

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for staff-) DOCKET NO. 941234-WS
assisted rate case in Brevard) ORDER NO. PSC-95-1417-FOF-WS
County by AQUARINA DEVELOPMENTS,) ISSUED: November 21, 1995
INC.)
_____)

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 A PROTEST
AND
NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING INCREASED 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 protest, 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

Aquarina Developments, Inc. (Aquarina or utility) is a Class C water and wastewater utility. The utility's service area is located in the southeastern corner of Brevard County, approximately thirteen miles South of Melbourne Beach on U.S. Hwy. A1A. In existence since 1984, the utility provided water and wastewater service to approximately 81 connections in the Aquarina Developments, and a neighboring development known as St. Andrews Village during the test year. Mainly a retirement customer base, the service area in the Aquarina development is comprised of condominium style residential units known as: Blue Heron with 20 units (individually metered), Egret Trace with 18 units (individually metered), The Hammock with 24 units (master metered), Tidewater with 24 units (master metered), and Les Villas with 3

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units (individually metered). In the St. Andrews Village development, there are 44 condominium style residential units (individually metered). There are also seven additional general service connections. They include 3 pools, a racquet club, a restaurant/lounge, administration office, and a fire station. In addition, there are 84 more connections that are in progress of being actively developed, and will soon be on line by the end of 1996. Anticipated buildout of the service area is currently placed at approximately 800 connections.

In addition to being a water and wastewater service provider, the utility also provides, through a totally isolated non-potable system, irrigation and fire flow without charge to the same customer base that receives water and wastewater service. By letter dated February 9, 1995, the utility requested that it be allowed to charge irrigation rates for this service. This is a unique request for us to consider. It entails a third separate rate structure which is unrelated to water and wastewater. Presently, ground water from an irrigation well is pumped into this system. Eventually, as wastewater flows increase to a usable volume, treated wastewater will be used.

By Order No. 22075, issued October 19, 1989, in Docket No. 880595-WS, we granted Aquarina Certificate Nos. 517-W and 450-S. This order also set bulk rates for the service provided in the Hammock.

The utility then filed an application for amendments of its certificates to include the Aquarina Development in its service area. By Order No. 23059, issued June 11, 1990, in Docket No. 900167-WS, we granted the utility's request to amend its certificates.

By Order No. 23812, issued November 11, 1990, in Docket No. 900168-WS, we approved an increase in rates for the utility through the application of a staff assisted rate case. The utility has also been granted price index rate adjustments for 1992 through 1994.

On November 23, 1994, the utility applied for this staff assisted rate case. We find it appropriate to apply an historical test year ended December 31, 1994, for this rate case. Based on our audit, the utility recorded test year revenue of \$48,353 for water and \$43,097 for wastewater. The recorded operating expenses were \$63,007 for water and \$53,523 for wastewater, which resulted in a operating loss of \$14,654 for water and \$10,426 for wastewater.

QUALITY OF SERVICE

The customer meeting was held on June 28, 1995, at the Floridana Beach Community Center in Floridana, Florida. There were approximately 57 customers who attended the meeting. Of that number, seventeen addressed concerns over quality of service. The problems brought up dealt with unsuitable chlorine levels in the water, taste and odor problems with the water, after hours emergency contact, damaged clothes and problems with outages. In addition to the above, there were concerns about health because of the general belief that the water is unfit to drink. Several commented that they purchase bottled water, and there were also comments about the system being in substandard operating condition. Overall, there appeared to be the general consensus that the quality of service provided by the utility is unsatisfactory.

In addition to the comments made at the customer meeting, we also received two written statements. These statements brought up concerns about the rate increase and mismanagement. There were also comments about overall water quality being inconsistent and periodically substandard, chlorine odor, service interruptions, and erratic "boil water notices" to prevent contamination.

We have received from the utility verbal and written comments responding to the customer concerns brought up at the customer meeting.

CHLORINE - In reference to the chlorine levels, the utility has reported that it responds to any customer complaint by notifying the contract plant operator to investigate the problem immediately. Also, a survey is presently being performed to identify any problems within the system. Although there are no maximum requirements placed on chlorine residuals, the utility's main concern is to provide a minimum required residual for proper disinfection at the remote parts of the distribution system. To achieve that goal, chlorine levels may be noticeably higher in the areas that are located closer to the water treatment facility. Once the survey is complete, a plan to maintain consistency will be submitted.

TASTE AND ODOR - As far as customer dissatisfaction with general taste and odor, the reverse osmosis (RO) treatment process used to produce the potable water may be the cause. Although it complies with health standards, water produced by the reverse osmosis process may be distasteful to individual palates.

EMERGENCY CONTACT - The utility also responded to after hours emergency contact by stating that notices on what to do in case of

emergencies have been sent out previously to the customers. In addition, there is a recorded phone message that gives emergency instructions.

PH - Past problems with PH levels have turned clothes green when washed. According to the utility, this problem has occurred twice since 1991, and only two customers have complained. The utility has paid to have the damaged clothes laundered. In addition, the utility has recently replaced PH monitoring equipment to help insure that levels remain consistent.

OUTAGES - As far as potable water outages are concerned, the utility has on record three unplanned outages that have occurred since 1993. Lasting several days, the most extensive outage occurred in 1993, when a hydropneumatic tank ruptured unexpectedly. We have reviewed the ruptured tank situation. Although, the cause has not been specifically determined, it is suspected that salt air reacting with steel may have created a corrosive environment which weakened the tank to the point of rupture. In any case, insurance paid for its replacement with no adverse cost to the customers. Since salt air corrosion is a problem, the utility now has a weekly inspection program that identifies and corrects any rusting to its facilities. We find that this problem is being properly addressed by the utility. There have also been planned outages that were necessary for repairs. In those, the customers were noticed beforehand. Most of the outages, planned or otherwise, lasted between one and three hours.

NOTICES - Concerning the "boil water notices," the utility has three on file and has noted that when such an event is necessary, they are distributed immediately, and the water will not be turned back on until a notice is issued. There have been other outages related to the non-potable system that provides water for irrigation. These outages, like some with potable water, are construction related and are repaired by the contractor responsible for the breakage.

Although the customers have definite problems with the service rendered by the utility, there have been no compliance difficulties with state and local health requirements that coincide with their concerns. Test results on file at the DEP show that the utility is providing a safe and reliable product to its customers. Records, as well as onsite inspections show that the facilities are being maintained properly.

Despite customer inconvenience from high chlorine levels, service outages, and PH problems, we find no indication that mismanagement may have caused those problems. It appears that the

system problems are sporadic and accidental in nature. Although it is accountable for such problems when they do occur, we find that the utility has reacted in a responsible manner.

With the possible exception of problems from chlorine residuals and outages, we find that quality of service is satisfactory. The utility shall submit the results of its chlorine residual survey within thirty days of the effective date of the order. The survey shall be accompanied by a plan for corrective action if a problem has been identified. Furthermore, the utility shall report to this Commission all line breaks for water and wastewater for a two year period. These reports shall be submitted in writing within one month of the outage and shall contain the date and cause of the outage, when the boil water notices were issued, and when service was restored.

RATE BASE

Our calculation of the appropriate rate base for the purpose of this proceeding is depicted on Schedules Nos. 1, 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.

Used & Useful Plant

Water Treatment Plant

The designed capacity of the water treatment plant is 120,000 gallons per day. The average daily flow of the peak usage month was 28,000 gallons per day. A margin reserve of 6,252 gpd is used. We find that the water treatment facility is operating at 29% used and useful.

Water Distribution

Upon buildout the water distribution system will have an 800 connection capacity with an equivalent residential connection (ERC) potential of 690.5. Without expansion the present water distribution system has a capacity of 246.5 residential connections. The number of test year ERCs is 103. A margin reserve of 23 ERCs is used. We find that the water distribution system is 51% used and useful.

Wastewater Treatment Plant

The wastewater treatment plant has a treatment capacity of 300,000 gallons per day (gpd). The average daily flow of the peak usage month during the test year is 26,000 gallons per day. It is estimated that approximately 46% of this flow is reject water from the water treatment RO plant. Therefore, 14,000 gpd is domestic wastewater, and 12,000 is RO reject water. The margin reserve of 5,806 gpd is used. We find that the wastewater treatment facility is 11% used and useful. We find that six percent is necessary for domestic wastewater needs, and five percent is necessary for RO reject treatment.

Wastewater Collection System

The wastewater collection system is similar to what was considered for the water distribution system. We find that the wastewater collection system is 51% used and useful.

Irrigation/Fire Flow System

The designed capacity of the irrigation/fire flow facility is 1,200,000 gpd. The average daily flow of the peak usage month was 89,677 gpd. For needed fire flow capacity, 360,000 gpd is allowed. Due to the nature of this service, and the existing facilities available, margin reserve shall not be considered. At the August 29, 1995 Agenda Conference, we found it appropriate to include a golf course in the calculation of irrigation rates. The golf course is currently an irrigation customer of Aquarina. Although, the golf course was not on line during the historical test year chosen, the test year must be adjusted for known and imminent changes in order to be representative of the conditions, which will prevail in the immediate future when the rates will become effective. Gulf Power Company v. Bevis, 289 So.2d 401, 405 (Fla. 1974). The best estimated consumption for the golf course is 184,000 gallons per day based on the consumptive use permit. We find that the irrigation/fire flow facility is operating at 53% used and useful.

Irrigation/Fire Flow Distribution System

Since the irrigation/fire flow distribution system is built to serve the Aquarina service area, the used and useful analysis is comparable to that of the water distribution and wastewater collection systems. We find that the irrigation/fire flow distribution system is 51% used and useful.

Unaccounted For Water

Our review of the amount of water treated and water consumed by the utility's customers during the test year shows 27% unaccounted for water. Following our past practice, we find 10% of the unaccounted for water to be appropriate in determining rate base. Because of the excessive unaccounted for water, we find it appropriate to reduce purchased power and chemical expenses by 17% as addressed later in this Order.

We received correspondence from the utility objecting to the approved used and useful adjustment for the wastewater treatment facility. The utility requested that our calculation be adjusted accordingly to reflect an average flow, which is presently more than what is indicated during the test year. Also, in light of previous adjustment made several years earlier in Docket No. 900168-WS, it is the utility's position that the used and useful should be several percentage points higher since the customer base has doubled.

We have reviewed the utility's request and find no cause to make changes at this time. This is primarily for two reasons. The first is that the flows referred to by the utility occurred after the test year and are not considered significant enough for us to modify the related number of customers and projected revenues and expenses that would be required for rate setting purposes. Second, we performed a calculation using the more recent flows, with no significant change in the used and useful amount resulting. In light of the above, we find no reason to adjust the original amount approved for used and useful.

Test Year Rate Base

The utility provides water, wastewater and irrigation service to its customers. The irrigation service is provided through a totally isolated non-potable system. Therefore, we have determined rate base for each system.

By Order No. 23812, issued November 27, 1990, in Docket No. 900168-WS, we established rate base component balances at December 31, 1989 for water and wastewater. We did not establish rate base for the non-potable water system.

We find it appropriate to apply an historical test year ended December 31, 1994 for this rate case. Adjustments have been made to agree the utility's recorded rate base component balances for water and wastewater to balances approved by Order No. 23812. The rate base for the non-potable water system include the utility's

recorded plant that was removed from plant in the prior rate case and additional reclassification as determined by the staff engineer. A discussion of each rate base component follows.

Utility Plant in Service (UPIS)

The utility recorded UPIS of \$802,502 for water and \$2,435,760 for wastewater. We have decreased UPIS by \$171,031 for water and by \$165,259 for wastewater to agree the utility's recorded plant totals to the amounts approved in Order No. 23812.

We have also decreased UPIS by \$500 for wastewater to reflect a reclassification to wastewater operation and maintenance expense, decreased it by \$48,023 for water and \$512,792 for wastewater to reclassify non-potable water plant, and increased UPIS by \$7,281 for water and by \$6,673 for wastewater to reflect a reclassification from operation and maintenance expenses.

The non-potable water plant includes \$115,430 for a well that was recorded by the utility, but was removed from potable water plant in the prior rate case. We increased UPIS for the non-potable plant by \$560,815 to reflect reclassification of \$48,023 from water plant and \$512,792 from wastewater plant. In addition, UPIS for non-potable plant has been increased by \$2,362 to reflect a reclassification from operation and maintenance expense.

The utility provided irrigation services during the test year, but did not charge for the service because irrigation meters had not been installed and we had not approved an irrigation rate. The utility provided us with the cost for meters for existing customers of \$18,377. We find that the cost is reasonable and have therefore increased non-potable plant by \$18,377 for pro-forma meters.

As stated earlier at the August 29, 1995 Agenda Conference, we found it appropriate to include the golf course in the calculation of irrigation rates. Accordingly, we have increased non-potable water plant by \$5,245 to reflect pro forma meter cost for the golf course. In addition the utility has to install two pumps to pull surface water to storage for irrigation. The utility has provided us with the cost and installation of the pumps which totalled \$13,948. We find this cost to be reasonable. Therefore, we have increased non-potable plant by \$6,974 to reflect average pro forma cost for the two pumps.

We have made averaging adjustments of \$27,593 for water, \$80,529 for wastewater and \$21,595 for non-potable water. Accordingly, we find the appropriate UPIS to be \$563,136 for water, \$1,683,353 for wastewater and \$687,608 for non-potable water.

Land

The utility owns the land on which all of its systems are located. By Order No. 23812, issued November 27, 1990, in Docket No. 900168-WS, we approved land value of \$30,160 for water and \$33,680 for wastewater. The utility recorded land value of \$45,240 for water and \$50,520 for wastewater. We have decreased land value by \$15,080 for water and by \$16,840 for wastewater to reflect land value approved in Order No. 23812 for water and wastewater. The remaining \$31,920 is the value of land for the non-potable water plant. Therefore, we find the appropriate amount to include in rate base for land is \$30,160 for water, \$33,680 for wastewater and \$31,920 for non-potable water

Plant Held For Future Use (PHFFU)

Plant held for future use represents that portion of plant that is non-used and useful for the existing customers, and has a negative impact on rate base. Since estimated consumption for the golf course has been used to calculate the used and useful percentage for non-potable water plant, used and useful plant has increased. We have determined the non-used and useful percentage for each system. Applying those percentages, we find that average plant held for future use is (\$270,838) for water, (\$1,301,310) for wastewater and (\$294,199) for non-potable water. The average accumulated depreciation on non-used and useful plant is \$113,166 for water, \$674,429 for wastewater and \$119,206 for non-potable water. Net plant held for future use is (\$157,672) for water, (\$626,881) for wastewater and (\$174,993) for non-potable water.

Contributions-in-Aid-of-Construction (CIAC)

The utility recorded CIAC of \$95,985 for water and \$198,209 for wastewater. We have increased CIAC by \$66,847 for water and by \$70,009 for wastewater to agree the utility's recorded amounts with the amounts approved by Order No. 23812. We have also increased CIAC by \$79,573 for water and by \$105,476 for wastewater to include additions from 1990 through December 1994. In addition, we decreased CIAC by \$36,233 for water and by \$23,142 for wastewater to reflect a reclassification to non-potable water plant. We have increased CIAC by \$17,343 for water and \$14,807 for wastewater to reflect a reclassification from revenues.

The margin reserve represents a share of the utility's existing facilities that will readily accommodate additional connections. We find that the margin reserve for each system is 23 ERCs for a two year period. CIAC for margin reserve has been imputed based on approved plant capacity and main extension charges

for water, wastewater, and non-potable water multiplied by 23 ERCs each. Therefore, we have increased CIAC by \$20,930 for water, \$21,275 for wastewater and \$6,900 for non-potable water. We have made averaging adjustments of \$20,290 for water, \$34,113 for wastewater and \$11,571 for non-potable water. Therefore, the average balance for CIAC is \$224,155 for water, \$352,521 for wastewater and \$54,704 for non-potable water.

Accumulated Depreciation

By Order No. 23812, we established accumulated depreciation at December 31, 1989 for water and wastewater. The utility did not record any accumulated depreciation on its books. We have increased accumulated depreciation by \$130,830 for water and by \$589,744 for wastewater to agree the utility's balance with Order No. 23812. We have decreased accumulated depreciation by \$7,316 for water and by \$144,067 for wastewater to reclassify the accumulated depreciation on plant that has been reclassified to non-potable water. This account has been increased by \$112,834 for water, \$410,995 for wastewater and \$99,276 for non-potable water to include accumulated depreciation from 1990 through December 31, 1994. In addition, this account has been increased by \$2,772 for non-potable water to reflect depreciation on pro forma meters, including the golf course meter, and proforma pumps.

We have made averaging adjustments of \$11,995 for water, \$42,045 for wastewater and \$10,169 for non-potable water to reflect average accumulated depreciation of \$224,353 for water, \$814,627 for wastewater and \$265,936 for non-potable water.

Amortization of CIAC

By Order No. 23812, we established amortization of CIAC for water and wastewater at December 31, 1989. The utility did not record any amortization of CIAC on its books. This account has been increased by \$22,396 for water and by \$51,507 for wastewater to agree the utility's balance with Order No. 23812. We have also increased this account by \$29,483 for water and by \$54,624 for wastewater to reflect amortization from 1990 through December 31, 1994. Amortization of CIAC of \$10,860 reflects our calculated accumulated total for non-potable water through December 31, 1994. In addition, we have increased this account by \$1,700 for water, by \$2,030 for wastewater and by \$438 for non-potable water to reflect CIAC on the margin reserve.

We have made averaging adjustments of \$3,811 for water, \$6,168 for wastewater and \$655 for non-potable water, to reflect average

amortization of CIAC of \$49,768 for water, \$101,993 for wastewater and \$10,643 for non-potable water.

Working Capital Allowance

Consistent with Rule 25-30.443, Florida Administrative Code, we have applied the one-eighth of operation and maintenance expense formula approach for calculating working capital allowance. Applying that formula, we find that a working capital allowance of \$5,063 for water, \$3,931 for wastewater and \$871 for non-potable water is appropriate. The utility's working capital allowance has been increased by \$5,063 for water, \$3,931 for wastewater and \$871 for non-potable water to reflect the appropriate working capital allowance.

Applying all of the above adjustments, we find that the appropriate rate base test year balance is \$41,947 for water, \$28,928 for wastewater and \$235,409 for non-potable water.

COST OF CAPITAL

Our calculation of the appropriate cost of capital and our adjustments are contained in Schedule No. 2. 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's capital structure includes a negative retained earnings balance of \$1,627,160. As done in the prior rate case for this utility, in Docket No. 900168-WS, we have adjusted the utility's negative equity to zero. Therefore, we have made an adjustment of \$1,627,160 to reflect a zero equity balance and the return on equity is zero.

The utility's capital structure also includes a loan from a shareholder of \$87,403,506 with a cost rate of prime + 4. The prime rate is 8.75%. Therefore, the current interest on the loan is 12.75%. We consider prime + 4 to be excessive in this case, and hereby assign a debt cost rate of 10.18%, which is equal to the cost of equity at 100% using the current leverage graph.

Since the negative retained earnings have been adjusted to zero, we hereby approve a capital structure of 100% debt with a cost of 10.18%.

NET OPERATING INCOME

Our calculation of net operating income for the water and wastewater and non-potable water systems are depicted on Schedules Nos. 3, 3-A, and 3-B, respectively. 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.

Test Year Operating Revenues

Based on the test year billing analysis, the utility provided service to approximately 81 water customers and approximately 80 wastewater customers during the test year. The utility recorded test year revenue of \$48,353 for water and \$43,097 for wastewater. The recorded revenues included CIAC of \$17,343 for water and \$14,807 for wastewater. We have decreased test year revenue by \$17,343 for water and \$14,807 for wastewater to reflect a reclassification to CIAC.

We also performed a revenue check based on test year number of customers, consumption and the rates that were in effect during the test year. We increased revenue by \$699 for water and by \$536 for wastewater to reflect test year revenue based on the rates that were in effect during the test year.

On February 1, 1995, the four year amortization rate reduction became effective. However, prior to the effective date of these rates the utility was granted the 1993 and 1994 price index rate adjustment. Therefore, the net result was not a reduction. We have calculated annualized revenue based on the rates that became effective February 1, 1995, and have increased revenue by \$1,555 for water and \$1,268 for wastewater to reflect annualized revenue based on existing rates. The total adjustment is \$15,089 for water and \$13,003 for wastewater.

The utility did not charge irrigation rates during the test year. Therefore, there is no test year revenue.

Test Year Loss

The test year revenue is \$33,264 for water and \$30,094 for wastewater. Corresponding test year operating expenses are \$42,277 for water and \$34,800 for wastewater (these figures do not include our approved revenue increase and corresponding taxes). This results in a test year operating loss of \$9,013 for water and \$4,706 for wastewater for the test year.

The utility did not charge irrigation rates during the test year. Therefore, there is no income or loss for the non-potable water plant.

Test Year Operating Expense

The utility's recorded operating expenses included only operation and maintenance expense for water and wastewater. The utility's recorded expenses have been traced to supporting cost documents. Adjustments have been made to reclassify costs to appropriate accounts and to reflect the appropriate amount of annual operating expense on a going forward basis.

During the test year, the utility provided irrigation services to its customers. However, the utility was not authorized to charge irrigation rates. In its application for this rate case, the utility requested approval of irrigation rates. We have allocated those expenses necessary for operating the non-potable water system. In addition, adjustments have been made to the utility's recorded expenses as follow:

1) Sludge Removal Expense - We increased this expense by \$1,368 to reflect a reclassification from contractual services expense.

2) Purchased Power Expense - The utility recorded purchased power expense of \$9,492 for water and wastewater each. A common purchased power is shared by water, wastewater, and irrigation/fire flow facilities. We find that the appropriate purchase power expense is \$9,704 for water, \$3,730 for wastewater and \$4,928 for non-potable water. We have increased this expense by \$212 for water, \$5,632 for wastewater and have allocated \$4,928 to non-potable water.

We have determined that the percentage of unaccounted for water is approximately 27%. Following our past practice, we have authorized 10% for unaccounted for water and decreased the purchased power expense by 17% for all systems. Therefore, this expense has been decreased by \$1,650 for water, by \$634 for wastewater and by \$838 for non-potable water. We have also decreased this expense by \$130 for wastewater to remove a non-recurring expense.

3) Fuel for Power Production - The utility recorded \$769 for water in this expense. We have decreased this expense by \$512 to reflect a reclassification of \$256 to wastewater and non-potable expense each.

- 4) Chemicals - The utility recorded \$3,211 for water and \$1,192 for wastewater in this expense. As with purchased power expense, we have decreased this expense by \$546 and \$203 to reflect a 17% reduction for unaccounted for water.
- 5) Materials and Supplies - The utility recorded \$651 for water and \$765 for wastewater in this expense. We have decreased this expense by \$392 for water and wastewater each to reflect a reclassification of meter costs to water plant.
- 6) Contractual Services - The utility recorded \$43,163 for water and \$35,460 for wastewater in this expense. This expense included some water plant costs. The utility received an insurance refund of \$2,530 for plant that was damaged by fire. The utility's records showed no adjustment to existing plant. We have decreased this expense by \$2,530 to reflect the decrease in plant cost included in water expenses. We have also decreased this expense by \$4,855 for water and \$442 for wastewater to reflect a reclassification to plant. In addition, this expense has been decreased by \$2,368 for water and \$265 for wastewater to reflect a reclassification to non-potable water plant.

We have decreased contractual services by \$163 for wastewater to reflect a reclassification of copper and lead testing expense to water. The total copper and lead expense included in water expense is \$326. The utility's recorded expenses did not include any other DEP required testing expenses. We find it appropriate to authorize \$564 for additional DEP required water testing expenses. This expense has been increased by \$564 to allow the required DEP required water testing expenses. A schedule of Commission approved DEP water testing expenses follows:

<u>Description</u>	<u>Frequency</u>	<u>Cost</u>	<u>Annualized Cost</u>
Nitrate + Nitrate	Annually	\$ 35	\$ 35
Inorganics	3 years	215	72
VOC's	3 years	150	50
Pesticides & PCBs w/Dioxin	3 years	950	317
Radionuclides	3 years	75	25
Secondary Con.	3 years	195	65
Annual Expense =			\$ 564

We have also decreased contractual services by \$869 for water and \$595 for wastewater to remove prior period expenses. Water expense has been increased by \$235 and wastewater expense has been decreased by \$235 to reflect the accrued test year total for repairs and maintenance. We have reclassified \$1,093 from water repair and maintenance expense to non-potable water.

Contractual services include contractual operator service expense of \$11,137 for water and \$6,139 for wastewater. Hydrologic Florida, Inc. provides contractual operator services for the utility of \$12,852 for water and \$6,509 for wastewater. We have increased this expense by \$1,515 for water and by \$370 for wastewater to reflect the appropriate contractual amount.

This expense included a meter repair expense of \$474. We have amortized this expense over five years and have decreased it by \$379 for water to reflect the appropriate annual allowance. This expense has also been decreased by \$1,368 for wastewater to reflect a reclassification to sludge removal expense.

Service Management Systems, Inc. an affiliated company, provides management services for the utility. Based on an agreement provided in our staff's audit, dated December 31, 1993, Service Management Systems agrees to provide management services for \$2,895 per month and \$34,740 annually. The utility recorded management service expense of \$9,710 annually for water and wastewater each. We find that \$1,000 per month and \$12,000 annually is an adequate management service for a utility this size. We have allocated \$5,640 to water and wastewater each and \$720 to non-potable water. Therefore, this expense has been decreased by \$4,070 for water and wastewater each to reflect an annual management service expense of \$12,000 annually.

7) Insurance Expense - We have increased this expense by \$341 for water to reflect a reclassification from miscellaneous expense. The utility recorded insurance expense \$3,014 for water and wastewater each for a total of \$6,028. We have allocated this expense to each system based on the plant value for each facility. Therefore, this expense has been decreased by \$1,847 for water and increased by \$470 for wastewater to reflect insurance expense of \$1,167 for water, \$2,544 for wastewater and \$1,557 for non-potable water.

This utility was constructed to accommodate future growth and a substantial amount of plant is non-used and useful. The utility's insurance provides full coverage for all facilities. Since all plant is not used and useful, we find it appropriate to adjust insurance expense to reflect the cost for insurance on used and useful plant. We have therefore, decreased this expense by \$829 for water, \$3,100 for wastewater and \$965 for non-potable to reflect the appropriate insurance expense.

8) Regulatory Commission Expense - We have decreased this expense by \$1,234 for water and by \$1,156 for wastewater to reclassify regulatory assessment fees to taxes other than income. In addition, this expense has been increased by \$250 for water and wastewater each to reflect the rate case filing fee amortized over four years.

9) Miscellaneous Expense - We have decreased this expense by \$341 for water to reclassify insurance expense, by \$1,200 for wastewater to reclassify water plant and by \$213 for wastewater to reclassify non-potable O&M. We have increased miscellaneous by \$500 to reclassify a permit cost for wastewater, decreased it by \$400 to reflect permit cost amortized over five years, and decreased it by \$694 to reflect the cost of preparing a DEP required report amortized over four years.

Depreciation Expense

We have calculated test year depreciation expense by using the rates prescribed by Rule 25-30.40, Florida Administrative Code. The utility did not record a depreciation expense. We have increased this expense by \$8,557 for water, by \$15,898 for wastewater and by \$14,400 for non-potable water to reflect depreciation expense net of non-used and useful depreciation expense.

Amortization of CIAC

Amortization of CIAC has a negative impact on depreciation expense. The utility did not record amortization of CIAC. We have adjusted this expense by a negative \$8,280 for water, by \$13,899 for wastewater and \$1,616 for non-potable water to reflect our calculated amortization expense.

Taxes Other Than Income

The utility did not record any taxes other than income. We have increased this expense by \$1,234 for water and by \$1,156 for

wastewater to reclassify regulatory assessment fees, and increased it by \$263 for water and \$198 for wastewater to reflect the appropriate amount of regulatory assessment fees at 4.5% on test year revenues.

Increase in Operating Revenues and Expenses for Ratesetting Purposes

Operating Revenue

We have increased revenue by \$13,909 for water, by \$8,012 for wastewater and by \$45,773 for non-potable water to reflect the increase in revenue required to allow the utility to recover its expenses and earn the authorized return on its investment.

Taxes Other Than Income

We have increased this expense by \$626 for water, \$361 for wastewater and \$2,060 for non-potable water to reflect regulatory assessment fee at 4.5% on the required increase in revenue.

The application of the aforementioned adjustments to the utility's recorded operating expenses results in approved operating expense of \$42,903 for water, \$35,161 for wastewater and \$21,808 for non-potable water.

REVENUE REQUIREMENT

We find that the appropriate annual increase in revenue is \$13,909 (41.81%) for water and \$8,012 (26.62%) for wastewater. The utility did not collect revenue for non-potable water during the test year and the revenue increase is \$45,773 for non-potable water. These increases will allow the utility the opportunity to recover its expenses and earn a 10.18% return on its investment. Revenue requirements are shown on Schedule Nos. 3, 3-A and 3-B.

RATES AND CHARGES

The utility's customer base consists of condominium style residential units. Based on the billing analysis approximately 72 units are individually metered and 2 units are master metered. The additional 7 customers are individually metered general service customers.

This Commission has a memorandum of understanding with the Florida Water Management Districts. This memorandum recognizes a joint cooperative effort is necessary to implement an effective

statewide water conservation policy. The area that the utility serves has been designated as a water resource caution area and water use is under the jurisdiction of the St. Johns River Water Management District (SJRWMD).

The SJRWMD asked us to determine whether it would be appropriate to require the utility to implement a water conservation rate structure. We examined the utility's residential consumption data during the test period, and based on our review, we do not find that a conservation rate structure is necessary in this instance. An analysis of the data reveals that average residential consumption is 2,456 gallons per month (gpm). Further, approximately 87% of the residential customers average 1,743 gpm. These usage levels are quite low and are considered non-discretionary. In addition, the utility currently employs a base facility charge rate structure, which we consider a conservation rate structure. We do not find that a more aggressive conservation rate structure is warranted at this time.

We have calculated rates based on test year customers and consumption. Schedules of the utility's existing rates and our approved rates are as follows.

MONTHLY RATES
WATER

Residential, Multi-Residential and General Service

<u>Base Facility Charge</u>		<u>Commission Approved</u>
<u>Meter Size</u>	<u>Current Rates</u>	<u>Rates</u>
5/8" x 3/4"	\$ 10.27	\$ 15.19
3/4"	15.59	22.78
1"	25.98	37.97
1 1/2"	51.96	75.95
2"	83.13	121.51
3"	166.26	243.03
4"	259.78	379.73
6"	519.55	759.46
 <u>Gallonage Charge</u>		
Per 1,000 gallons	\$ 3.41	\$ 4.72

MONTHLY RATES
WASTEWATER

Residential and Multi-Residential Service

<u>Base Facility Charge</u>	<u>Current Rates</u>	<u>Commission Approved Rates</u>
<u>Meter Size</u>		
5/8" x 3/4"	\$ 8.52	\$ 12.95
3/4"	12.95	19.42
1"	21.58	32.36
1 1/2"	43.16	64.73
2"	69.05	103.57
3"	138.11	207.13
4"	215.78	323.64
6"	431.57	647.29

<u>Gallonge Charge</u>		
Per 1,000 gallons	\$ 3.15	\$ 4.02

General Service

<u>Base Facility Charge</u>	<u>Current Rates</u>	<u>Commission Approved Rates</u>
<u>Meter Size</u>		
5/8" x 3/4"	\$ 8.52	\$ 12.95
3/4"	12.95	19.42
1"	21.58	32.36
1 1/2"	43.16	64.73
2"	69.05	103.57
3"	138.11	207.13
4"	215.78	323.64
6"	431.57	647.29

<u>Gallonge Charge</u>		
Per 1,000 gallons	\$ 3.79	\$ 4.02

In the last rate case, we set the wastewater gallonage charge for general service customers 20% higher than the residential rates. The reason for this rate differential is that in normal circumstances residential customers are expected to return 80% of water use to the wastewater system, whereas general service customers are expected to return 96%. This recognizes that 20% of residential water use is for lawn irrigation, washing cars and so forth, and is not returned as wastewater. However, in Aquarina,

all lawn irrigation is provided through a non-potable water system provided by the utility. Therefore, we find it appropriate to set the same wastewater gallonage charge for all customers in this rate case.

Our approved rates are designed to produce revenue of \$47,173 for water and \$38,106 for wastewater, using the base facility charge rate structure. These rates 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. The rates shall not be implemented until proper notice has been received by the customers. The utility shall provide proof of the date notice was given within 10 days after the date of the notice.

Irrigation Rates

Currently, the utility provides non-potable water for irrigation at no charge. However, the utility has requested that irrigation rates be approved. As discussed earlier, Aquarina provides irrigation and fire protection through a totally isolated non-potable system. The groundwater is pumped from a dedicated well and piped, without treatment, throughout the irrigation system. The utility is currently in the process of constructing a series of stormwater retention ponds to supplement its groundwater supply, and, according to the provisions of the utility's consumptive use permit, all available stormwater must be used prior to using groundwater for irrigation purposes.

As discussed previously, Aquarina is located in a water use caution area. Aquarina withdraws groundwater from the lower zone of the Sebastian freshwater lens. This lower zone is associated with the Avon Park Formation and is considered part of the lower Floridan aquifer system. Due to the location of the utility in a water use caution area, as well as the necessity for promoting water conservation within that area, we find that irrigation charges are appropriate in this instance.

The service area is comprised of 30 single-family detached homes in the River Oaks subdivision; the remaining neighborhoods and subdivisions are comprised of either multi-unit or connected dwellings. Aquarina proposes that each homeowner in the River Oaks homeowner's association be separately metered and billed. Each remaining neighborhood receiving irrigation service within a particular homeowner's association (HOA) would be metered, and the corresponding HOA would be billed for all the combined usage of its various neighborhoods. However, due to the configuration of the irrigation system, both the number of meters and the size of the

meters varies from neighborhood to neighborhood and, therefore, from HOA to HOA. The golf course under construction at the development will have its own separate irrigation system and will be metered and billed as a customer. Excluding the River Oaks subdivision, there are 13 irrigation customers to be billed.

The golf course had not been a customer of the utility during the test period. However, the golf course is now a customer of the utility. Although we still lack reliable, actual consumption data, we have made what we find to be a reasonable projection of what the golf course's consumption will be. Therefore, the golf course and its projected consumption has been included in the revised rate calculation.

As part of our analysis, we obtained information from the SJRWMD regarding actual consumption data for several other golf courses in that district. In addition, we contacted the City of Melbourne, which provides reuse to several parks and golf courses, in order to obtain additional information. The data revealed a wide range of consumption. However, one of the golf courses analyzed exhibited actual consumption similar to what has been permitted for Aquarina's golf course in its consumptive use permit (CUP). Therefore, we find that, absent actual consumption data, the 184,000 gpd permitted in Aquarina's CUP represents a reasonable projection of the golf course's consumption.

Because of the meter size and location variations, we do not find that a base facility/gallorage charge rate structure would be an equitable method of cost recovery. Alternatively, we find it appropriate to implement a gallorage charge-only rate structure. Based on the number of gallons pumped during the test year and our analysis of the plant, expenses and return associated with the non-potable water system, we find that an irrigation rate of \$0.50 per 1,000 gallons is appropriate.

Our approved rates are designed to produce revenue of \$45,773 for non-potable water, using the gallorage charge-only rate structure. These rates 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. The rates shall not be implemented until proper notice has been received by the customers. The utility shall provide proof of the date notice was given within 10 days after the date of the notice.

Fire Protection Rates

Although the utility's current tariff contains no provision for fire hydrant charges, the utility has requested that it be allowed to charge each homeowner's association for the hydrants in their respective areas. The utility's public fire protection system is comprised of 13 fire hydrants and a sprinkler system (located in a 24-unit high-rise building).

We do not find that the utility's request is appropriate. It is Commission practice to include the cost of public fire protection in the rates for service rather than to develop a separate charge for this service. There are several reasons for this position. The primary reason for not developing a separate charge is that it is not reasonable to allow a utility to disconnect fire protection service for nonpayment of a bill. If we approve a charge, Rule 25-30.320, Florida Administrative Code, would allow the utility to discontinue service for nonpayment of that charge.

Another reason for not developing a separate charge is that public fire protection is generally the responsibility of local government, rather than the individual customers of the utility. Therefore, if there is a separate charge for fire hydrants, theoretically the utility should be billing the local government, which should then pass the cost on to the property owners through the real estate taxes that are assessed. However, in most cases this is not a realistic alternative.

Finally, while hydrants are located within specific neighborhoods to serve those neighborhoods, we find that the fire protection system must be viewed as a whole. The existence of such a system benefits all customers, neighborhoods and homeowner's associations in the utility's service area. We find that the costs associated with public fire protection service are best recovered through the monthly rates of the customers.

Certain fire protection charges may be appropriate if there are dedicated fire protection facilities to a given location (generally classified as private fire protection). However, according to the utility, there are no dedicated facilities in this instance. Therefore, based on the foregoing, we find it appropriate to deny the utility's request for hydrant or public fire protection charges.

Service Availability Charges

The utility's existing tariff authorizes a plant capacity charge of \$835 for water and \$560 for wastewater. It also authorizes a main extension charge of \$75 for water and \$365 for wastewater. The utility's contribution level is 43.94% for water and 26.16% for wastewater. The water and wastewater plants can accommodate additional connections. However, the utility will have to expand the distribution and collection system to accommodate the number of connections available for the water and wastewater treatment plants. The existing rates will not cause the utility to exceed the 75% contribution level. Therefore, we find it appropriate that these charges remain in effect.

The non-potable water plant contribution level is 5.03%. We have calculated service availability charges for non-potable water and find that a plant capacity charge of \$250 and a main extension charge of \$50 is appropriate.

The utility's existing tariff authorizes the utility to charge meter installation charges for water, but there are no charges for non-potable water. A schedule of the utility's existing charges and our approved charges is as follows:

Meter Installation Charges

<u>Meter Size</u>	<u>Potable Water</u>	<u>Potable and</u>
	<u>Current Charges</u>	<u>Non-Potable Water</u>
		<u>Commission Approved</u>
		<u>Charges</u>
5/8" x 3/4"	\$ 150.00	\$ 150.00
3/4"	175.00	Actual Cost
1"	200.00	Actual Cost
1 1/2"	225.00	Actual Cost
2"	250.00	Actual Cost
Over 2"	Actual Cost	Actual Cost

These new charges 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.

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 \$262 for water and wastewater each. The reduction in revenues results in the rates shown on Schedule Nos. 4 and 4-A.

The utility shall be required to file revised tariffs no later than one month prior to the actual date of the required rate reduction. The utility shall also be required to 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 for the reduction in the rates due to the amortized rate case expense.

TEMPORARY RATES IN THE EVENT OF A PROTEST

This Order contains an increase in water and wastewater rates for Aquarina. 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 protest filed by a party other than the utility, we hereby authorize the utility to collect the rates approved herein on a temporary basis, subject to refund, provided the utility first furnishes and has approved by Commission staff, adequate security for potential refund, a copy of the proposed customer notice, and revised tariff sheets. The security shall be in the form of a bond or letter or credit in the amount of \$45,960. Alternatively, the utility may establish an escrow agreement with an independent financial institution.

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 approved 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 choose a letter of credit as security, it should 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 a final Commission order is rendered, either approving or denying the rate increase.

If the 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, all 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 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 a result of the rate increase shall be maintained by the utility. This account must specify by whom and on whose behalf such monies are paid. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

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The utility shall maintain a record of the amount of 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.

SHOW CAUSE

By Order No. 23812, issued November 11, 1990, we required the utility to maintain its books and records in conformity with the 1984 USOA. During the current staff audit the utility's books and records were not in substantial compliance with NARUC; and therefore, all of the utility's book and records are not in conformity with the 1984 USOA.

Section 367.161(1), Florida Statutes, authorizes us to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated, and lawful order of the Commission. The utility's act was willful in the sense intended by Section 367.161, Florida Statutes.

In Order No. 24306, issued April 1, 1991, in Docket No. 890213-TL titled In Re: Investigation Into The Proper Application of Rule 25-14.003, F.A.C., Relating To Tax Savings Refund for 1988 and 1989 for GTE Florida, Inc., this Commission, having found that the company had not intended to violate the rule, nevertheless found it appropriate to order to show cause why it should not be fined, stating that "In our view, willful implies an intent to do an act, and this is distinct from an intent to violate a statute or rule".

Although the utility's failure to maintain its books and records in conformity with 1984 USOA is an apparent violation of Order No. 23812, we do not find that such violation rises to the level that warrants a show cause proceeding in this instance. There are mitigating circumstances. The utility's 1994 annual report is in conformity with the 1984 USOA. In addition, the utility hired a Certified Public Accountant after the test year to reconcile its books with Commission Orders.

Upon consideration of the foregoing, we do not find that this utility's apparent violation of Order No. 23812, rises to the level of warranting that a show cause order be issued. Accordingly, a show cause proceeding shall not be initiated against Aquarina for failing to maintain its books and records in conformity with the 1984 USOA. However, by this Order, Aquarina is hereby placed on

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notice that future failure to maintain its books and records in conformity with the 1984 USOA could result in show cause proceedings against the utility.

Upon expiration of the protest period, if no timely protest is received from a substantially affected person, this docket shall remain open for an additional 90 days from the issuance date of the order to allow the utility time to submit the results of the chlorine residual survey and allow staff time to verify completion of meter and pump installations for the non-potable water plant. This docket shall be closed administratively when all requirements have been met.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Aquarina Developments, Inc.'s application for increased water rates is hereby 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 Aquarina Developments, Inc., shall submit to the Commission, the results of its chlorine residual survey within thirty days of the effective date of this Order. It is further

ORDERED that Aquarina Developments, Inc., shall report to the Commission, all line breaks for water and wastewater for a two year period from the effective date of this Order. The reports shall be submitted in writing within one month of the outage and shall contain the date and cause of the outage, when the boil notices were issued and when service was restored. It is further

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

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

ORDERED that Aquarina Developments, Inc.'s rates and charges shall be effective for service rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), Florida Administrative Code, provided that the customers have received proper notice. It is further

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ORDERED that Aquarina Developments, Inc. shall provide proof that the customers have received notice within ten days of the date of the notice. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Aquarina Developments, Inc., shall submit and have approved a bond or letter of credit in the amount of \$45,960, or an escrow agreement as a guarantee of any potential refund of revenues collected on a temporary basis. It is further

ORDERED that Aquarina Developments, Inc.'s existing service availability charges shall be maintained. It is further

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

ORDERED that, prior to its implementation of the rates and charges approved herein, Aquarina Developments, Inc., shall submit and have approved revised tariff pages. The revised tariff pages 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 the customer notice is adequate. It is further

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

ORDERED that Aquarina Developments, Inc., shall submit monthly reports as set forth in the body of this Order. It is further

ORDERED that the provisions of this Order except for the granting of temporary rates in the event of a 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, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

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ORDERED that a show cause proceeding shall not be issued against Aquarina Developments, Inc., for failure to maintain its books and records in conformity with the 1984 NARUC USOA. It is further

ORDERED that if no timely protest is received from a substantially affected person, this docket shall be closed ninety days from the date of this Order, upon the utility's filing and our staff's approval of revised tariff sheets and the customer notice, upon Aquarina Development, Inc.'s submittal of the chlorine residual survey results and upon our staff's verification of the utility's completion of meter and pump installations for the non-potable water plant.

By ORDER of the Florida Public Service Commission, this 21st day of November, 1995.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay J. Lyons
Chief, Bureau of Records

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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.

The action proposed herein except for our granting temporary rates in the event of a protest, 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 12, 1995.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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

If this order becomes final and effective on the date described above, any party substantially 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.

AQUARINA DEVELOPMENTS, INC.
 TEST YEAR ENDING DECEMBER 31, 1994
 SCHEDULE OF WATER RATE BASE

SCHEDULE NO. 1
 DOCKET NO. 941234-WS

	<u>BALANCE PER UTILITY</u>	<u>COMM. ADJUST. TO UTIL. BAL.</u>	<u>BALANCE PER COMM.</u>
UTILITY PLANT IN SERVICE	\$ 802,502	\$ (239,366) A	\$ 563,136
LAND/NON-DEPRECIABLE ASSETS	45,240	(15,080) B	30,160
PLANT HELD FOR FUTURE USE	0	(157,672) C	(157,672)
CWIP	0	0	0
CIAC	(95,985)	(128,170) D	(224,155)
ACCUMULATED DEPRECIATION	0	(224,353) E	(224,353)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	0	49,768 F	49,768
WORKING CAPITAL ALLOWANCE	0	5,063 G	5,063
WATER RATE BASE	\$ 751,757	\$ (709,810)	\$ 41,947

AQUARINA DEVELOPMENTS, INC.
 TEST YEAR ENDING DECEMBER 31, 1994
 SCHEDULE OF WASTEWATER RATE BASE

SCHEDULE NO. 1A
 DOCKET NO. 941234-WS

	<u>BALANCE PER UTILITY</u>	<u>COMM. ADJUST. TO UTIL. BAL.</u>	<u>BALANCE PER COMM.</u>
UTILITY PLANT IN SERVICE	\$ 2,435,760	\$ (752,407)A	\$ 1,683,353
LAND/NON-DEPRECIABLE ASSETS	50,520	(16,840)B	33,680
PLANT HELD FOR FUTURE USE	0	(626,881)C	(626,881)
CWIP	0	0	0
CIAC	(198,209)	(154,312)D	(352,521)
ACCUMULATED DEPRECIATION	0	(814,627)E	(814,627)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	0	101,993 F	101,993
WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>3,931 G</u>	<u>3,931</u>
WASTEWATER RATE BASE	\$ 2,288,071	\$ (2,259,143)	\$ 28,928

AQUARINA DEVELOPMENTS, INC.
 TEST YEAR ENDING DECEMBER 31, 1994
 SCHEDULE OF NON-POTABLE WATER RATE BASE

SCHEDULE NO. 1B
 DOCKET NO. 941234-WS

	<u>BALANCE PER UTILITY</u>	<u>COMM. ADJUST. TO UTIL. BAL.</u>	<u>BALANCE PER COMM.</u>
UTILITY PLANT IN SERVICE	\$ 115,430	\$ 572,178 A	\$ 687,608
LAND/NON-DEPRECIABLE ASSETS	31,920	0 B	31,920
PLANT HELD FOR FUTURE USE	0	(174,993)C	(174,993)
CWIP	0	0	0
CIAC	0	(54,704)D	(54,704)
ACCUMULATED DEPRECIATION	(22,674)	(243,262)E	(265,936)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	0	10,643 F	10,643
WORKING CAPITAL ALLOWANCE	0	871 G	871
NON-POTABLE WATER RATE BASE	\$ 124,676	\$ 110,733	\$ 235,409

AQUARINA DEVELOPMENTS, INC.
TEST YEAR ENDING DECEMBER 31, 1994
ADJUSTMENTS TO RATE BASE

SCHEDULE NO. 1C
DOCKET NO. 941234-WS

	WATER	WASTEWATER	IRRIGATION
A. UTILITY PLANT IN SERVICE			
1. To agree the utility's plant balances with Order No. 23812.	\$ (171,031)	\$ (165,259)	\$ 0
2. To reclassify a wastewater permit cost to O & M expense.	0	(500)	0
3. To reclassify non-potable water plant.	(48,023)	(512,792)	560,815
4. To reflect reclassification from O & M expense.	7,281	6,673	2,362
5. To reflect proforma meters	0	0	23,622
6. To reflect average proforma cost for two pumps.			6974
7. To reflect averaging adjustment	(27,593)	(80,529)	(21,595)
	<u>\$ (239,366)</u>	<u>\$ (752,407)</u>	<u>\$ 572,178</u>
B. LAND			
1. To agree the utility's balance with Order NO. 23812	\$ (15,080)	\$ (16,840)	\$ 0
C. PLANT HELD FOR FUTURE USE			
1. To reflect average plant held for future use (PHFFU)	\$ (270,838)	\$ (1,301,310)	\$ (294,199)
2. To reflect average Accumulated Depreciation on (PHFFU)	113,166	674,429	119,206
	<u>\$ (157,672)</u>	<u>\$ (626,881)</u>	<u>\$ (174,993)</u>
D. CONTRIBUTIONS IN AID OF CONSTRUCTION			
1. To agree the utility's balance with Order No. 23812	\$ (66,847)	\$ (70,009)	\$ 0
2. To reflect additions from 1990 to 12/31/94	(79,573)	(105,476)	
3. To reflect reclassification to non-potable water plant	36,233	23,142	(59,375)
4. To reflect reclassification from revenue	(17,343)	(14,807)	
5. To reflect CIAC on margin revenue	(20,930)	(21,275)	(6,900)
6. To reflect averaging adjustment	20,290	34,113	11,571
	<u>\$ (128,170)</u>	<u>\$ (154,312)</u>	<u>\$ (54,704)</u>
E. ACCUMULATED DEPRECIATION			
1. To agree the utility's recorded amount to Order No. 23812	\$ (130,830)	\$ (589,744)	\$ 0
2. To reclassify Accumulated Depreciation on non-potable water plant	7,316	144,067	(151,383)
3. To reflect Accumulated Depreciation from 1/90 thru 12/94	(112,834)	(410,995)	(99,276)
4. To reflect depreciation in proforma meters and pumps	0	0	(2,772)
5. To reflect averaging adjustment	11,995	42,045	10,169
	<u>\$ (224,353)</u>	<u>\$ (814,627)</u>	<u>\$ (243,262)</u>
F. AMORTIZATION OF CIAC			
1. To agree the utility's balance with Order No. 23812	\$ 22,396	\$ 51,507	\$ 0
2. To reflect amortization of CIAC from 1/90 to 12/94	29,483	54,624	0
3. To reflect amortization of CIAC on non-potable water plant thru 12/94	0	0	10,860
4. To reflect amortization of CIAC on margin revenue	1,700	2,030	438
6. To reflect averaging adjustment	(3,811)	(6,168)	(655)
	<u>\$ 49,768</u>	<u>\$ 101,993</u>	<u>\$ 10,643</u>
WORKING CAPITAL ALLOWANCE			
1. To reflect 1/8 of test year O & M expense	\$ 5,063	\$ 3,931	\$ 871

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AQUARINA DEVELOPMENTS, INC.
 TEST YEAR ENDING DECEMBER 31, 1994
 SCHEDULE OF CAPITAL STRUCTURE

SCHEDULE NO. 2
 DOCKET NO. 941234-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	\$ 87,403,506	\$ (87,097,222)	\$ 306,284	100.00%	10.18%	10.18%
SHORT TERM DEBT	0	0	0	0.00%	0.00%	0.00%
RETAINED EARNINGS	(1,627,160)	1,627,160	0	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	0	0	0	0.00%	0.00%	0.00%
TOTAL	\$ 85,776,346	\$ (85,470,062)	\$ 306,284	100.00%		10.18%

<u>RANGE OF REASONABLENESS</u>	<u>LOW</u>	<u>HIGH</u>
RETURN ON EQUITY	0.00%	0.00%
OVERALL RATE OF RETURN ac	10.18%	10.18%

AQUARINA DEVELOPMENTS, INC.
 TEST YEAR ENDING DECEMBER 31, 1994
 SCHEDULE OF WATER OPERATING INCOME

SCHEDULE NO. 3
 DOCKET NO. 941234-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>48,353</u>	\$ <u>(15,089)A</u>	\$ <u>33,264</u>	\$ <u>13,909 F</u>	\$ <u>47,173</u>
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	63,007	(22,504) B	40,503	0	40,503
DEPRECIATION	0	8,557 C	8,557	0	8,557
AMORTIZATION(CIAC)	0	(8,280) D	(8,280)	0	(8,280)
TAXES OTHER THAN INCOME	0	1,497 E	1,497	626 G	2,123
INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OPERATING EXPENSES	\$ <u>63,007</u>	\$ <u>(20,730)</u>	\$ <u>42,277</u>	\$ <u>626</u>	\$ <u>42,903</u>
OPERATING INCOME/(LOSS)	\$ <u>(14,654)</u>		\$ <u>(9,013)</u>		\$ <u>4,270</u>
WATER RATE BASE	\$ <u>751,757</u>		\$ <u>41,947</u>		\$ <u>41,947</u>
RATE OF RETURN	<u>-1.95%</u>		<u>-21.49%</u>		<u>10.18%</u>

AQUARINA DEVELOPMENTS, INC.
 TEST YEAR ENDING DECEMBER 31, 1994
 SCHEDULE OF WASTEWATER OPERATING INCOME

SCHEDULE NO. 3A
 DOCKET NO. 941234-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>43,097</u>	\$ <u>(13,003) A</u>	\$ <u>30,094</u>	\$ <u>8,012 F</u>	\$ <u>38,106</u>
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	53,523	(22,076) B	31,447	0	31,447
DEPRECIATION	0	15,898 C	15,898	0	15,898
AMORTIZATION(CIAC)	0	(13,899) D	(13,899)	0	(13,899)
TAXES OTHER THAN INCOME	0	1,354 E	1,354	361 G	1,715
INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OPERATING EXPENSES	\$ <u>53,523</u>	\$ <u>(18,723)</u>	\$ <u>34,800</u>	\$ <u>361</u>	\$ <u>35,161</u>
OPERATING INCOME/(LOSS)	\$ <u>(10,426)</u>		\$ <u>(4,706)</u>		\$ <u>2,945</u>
WASTEWATER RATE BASE	\$ <u>2,288,071</u>		\$ <u>28,928</u>		\$ <u>28,928</u>
RATE OF RETURN	<u>-0.46%</u>		<u>-16.27%</u>		<u>10.18%</u>

AQUARINA DEVELOPMENTS, INC.
 TEST YEAR ENDING DECEMBER 31, 1994
 SCHEDULE OF NON-POTABLE WATER OPERATING INCOME

SCHEDULE NO. 3B
 DOCKET NO. 941234-WS

	<u>TEST YEAR PER UTILITY</u>	<u>COMM. TO UTILITY</u>	<u>COMM. ADJUSTED TEST YEAR</u>	<u>ADJUST. FOR INCREASE</u>	<u>TOTAL PER COMM.</u>
OPERATING REVENUES	\$ <u>0</u>	\$ <u>0</u> A	\$ <u>0</u>	\$ <u>45,773</u> F	\$ <u>45,773</u>
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	0	6,964 B	6,964	0	6,964
DEPRECIATION	0	14,400 C	14,400	0	14,400
AMORTIZATION(CIAC)	0	(1,616) D	(1,616)	0	(1,616)
TAXES OTHER THAN INCOME	0	0 E	0	2,060 G	2,060
INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OPERATING EXPENSES	\$ <u>0</u>	\$ <u>19,748</u>	\$ <u>19,748</u>	\$ <u>2,060</u>	\$ <u>21,808</u>
OPERATING INCOME/(LOSS)	\$ <u>0</u>		\$ <u>(19,748)</u>		\$ <u>23,965</u>
NON- POTABLE WATER RATE BASE	\$ <u>124,676</u>		\$ <u>235,409</u>		\$ <u>235,409</u>
RATE OF RETURN	<u>0.00%</u>		<u>-8.39%</u>		<u>10.18%</u>

AQUARINA DEVELOPMENTS, INC.
 TEST YEAR ENDING DECEMBER 31, 1994
 ADJUSTMENTS TO OPERATING INCOME

SCHEDULE NO. 3C
 DOCKET NO. 941234-WS

	WATER	WASTEWATER	NON-POTA WATER
A. OPERATING REVENUES			
1. To remove CIAC from revenue	(17,343)	(14,807)	0
2. To adjust to test year customers and consumption	699	536	0
3. To reflect annualized revenue based on existing rates	1,555	1,265	
	<u>\$ (15,089)</u>	<u>\$ (13,003)</u>	<u>\$ 0</u>
B. OPERATION AND MAINTENANCE EXPENSES			
1. Sludge removal Expense			
a. To reflect a reclassification from contractual services	\$ 0	\$ 1,368	\$ 0
2. Purchased Power Expense			
a. To reflect the appropriate test year expense	\$ 212	\$ (5,632)	\$ 4,928
b. Adjustment for 17% unaccounted for water	(1,650)	(634)	(838)
c. To remove a non-recurring expense	0	(130)	0
	<u>\$ (1,438)</u>	<u>\$ (6,396)</u>	<u>\$ 4,090</u>
3. Fuel for Production			
a. To reflect reclassification to wastewater and non-potable water expense	\$ (512)	\$ 256	\$ 256
4. Chemicals			
a. Adjustment for 17% unaccounted for water	\$ (546)	\$ (203)	\$ 0
5. Materials and Supplies			
a. To reflect reclassification to plant (meters #334)	\$ (392)	\$ (392)	\$ 0
6. Contractual Services			
a. To adjust plant costs included in O & M by refund for plant damaged by fire	\$ (2,530)	\$ 0	\$ 0
b. To reflect a reclassification to potable water plant	(4,855)	(442)	0
c. To reflect reclassification to wastewater plant	(2,275)	(4,398)	0
d. To reflect reclassification to non-potable water plant	(2,362)	(265)	0
e. To reflect a reclassification of DEP required water testing expense	163	(163)	0
f. To adjust DEP required water testing expense to appropriate amount	564	0	0
g. To remove prior period expense	(869)	(595)	0
h. To adjust repair and maintenance expense to accrued total	235	(235)	0
i. To reflect reclassification of repair and maintenance expense to non-potable O&M expense	(1,093)	0	1,093
j. To adjust contractual operator allowance to appropriate amount	1,515	370	0
k. To reflect meter repair expense of \$474 amortized over 5 years.	(379)	0	0
l. To reflect a reclassification of sludge removal expense	0	(1,368)	0
m. To reflect recommended management service allowance for each system	(4,070)	(4,070)	720
	<u>\$ (15,856)</u>	<u>\$ (11,166)</u>	<u>\$ 1,813</u>
7. Insurance Expense			
a. To reflect a reclassification from miscellaneous expense	\$ 341	\$ 0	\$ 0
b. To reflect recommended allocation	(1,847)	470	1,557
c. To adjust expense based on percentage of used and useful plant	(829)	(3,100)	(965)
	<u>\$ (2,335)</u>	<u>\$ (2,630)</u>	<u>\$ 592</u>
8. Regulatory Commission Expense			
a. To reflect reclassification to Taxes Other Than Income	\$ (1,234)	\$ (1,156)	\$ 0
b. To reflect rate case filing fee over four years	250	250	0
	<u>\$ (984)</u>	<u>\$ (906)</u>	<u>\$ 0</u>
9. Miscellaneous Expense			
a. To reclassify to insurance expense	\$ (341)	\$ 0	\$ 0
b. To reclassify to water plant	0	(1,200)	0
c. To reclassify to non-potable water O & M	0	(213)	213
d. To reflect reclassification of permit cost from plant	0	500	0
e. To amortize permit cost over five years	0	(400)	0
f. To reflect the cost of preparing a DEP required report amortized over four years (\$925/4)	0	(694)	0
	<u>\$ (341)</u>	<u>\$ (2,007)</u>	<u>\$ 213</u>
TOTAL O&M ADJUSTMENTS	<u>(22,504)</u>	<u>(22,076)</u>	<u>6,964</u>

AQUARINA DEVELOPMENTS, INC.
 TEST YEAR ENDING DECEMBER 31, 1994
 ADJUSTMENTS TO OPERATING INCOME

SCHEDULE NO. 3C
 DOCKET NO. 941234-WS

	<u>WATER</u>	<u>WASTEWATER</u>	<u>NON-POT/ WATER</u>
C. <u>DEPRECIATION EXPENSE</u>			
1. To reflect test year depreciation expense net of non-used and useful depreciation	\$ <u>8,557</u>	\$ <u>15,898</u>	\$ <u>14,400</u>
D. <u>AMORTIZATION OF CIAC</u>			
1. To reflect test year amortization of CIAC	\$ <u>(8,280)</u>	\$ <u>(13,899)</u>	\$ <u>(1,616)</u>
E. <u>TAXES OTHER THAN INCOME</u>			
1. To reclassify regulatory assessment fees	\$ 1,234	\$ 1,156	\$ 0
2. To reflect regulatory assessment fees on test year revenue	263	198	0
	\$ <u>1,497</u>	\$ <u>1,354</u>	\$ <u>0</u>
F. <u>OPERATING REVENUES</u>			
1. To reflect increase in revenue to cover expenses and allow recommended return on investment	\$ <u>13,909</u>	\$ <u>8,012</u>	\$ <u>45,773</u>
G. <u>TAXES OTHER THAN INCOME</u>			
1. To reflect additional regulatory assessment of 4.5% on increase in revenue	\$ <u>626</u>	\$ <u>361</u>	\$ <u>2,060</u>

AQUARINA DEVELOPMENTS, INC.
 TEST YEAR ENDING DECEMBER 31, 1994
 ANALYSIS OF WATER OPERATION AND
 MAINTENANCE EXPENSE

SCHEDULE NO. 3D
 DOCKET NO. 941234-WS

	<u>TOTAL PER UTIL.</u>	<u>COMM. ADJUST.</u>	<u>TOTAL 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	0	0	0
(615) PURCHASED POWER	9,492	(1,438)[2]	8,054
(616) FUEL FOR POWER PRODUCTION	769	(512)[3]	257
(618) CHEMICALS	3,211	(546)[4]	2,665
(620) MATERIALS AND SUPPLIES	651	(392)[5]	259
(630) CONTRACTUAL SERVICES	43,163	(15,956)[6]	27,207
(640) RENTS	0	0	0
(650) TRANSPORTATION EXPENSE	0	0	0
(655) INSURANCE EXPENSE	2,673	(2,335)[7]	338
(665) REGULATORY COMMISSION EXPENSE	1,234	(984)[8]	250
(670) BAD DEBT EXPENSE	0	0	0
(675) MISCELLANEOUS EXPENSES	1,814	(341)[9]	1,473
	<u>\$ 63,007</u>	<u>\$ (22,504)</u>	<u>\$ 40,503</u>

AQUARINA DEVELOPMENTS, INC.
 TEST YEAR ENDING DECEMBER 31, 1994
 ANALYSIS OF WASTEWATER OPERATION AND
 MAINTENANCE EXPENSE

SCHEDULE NO. 3E
 DOCKET NO. 941234-WS

	TOTAL PER UTIL.	COMM. ADJUST.	TOTAL PER COMM.
(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	0	0	0
(711) SLUDGE REMOVAL EXPENSE	0	1,368 [1]	1,368
(715) PURCHASED POWER	9,492	(6,396)[2]	3,096
(716) FUEL FOR POWER PRODUCTION	0	256 [3]	256
(718) CHEMICALS	1,192	(203)[4]	989
(720) MATERIALS AND SUPPLIES	765	(392)[5]	373
(730) CONTRACTUAL SERVICES	35,460	(11,166)[6]	24,294
(740) RENTS	0	0	0
(750) TRANSPORTATION EXPENSE	0	0	0
(755) INSURANCE EXPENSE	3,014	(2,630)[7]	384
(765) REGULATORY COMMISSION EXPENSES	1,156	(906)[8]	250
(770) BAD DEBT EXPENSE	0	0	0
(775) MISCELLANEOUS EXPENSES	2,444	(2,007)[9]	437
	\$ 53,523	\$ (22,076)	\$ 31,447

AQUARINA DEVELOPMENTS, INC.
 TEST YEAR ENDING DECEMBER 31, 1994
 ANALYSIS OF NON-POTABLE WATER OPERATION AND
 MAINTENANCE EXPENSE

SCHEDULE NO. 3F
 DOCKET NO. 941234-WS

	TOTAL PER UTIL.	COMM. ADJUST.	TOTAL PER COMM.
(NP01) SALARIES AND WAGES - EMPLOYEES	\$ 0	\$ 0	\$ 0
(NP03) SALARIES AND WAGES - OFFICERS	0	0	0
(NP04) EMPLOYEE PENSIONS AND BENEFITS	0	0	0
(NP10) PURCHASED SEWAGE TREATMENT	0	0	0
(NP11) SLUDGE REMOVAL EXPENSE	0	0	0
(NP15) PURCHASED POWER	0	4,090 [2]	4,090
(NP16) FUEL FOR POWER PRODUCTION	0	256 [3]	256
(NP18) CHEMICALS	0	0 [4]	0
(NP20) MATERIALS AND SUPPLIES	0	0 [5]	0
(NP30) CONTRACTUAL SERVICES	0	1,813 [6]	1,813
(NP40) RENTS	0		0
(NP50) TRANSPORTATION EXPENSE	0	0	0
(NP55) INSURANCE EXPENSE	0	592 [7]	592
(NP65) REGULATORY COMMISSION EXPENSES	0	0 [8]	0
(NP70) BAD DEBT EXPENSE	0	0	0
(NP75) MISCELLANEOUS EXPENSES	0	213 [9]	213
	\$ 0	\$ 6,964	\$ 6,964

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COMM. APPROVED RATE REDUCTION SCHEDULE

AQUARINA DEVELOPMENTS, INC.
TEST YEAR ENDING DECEMBER 31, 1994

SCHEDULE NO. 4
DOCKET NO. 941234-WS

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

MONTHLY WATER RATES

<u>RESIDENTIAL, MULTI-RESIDENTIAL AND GENERAL SERVICE</u>	MONTHLY COMM. APPROVED RATES	MONTHLY RATE REDUCTION
BASE FACILITY CHARGE:		
Meter Size:		
5/8" x 3/4"	\$ 15.19	\$ 0.08
3/4"	22.78	0.13
1"	37.97	0.21
1-1/2"	75.95	0.42
2"	121.51	0.67
3"	243.03	1.35
4"	379.73	2.11
6"	759.46	4.22
<u>GALLONAGE CHARGE</u> <u>PER 1,000 GALLONS</u>	\$ 4.72	\$ 0.03

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COMM. APPROVED RATE REDUCTION SCHEDULE

AQUARINA DEVELOPMENTS, INC.
 TEST YEAR ENDING DECEMBER 31, 1994

SCHEDULE NO. 4A
 DOCKET NO. 941234-WS

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

MONTHLY WASTEWATER RATES

<u>RESIDENTIAL, MULTI-RESIDENTIAL AND GENERAL SERVICE</u>	<u>MONTHLY COMM. APPROVED RATES</u>	<u>MONTHLY RATE REDUCTION</u>
BASE FACILITY CHARGE:		
Meter Size:		
5/8" x 3/4"	\$ 12.95	\$ 0.09
3/4"	19.42	0.13
1"	32.36	0.22
1-1/2"	64.73	0.45
2"	103.57	0.71
3"	207.13	1.42
4"	323.64	2.23
6"	647.29	4.45
<u>GALLONAGE CHARGE</u>		
<u>PER 1,000 GALLONS</u>	\$ 4.02	\$ 0.03