - The utility recorded \$346 of water and \$1,616 of wastewater regulatory commission expense in this account. We made adjustments to: a) reclassify \$346 of water and \$1,616 of wastewater regulatory assessment fees from this account to Taxes Other than Income; and b) include \$125 for water and \$125 for wastewater for the staff assisted rate case filing fee amortized over 4 years. Therefore, we find that a regulatory commission expense of \$125 for water and \$125 for wastewater is appropriate.

6) Miscellaneous Expense - The utility recorded \$618 of water and \$493 of wastewater miscellaneous expense. We made adjustments of (\$75) to water and (\$75) to wastewater miscellaneous expense to remove a Department of Revenue late filing fee. All other expenses in this account appear to be reasonable and prudent. Therefore, we find that a miscellaneous expense of \$543 for water and \$418 for wastewater is appropriate.

Total operation and maintenance adjustments are \$406 for water and (\$575) for wastewater. We find that Operation and Maintenance Expenses of \$16,849 for water and \$30,603 for wastewater are appropriate. Operation and Maintenance Expenses are shown in Schedule Nos. 3C and 3D.

Depreciation Expense (Net of Amortization of CIAC)

The utility recorded \$3,226 of water and \$3,337 of wastewater depreciation expense during the test year. Consistent with Commission practice, we calculated test year depreciation expense using the prescribed rates described in Rule 25-30.140, Florida Administrative Code. We made a \$683 adjustment to water depreciation expense and \$803 adjustment to wastewater depreciation expense to bring the utility balances to the correct amount. Applying the prescribed depreciation rates to the appropriate used and useful plant in service account balances, and then offsetting that by applying the composite depreciation rates to the appropriate CIAC account balances yields the appropriate depreciation expenses net of CIAC of \$2,455 for water and \$4,090 for wastewater during the test year.

Taxes Other Than Income Taxes

The utility recorded \$98 of water and \$98 of wastewater taxes other than income in this account. We made adjustments to: a) reclassify \$346 of water and \$1,616 of wastewater regulatory assessment fees from regulatory commission expense in O & M expenses; b) increase regulatory assessment fees by \$527 for water and decrease regulatory assessment fees by \$84 for wastewater to match test year revenue; and c) include \$3,267 of water and \$4,331 of wastewater ad valorem taxes. Therefore, we find that the appropriate amount for Taxes Other Than Income is \$4,238 for water and \$5,961 for wastewater.

Operating Revenues

Revenues have been adjusted by \$10,781 for water and \$17,440 for wastewater to reflect the increase in revenue required to cover expenses and allow the recommended rate of return on investment.

Taxes Other Than Income Taxes

This expense has been increased by \$485 for water and \$785 for wastewater to reflect the regulatory assessment fee of 4.5% on the increase in revenue.

Operating Expenses Summary

The application of our adjustments to the utility's test year operating expenses results in operating expenses of \$24,027 for water and \$41,439 for wastewater.

REVENUE REQUIREMENT

Based on the utility's books and records and the adjustments made herein, the utility shall be allowed an annual increase in revenue of \$10,781 (55.55%) for water and an annual increase of \$17,440 (51.24%) for wastewater. This will allow the utility the opportunity to recover its expenses and earn a 8.13% return on its investment.

RATES AND CHARGES

Rate of Return on Rate Base Plus Depreciation Expense on Utility Plant

Section 367.081, Florida Statutes, requires the Commission to allow the utility to earn a return on prudently invested plant used to serve current ratepayers. As stated earlier, in Docket No. 920650-WS, the utility was granted its water and wastewater certificates by Order No. PSC-92-1374-FOF-WS. The utility did not request fully compensatory rates in that filing. W.P. specifically stated that it was requesting rates sufficient to cover its operating expenses, but not to recover a return on its investment or depreciation of the plant in service. An audit was completed to determine rates for operating costs for that filing and to determine rate base for future filings and annual report monitoring. Order No. PSC-93-0419-FOF-WS contained the Commission's findings.

A customer of W.P. approached our staff at the February 2, 1995 customer meeting and implied that Homeland Development is getting a return on utility plant from the lot rent and that it should not be allowed a duplicate return on utility plant through W.P. In Docket No. 920650-WS, a staff analysis of the federal income tax returns for Homeland Development, the company from whom W.P. purchased the utility, was performed to determine whether the cost of installing the utility facilities was recovered through the cost of goods sold. Homeland did install the water distribution and water collection facilities; however, the costs were capitalized and not included in the cost of goods sold. Because W.P. purchased these facilities, the cost of the utility facilities were not donated and were included in rate base.

Another customer informed our staff that he thought Homeland Development was the original provider of utility service and it was transferred to W.P., but their lot rent was not reduced. We examined the existing prospectus of the Palm Breezes Club to verify that it states that utility service is provided by W.P. Utilities, Inc., which it does. We also contacted the Department of Business and Professional Regulation, Bureau of Mobile Homes, to verify that

the original prospectus, when Palm Breezes Club came in to existence, named W.P. as the provider of water and wastewater service. This was confirmed.

The utility is requesting compensatory rates in this filing and shall be allowed a rate of return on its prudently invested utility plant along with depreciation expense.

#### Rate Structure

During the test year, W.P. provided water and wastewater service to approximately 189 residential customers and approximately 2 general service customers. The utility currently employs the base facility/gallongage charge rate structure for all customers. This Commission has a memorandum of understanding with the Florida Water Management Districts. This memorandum recognizes that a joint cooperative effort is necessary to implement an effective, statewide water conservation policy. Water use in the utility's service area is under the jurisdiction of the South Florida Water Management District (SFWMD). Since this utility is a consecutive system (purchases water for resale), which is considered non-jurisdictional by the SFWMD, no particular restrictions that promote conservation are necessary at this time. Therefore, we find that no change in rate structure is necessary.

We have calculated a base facility/gallongage charge for water and wastewater customers based on test year data. The base facility/gallongage charge rate structure is the preferred rate structure because it is designed to provide for the equitable sharing by the ratepayers of both the fixed and variable costs of providing service. The base facility charge is based upon the concept of readiness to serve all customers connected to the system. This ensures that rate payers pay their share of the costs of providing service (through the consumption or gallongage charge) and also pay their share of the fixed costs of providing service (through the base facility charge).

A utility customer questioned our staff as to who pays for pool water and water service to the clubhouse, office and mobile home occupied by an employee of Palm Breezes Club. We verified the clubhouse and office are the two general service customers and pool water is provided through one of these general service meters and paid for by Homeland Development. Each individual mobile home is metered and the bill is sent to that address and paid by that resident.

Approximately 57% (or \$17,247) of the water revenue requirement and 62% (or \$31,899) of the wastewater revenue requirement are associated with the fixed costs of providing

service. Fixed costs are recovered through the base facility charge based on annualized number of factored equivalent residential connections (ERCs). The remaining 43% (or \$12,944) of the water revenue requirement and 38% (or \$19,581) of the wastewater revenue requirement represent the consumption charge based on the estimated number of gallons consumed during the test period.

Schedules of the utility's existing rates and the approved rates follow.

WATER RATES  
RESIDENTIAL AND GENERAL SERVICE

<u>Base Facility Charge</u>	<u>Existing</u>	<u>Approved</u>
<u>Meter Size</u>	<u>Quarterly</u>	<u>Quarterly</u>
	<u>Rate</u>	<u>Rate</u>
5/8" x 3/4"	\$ 15.24	\$ 24.36
3/4"	N/A	36.54
1"	N/A	60.90
1-1/2"	N/A	121.80
2"	N/A	194.88
3"	N/A	389.76
4"	N/A	609.00
6"	N/A	1,218.00
Gallonage Charge		
Per 1,000 gallons	\$ 1.42	\$ 2.13

WASTEWATER RATES  
RESIDENTIAL SERVICE

<u>Base Facility Charge</u>	<u>Existing</u>	<u>Approved</u>
<u>Meter Size</u>	<u>Quarterly</u>	<u>Quarterly</u>
	<u>Rate</u>	<u>Rate</u>
5/8" x 3/4"	\$ 29.78	\$ 45.06
3/4"	N/A	67.59
1"	N/A	112.65
1-1/2"	N/A	225.27
2"	N/A	360.45
3"	N/A	720.87
4"	N/A	1,126.35
6"	N/A	2,252.73
 Gallonge Charge		
Per 1,000 gallons	\$ 2.17	\$ 3.26
(30,000 gallon max. per quarter)		

GENERAL SERVICE

	<u>Base Facility Charge</u>	
<u>Meter Size</u>	<u>Existing</u>	<u>Approved</u>
	<u>Quarterly</u>	<u>Quarterly</u>
	<u>Rate</u>	<u>Rate</u>
5/8" x 3/4"	\$ 29.78	\$ 45.06
3/4"	N/A	67.59
1"	N/A	112.65
1-1/2"	N/A	225.27
2"	N/A	360.45
3"	N/A	720.87
4"	N/A	1,126.35
6"	N/A	2,252.73
 Gallonge Charge		
Per 1,000 gallons	\$ 2.17	\$ 3.92

Using the 189 test year water customers with an average use of 8,517.17 gallons/quarter per customer, an average residential quarterly water bill comparison would be as follows:

	<u>Average Quarterly Bill Using Existing Rates</u>	<u>Average Quarterly Bill Using Approved Rates</u>	<u>Percent Increase</u>
Base Facility Charge	\$15.24	\$ 24.36	
Gallage Charge	<u>\$12.09</u>	<u>\$ 18.14</u>	
Total	\$27.33	\$ 42.50	55.51%

Using the 189 test year wastewater customers with an average use of 8,326.09 gallons/quarter per customer, an average residential quarterly wastewater bill comparison would be as follows:

	<u>Average Quarterly Bill Using Existing Rates</u>	<u>Average Quarterly Bill Using Approved Rates</u>	<u>Percent Increase</u>
Base Facility Charge	\$29.78	\$ 45.06	
Gallage Charge	<u>\$18.07</u>	<u>\$ 27.14</u>	
Total	\$47.85	\$ 72.20	50.89%

In accordance with Rule 25-30.475, Florida Administrative Code, the rates shall be effective for service rendered as of the stamped approval date on the tariff sheets provided the customers have received notice. The tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision, that the customer notice is adequate, and that any required security has been provided. The utility shall provide proof of the date notice was given within 10 days after the date of the notice.

If the effective date of the new rates falls within a regular billing cycle, the initial bills at the new rate may be prorated. The old charge shall be prorated based on the number of days in the billing cycle before the effective date of the new rates. The new charge shall be prorated based on the number of days in the billing cycle on or after the effective date of the new rates. In no event shall the rates be effective for service rendered prior to the stamped approval date.

Service Availability Charges

The Commission approved the existing service availability policy in Order No. PSC-93-0419-FOF-WS, issued March 18, 1993, when W.P. had its original certification. Rules 25-30.580 (1)(a) and (b), Florida Administrative Code, set guidelines for maximum and minimum CIAC levels for jurisdictional utilities. The utility's current tariff contains provisions for a \$272 water main extension charge and a \$734 wastewater main extension charge which should not cause the utility's contribution to exceed the maximum 75% level.

The cost of future growth shall be borne by future customers. Present customers shall not pay for the plant that will serve new customers. Most of the cost of new construction is to be recouped through service availability charges. We do not find it appropriate to change the existing service availability charges at this time.

Miscellaneous Service Charges

The utility's current tariff outlines miscellaneous service charges in accordance with Staff Advisory Bulletin (SAB) 13, Second Revised. Order No. PSC-93-0419-FOF-WS authorized use of these charges as outlined in the SAB but did not differentiate between water and wastewater miscellaneous service charges. We are including this issue here for clarification of water and wastewater miscellaneous service charges. The appropriate miscellaneous service charges are listed below.

	<u>Water</u>	<u>Wastewater</u>
Initial Connection	\$15.00	\$15.00
Normal Reconnection	\$15.00	\$15.00
Violation Reconnection	\$15.00	Actual Cost
Premises Visit (in lieu of disconnection)	\$10.00	\$10.00

Staff Advisory Bulletin No. 13 (Second Revision) entitled "Tariff Provisions for Miscellaneous Service Charges," defines the four categories of charges, contains an example of an approved level of charges (listed above), and provides guidance as to the timing and procedures for including or revising the tariff provisions for these items.

The four types of miscellaneous service charges are:

- 1) Initial Connection: This charge is to be levied for service initiation at a location where service did not exist previously.
- 2) Normal Reconnection: This charge is to be levied for transfer of service to a new customer account at a previously served location, or reconnection of service subsequent to a customer requested disconnection.
- 3) Violation Reconnection: This charge is to be levied prior to reconnection of an existing customer after disconnection of service for cause according to Rule 25-30.320(2), F.A.C., including a delinquency in bill payment.
- 4) Premises Visit (in lieu of disconnection): This charge is to be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill, but does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

These charges are designed to more accurately reflect the costs associated with each service and to place the burden of payment on the person who causes the cost to be incurred (the "cost causer"), rather than on the entire ratepaying body as a whole. Therefore, we find it appropriate that the utility's tariff be revised to incorporate the charges discussed above.

#### STATUTORY RATE REDUCTION AND RECOVERY PERIOD

Section 367.0816, Florida Statutes, requires that the rates be reduced immediately following the expiration of the four year period by the amount of the rate case expense previously included in the rates. The reduction will reflect the removal of revenues associated with the amortization of rate case expense and the gross-up for regulatory assessment fees, which is \$131 annually for each water and wastewater system. The reduction in revenues will result in the rates reflected on Schedules Nos. 4 and 4A.

The utility shall file revised tariff sheets 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.

TEMPORARY RATES IN THE EVENT OF PROTEST

This Order proposes an increase in water and wastewater rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the utility. Therefore, in the event of a timely protest filed by a party other than the utility, we authorize the utility to collect the rates approved herein, on a temporary basis, subject to refund provided that the utility first furnish and have the following approved by Commission staff: 1) adequate security for a potential refund through a bond, letter of credit in the amount of \$19,575, or an escrow agreement with an independent financial institution; 2) a proposed customer notice; and 3) revised tariff sheets.

If the utility chooses a bond as security, the bond shall contain wording to the effect that it will be terminated only under the following conditions:

- 1) The Commission approves the rate increase; or
- 2) If the Commission denies the increase, the utility shall refund the amount collected that is attributable to the increase.

If the utility chooses a letter of credit as security, it shall contain the following conditions:

- 1) The letter of credit is irrevocable for the period it is in effect.
- 2) The letter of credit will be in effect until final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions shall be part of the agreement:

- 1) No refunds in the escrow account may be withdrawn by the utility without the express approval of the Commission.
- 2) The escrow account shall be an interest bearing account.
- 3) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.

- 4) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the utility.
- 5) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
- 6) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
- 7) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to Cosentino v. Elson, 263 So.2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
- 8) The Director of Records and Reporting must be a signatory to the escrow agreement.

In no instance shall the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and shall be borne by, the utility. Irrespective of the form of security chosen by the utility, an account of all monies received as result of the rate increase shall be maintained by the utility. This account must specify by whom and on whose behalf such monies were paid. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

The utility shall maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, the utility shall file reports with the Division of Water and Wastewater no later than 20 days after each monthly billing. These reports shall indicate the amount of revenue collected under the increased rates.

#### MAINTENANCE OF BOOKS AND RECORDS

During the test year, the utility's books were not maintained in conformity with the 1984 National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts, as required by Rule 25-30.115, Florida Administrative Code. We believe the utility has the expertise necessary to convert and maintain the utility's records in conformity with Rule 25-30.115, Florida Administrative Code. Therefore, we hereby order the utility to maintain its books and records in conformity with the 1984 NARUC Uniform System of Accounts.

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CLOSING OF DOCKET

Upon expiration of the protest period, if a timely protest is not received, no further action will be required and this docket shall be closed.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the application of W.P. Utilities, Inc. for an increase in its water and wastewater rates in Palm Beach 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 all of the provisions of this Order, except for the granting of temporary rates in the event of protest, 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 Records and Reporting 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 W.P. Utilities, Inc. 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 tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice. It is further

ORDERED that W.P. Utilities, Inc., shall provide proof of the date notice was given within 10 days after the date of the notice. It is further

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

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ORDERED that prior to its implementation of the rates and charges approved herein, W.P. Utilities, Inc. shall submit and have approved a bond or letter of credit in the amount of \$19,575 or an escrow agreement with an independent financial institution as a guarantee of any potential refund of revenues collected on a temporary basis. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, W.P. Utilities, Inc. shall submit revised tariff sheets which will be approved upon our staff's verification that the pages are consistent with our decision herein, that the protest period has expired, and that an appropriate customer notice has been submitted. It is further

ORDERED that in the event of a timely protest by any substantially affected person other than the utility, W.P. Utilities, Inc. is authorized to collect the rates approved herein on a temporary basis, subject to refund in accordance with Rule 25-30.360, Florida Administrative Code, provided that the utility has furnished satisfactory security for any potential refund and provided that it has submitted and our staff has approved revised tariff sheets and a proposed customer notice. It is further

ORDERED that W.P. Utilities, Inc.'s tariff shall be revised to incorporate the miscellaneous service charges discussed in the body of this Order. It is further

ORDERED that W.P. Utilities, Inc. shall maintain its books and records in conformity with the 1984 National Association of Regulatory Utility Commissioners Uniform System of Accounts. It is further

ORDERED that upon expiration of the protest period, if no timely protest is received from a substantially affected person, this docket shall be closed.

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By ORDER of the Florida Public Service Commission, this 13th  
day of April, 1995.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

by: Kay Flynn  
Chief, Bureau of Records

( S E A L )

SKE

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 actions taken herein, except for the granting of temporary rates in the event of a timely protest by a substantially affected person, are 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 May 4, 1995. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it

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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 and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

SCHEDULE NO. 1  
DOCKET NO. 940895-WS

W.P. UTILITIES, INC.  
TEST YEAR ENDING JUNE 30, 1994  
SCHEDULE OF WATER RATE BASE

	<u>BALANCE PER UTILITY</u>	<u>COMM. ADJUST. TO UTIL. BAL.</u>	<u>BALANCE PER COMM.</u>
UTILITY PLANT IN SERVICE	\$ 117,138	\$ 1,295 A	\$ 118,433
LAND/NON-DEPRECIABLE ASSETS	0	0	0
PLANT HELD FOR FUTURE USE	0	0	0
CWIP	0	0	0
CIAC	(26,285)	1,252 B	(25,033)
ACCUMULATED DEPRECIATION	(23,393)	(433) C	(23,826)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	6,190	(2,022) D	4,168
WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>2,106 E</u>	<u>2,106</u>
WATER RATE BASE	\$ 73,650	\$ 2,198	\$ <span style="border: 1px solid black; padding: 2px;">75,848</span>

W.P. UTILITIES, INC.  
 TEST YEAR ENDING JUNE 30, 1994  
 SCHEDULE OF WASTEWATER RATE BASE

SCHEDULE NO. 1A  
 DOCKET NO. 940895-WS

	<u>BALANCE PER UTILITY</u>	<u>COMM. ADJUST. TO UTIL. BAL.</u>	<u>BALANCE PER COMM.</u>
UTILITY PLANT IN SERVICE	\$ 150,806	\$ 1,151 A	\$ 151,957
LAND/NON-DEPRECIABLE ASSETS	0	0	0
PLANT HELD FOR FUTURE USE	0	0	0
CWIP	0	0	0
CIAC	0	(1,835)B	(1,835)
ACCUMULATED DEPRECIATION	(30,284)	(123)C	(30,407)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	0	25 D	25
WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>3,825 E</u>	<u>3,825</u>
WASTEWATER RATE BASE	\$ 120,522	\$ 3,043	\$ <span style="border: 1px solid black; padding: 2px;">123,565</span>

W.P. UTILITIES, INC.  
 TEST YEAR ENDING JUNE 30, 1994  
 ADJUSTMENTS TO RATE BASE

SCHEDULE NO. 1B  
 DOCKET NO. 940895-WS

A. <u>UTILITY PLANT IN SERVICE</u>	<u>WATER</u>	<u>WASTEWATER</u>
1. To add unrecorded water meters	\$ 422	\$ 0
2. To reflect averaging adjustment	873	1,151
	<u>\$ 1,295</u>	<u>\$ 1,151</u>
B. <u>CIAC</u>		
1. To bring CIAC to correct amount	\$ 231	\$ (3,670)
2. To reflect averaging adjustment	1,021	1,835
	<u>\$ 1,252</u>	<u>\$ (1,835)</u>
C. <u>ACCUMULATED DEPRECIATION</u>		
1. To bring accumulated depreciation to correct amount	\$ (2,387)	\$ (2,193)
2. To reflect averaging adjustment	1,954	2,070
	<u>\$ (433)</u>	<u>\$ (123)</u>
D. <u>AMORTIZATION OF CIAC</u>		
1. To bring CIAC amortization to correct amount	\$ (1,295)	\$ 50
2. To reflect averaging adjustment	(727)	(25)
	<u>\$ (2,022)</u>	<u>\$ 25</u>
E. <u>WORKING CAPITAL ALLOWANCE</u>		
1. To reflect 1/8 of test year O & M expenses	<u>\$ 2,106</u>	<u>\$ 3,825</u>

W.P. UTILITIES, INC.  
 TEST YEAR ENDING JUNE 30, 1994  
 SCHEDULE OF CAPITAL STRUCTURE

SCHEDULE NO. 2  
 DOCKET NO. 940895-WS

	<u>PER UTILITY</u>	<u>COMM. ADJUST. TO UTIL. BAL.</u>	<u>BALANCE PER COMM.</u>	<u>PERCENT OF TOTAL</u>	<u>COST</u>	<u>WEIGHTED COST</u>
LONG-TERM DEBT	\$ 185,340	\$ 0	\$ 185,340	92.94%	8.13%	7.55%
PAID IN CAPITAL	3,800	10,173	13,973	7.01%	8.13%	0.57%
PREFERRED STOCK	0	0	0	0.00%	0.00%	0.00%
COMMON STOCK	100	0	100	0.05%	8.13%	0.00%
RETAINED EARNINGS	(101,894)	101,894	0	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	<u>9,403</u>	<u>(9,403)</u>	<u>0</u>	<u>0.00%</u>	<u>6.00%</u>	<u>0.00%</u>
TOTAL	\$ 96,749	\$ 102,664	\$ 199,413	100.00%		<span style="border: 1px solid black;">8.13%</span>

<u>RANGE OF REASONABLENESS</u>	<u>LOW</u>	<u>HIGH</u>
RETURN ON EQUITY	7.13%	9.13%
OVERALL RATE OF RETURN	8.05%	8.20%

W.P. UTILITIES, INC.  
 TEST YEAR ENDING JUNE 30, 1994  
 SCHEDULE OF WATER OPERATING INCOME

SCHEDULE NO. 3  
 DOCKET NO. 940895-WS

	TEST YEAR PER UTILITY	COMM. ADJ. TO UTILITY	COMM. ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	TOTAL PER COMM.
OPERATING REVENUES	\$ <u>19,679</u>	\$ <u>(270)</u> A	\$ <u>19,409</u>	\$ <u>10,781</u> F	\$ <u>30,190</u>
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	16,443	406 B	16,849	0	16,849
DEPRECIATION	3,226	683 C	3,909	0	3,909
AMORTIZATION	(1,392)	(62) D	(1,454)	0	(1,454)
TAXES OTHER THAN INCOME	98	4,140 E	4,238	485 G	4,723
INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OPERATING EXPENSES	\$ <u>18,375</u>	\$ <u>5,167</u>	\$ <u>23,542</u>	\$ <u>485</u>	\$ <u>24,027</u>
OPERATING INCOME/(LOSS)	\$ <u>1,304</u>		\$ <u>(4,133)</u>		\$ <u>6,163</u>
WATER RATE BASE	\$ <u>73,650</u>		\$ <u>75,848</u>		\$ <u>75,848</u>
RATE OF RETURN	<u>1.77%</u>		<u>-5.45%</u>		<u>8.13%</u>

W.P. UTILITIES, INC.  
TEST YEAR ENDING JUNE 30, 1994  
SCHEDULE OF WASTEWATER OPERATING INCOME

SCHEDULE NO. 3A  
DOCKET NO. 940895-WS

	<u>TEST YEAR PER UTILITY</u>	<u>COMM. ADJ. TO UTILITY</u>	<u>COMM. ADJUSTED TEST YEAR</u>	<u>ADJUST. FOR INCREASE</u>	<u>TOTAL PER COMM.</u>
OPERATING REVENUES	\$ <u>33,443</u>	\$ <u>596 A</u>	\$ <u>34,039</u>	\$ <u>17,440 F</u>	\$ <u>51,479</u>
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	31,178	(575) B	30,603	0	30,603
DEPRECIATION	3,337	803 C	4,140	0	4,140
AMORTIZATION	0	(50) D	(50)	0	(50)
TAXES OTHER THAN INCOME	98	5,863 E	5,961	785 G	6,746
INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OPERATING EXPENSES	\$ <u>34,613</u>	\$ <u>6,041</u>	\$ <u>40,654</u>	\$ <u>785</u>	\$ <u>41,439</u>
OPERATING INCOME/(LOSS)	\$ <u>(1,170)</u>		\$ <u>(6,615)</u>		\$ <u>10,040</u>
WASTEWATER RATE BASE	\$ <u>120,522</u>		\$ <u>123,565</u>		\$ <u>123,565</u>
RATE OF RETURN	<u>-0.97%</u>		<u>-5.35%</u>		<u>8.13%</u>

W.P. UTILITIES, INC.  
TEST YEAR ENDING JUNE 30, 1994  
ADJUSTMENTS TO OPERATING INCOME

SCHEDULE NO. 3B  
DOCKET NO. 940895-WS

	<u>WATER</u>	<u>WASTEWATER</u>
<b>A. <u>OPERATING REVENUES</u></b>		
1. To adjust test year revenue to test year customers and consumption through billing analysis.	\$ <u>(270)</u>	\$ <u>596</u>
<b>B. <u>OPERATION AND MAINTENANCE EXPENSES</u></b>		
1. Sludge Removal Expense		
a. To allow pro forma sludge removal expense	\$ <u>0</u>	\$ <u>275</u>
2. Chemicals		
a. To include pro forma chemical treatment for lift station.	\$ <u>0</u>	\$ <u>120</u>
3. Contractual Services		
a. To reclassify water testing costs from Acct. No. 730.	\$ 195	\$ (195)
b. To reclassify backflow device R & M from Account No. 730.	159	(159)
c. To remove out of test year expenses and disallow consulting for purchase of Seminole Manor.	(4,042)	(4,048)
d. To include contract for Homeland Management Services.	4,165	4,773
	\$ <u>477</u>	\$ <u>371</u>
4. Transportation Expenses		
a. To allow pro forma transportation expense.	\$ <u>225</u>	\$ <u>225</u>
5. Regulatory Commission Expense		
a. To reclassify RAF's to taxes other than income account.	\$ (346)	\$ (1,616)
b. To include filing fee amortized over 4 years.	125	125
	\$ <u>(221)</u>	\$ <u>(1,491)</u>
6. Miscellaneous Expenses		
a. To remove Department of Revenue late filing penalty.	\$ <u>(75)</u>	\$ <u>(75)</u>
TOTAL O & M ADJUSTMENTS	\$ <u>406</u>	\$ <u>(575)</u>
<b>C. <u>DEPRECIATION EXPENSE</u></b>		
1. To adjust utility balance to match depreciation rates set forth in Rule 25-30.140.	\$ <u>683</u>	\$ <u>803</u>
<b>D. <u>AMORTIZATION EXPENSE</u></b>		
1. To adjust utility balance to commission calculated balance.	\$ <u>(62)</u>	\$ <u>(50)</u>
<b>E. <u>TAXES OTHER THAN INCOME</u></b>		
1. To reclassify RAF's from O & M expenses.	\$ 346	\$ 1,616
2. To bring RAF's match test year revenue.	527	(84)
3. To include Palm Beach County ad valorem taxes.	3,267	4,331
	\$ <u>4,140</u>	\$ <u>5,863</u>
<b>F. <u>OPERATING REVENUES</u></b>		
1. To reflect commission's recommended increase in revenue.	\$ <u>10,781</u>	\$ <u>17,440</u>
<b>G. <u>TAXES OTHER THAN INCOME</u></b>		
1. To reflect additional regulatory assessment fee associated with recommended revenue requirement	\$ <u>485</u>	\$ <u>785</u>

W.P. UTILITIES, INC.  
TEST YEAR ENDING JUNE 30, 1994  
ANALYSIS OF WATER OPERATION AND  
MAINTENANCE EXPENSE

SCHEDULE NO. 3C  
DOCKET NO. 940895-WS

	<u>TOTAL</u> <u>PER UTIL.</u>	<u>COMM.</u> <u>ADJUST.</u>	<u>TOTAL</u> <u>PER COMM.</u>
(601) SALARIES AND WAGES – EMPLOYEES	\$ 0	\$ 0	\$ 0
(603) SALARIES AND WAGES – OFFICERS	0	0	0
(604) EMPLOYEE PENSIONS AND BENEFITS	0	0	0
(610) PURCHASED WATER	9,294	0	9,294
(615) PURCHASED POWER	0	0	0
(616) FUEL FOR POWER PRODUCTION	0	0	0
(618) CHEMICALS	0	0	0
(620) MATERIALS AND SUPPLIES	0	0	0
(630) CONTRACTUAL SERVICES	5,517	282 [3]	5,799
DEP REQUIRED TESTING	625	195 [3]	820
(640) RENTS	0	0	0
(650) TRANSPORTATION EXPENSE	0	225 [4]	225
(655) INSURANCE EXPENSE	0	0	0
(655) REGULATORY COMMISSION EXPENSE	346	(221)[5]	125
(670) BAD DEBT EXPENSE	43	0	43
(675) MISCELLANEOUS EXPENSES	618	(75)[6]	543
	<u>\$ 16,443</u>	<u>\$ 406</u>	<u>\$ 16,849</u>

W.P. UTILITIES, INC.  
 TEST YEAR ENDING JUNE 30, 1994  
 ANALYSIS OF WASTEWATER OPERATION AND  
 MAINTENANCE EXPENSE

SCHEDULE NO. 3D  
 DOCKET NO. 940895-WS

	<u>TOTAL PER UTIL.</u>	<u>COMM. ADJUST.</u>	<u>TOTAL PER COMM.</u>
(701) SALARIES AND WAGES – EMPLOYEES	\$ 0	\$ 0	\$ 0
(703) SALARIES AND WAGES – OFFICERS	0	0	0
(704) EMPLOYEE PENSIONS AND BENEFITS	0	0	0
(710) PURCHASED SEWAGE TREATMENT	22,827	0	22,827
(711) SLUDGE REMOVAL EXPENSE	0	275 [1]	275
(715) PURCHASED POWER	0	0	0
(716) FUEL FOR POWER PRODUCTION	0	0	0
(718) CHEMICALS	0	120 [2]	120
(720) MATERIALS AND SUPPLIES	0	0	0
(730) CONTRACTUAL SERVICES	6,198	371 [3]	6,569
(740) RENTS	0	0	0
(750) TRANSPORTATION EXPENSE	0	225 [4]	225
(755) INSURANCE EXPENSE	0	0	0
(765) REGULATORY COMMISSION EXPENSES	1,616	(1,491)[5]	125
(770) BAD DEBT EXPENSE	44	0	44
(775) MISCELLANEOUS EXPENSES	493	(75)[6]	418
	<u>\$ 31,178</u>	<u>\$ (575)</u>	<u>\$ 30,603</u>

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RECOMMENDED RATE REDUCTION SCHEDULE

W.P. UTILITIES, INC.  
 TEST YEAR ENDING JUNE 30, 1994

SCHEDULE NO. 4  
 DOCKET NO. 940895-WS

CALCULATION OF RATE REDUCTION AMOUNT  
AFTER RECOVERY OF RATE CASE EXPENSE AMORTIZATION PERIOD OF FOUR YEARS

QUARTERLY WATER RATES

<u>RESIDENTIAL AND GENERAL SERVICE</u>	<u>QUARTERLY COMMISSION APPROVED RATES</u>	<u>QUARTERLY RATE REDUCTION</u>
BASE FACILITY CHARGE:		
Meter Size:		
5/8"X3/4"	\$ 24.36	0.11
3/4"	36.54	0.16
1"	60.90	0.26
1-1/2"	121.80	0.53
2"	194.88	0.84
3"	389.76	1.69
4"	609.00	2.64
6"	1,218.00	5.28
 RESIDENTIAL GALLONAGE CHARGE PER 1,000 GALLONS	 \$ 2.13	 0.01

RECOMMENDED RATE REDUCTION SCHEDULE

W.P. UTILITIES, INC.  
 TEST YEAR ENDING JUNE 30, 1994

SCHEDULE NO. 4A  
 DOCKET NO. 940895-WS

CALCULATION OF RATE REDUCTION AMOUNT  
AFTER RECOVERY OF RATE CASE EXPENSE AMORTIZATION PERIOD OF FOUR YEARS

QUARTERLY WASTEWATER RATES

<u>RESIDENTIAL AND GENERAL SERVICE</u>	<u>QUARTERLY COMMISSION APPROVED RATES</u>	<u>QUARTERLY RATE REDUCTION</u>
BASE FACILITY CHARGE:		
Meter Size:		
5/8"X3/4"	\$ 45.06	0.11
3/4"	67.59	0.17
1"	112.65	0.29
1-1/2"	225.27	0.57
2"	360.45	0.92
3"	720.87	1.83
4"	1,126.35	2.86
6"	2,252.73	5.73
 RESIDENTIAL GALLONAGE CHARGE PER 1,000 GALLONS (30,000 GALLON MAX. PER QUARTER)	 \$ 3.26	 0.01
 GENERAL SERVICE GALLONAGE CHARGE PER 1,000 GALLONS	 \$ 3.92	 0.01