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PALM COAST UTILITY CORPORATION

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ANALYSIS OF OPERATING DEPARTMENTS

FOR

USED AND USEFUL

FOR TEST YEAR ENDING DECEMBER 31, 1995

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FPCC-RECORDS/REPORTING

PALM COAST UTILITY CORPORATION  
ANALYSIS OF OPERATING DEPARTMENTS

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PALM COAST UTILITY CORPORATION  
ANALYSIS OF OPERATING DEPARTMENTS

I. INTRODUCTION

This is an analysis of the operating departments of Palm Coast Utility Corporation (PCUC) to determine whether any costs incurred might be considered as "non-used" for ratemaking purposes. The approach to this analysis is consistent with that taken in PCUC's two most recent rate applications, Docket Nos. 870166-WS and 890277-WS.

PCUC is organized into seventeen (17) function related departments. Five (5) of these departments are specifically concerned with the operation of the water system. Three (3) are directly concerned with the operation of the wastewater system. The remaining nine (9) departments render administrative services that affect the overall operation of the utility. All departments incur costs but not all departments have personnel. Departments without personnel exist to provide a cost center for services related to their function.

The costs for each department were evaluated through a review of the utility's organizational charts, a series of interviews with Palm Coast personnel, and a review of the costs posted for the departments during 1994 and the first six months of 1995. Costs were considered used for ratemaking purposes if they were incurred for the purpose of meeting the utility's obligations under Chapters 367, 373 and 403 of the Florida statutes. Those obligations include (1) providing safe, efficient and sufficient service in accordance with statutory requirements and the requirements of the Department of Environmental Protection, the water management districts and other regulatory agencies, (2) providing such service within a reasonable time and (3) promoting water conservation and the reuse of reclaimed water.

If a department is determined to have some amount of non-used costs, that amount is expressed in terms of a weighted percent of the total costs of the department and all costs are adjusted accordingly.

In the sections that follow, the functions for which each department is responsible are described. An explanation of how the percent of non-used costs was determined is also provided. Where applicable, a detail of the calculation is provided on attached tables.

## II. SUMMARY OF RESULTS

The seventeen departments through which PCUC provides service and their respective percent of used costs are summarized below:

<u>Dept. No.</u>	<u>Department Name</u>	<u>Used &amp; Useful Pct.</u>	<u>Source</u>
<u>Water Departments</u>			
0751	Raw Water Supply & Pumping (WTP #1)	100.00%	Page 2
0752	Lime Water Treatment (WTP #1)	100.00%	Page 3
0753	Water Distribution	75.04%	TABLE 1
0754	Membrane Water Supply (WTP #2)	100.00%	Page 3
0755	Membrane Water Treatment (WTP #2)	100.00%	Page 4
<u>Wastewater Departments</u>			
0761	Wastewater Pumping	100.00%	Page 6
0762	Wastewater Treatment	100.00%	Page 6
0763	Wastewater Collection	84.95%	TABLE 2
<u>Administrative Departments</u>			
0770	Administrative & General	80.00%	TABLE 3
0771	Controllers	85.49%	TABLE 4
0772	Engineering	97.91%	TABLE 5
0773	System & Data Processing	100.00%	Page 10
0774	Customer Accounts	100.00%	Page 11
0775	Personnel Services	100.00%	Page 12
0776	Community Affairs	100.00%	Page 12
0777	Purchasing & Safety	97.33%	TABLE 6
0778	Inventory Control	78.62%	TABLE 7

## III. ANALYSIS OF DEPARTMENTS

### A. Water Departments

There are five water departments with 27 employees. Their organization and personnel allotment are shown on Chart 1.

#### 1. RAW WATER SUPPLY

PCUC has two water treatment plants, a conventional lime softening treatment plant (WTP #1) and a membrane softening treatment plant (WTP #2). Each treatment plant has a well supply and pumping system associated with it. Departments have been organized to service the supply, pumping and treatment needs of each plant.

##### a. Dept. 0751 - Raw Water Supply and Pumping (WTP #1)

This department carries out the day to day operation and maintenance of the wells feeding the lime softening treatment

plant (WTP #1). There are 27 operating wells feeding this plant, all of them shallow. Most of the costs incurred in this department are for electricity and maintenance materials. This department does not have any directly assigned personnel. Supervision and work required is provided primarily by Department 0752 -Water Treatment (WTP #1). Any work performed is charged directly to this department. The work required to be performed includes weekly checking of the static level, ongoing inspection and maintenance of pumping and auxiliary equipment, color analysis, and monitoring of the well telemetry system. All of these functions are associated with serving the demands of existing customers in a manner required by statute.

**No adjustment for non-used expenses is necessary or appropriate. The expenses for this department are considered to be 100% used and useful.**

b. Dept. 0754 - Membrane Water Supply (WTP #2)

This department carries out the day to day operation and maintenance of the wells feeding the membrane softening treatment plant (WTP #2). There are three deep wells feeding this plant. Most of the costs incurred in this department are for electricity and maintenance materials. This department does not have any directly assigned personnel. Supervision and work required is provided primarily by Department 0755 - Membrane Water Treatment (WTP #2). Any work performed is charged directly to this department. The work required includes weekly checking of the static level, ongoing inspection and maintenance of pumping and auxiliary equipment, color analysis, and monitoring of the well telemetry system. All of these functions are associated with serving the demands of existing customers in a manner required by statute.

**No adjustment for non-used expenses is necessary or appropriate. The expenses for this department are considered to be 100% used and useful.**

2. WATER TREATMENT

a. Dept. 0752 - Lime Water Treatment (WTP #1)

This department is primarily responsible for the operation and maintenance of WTP #1. The production manager of the department has overall responsibility for both plants. A portion of his time is charged to Dept. 0755 for management of WTP #2.

The chief operator is manager of WTP #1 and holds a Class A certificate. The plant is staffed by four additional operators and a trainee. It is manned 20 hours per day, 7 days a week. The plant is equipped with an alarm panel tied into an automatic dialing system to notify standby personnel when a critical alarm

goes off.

Plant personnel perform all necessary inspection and maintenance of the treatment appurtenances including the ground storage tank and lime silos.

Plant personnel also perform the necessary inspection, maintenance and sampling for the raw water facilities feeding this plant, as described under Department 0751.

All functions performed by the personnel of this department and all costs incurred are associated with serving the demands of existing customers in a manner required by statute.

**No adjustment for non-used expenses is necessary or appropriate. The expenses for this department are considered to be 100% used and useful.**

b. Dept. 0755 - Membrane Water Treatment (WTP #2)

This department is primarily responsible for the operation and maintenance of WTP #2, the membrane softening plant.

The chief operator is manager of WTP #2 and holds a Class A certificate. The plant is staffed by three additional operators and a trainee. It is manned 16 hours per day, 7 days a week. The plant is equipped with an alarm panel tied into an automatic dialing system to notify standby personnel when a critical alarm goes off. This plant is equipped with sophisticated computerized monitoring equipment allowing personnel to monitor the operation of the pumping and treatment equipment including the raw water, the permeate or treated water and the concentrate or plant effluent.

Plant personnel perform all necessary inspection and maintenance of the treatment and related appurtenances located at the plant site.

Plant personnel also perform the necessary inspection, maintenance and sampling for the raw water facilities feeding this plant, as well as monitoring of the concentrate and concentrate disposal facilities from the plant.

All functions performed by the personnel of this department and all costs incurred are associated with serving the demands of existing customers in a manner required by statute.

**No adjustment for non-used expenses is necessary or appropriate. The expenses for this department are considered to be 100% used and useful.**

### 3. WATER DISTRIBUTION - Dept. 0753 - Water Distribution

This department is responsible for the inspection, maintenance and repair of the active transmission and distribution system serving Palm Coast. This includes all active mains, services, meters, hydrants and valves. This department is also responsible for the installation of the foregoing plant items. Under the supervision of the Manager of Distribution, the department is divided into a construction section and a maintenance section, each directed by its own supervisor. Some maintenance functions are performed by personnel in both sections.

The Supervisor of Construction oversees such functions as hydrant installation and repairs, assistance with customer turn ons, turn offs and tagging doors, major system repairs (machine excavated), valve installation and repairs, miscellaneous main extensions, meter installations and the valve maintenance program.

The Supervisor of Maintenance oversees such functions as the hydrant maintenance program, customer turn ons and turn offs and tagging doors, water quality maintenance, meter testing and adjusting, and minor (hand excavated) repairs to the water system, irrigation system inspection, line flushing and the flushing of mains for clearance. In addition, the Supervisor coordinates the meter reading program which is performed under contract by MBR, a subsidiary of Florida Power & Light Company. PCUC no longer employs its own meter readers, but does however, continue to read all compound meters monthly.

Included in this department are the costs associated with the Manager of Water Production and Distribution. He oversees all water department operations, including both treatment plants. His costs are directly charged to each of the departments for which he is responsible.

Used and useful adjustments were made for this department because some maintenance work must be performed on hydrants or mains that are in place and are necessary parts of the system, but not yet fully utilized because they are available to serve a large number of lots that may be inactive for a considerable number of years. These adjustments are for ratemaking purposes only. The mains and hydrants being maintained are used and their continued maintenance is necessary for the health and safety of existing and near term growth customers.

Table 1 provides the detail of the calculation of used and useful percentages for this department. Table 1A summarizes the allocation of personnel time based on the description of major job functions.



As shown on Table 1A, and summarized on Table 1, for purposes of calculating used and useful percentages, the time allocations of management and supervisory personnel reflect the weighted time allocation of the personnel for whom they are responsible.

The weighted average percent used and useful for Department 0753 - Water Distribution is 75.04%.

### B. Wastewater Departments

There are three wastewater departments with 17 employees. Their organization and personnel allotment are shown on Chart 2.

#### 1. Dept. 0761 - Wastewater Pumping

This department is responsible for the maintenance and operation of wastewater pumping stations and the PEP units. It is subject to the supervision of the Supervisor of Collection and Pumping, in Department 0763. The department personnel consists of three technicians who carry out a preventive maintenance program, pull pumps for inspection and maintenance, maintain pump station controls, read the run clocks at each station and inspect and maintain PEP pump units.

All pump stations are associated with serving the demands of existing customers in a manner required by statute.

No adjustment for non-used expense is necessary or appropriate. The expenses for this department are considered to be 100% used and useful.

#### 2. Dept. 0762 - Wastewater Treatment

This department is responsible for the operation and maintenance of the wastewater treatment plant, for the disposal of effluent and for the removal and disposal of sludge. The department has a manager operator, a chief operator and 4 additional plant operators. It is manned 16 hours per day, 7 days a week. Sludge is removed and disposed of by a private contractor. The Manager of Treatment is responsible for supervision of the plant operators and sludge disposal program as well as for environmental control and reporting. All functions performed by the personnel of this department and all costs incurred are associated with serving the demands of existing customers in a manner required by statute.

No adjustment for non-used expenses is necessary or appropriate. The expenses for this department are considered to be 100% used and useful.

### 3. Dept. 0763 - Wastewater Collection

This department is responsible for the inspection, maintenance and repair of the active wastewater collection system serving PCUC. This includes all force and gravity mains and the PEP collection system, excluding the pumping units which fall under Dept. 0761.

Under the Manager of Collection and Pumping, the department is divided into two sections, each with its own supervisor. The first section is TV Inspection and Rehabilitation. It has three technicians. Its supervisor oversees such functions as TV inspection and sealing of the collection lines, cleaning sewer lines and manholes, removing sludge from PEP tanks and tank truck operations.

The second section is Collection and Pumping. It has two technicians responsible for work related to the collection system. Its supervisor oversees such functions as the installation and repair of mains, PEP system maintenance, inspections, installation, repair and flushing of wastewater mains and services and miscellaneous extensions.

Included in the costs of this department are the costs associated with the Manager of Wastewater Collection, Treatment & Reuse. He oversees all wastewater department operations. His costs are directly charged to each of the departments for which he is responsible.

Used and useful adjustments were made for this department because some maintenance work must be performed on mains that are in place and are necessary parts of the system, but not yet fully utilized because they are available to serve a large number of lots that may be inactive for a considerable number of years. These adjustments are for ratemaking purposes only. The mains being maintained are used and their continued maintenance is necessary for the health and safety of existing and near term growth customers.

Table 2 provides the detail of the calculation of used and useful percentages for this department. Table 2A summarizes the allocation of personnel time based on the description of major job functions.

As shown on Table 2A, and summarized on Table 2, for purposes of calculating used and useful percentages, the time allocations of management and supervisory personnel reflect the weighted time allocation of the personnel for whom they are responsible.

**The weighted average percent used and useful for Department 0763 - Wastewater Collection is 84.95%.**

### C. Administrative Departments

There are nine administrative departments with 23 employees. Their organization and personnel allotment are shown on Chart 3. These departments support all operations at PCUC. Many of the functions of these departments are interrelated and, as with the other operating departments, costs are redistributed through interdepartment charges, via a time card reporting system.

#### 1. Dept. 0770 - Administrative and General

This department consists of the president and executive secretary. This is a change from prior years when all general management was included in this department.

The president has ultimate responsibility for the management of the utility. Management of operations is carried out by the delegation of authority to senior officers who report directly to him. An important part of the President's job is to coordinate with local government, to interact with customers and the community and to develop and sustain good customer relations. The Director of Community Affairs (Dept. 0776), works closely with the President in this endeavor. A portion of the president's time involves coordination with ITT Community Development Corp. regarding long term requirements of the Palm Coast community in general. However, now that the development and the utility have matured the time necessary for this purpose is diminishing. Currently, at least 80% of the president's time and his executive secretary's time, is devoted solely to the financial, regulatory and operational needs of the utility as related to meeting its statutory obligations to current and near term customers.

Table 3 provides the detail of the calculation of used and useful percentages for this department.

**The percent used and useful for Department 0770 - Administrative and General is 80.00%.**

#### 2. Dept. 0771 - Controllers

This department is responsible for coordinating and maintaining the financial records of the utility and for preparing all internal and public financial and regulatory reports. The department consists of five persons. It provides management oversight of Dept. 0774 - Customer Accounts and Dept. 0773 - System & Data Processing.

The department is headed by the Vice President, Finance. He oversees all functions within the three departments. He is responsible for all corporate financial matters and provides input on financial and planning matters to the president. Necessarily, some of his time must be spent on matters regarding

the long term development of the community in general. As the community and utility have matured, that portion of the work requirement is diminishing and no more than 20% is devoted to it. Currently, at least 80% of the vice president's time and 90% of the executive secretary's time, is devoted solely to the financial, regulatory and operational needs of the utility as related to meeting its statutory obligations to current and near term customers.

The Assistant Controller reports directly to the Vice President, Finance. The Assistant Controller supervises and is assisted by a General Ledger Bookkeeper. The Assistant Controller also oversees the functions of Dept. 0773 - System & Data Processing. Dept. 0773 currently has no personnel. It exists to record the costs of data processing and accounts payable which are contracted out to ITT Community Development Corp. The Assistant Controller and the General Ledger Bookkeeper maintain the general ledger. They record fixed assets, maintain journals, participate in budget preparation, prepare tax information for the ITT consolidated tax return, and prepare internal financial reports and regulatory reports for the Florida Public Service Commission. Some of their time must be spent developing input on matters regarding the long term development of the community in general. Consistent with the time requirements of the President and Vice President, Finance in these matters, no more than 20% of the time of the Assistant Controller and General Ledger Bookkeeper is devoted to providing related information. Currently, at least 80% of the time of the Assistant Controller and General Ledger Bookkeeper is devoted solely to the financial, regulatory and operational needs of the utility as related to meeting its statutory obligations to current and near term customers.

The Manager, Customer Accounts supervises Dept. 0774 - Customer Accounts. He reports directly to the Vice President, Finance. In addition to his supervisory responsibilities for that department, he assists the Assistant Controller with regulatory and financial reporting. 100% of his time is related to the financial, regulatory and operational needs of the utility as related to meeting its statutory obligations to current and near term customers.

Table 4 provides the detail of the calculation of used and useful percentages for this department.

The weighted average percent used and useful for Department 0771 - Controller is 85.49%.

### 3. Dept. 0772 - Engineering

This department is responsible for providing engineering

expertise for design, analysis, construction and operations. It has seven employees.

Functions performed which are normally capitalized include design and coordination of expansions and additions, inspection of ongoing construction, analysis of the water transmission and wastewater collection systems, well field analysis and design changes, engineering of main extensions and updating of the master plan to recognize the impact of actual development.

Functions performed which are normally expensed include assisting the operating departments with optimizing treatment operations, raw water withdrawal, storage and pumping. The engineering department interfaces with federal and state agencies regarding interpretation and compliance with water and wastewater quality requirements, water withdrawal rates, effluent discharge and wastewater reuse. The department provides input and technical support to other managers and to the president.

All of the engineering and inspection functions of the department are related to the utility's (1) providing safe, efficient and sufficient service in accordance with statutory requirements and the requirements of the Department of Environmental Protection, the water management districts and other regulatory agencies, (2) providing such service within a reasonable time and (3) promoting water conservation and the reuse of reclaimed water. Therefore those functions are considered to be 100% used and useful. However, the department is headed by the Sr. Vice President, Director of Engineering & Field Operations, and in addition to overseeing engineering, he has direct responsibility for all operating departments. Therefore the used and useful percentage for his position and that of his Operations/Engineering Administrator is adjusted to reflect the weighted average used and useful percentages of the departments supervised.

Table 5 provides the detail of the calculation of used and useful percentages for this department.

**The weighted average percent used and useful for Department 0772 - Engineering is 97.91%.**

#### 4. Dept. 0773 - System & Data Processing

This department records the cost of data processing services provided to PCUC. Through 1994, this department employed the services of a data entry operator and utilized the main frame equipment and programming services from ITT Community Development Corp. on a fee basis. Starting in 1995 this department has no employees. Previously, this employee also processed PCUC's accounts payable. Account Payable processing is now contracted

from ITT Community Development Corp. Other data entry functions have been assigned to individuals in Dept. 0771 - Controllers.

**All departmental expenses are distributed to the departments for which the services are performed. No adjustment for used and useful is necessary or appropriate.**

5. Dept. 0774 - Customer Accounts

This department is responsible for the administration of all utility customer accounts. It has four employees. Supervision of these employees is the responsibility of the Manager, Customer Accounts in Dept. 0771 - Controllers.

The responsibilities of this department include issuing customer bills, issuing receipts for payments, dunning and collection, handling the paperwork for turn-ons and turn-offs, maintaining customer account data, processing applications for new service, collecting deposits and verifying the status of service availability charges. This department also provides the initial handling of and response to customer complaints.

All functions performed by the personnel of this department and all costs incurred are associated with serving existing customers and new applicants.

**No adjustment for non-used expenses is necessary or appropriate. The expenses for this department are considered to be 100% used and useful.**

6. Dept. 0775 - Personnel Services

This department administers employee benefits and services. Through 1994, this department employed a Director of Employee Relations and staff for this purpose. Starting in 1995 this department has no employees. All personnel services are contracted through ITT Community Development Corp. This is more cost effective for the utility because the major benefit packages and services for all employees of ITT and its subsidiaries are the same. Charges to PCUC for these services are recorded in this department.

Services provided by this department include administering insurance, pension and savings plans, salary plans and medical insurance. The expenses for employee awards and functions are charged to this department.

The services provided by this department are the same regardless of whether a portion of any individual employee's time might be adjusted for used and useful considerations.

No adjustment for non-used expenses is necessary or appropriate. The expenses for this department are considered to be 100% used and useful.

7. Dept. 0776 - Community Affairs

This department was added in 1990 following the issuance of Order No. 22843 in rate case Docket No. 890277-WS. In that order the Florida Public Service Commission noted that PCUC was sometimes disregarding of its customers' concerns and its customer relations was somewhat lacking. The Commission directed PCUC to devote more efforts toward improving customer relations.

This department has one employee, the Director of Community Affairs. She reports directly to the President. Her primary responsibilities are to keep the public informed of the activities of PCUC that may affect them and maintain a presence in the community so that customers know who they can turn to with problems and not feel intimidated about doing so. She follows up on the customer complaints initiated through the Customer Accounts Department. She prepares a newsletter for distribution to customers and prepares press releases to inform of events that might affect customers. She is available for and makes other employees available for presentations to groups or the general public. She maintains a liaison with local government officials. She provides or arranges for as necessary, the training of employees in customer relations. In addition to these customer oriented activities, she administers employee activities designed to sustain employee morale.

All of these activities are related to providing a high quality of service to existing customers and required to meet general statutory requirements and the specific requirements of Order No. 22843.

No adjustment for non-used expenses is necessary or appropriate. The expenses for this department are considered to be 100% used and useful.

8. Dept. 0777 - Purchasing & Safety

This department is responsible for administering the utility's safety program, administering and issuing purchase orders, supervising the inventory coordinator, administering construction contracts, and supervising the inspection of construction work. The department has three employees.

The Director of Project Administration oversees all activities of the department and as required, administers contracts released by the Engineering Department until contract work commences. This includes administration of the contract bids

and verification of contractor compliance with the bidding requirements.

The Director is also responsible for supervising two construction inspectors employed by Dept. 0772 - Engineering, in their inspection of ongoing construction, and for supervising the Inventory Coordinator whose costs are accumulated under Dept. 0778 - Inventory Control.

The amount of time required to administer contracts and supervise inspections varies with the amount of contracted construction. Currently, less than 10% of the Director's time is required for contract administration and contract inspection. An adjustment for used and useful, applicable to the remaining 90% of the director's time reflects the weighted average for the Purchasing Coordinator and the Safety/Contract Coordinator.

The Purchasing Coordinator is responsible for processing all purchase orders for purchases in excess of \$300. These are purchases primarily related to operation of the utility. An adjustment for used and useful reflects the weighted average used and useful for the water and wastewater operating departments.

The Safety/Contract Coordinator is responsible for safety training, disseminating safety information, developing a written safety program, assuring compliance with federal safety regulations, filing reports with governmental agencies and securing the physical plant and records. In addition, he assists with the administration of contracts. Virtually all of the functions performed by the Safety/Contract Coordinator are related to providing safe service to existing customers. No adjustment for used and useful is necessary or appropriate.

Table 6 provides the detail of the calculation of used and useful percentages for this department.

**The percent used and useful for Department 0777 - Purchasing & Safety is 97.33%.**

#### 9. Dept. 0778 - Inventory Control

This department is responsible for maintaining the inventory and inventory control for items related to system maintenance, support equipment maintenance, meter and service maintenance and installation. The department's one employee, the Inventory Coordinator, reports to the Director of Project Administration in Dept. 077 - Purchasing & Safety.

Since the majority of maintenance materials in inventory are primarily utilized for the water distribution and wastewater collection systems, the used and useful percentage for this



department reflects the weighted average for Dept. 0753 - Water Distribution and Dept. 0763 - Wastewater Collection.

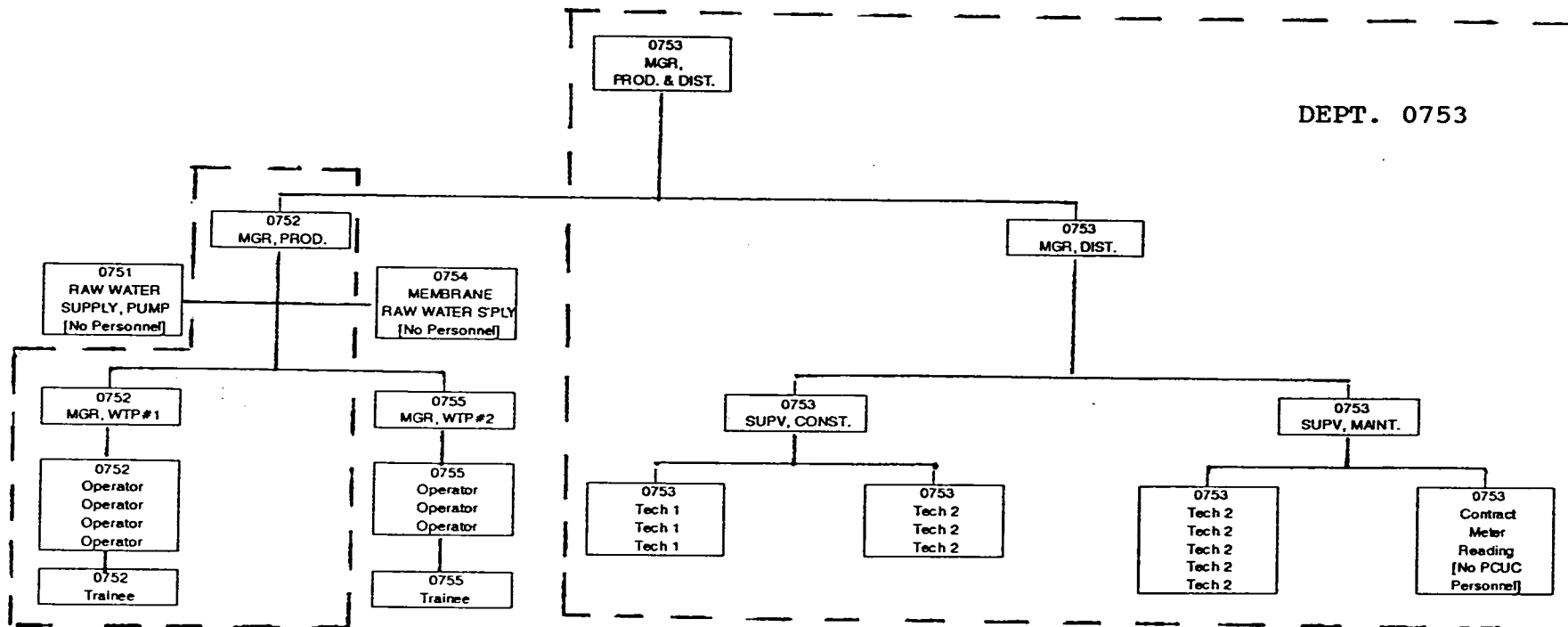
Table 7 provides the detail of the calculation of used and useful percentages for this department.

The percent used and useful for Department 0778 - Inventory Control is 78.62%.

IV. ORGANIZATION CHARTS

# CHART 1

## PALM COAST UTILITY CORPORATION WATER DEPARTMENTS



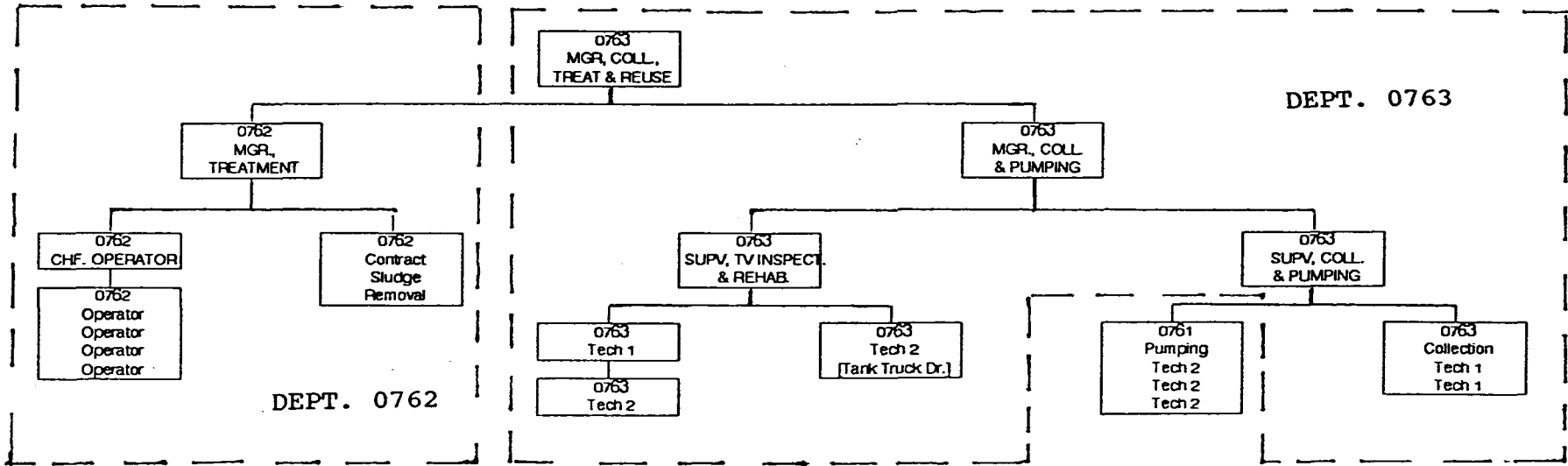
DEPT. 0752

Water Departments:

- 0751 – Raw Water Supply & Pumping
- 0752 – Lime Water Treatment [Plant #1]
- 0753 – Water Distribution
- 0754 – Membrane Raw Water Supply
- 0755 – Membrane Water Treatment [Plant #2]

# CHART 2

## PALM COAST UTILITY CORPORATION WASTEWATER DEPARTMENTS

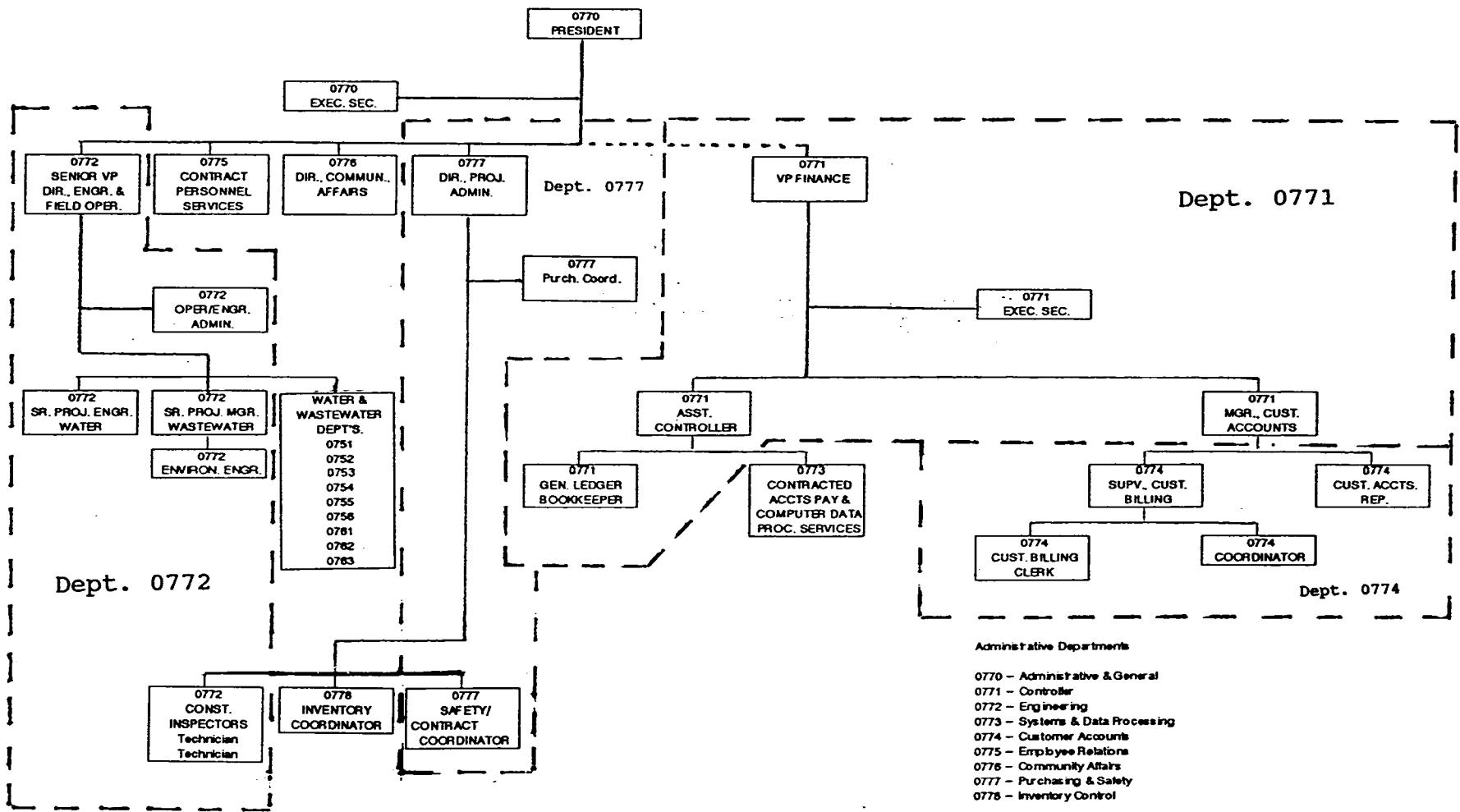


Wastewater Departments:

- 0761 - Wastewater Pumping
- 0762 - Wastewater Treatment
- 0763 - Water Collection

# CHART 3

## PALM COAST UTILITY CORPORATION ADMINISTRATIVE DEPARTMENTS



- Administrative Departments
- 0770 - Administrative & General
  - 0771 - Controller
  - 0772 - Engineering
  - 0773 - Systems & Data Processing
  - 0774 - Customer Accounts
  - 0775 - Employee Relations
  - 0776 - Community Affairs
  - 0777 - Purchasing & Safety
  - 0778 - Inventory Control

V. TABLES

Palm Coast Utility Corporation  
 Used and Useful Analysis of Operation Departments  
 Based on Actual Costs - 6 Months Ended 06/30/95  
 Department 0753 - Water Distribution

TABLE 1

Payroll

A/C 601-3 Payroll	224,412
A/C 604 Benefits	75,614
<b>Total</b>	<b>300,026</b>

Payroll Distribution

1	Manager, Prod & Dist	14.70%
1	Manager, Distribution	8.50%
1	Supervisor, Construction	7.30%
1	Supervisor, Maintenance	7.50%
8	Tech 2	47.60%
3	Tech 1	14.40%
	<b>Total, PCUC Accounts 601 thru 604</b>	<b>100.00%</b>

Used & Useful Calculation

Specific Personnel & Maint. Functions	Base Cost	% U&U	Notes	\$ U&U
<b>1. Water quality control; turn off &amp; on; meter testing &amp; adjusting</b>				
3.875 Tech 2s      23.06% x      300,026 =	69,175			
0.375 Tech 1s      1.80% x      300,026 =	5,400			
A/C 620 - Mat. & Suppl. - Meters	26,512			
<b>Subtotals</b>	<b>101,087</b>	<b>100.00%</b>	<b>(1)</b>	<b>101,087</b>
<b>2. Hydrant Maintenance</b>				
1 Tech 2s      5.95% x      300,026 =	17,852			
0.125 Tech 1s      0.60% x      300,026 =	1,800			
A/C 620 - Mat. & Suppl. - Hydrants	1,649			
<b>Subtotals</b>	<b>21,301</b>	<b>65.00%</b>	<b>(2)</b>	<b>13,845</b>
<b>3. System Maintenance</b>				
1.625 Tech 2s      9.67% x      300,026 =	29,009			
1 Tech 1s      4.80% x      300,026 =	14,401			
A/C 620 - Mat. & Suppl. - All ex. meters/hydrants	58,464			
<b>Subtotals</b>	<b>101,874</b>	<b>52.38%</b>	<b>(3)</b>	<b>53,360</b>
<b>Subtotal, identified functions</b>	<b>224,262</b>	<b>75.04%</b>	<b>Dept. Avg.</b>	<b>168,292</b>
<b>4. Management &amp; Superv.</b>				
Manager, Prod & Dist      1.95% x      300,026 =	5,852			
Manager, Distr.      2.26% x      300,026 =	6,768			
Supv, Construction      1.70% x      300,026 =	5,109			
Supv, Maintenance      2.23% x      300,026 =	6,694			
	<b>24,423</b>	<b>75.04%</b>	<b>Dept. Avg.</b>	<b>18,327</b>
<b>5. Balance of department expenses</b>	<b>74,046</b>	<b>75.04%</b>	<b>Dept. Avg.</b>	<b>55,566</b>
<b>Total Department Expense, 6 mos ended 6/30/95</b>	<b>322,731</b>	<b>75.04%</b>	<b>Dept. Avg.</b>	<b>242,186</b>

- Notes: (1) - All meter expenses are related to existing customers.  
 (2) - Used hydrant/Total hydrants. See - Plant Used & Useful Analysis  
 (3) - Weighted average of average ERCs, including margin reserve and balance of active lots.  
 (4) - Consistent with the analysis in the previous case, test year ERCs are given a weighting of two times the remaining active lots.

	Factor	Weighted	Percent
Average ERCs	14,846		
Margin Reserve, 10.77%	1,599		
<b>Total</b>	<b>16,445 (4)</b>	<b>2</b>	<b>52.38%</b>
Active Lots	46,348		
Less: ERCs	(16,445)		
Inactive Lots	29,903	<b>1</b>	<b>47.62%</b>
		<b>62,793</b>	<b>100.00%</b>

Palm Coast Utility Corporation  
 Department 0753  
 Allocation of Time Based on Job Descriptions

TABLE 1A

	Hydrant Maint.	On/Offs	Water Quality	Meter Test/Adj	Valve/Syst Repairs	Const.	Totals
Const. Crews							
Tech 2	0.125				0.375	0.5	1
Tech 1	0.125				0.375	0.5	1
Tech 2						1	1
Tech 1						1	1
Tech 2		0.375			0.625		1
Tech 1		0.375			0.625		1
Subtl Tech 2	0.125	0.375			1	1.5	3
Subtl Tech 1	0.125	0.375	0	0	1	1.5	3
Maint. Crews							0
Tech 2		0.25	0.75				1
Tech 2		0.25	0.75				1
Tech 2		0.25	0.75				1
Tech 2				0.5	0.5		1
Tech 2	0.875				0.125		1
Subtl Tech 2	0.875	0.75	2.25	0.5	0.625	0	5
Total Tech 2	1	1.125	2.25	0.5	1.625	1.5	8
Total Tech 1	0.125	0.375	0	0	1	1.5	3
U/U Basis	Hydrants	100%	100%	100%	Wgtd Avg	0%	

Allocation of Management & Supervision

Supv. Const.	[Tech 2 + Tech 1 Payroll + Benefits, excl Const.]/Total P/R + Bens.	23.33%
Supv. Maint.	[Tech 2 Payroll + Benefits, excl Const.]/Total P/R + Bens.	29.75%
Mgr. Dist.	Average of Supervisors	26.54%
Mgr., Prod/Dist.	50% of Average of Supervisors	13.27%



Palm Coast Utility Corporation  
 Used and Useful Analysis of Operation Departments  
 Based on Actual Costs – 6 Months Ended 06/30/95  
 Department 0763 – Wastewater Collection

TABLE 2

Payroll

A/C 701--3 Payroll	140,122
A/C 704 Benefits	40,981
Total	181,103

Payroll Distribution

1	Manager, Coll., Treat & Reuse	23.40%
1	Manager, Coll. & Pumping	13.20%
1	Supervisor, TV Inspect & Rehab.	12.10%
1	Supervisor, Coll. & Pumping	11.90%
2	Tech 2	18.80%
3	Tech 1	20.60%
	Total, PCUC Accounts 701 thru 704	100.00%

Used & Useful Calculation

	Specific Personnel & Maint. Functions	Base Cost	% U&U	Notes	\$ U&U
1.	TV inspection & rehabilitation; tank truck operation				
	2 Tech 2s	18.80% x 181,103 =	34,047		
	1 Tech 1s	6.87% x 181,103 =	12,436		
	Subtotals		46,483	100.00%	(1)
					46,483
2.	PEP Maintenance				
	0.75 Tech 1s	5.15% x 181,103 =	9,327		
	Subtotals		9,327	100.00%	(2)
					9,327
3.	System Maintenance				
	0.5 Tech 1s	3.43% x 181,103 =	6,218		
	A/C 620 – Mat. & Suppl. – Struct., lines & services		23,087		
	Subtotals		29,305	56.29%	(3)
	Subtotal, identified functions		85,115	84.95%	Dept. Avg.
					72,304
4.	Management & Superv.				
	Mgr, Coll/Treat/Reuse	2.00% x 181,103 =	3,629		
	Manager, Coll/Pump	2.26% x 181,103 =	4,094		
	Supv, TV	3.11% x 181,103 =	5,624		
	Supv, Coll/Pump	1.02% x 181,103 =	1,850		
			15,197	84.95%	Dept. Avg.
					12,910
5.	Balance of department expenses		81,821	84.95%	Dept. Avg.
					69,507
	Total Department Expense, 6 mos ended 6/30/95		182,133	84.95%	Dept. Avg.
					154,721

- Notes: (1) – All TV inspections & rehabilitation are related to lines used to serve existing customers.  
 (2) – All PEP system maintenance is related to existing customers.  
 (3) – Weighted average of average ERCs, including margin reserve and balance of active lots.  
 (4) – Consistent with the analysis in the previous case, test year ERCs are given a weighting of three times the remaining active lots.

	Factor	Weighted	Percent
Average ERCs	12,435		
Margin Reserve, 11.93%	1,483		
Total	13,918 (4)	3	41,755
			56.29%
Active Lots	46,348		
Less: ERCs	(13,918)		
Balance	32,430	1	32,430
			43.71%
			74,185
			100.00%

Palm Coast Utility Corporation  
 Department 0763  
 Allocation of Time Based on Job Descriptions

TABLE 2A

	Inspect/ Seal	Tank Trk Driver	PEP Maint	Syst Repairs	Const./ Install.	Totals
<b>TV Crews</b>						
Tech 2	1					1
Tech 1	1					1
Tech 2		1				1
Subtl Tech 2	1	1	0	0	0	2
Subtl Tech 1	1	0	0	0	0	1
<b>Coll &amp; Pump Crews</b>						0
Tech 1			0.25	0.25	0.5	1
Tech 1			0.5	0.25	0.25	1
Subtl Tech 1	0	0	0.75	0.5	0.75	2
<b>Total Tech 2</b>	1	1	0	0	0	2
<b>Total Tech 1</b>	1	0	0.75	0.5	0.75	3
<b>U/U Basis</b>	100%	100%	100%	Wgtd Avg	0%	

Allocation of Management & Supervision

Supv., TV [Tech 2 + Tech 1 Payroll + Benefits]/Total P/R + Bens.	25.67%
Supv., Coll/Pump [Tech 1 Payroll + Benefits, excl Const.]/Total P/R + Bens.	8.58%
Mgr., Coll/Pump Average of Supervisors	17.13%
Mgr., Coll/Treat/Reuse - 50% of Average of Supervisors	8.56%

Palm Coast Utility Corporation  
 Used and Useful Analysis of Operation Departments  
 Based on Actual Costs – 6 Months Ended 06/30/95  
 Department 0770 – Administrative & General

TABLE 3

Payroll

A/C 601 – 3 Payroll	85,124
A/C 604 Benefits	15,848
Total	100,972

Payroll Distribution

1	President	90.20%
1	Exec. Sec.	9.80%
	Total, PCUC Accounts 601 thru 604	100.00%

Used & Useful Calculation

	Specific Positions		Base Cost	% U&U	Notes	\$ U&U
1.	President	90.20% x 100,972 =	91,077	80.00%	(1)	72,861
	Exec. Sec.	9.80% x 100,972 =	9,895	80.00%	(1)	7,916
	Subtotals		100,972	80.00%		80,778
2.	Balance of department expenses		163,076	80.00%	Dept. Avg.	130,461
	Total Department Expense, 6 mos ended 6/30/95		264,048	80.00%	Dept. Avg.	211,238

Notes: (1) – Based on interviews with department personnel, 80% of time spent relates to current and near term customers.

Palm Coast Utility Corporation  
 Used and Useful Analysis of Operation Departments  
 Based on Actual Costs – 6 Months Ended 06/30/95  
 Department 0771 – Controller

TABLE 4

Payroll

A/C 601 – 3 Payroll	121,461
A/C 604 Benefits	25,677
<b>Total</b>	<b>147,138</b>

Payroll Distribution

1	VP, Finance	36.20%
1	Exec. Sec.	8.10%
1	Asst. Controller	27.00%
1	Manager, Cust. Accts	18.10%
1	G/L Bookkeeper	10.60%
	<b>Total, PCUC Accounts 601 thru 604</b>	<b>100.00%</b>

Used & Useful Calculation

	Specific Positions			Base Cost	% U&U	Notes	\$ U&U
1.	VP, Finance	36.20% x	147,138 =	53,264	80.00%	(1)	42,611
	Exec. Sec.	8.10% x	147,138 =	11,918	90.00%	(1)	10,726
	Asst. Controller	27.00% x	147,138 =	39,727	80.00%	(1)	31,782
	Manager, Cust. Accts	18.10% x	147,138 =	26,632	100.00%	(2)	26,632
	G/L Bookkeeper	10.60% x	147,138 =	15,597	90.00%	(1)	14,037
	<b>Subtotals</b>			<b>147,138</b>	<b>85.49%</b>		<b>125,788</b>
2.	Balance of department expenses			63,646	85.49%	Dept. Avg.	54,411
	<b>Total Department Expense, 6 mos ended 6/30/95</b>			<b>210,784</b>	<b>85.49%</b>	<b>Dept. Avg.</b>	<b>180,199</b>

Notes: (1) – Based on interviews with department personnel, 80% of time spent relates to current and near term customers.

(2) – 100% of Customer Accounts Department time relates to current customers.

Palm Coast Utility Corporation  
 Used and Useful Analysis of Operation Departments  
 Based on Actual Costs – 6 Months Ended 06/30/95  
 Department 0772 – Engineering

TABLE 5

Payroll

A/C 601-3 Payroll	157,263
A/C 604 Benefits	33,053
<b>Total</b>	<b>190,316</b>

Payroll Distribution

1	Sr VP, Engr & Field Op.	26.90%
1	Oper/Eng. Admin.	6.40%
3	Engineers	45.30%
2	Inspectors	21.40%
	<b>Total, PCUC Accounts 601 thru 604</b>	<b>100.00%</b>

Used & Useful Calculation

	Specific Positions			Base Cost	% U&U	Notes	\$ U&U
1.	Sr VP, Engr & Field Op.	26.90% x	190,316 =	51,195	93.72%	(1)	47,982
	Oper/Eng. Admin.	6.40% x	190,316	12,180	93.72%	(1)	11,416
	Engineers	45.30% x	190,316	86,213	100.00%	(2)	86,213
	Inspectors	21.40% x	190,316 =	40,728	100.00%	(2)	40,728
		<b>Subtotals</b>			<b>190,316</b>	<b>97.91%</b>	
2.	Balance of department expenses			(104,014)	97.91%	Dept. Avg.	(101,840)
	Total Department Expense, 6 mos ended 6/30/95			86,302	97.91%	Dept. Avg.	84,498

Notes: (1) – The Sr. VP has direct responsibility for all operating departments plus engineering. Used & Useful for this position and the administrator reflects the weighted average used and useful for those departments.

Water	0751	97,549	100.00%	97,549
	0752	332,435	100.00%	332,435
	0753	322,731	75.04%	242,186
	0754	22,483	100.00%	22,483
	0755	198,751	100.00%	198,751
Wastewater	0761	135,079	100.00%	135,079
	0762	342,578	100.00%	342,578
	0763	182,133	84.95%	154,721
Engineers	0772	86,302	100.00%	86,302
	<b>Totals</b>	<b>1,720,041</b>	<b>93.72%</b>	<b>1,612,084</b>

Notes: (2) – All non-capitalized work by engineers & inspectors is related to operation of the system for the benefit of existing customers and is 100% used & useful. The removal of capitalized costs is reflected in the negative "balance of department expenses."

Palm Coast Utility Corporation  
 Used and Useful Analysis of Operation Departments  
 Based on Actual Costs – 6 Months Ended 06/30/95  
 Department 0777 – Purchasing & Safety

TABLE 6

Payroll

A/C 601 – 3 Payroll	55,719
A/C 604 Benefits	15,300
<b>Total</b>	<b>71,019</b>

Payroll Distribution

1	Director, Proj. Admin.	47.70%
1	Purch. Coord.	21.10%
1	Safety/Contract Coord	31.20%
	<b>Total, PCUC Accounts 601 thru 604</b>	<b>100.00%</b>

Used & Useful Calculation

	Specific Positions			Base Cost	% U&U	Notes	\$ U&U
1.	Dir. Proj. Admin. (90%)	47.70% x	71,019 =	33,876	97.33%	(2)	32,973
	Purch. Coord.	21.10% x	71,019	14,985	93.39%	(1)	13,995
	Safety/Contract Coord	31.20% x	71,019 =	22,158	100.00%		22,158
	Subtotals			71,019	97.33%		69,126
2.	Balance of department expenses			6,339	97.33%	Dept. Avg.	6,170
	Total Department Expense, 6 mos ended 6/30/95			77,358	97.33%	Dept. Avg.	75,296

Notes: (1) – The Used & Useful for the Purchasing Coordinator reflects the weighted average for the water and wastewater operating departments which are the primary recipients of purchases.

Water	0751	97,549	100.00%	97,549
	0752	332,435	100.00%	332,435
	0753	322,731	75.04%	242,186
	0754	22,483	100.00%	22,483
	0755	198,751	100.00%	198,751
Wastewater	0761	135,079	100.00%	135,079
	0762	342,578	100.00%	342,578
	0763	182,133	84.95%	154,721
<b>Totals</b>		<b>1,633,739</b>	<b>93.39%</b>	<b>1,525,782</b>

Notes: (2) – Currently, approximately 10% of the Director's times is related to contract administration and is capitalized. Used & Useful for the remaining time reflects the weighted average used and useful for the Purchasing Coordinator and Safety/Contract Coordinator.

Purchasing Coordinator	14,985	93.39%	13,995
Contract/Safety Coordinator	22,158	100.00%	22,158
<b>Totals</b>	<b>37,143</b>	<b>97.33%</b>	<b>36,153</b>

Palm Coast Utility Corporation  
 Used and Useful Analysis of Operation Departments  
 Based on Actual Costs – 6 Months Ended 06/30/95  
 Department 0778 – Inventory Control

TABLE 7

Payroll

A/C 601 – 3 Payroll	15,292
A/C 604 Benefits	3,157
<b>Total</b>	<b>18,449</b>

Payroll Distribution

1	Inventory Coordinator	100.00%
	Total, PCUC Accounts 601 thru 604	100.00%

Used & Useful Calculation

	Specific Positions		Base Cost	% U&U	Notes	\$ U&U
1.	Inventory Coordinator	100.00% x 18,449 =	18,449	78.62%	(1)	14,504
		Subtotals	18,449	78.62%		14,504
2.	Balance of department expenses		17	78.62%	Dept. Avg.	13
	Total Department Expense, 6 mos ended 6/30/95		18,466	78.62%	Dept. Avg.	14,517

Notes: (1) – The Used & Useful for the Inventory Coordinator reflects the weighted average for Dept. 0753 – Water Distribution and Dept. 0763 – Wastewater Collection, the departments for which most maintenance materials are held in inventory.

Water	0753	322,731	75.04%	242,186
Wastewater	0763	182,133	84.95%	154,721
<b>Totals</b>		<b>504,864</b>	<b>78.62%</b>	<b>396,907</b>