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May 8, 1998

FEDERAL EXPRESS

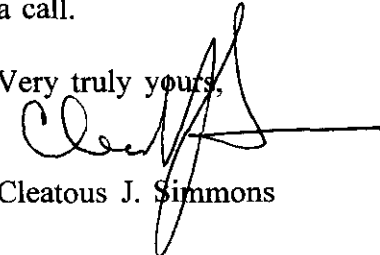
Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 971186-SU - Application for approval of reuse project plan and increase in wastewater rates in Seminole County by Sanlando Utilities Corporation.

Dear Ms. Bayo:

Enclosed for filing with the Public Service Commission is the original and 15 copies of Sanlando Utilities Corporation's Response to Commission Staff's Memorandum dated April 30, 1998.

- ACK _____ If you have any questions, please give me a call.
- AFA 3
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG CJS/tli
- LEG C: 2 Mr. Robert Mandell (w/enclosure)
- LEG _____ Mr. Hamp Conley (w/enclosure)
- LIN 3 Mr. Jerry Salsano (w/enclosure)
- OPC _____ John F. Lowndes, Esquire (w/enclosure)
- RCH _____ Jennifer Springfield, Esquire (w/enclosure)
- SEC _____ Stephen C. Reilly, Esquire (w/enclosure)
- SEC 1 Jack Shreve, Public Counsel (w/enclosure)
- WAS 1 Rosanne Gervasi, Esquire (w/enclosure)(Federal Express)
- QIH _____ Mr. John Guastella (w/enclosure)

Very truly yours,

Cleatous J. Simmons

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FLORIDA PUBLIC SERVICE COMMISSION

DOCUMENT NUMBER-DATE
05251 MAY 11 98
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for approval)
of reuse project plan and)
increase in wastewater rates in)
Seminole County by Sanlando)
Utilities Corporation)
_____)

DOCKET NO. 971186-SU

SANLANDO UTILITIES CORPORATION'S RESPONSE TO
COMMISSION STAFF'S MEMORANDUM DATED APRIL 30, 1998

The Staff filed its Memorandum of Recommendations ("Recommendations") regarding issues 1 through 33 in the above docket on April 30, 1998 and furnished a copy of the same by Federal Express to Sanlando Utilities Corporation (the "Utility") which was received on Tuesday, May 5, 1998. The following is the Utility's response to the Staff's Recommendations.

Rather than addressing each issue, which will serve no purpose if the fundamental policy issues embodied in the Recommendations are not resolved, this response shall deal only with what the Utility believes are fundamental policy issues and the Utility's position on those issues.

I. SECTION 367.0817 SCOPE

The Staff has by its recommendation effectively engaged in a rate making process which is outside the scope of Section 367.0817 (Florida Statutes 1997), and therefore is inconsistent with the intent of Section 367.0817. The Utility believes that Section 367.0817 was intended by the Legislature to provide a simple, inexpensive, and focused procedure to establish rates for a proposed reuse project. Specifically, Section 367.0817 provides that the Commission review the Utility's reuse project plan and determine whether the projected costs are prudent and the proposed rates are reasonable and in the public interest.

Rather than reviewing the Utility's filing and recommending rates based upon the prudent costs of the reuse project, the Staff has instead engaged in a far more expansive limited proceeding, more in the nature of that provided for in Section 367.0822 (adjusting utility rates) or Section 367.081(8) (PAA for a general rate case). Neither of those sections are intended to be applied to reuse projects in light of the Legislature's specific mandate set out in Section 367.0817 as to how to consider a reuse project, and what to consider in setting rates for that project.

II. IMPRACTICABLE CALCULATION OF REVENUE REQUIREMENTS

The Staff through adjustments in rate base, adjustments in the filing made by the Utility, adoption of a return on equity which is different than that which was approved in the last general rate case for the Utility in 1990, a significant reduction in working capital, and various other assumptions and accounting procedures has concluded in its Recommendation that the Utility is over earning FIVE HUNDRED TWENTY-ONE THOUSAND AND TWENTY-FIVE AND NO/100 DOLLARS (\$521,025.00) per year. The end result of the Staff's Recommendation is to allocate THREE HUNDRED NINETY-SIX THOUSAND ONE HUNDRED THIRTY-FOUR AND NO/100 DOLLARS (\$396,134.00) of those alleged overearnings to the cost of the reuse project and to allocate the balance of ONE HUNDRED TWENTY-FOUR THOUSAND EIGHT HUNDRED NINETY-ONE AND NO/100 DOLLARS (\$124,891.00) of the alleged overearnings to an escrow account until a later determination regarding its application. From a purely accounting viewpoint this may be appealing and even appear logical, but the result fails to recognize the practical effects of operating the Utility, or for that matter any utility.

As an example, in making its various adjustments the Staff failed to consider almost \$400,000 in capital expenses which were incurred by the Utility in 1997 and will continue to be incurred on an annual basis to maintain an aging physical plant, a significant portion of which is twenty-five (25) years or more old. This fact alone would make a significant difference in the revenue allowed the Utility if taken into account.

However, this fact, as well as other facts germane to a full rate analysis, has not been considered by the Staff in its limited scope rate making analysis. This is illustrated by the Staff's comment in Issue 6 at page 22 of the Recommendation which states "Although staff agrees that there are existing utility plant costs and other expenses which may apply to the reuse project, allocation of existing utility plant costs and other expenses is beyond the scope of this limited filing and should be examined in the utility's next full rate case."

III. FAILURE TO REALIZE SPECIAL NATURE OF REUSE PROJECT

The Utility, while not unique, is certainly not an average utility. It has plant in service totalling \$25,541,220, over \$20,000,000 of which is CIAC, and only \$2,707,956 in rate base if the Staff's calculations are used. Without considering the special nature of the Utility, the Staff applied the Commission's leverage formula established June 10, 1997, to determine appropriate ROE for the Utility.

This ignores the fact that a Utility with a disproportionately large CIAC when compared to rate base is affected

far more dramatically when the Commission's leverage formula is applied without consideration for the special nature of the Utility. Section 367.081(4)(f) states that:

"The commission may regularly . . . establish by order a leverage formula or formulae that reasonably reflect the range of returns on common equity for an average water, or wastewater utility which, for purposes of this section, shall be used to calculate the last authorized rate of return on equity for any utility which otherwise would have no established rate of return on equity."
Section 367.081(4)(f) (Florida Statutes 1997) [emphasis added]

Several parts of the quoted language are pertinent and have been underlined. The Utility is not average. The calculations made for a reuse facility are not being made for the purposes of Section 367.081, but are being made for the purposes of Section 367.0817. Finally, the Utility already has an established rate of return on equity.

The Staff has inappropriately applied the leverage formula in this proceeding. The Utility should be entitled to use of the established return on equity until a full rate case or a specific limited proceeding establishes another rate of return on equity for the Utility.

IV. ABILITY TO ATTRACT CAPITAL

By making its determination that the Utility is overearning and then recommending the alleged overearning be used to fund the reuse project, the Staff has advanced a plan that will prevent construction of the reuse project. The Utility does not reasonably believe that a lender will make an approximately \$2,200,000 loan to the Utility to build the reuse facility when the only revenue available to repay the loan is existing revenue of the Utility. This is especially true when existing revenue is generating only \$210,620 in net income on an annual basis as reported by the Utility in its 1996 Annual Report. If all the net income was applied to the debt service on the loan for the reuse facility (assuming a loan could be obtained) there would still be a real cash shortfall of almost \$180,000. There is no practical way that a lender would make a loan to the Utility under this set of facts.

The United States Supreme Court established the criteria for determining the return on investment in Federal Power Commission v. Hope Natural Gas Co., City of Cleveland, 320 U.S. 591, 64 S.Ct. 281 (US 1943) when it stated:

"The return should be sufficient to assure confidence in the financial integrity of the

enterprise, so as to maintain its credit and to attract capital." Id. at 601. [emphasis added]

The Staff has recommended a rate structure which negates any ability of the Utility to attract capital. If the Staff's analysis is correct, then the Utility did not need to file a limited proceeding for rates at all. Instead, it needed only to ask the Commission to authorize it to reallocate existing rates to the reuse project. It should have been able to go out in the capital market place and borrow money on its current revenue stream and net income. The simple fact is, it could not, and will not be able to do so without a rate being established for the reuse project

V. CONCLUSION

The Staff's Recommendation is counter the law, and counter any practical business logic. Further, the Staff's Recommendation sends the message to all utilities that it is perilous and counterproductive to make a reuse project filing. The Utility believes that such a message is counter to Commission's stated policy, and the Legislature's intent in adopting Section 367.0817, to encourage reuse.

The Utility respectfully requests that the Commission determine that the Staff's Recommendation is flawed, and instead issue a PAA which establishes a fair rate of return for the reuse project.

If the Commission is convinced that the Utility is overearning, it is well within the Commission's authority to order a limited proceeding under Section 367.0822 to deal specifically with overearning, or to order a full rate making proceeding under Section 367.081. The establishment of rates for the reuse project should be, and must be, a separate proceeding as stated above.

The Utility would respectfully request a deferment of this matter for two (2) months. The Utility will, and hereby does, voluntarily request a two (2) month extension of the mandatory five (5) month period provided by statute. This will enable the Utility time to respond more fully to the Staff's Recommendation and also to provide additional information regarding financing requirements and other matters which the Utility believes will be helpful to the Commission in deciding the relevant issues.

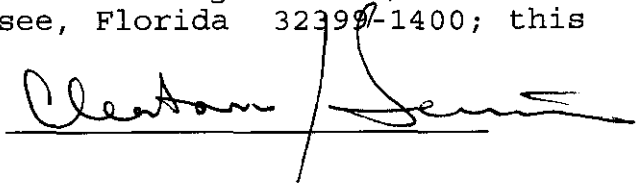
Respectfully submitted,



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Orlando, Florida 32802-2809
(407) 843-4600
Attorneys for
Sanlando Utilities Corporation.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been mailed by U.S. Mail to Jennifer B. Springfield, Esquire, St. Johns River Water Management District, Post Office Box 1429, Palatka, Florida 32178-1429 and to Stephen C. Reilly, Esquire, Office of Public Counsel, c/o the Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400; this 8th day of May, 1998.



SANLANDO UTILITIES CORPORATION
DOCKET NO. 971186-SU

FLORIDA PUBLIC SERVICE COMMISSION
DOCUMENT / RECORD REQUEST

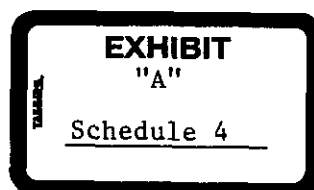
Respondent: Gary C. White
Guastella Associates, Inc.

Request: Charles H. Hill (FPSC) letter of 9/23/97.

For Schedule No. 4:

- #1 Several of the schedules and supporting schedules contain illegible numbers. Provide revised schedules for the above referenced schedules which contain legible numbers.
-

Response: Please see the attached copies. These documents are a reprint of the originally submitted schedules.



SANLANDO UTILITIES CORPORATION
 Effluent Rate Study-Sewer Operations
 Cost Allocation

Summary of Revenue Requirement Allocations

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7		Col. 8	Col. 9
	Description	Test Year 1996	Adjustmts	ProForma Test Year	Support Sched	Alloc Symbol	Effluent Reuse		Disposal	Other
							Irrigation			
1	O & M Expense	\$ 2,157,902	\$ 77,754	\$ 2,235,656	F		\$ 0	\$ 97,644	\$ 2,138,012	
2	Depreciation, Net	160,436	93,373	253,809	G		0	96,137	157,672	
3	Taxes, Other	227,931	14,066	241,997	H		0	35,510	206,487	
4	Income Taxes	56,645	(26,076)	30,569		I	0	14,575	15,994	
5	Return Requirement	281,898	123,863	405,761	B		0	193,467	212,294	
6	Revenue Requirement	<u>\$ 2,884,812</u>	<u>\$ 282,980</u>	<u>\$ 3,167,792</u>			<u>\$ 0</u>	<u>\$ 437,333</u>	<u>\$ 2,730,459</u>	
7	Percentage						<u>0.00%</u>	<u>13.81%</u>	<u>86.19%</u>	

IRRIGATION CUSTOMERS

Effluent Reuse Cost per 1,000 Gallons:

\$0 / 0 thousand gals. = \$0.00 per 1,000 gals.

OR

Effluent Reuse Cost per Base Facility and Usage Charges:

Base Facility Charge per ERC = \$0.00 per month

Usage Charge = \$0.00 per 1,000 gals.

EFFLUENT DISPOSAL CUSTOMERS

Effluent Disposal Cost per 1,000 Gallons:

\$282,980 / 1,039,367 thousand gals. = \$0.27 per 1,000 gals.

OR

Effluent Disposal Cost per Base Facility and Usage Charges:

Base Facility Charge per ERC = \$1.46 per month

Usage Charge = \$0.11 per 1,000 gals.

SANLANDO UTILITIES CORPORATION
Effluent Rate Study-Sewer Operations
Cost Allocation

Rate Base Allocation

Line No.	Col. 1 Description	Col. 2 12/31/96 Balance	Col. 3 Adjustmts	Col. 4 ProForma Balance	Col. 5 Support Schedule	Col. 6 Allocation Symbol	Col. 7 Effluent Reuse		Col. 8 Disposal	Col. 9 Other
							Irrigation	Disposal		
1	Utility Plant in Service-Sewer	\$ 13,540,094	\$ 1,850,052	\$ 15,390,146	C		\$ 0	\$ 1,921,281	\$ 13,468,865	
2	Construction Work in Progress	0	0	0	C		0	0	0	
3	Accumulated Depreciation	(6,601,807)	(41,968)	(6,643,775)	D		0	(66,237)	(6,577,538)	
4	Contributions in Aid of Constr.	(10,334,989)	0	(10,334,989)	E		0	0	(10,334,989)	
5	Accum. Amortization of CIAC	5,247,478	0	5,247,478	E		0	0	5,247,478	
6	Avg Unamortized Rate Case Exp.	0	20,000	20,000	See note	j	0	20,000	0	
7	Working Capital Allowance	269,738	9,719	279,457	F		0	12,206	267,251	
8	Rate Base	<u>\$ 2,120,514</u>	<u>\$ 1,837,803</u>	<u>\$ 3,958,317</u>			<u>\$ 0</u>	<u>\$ 1,887,250</u>	<u>\$ 2,071,067</u>	
9	Percentage						<u>0.00%</u>	<u>47.68%</u>	<u>52.32%</u>	

Note: Based on \$40,000 of Rate Case Expense, amortized over 4 years.

SANLANDO UTILITIES CORPORATION
Effluent Rate Study-Sewer Operations
Cost Allocation

Utility Plant in Service by Primary Account

Line No.	Col. 1 Account No. and Name	Col. 2 12/31/96 Balance	Col. 3 Adjustmt	Col. 4 Adjusted Balance	Col. 5 Alloc. Symbol	Col. 6 Effluent Reuse		Col. 7 Disposal	Col. 8 Other
						Irrigation			
1	INTANGIBLE PLANT:								
2	351.1-Organization	\$ 0	\$ 0	0	f	\$ 0		\$ 0	0
3	352.1-Franchises	0	0	0	f	0		0	0
4	389.1-Other Plant & Misc. Eqpmt	0	0	0	f	0		0	0
5	COLLECTION PLANT:								
6	353.2-Land & Land Rights	0	0	0	c	0		0	0
7	354.2-Structures & Improvements	0	0	0	c	0		0	0
8	360.2-Collection Sewers-Force	63,772	0	63,772	c	0		0	63,772
9	361.2-Collection Sewers-Gravity	6,642,677	0	6,642,677	c	0		0	6,642,677
10	362.2-Special Collection Struct.	0	0	0	c	0		0	0
11	363.2-Services to Customers	0	0	0	c	0		0	0
12	364.2-Flow Measuring Devices	0	0	0	c	0		0	0
13	365.2-Flow Measuring Install.	0	0	0	c	0		0	0
14	389.2-Other Plant & Misc. Eqpmt	0	0	0	c	0		0	0
15	SYSTEM PUMPING PLANT:								
16	353.3-Land & Land Rights	0	0	0	c	0		0	0
17	354.3-Structures & Improvements	0	0	0	c	0		0	0
18	370.3-Receiving Wells	0	0	0	c	0		0	0
19	371.3-Electric Pumping Eqpmt	1,211,330	0	1,211,330	c	0		0	1,211,330
20	389.3-Other Plant & Misc. Eqpmt	0	0	0	c	0		0	0
21	TREATMENT/DISPOSAL PLANT:								
22	353.4-Land & Land Rights	202,207	0	202,207	b	0		34,654	167,553
23	354.4-Structures & Improvements	248,782	0	248,782	c	0		0	248,782
24	380.4-Treatment/Disposal Equip.	3,918,098	0	3,918,098	c	0		0	3,918,098
25	381.4-Plant Sewers	19,560	0	19,560	c	0		0	19,560
26	382.4-Outfall Sewers	644,005	847,986	1,491,991	a	0		847,986	644,005
27	389.4-Other Plant & Misc. Equip	14,647	1,002,066	1,016,713	a	0		1,002,066	14,647
28	GENERAL PLANT:								
29	353.5-Land & Land Rights	0	0	0	f	0		0	0
30	354.5-Structures & Improvements	9,971	0	9,971	f	0		634	9,337
31	390.5-Office Furniture & Equip.	52,467	0	52,467	f	0		3,337	49,130
32	391.5-Transportation Equipment	150,611	0	150,611	f	0		9,580	141,031
33	392.5-Stores Equipment	317	0	317	f	0		20	297
34	393.5-Tools, Shop, Garage Equip.	65,620	0	65,620	f	0		4,174	61,446
35	394.5-Laboratory Equipment	57,539	0	57,539	f	0		3,660	53,879
36	395.5-Power Operated Equip	91,169	0	91,169	f	0		5,799	85,370
37	396.5-Communication Equipment	14,728	0	14,728	f	0		937	13,791
38	397.5-Miscellaneous Equipment	12,570	0	12,570	f	0		800	11,770
39	398.5-Other Tangible Plant	120,024	0	120,024	f	0		7,634	112,390
41	Total	\$ 13,540,094	\$ 1,850,052	\$ 15,390,146		\$ 0		\$ 1,921,281	\$ 13,468,865
42	Percentage					0.00%		12.48%	87.52%

SANLANDO UTILITIES CORPORATION
Effluent Rate Study-Sewer Operations
Cost Allocation

Accumulated Depreciation Allocation

Line No.	Col. 1 Account No. and Name	Col. 2 12/31/96 Balance	Col. 3 Adjustmt	Col. 4 Adjusted Balance	Col. 5 Alloc Symbol	Col. 6 Col. 7 Effluent Reuse		Col. 8 Other
						Irrigation	Disposal	
1	INTANGIBLE PLANT:							
2	351.1-Organization	\$ 0	\$ 0	\$ 0	f	\$ 0	\$ 0	0
3	352.1-Franchises	0	0	0	f	0	0	0
4	389.1-Other Plant & Misc. Eqpmt	0	0	0	f	0	0	0
5	COLLECTION PLANT:							
6	353.2-Land & Land Rights	0	0	0	c	0	0	0
7	354.2-Structures & Improvements	0	0	0	c	0	0	0
8	360.2-Collection Sewers-Force	13,441	0	13,441	c	0	0	13,441
9	361.2-Collection Sewers-Gravity	2,628,042	0	2,628,042	c	0	0	2,628,042
10	362.2-Special Collection Struct.	0	0	0	c	0	0	0
11	363.2-Services to Customers	0	0	0	c	0	0	0
12	364.2-Flow Measuring Devices	0	0	0	c	0	0	0
13	365.2-Flow Measuring Install.	0	0	0	c	0	0	0
14	389.2-Other Plant & Misc. Eqpmt	0	0	0	c	0	0	0
15	SYSTEM PUMPING PLANT:							
16	353.3-Land & Land Rights	0	0	0	c	0	0	0
17	354.3-Structures & Improvements	0	0	0	c	0	0	0
18	370.3-Receiving Wells	0	0	0	c	0	0	0
19	371.3-Electric Pumping Eqpmt	922,471	0	922,471	c	0	0	922,471
20	389.3-Other Plant & Misc. Eqpmt	0	0	0	c	0	0	0
21	TREATMENT/DISPOSAL PLANT:							
22	353.4-Land & Land Rights	0	0	0	b	0	0	0
23	354.4-Structures & Improvements	118,084	0	118,084	c	0	0	118,084
24	380.4-Treatment/Disposal Equip.	2,176,603	0	2,176,603	c	0	0	2,176,603
25	381.4-Plant Sewers	10,850	0	10,850	c	0	0	10,850
26	382.4-Outfall Sewers	339,546	14,133	353,679	a	0	14,133	339,546
27	389.4-Other Plant & Misc. Equip	11,212	27,835	39,047	a	0	27,835	11,212
28	GENERAL PLANT:							
29	353.5-Land & Land Rights	0	0	0	h	0	0	0
30	354.5-Structures & Improvements	4,733	0	4,733	h	0	301	4,432
31	390.5-Office Furniture & Equip.	34,281	0	34,281	h	0	2,180	32,101
32	391.5-Transportation Equipment	93,335	0	93,335	h	0	5,937	87,398
33	392.5-Stores Equipment	317	0	317	h	0	20	297
34	393.5-Tools, Shop, Garage Equip.	32,482	0	32,482	h	0	2,066	30,416
35	394.5-Laboratory Equipment	33,114	0	33,114	h	0	2,106	31,008
36	395.5-Power Operated Equip	59,790	0	59,790	h	0	3,803	55,987
37	396.5-Communication Equipment	4,213	0	4,213	h	0	268	3,945
38	397.5-Miscellaneous Equipment	2,777	0	2,777	h	0	177	2,600
39	398.5-Other Tangible Plant	116,516	0	116,516	h	0	7,411	109,105
40	Total	\$ 6,601,807	\$ 41,968	\$ 6,643,775		\$ 0	\$ 66,237	\$ 6,577,538
41	Percentage					0.00%	1.00%	99.00%

SANLANDO UTILITIES CORPORATION
Effluent Rate Study-Sewer Operations
Cost Allocation

CIAC and Accumulated Amortization of CIAC Allocation

Line No.	Col. 1	Col. 2	Col. 3	Col. 4		Col. 5	Col. 6
	Account No. and Name	12/31/96 Balance	Allocation Symbol	Effluent Reuse		Disposal	Other
				Irrigation			
1	Contributions in Aid of Construction:						
2	Plant Capacity Fees	\$ 3,918,098	c	\$ 0	\$ 0		3,918,098
3	Main Extensions	6,416,891	c	0	0		6,416,891
4	Contributed Lines	0	c	0	0		0
5	Other Contributed Property	0	c	0	0		0
6	Service Installation Fees	0	c	0	0		0
7	Total CIAC	<u>\$ 10,334,989</u>		<u>\$ 0</u>	<u>\$ 0</u>		<u>10,334,989</u>
8	Percentage			<u>0.00%</u>	<u>0.00%</u>		<u>100.00%</u>
8	Accum. Amortization of CIAC:						
9	Plant Capacity Fees	\$ 2,176,603	c	\$ 0	\$ 0		2,176,603
10	Main Extensions	3,070,875	c	0	0		3,070,875
11	Contributed Lines	0	c	0	0		0
12	Other Contributed Property	0	c	0	0		0
13	Service Installation Fees	0	c	0	0		0
14	Total Amortization of CIAC	<u>\$ 5,247,478</u>		<u>\$ 0</u>	<u>\$ 0</u>		<u>5,247,478</u>
15	Percentage			<u>0.00%</u>	<u>0.00%</u>		<u>100.00%</u>

SANLANDO UTILITIES CORPORATION
Effluent Rate Study-Sewer Operations
Cost Allocation

Allocation of Operation and Maintenance Expenses									
Line No.	Col. 1 Acct. No. and Description	Col. 2 1996	Col. 3 Adjustmnts	Col. 4 Adjusted Total	Col. 5 Alloc Symbol	Col. 6 Effluent Reuse		Col. 7 Disposal	Col. 8 Other
						Irrigation	Disposal		
1	COLLECTION EXPENSE:								
2	701-Salaries & Wages	\$ 33,745	\$ 0	\$ 33,745	c	\$ 0	\$ 0	\$ 0	\$ 33,745
3	704-Employee Benefits	6,874	0	6,874	c	0	0	0	6,874
4	715-Purchased Power	0	0	0	c	0	0	0	0
5	720-Materials & Supplies	16,140	0	16,140	c	0	0	0	16,140
6	731-Contract Services, Engr.	9	0	9	c	0	0	0	9
7	742-Equipment Rental	315	0	315	c	0	0	0	315
8	750-Transportation Exp.	9,076	0	9,076	c	0	0	0	9,076
9	775-Misc. Expenses	46,979	0	46,979	c	0	0	0	46,979
10	PUMPING EXPENSE:								
11	701-Salaries & Wages	74,718	0	74,718	c	0	0	0	74,718
12	704-Employee Benefits	15,221	0	15,221	c	0	0	0	15,221
13	715-Purchased Power	59,756	0	59,756	c	0	0	0	59,756
14	718-Chemicals	3,843	0	3,843	c	0	0	0	3,843
15	720-Materials & Supplies	8,640	0	8,640	c	0	0	0	8,640
16	731-Contract Services, Engr.	3	0	3	c	0	0	0	3
17	750-Transportation Exp.	11,791	0	11,791	c	0	0	0	11,791
18	775-Misc. Expenses	32,947	0	32,947	c	0	0	0	32,947
19	TREATMENT PLANT EXPENSE:								
20	701-Salaries & Wages	295,575	23,015	318,590	d	0	23,015	0	295,575
21	704-Employee Benefits	60,214	0	60,214	i	0	4,350	0	55,864
22	710-Purchased Treatment	149,289	0	149,289	c	0	0	0	149,289
23	711-Sludge Removal	109,796	0	109,796	c	0	0	0	109,796
24	715-Purchased Power	163,365	30,934	194,299	d	0	30,934	0	163,365
25	718-Chemicals	116,127	3,413	119,540	d	0	3,413	0	116,127
26	720-Materials & Supplies	24,359	3,545	27,904	d	0	3,545	0	24,359
27	731-Contract Services, Engr.	58,969	977	59,946	d	0	977	0	58,969
28	735-Contract Services, Other	30,440	3,989	34,429	d	0	3,989	0	30,440
29	742-Equipment Rental	0	46	46	d	0	46	0	0
30	750-Transportation Exp.	6,040	1,214	7,254	d	0	1,214	0	6,040
31	775-Misc. Expenses	27,256	621	27,877	d	0	621	0	27,256
32	CUSTOMER BILLING:								
33	701-Salaries & Wages	77,334	0	77,334	g	0	0	0	77,334
34	704-Employee Benefits	15,754	0	15,754	g	0	0	0	15,754
35	720-Materials & Supplies	0	0	0	g	0	0	0	0
36	742-Equipment Rental	0	0	0	g	0	0	0	0
37	770-Bad Debt Expense	2,151	0	2,151	c	0	0	0	2,151
38	775-Misc. Expenses	30,760	0	30,760	g	0	0	0	30,760
39	GENERAL & ADMINISTRATIVE:								
40	701-Salaries & Wages	86,553	0	86,553	f	0	2,006	0	84,547
41	703-Officers Compensation	139,364	0	139,364	f	0	3,231	0	136,133
42	704-Employee Benefits	17,632	0	17,632	f	0	409	0	17,223
43	715-Purchased Power	7,316	0	7,316	f	0	170	0	7,146
44	720-Materials & Supplies	0	0	0	f	0	0	0	0
45	732-Contract Services, Acctg.	6,332	0	6,332	f	0	147	0	6,185
46	733-Contract Services, Legal	41,485	0	41,485	f	0	962	0	40,523
47	734-Contract Serv. Mgmt Fee	109,799	0	109,799	f	0	2,545	0	107,254
48	735-Contract Services, Other	7,685	0	7,685	f	0	178	0	7,507
49	741-Property Rental	87,458	0	87,458	f	0	2,027	0	85,431
50	742-Equipment Rental	49	0	49	f	0	1	0	48
51	750-Transportation Exp.	3,059	0	3,059	f	0	71	0	2,988
52	756-Insurance, Vehicle	15,328	0	15,328	f	0	355	0	14,973
53	757-Insurance, Gen. Liability	41,896	0	41,896	f	0	971	0	40,925
54	758-Workman's Comp. Ins.	29,436	0	29,436	f	0	682	0	28,754
55	759-Insurance, Other	0	0	0	f	0	0	0	0
56	760-Advertising	0	0	0	f	0	0	0	0
57	766-Rate Case Exp.	0	10,000	10,000	j	0	10,000	0	0
58	767-Reg. Commission Exp.	0	0	0	f	0	0	0	0
59	775-Misc. Expenses	77,022	0	77,022	f	0	1,785	0	75,237
62	Total	\$ 2,157,902	\$ 77,754	\$ 2,235,656		\$ 0	\$ 97,644	\$ 2,138,012	
63	Percentage					0.00%	4.37%	95.63%	

SANLANDO UTILITIES CORPORATION
Effluent Rate Study-Sewer Operations
Cost Allocation

Depreciation Expense Allocation

Line No.	Col. 1 Description	Col. 2 1996	Col. 3 Allocation Symbol	Col. 4 Col. 5 Effluent Reuse		Col. 6 Other
				Irrigation	Disposal	
1	Intangible Plant	\$ 0	f	\$ 0	\$ 0	\$ 0
2	Collecting System	149,740	c	0	0	149,740
3	Pumping System	67,297	c	0	0	67,297
4	Treatment and Disposal	332,225	e	0	90,781	241,444
5	General Plant:					
6	Other Than Transportation	39,715	f	0	3,282	36,433
7	Transportation Equipment	25,102	f	0	2,074	23,028
8	Total Depreciation-UPIS	614,079		0	96,137	517,942
9	Amortization of CIAC	(360,270)	Sch. E	0	0	(360,270)
10	Total Annual Depreciation	<u>\$ 253,809</u>		<u>\$ 0</u>	<u>\$ 96,137</u>	<u>\$ 157,672</u>
11	Percentage			<u>0.00%</u>	<u>37.88%</u>	<u>62.12%</u>

SANLANDO UTILITIES CORPORATION
Effluent Rate Study-Sewer Operations
Cost Allocation

Depreciation Expense by Primary Account

Line No.	Col. 1 Account No. and Name	Col. 2 UPIS Balance Adj 12/31/96	Col. 3 Deprec. Rate	Col. 4 Annual Expense
1	INTANGIBLE PLANT:			
2	351.1-Organization	\$ 0	2.5000%	\$ 0
3	352.1-Franchises	0	2.5000%	0
4	389.1-Other Plant & Misc. Equipment	0	5.5556%	0
5	COLLECTION PLANT:			
6	353.2-Land & Land Rights	0	n/a	0
7	354.2-Structures & Improvements	0	3.1250%	0
8	360.2-Collection Sewers-Force	63,772	3.3333%	2,126
9	361.2-Collection Sewers-Gravity	6,642,677	2.2222%	147,614
10	362.2-Special Collection Struct.	0	2.5000%	0
11	363.2-Services to Customers	0	2.6316%	0
12	364.2-Flow Measuring Devices	0	20.0000%	0
13	365.2-Flow Measuring Install.	0	2.6316%	0
14	389.2-Other Plant & Misc. Equipment	0	5.5556%	0
15	SYSTEM PUMPING PLANT:			
16	353.3-Land & Land Rights	0	n/a	0
17	354.3-Structures & Improvements	0	3.1250%	0
18	370.3-Receiving Wells	0	3.1250%	0
19	371.3-Electric Pumping Equipment	1,211,330	5.5556%	67,297
20	389.3-Other Plant & Misc. Equipment	0	5.5556%	0
21	TREATMENT/DISPOSAL PLANT:			
22	353.4-Land & Land Rights	202,207	n/a	0
23	354.4-Structures & Improvements	248,782	3.1250%	7,774
24	380.4-Treatment/Disposal Equip.	3,918,098	5.5556%	217,674
25	381.4-Plant Sewers	19,560	2.8571%	559
26	382.4-Outfall Sewers	1,491,991	3.3333%	49,733
27	389.4-Other Plant & Misc. Equipment	1,016,713	5.5556%	56,485
28	GENERAL PLANT - SEWER:			
29	353.5-Land & Land Rights	0	n/a	0
30	354.5-Structures & Improvements	9,971	2.5000%	249
31	390.5-Office Furniture & Equip.	52,467	6.6667%	3,498
32	391.5-Transportation Equipment	150,611	16.6667%	25,102
33	392.5-Stores Equipment	317	5.5556%	18
34	393.5-Tools, Shop, Garage Equip.	65,620	6.2500%	4,101
35	394.5-Laboratory Equipment	57,539	6.6667%	3,836
36	395.5-Power Operated Equipment	91,169	6.2500%	5,698
37	396.5-Communication Equipment	14,728	10.0000%	1,473
38	397.5-Miscellaneous Equipment	12,570	6.6667%	838
39	398.5-Other Tangible Plant	120,024	16.6667%	20,004
40	Subtotal	<u>\$15,390,146</u>		<u>\$ 614,079</u>
41	CIAC Amortization:			
42	Plant Capacity Fees	\$ 3,918,098	5.5556%	\$ 217,674
43	Main Extensions	6,416,891	2.2222%	142,596
44	Contributed Lines	0	3.3333%	0
45	Other Contributed Property	0	3.9900%	0
46	Service Installation Fees	0	2.6316%	0
47	Subtotal	<u>\$10,334,989</u>		<u>\$ 360,270</u>
48	Net, Depreciation Expense			<u>\$ 253,809</u>

SANLANDO UTILITIES CORPORATION
Effluent Rate Study-Sewer Operations
Cost Allocation

Allocation of Taxes, Other Than Income Tax

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6		Col. 7	Col. 8
	Description	1996	Adjustmt	ProForma Amount	Allocation Symbol	Effluent Reuse		Disposal	Other
						Irrigation			
1	Payroll Taxes	\$ 46,480	\$ 0	\$ 46,480	k	\$ 0		\$ 1,968	\$ 44,512
2	Property Taxes	32,365	0	32,365	Sch. C	0		4,039	28,326
3	Other Tax & Licenses	20,601	0	20,601	Sch. B	0		9,823	10,778
4	Revenue Taxes	<u>128,485</u>	<u>14,066 (1)</u>	<u>142,551</u>	Sch. A	<u>0</u>		<u>19,680</u>	<u>122,871</u>
5	Total Taxes, Other	<u>\$ 227,931</u>	<u>\$ 14,066</u>	<u>\$ 241,997</u>		<u>\$ 0</u>		<u>\$ 35,510</u>	<u>\$ 206,487</u>
6	Percentage					<u>0.00%</u>		<u>14.67%</u>	<u>85.33%</u>

Note : (1) Revenue Tax Calculation :

Pro Forma Revenue Rqt	3,167,791
Rev Tax Rate	4.50%
Pro Forma Revenue Tax	<u>142,551</u>
1996 Revenue Tax	<u>(128,485)</u>
Adj	<u>14,066</u>

SANLANDO UTILITIES CORPORATION
Effluent Rate Study-Sewer Operations
Cost Allocation

Effluent Reuse Allocation Symbols

Line No.	Allocation Symbols	Description	Allocation Factor
1	a	Items bearing this symbol are allocated based on hydraulic share of Effluent Reuse facility with a weighing adjustment for cost benefits to general customer base.	
2			
3			
4		ADF Hydraulic Benefit	
5		(kgals) Share Weighing	
6		Irrigation Demand 0 0.00% 0%	0.00%
7		Reuse Disposal Capacity 2,200 100.00% 100%	100.00%
8	b	Treatment & Disposal Land is allocated based on proportionate share of T & D plant costs (excluding outfall mains to golf courses).	
9			
10		T & D Plant Cost 5,847,158	
11		Effluent Reuse, Irrigation Plant 0	0.00%
12		Effluent Reuse, Disposal Plant 1,002,066	17.14%
13			
14	c	These items are not necessary for providing effluent service and do not impact effluent costs.	0.00%
15			
16			
17	d	Items bearing this symbol are allocated based on the relative effluent reuse flow to total effluent reuse system capacity.	
18			
19		Effluent Reuse Capacity - ADF (kgals) 2,200.0	
20		Irrigation Demand - ADF (kgals) 0.0	0.00%
21		Reuse Disposal Capacity - ADF (kgals) 2,200.0	100.00%
22			
23	e	Items bearing this symbol are allocated based on the relationship of effluent reuse T & D facilities to total treatment and disposal plant.	
24			
25		Total T & D Plant 6,897,351	
26		Effluent Reuse Facilities 0	0.00%
27		Effluent Disposal Facilities 1,884,706	27.33%
28			
29	f	Items bearing this symbol are allocated based on a 50% weighing of all other (effluent reuse disposal) items and do not impact effluent reuse irrigation costs.	
30			
31			
32	g	Items bearing this symbol are allocated to effluent reuse based on judgement.	0.00%
33			
34	h	Accumulated depreciation for general plant items are allocated based on the UPIS (general plant) allocation.	
35			
36			
37	i	Treatment & Disposal benefits and comp insurance are allocated on the basis T & D labor costs.	
38			
39			
40	j	Rate case related costs are allocated to effluent reuse disposal costs.	
41			
42	k	Payroll taxes are allocated on the basis of the allocation of total labor costs.	
43		Total Labor 590,940	
44		Effluent Reuse Labor Costs 0	0.00%
45		Effluent Disposal Labor Costs 25,021	4.23%
46			
47	l	Income taxes are calculated as follows and allocated on the basis of the Rate Base.	
48		Rate of Return 10.25% Less 10.25% Wgt Cost of Debt =	
49		Wgt Cost Equity 0.00% x 3,958,317 Rate Base =	
50		Debt Coverage Rq 50,667 x 160.33% Gross-Up =	
51		Pre-tax Coverage 81,236 x 37.630% Tax Rate =	
52		<u>30,569</u> FIT	

SANLANDO UTILITIES CORPORATION
Effluent Disposal Rate Study
Rate Development Schedule
Disposal Rates

Line No.	Col. 1 Effluent Reuse Disposal Costs	Col. 2 Total Cost	Col. 3 Base Facility	Col. 4 Usage Charge	Col. 5 Base Cost	Col. 6 Usage Cost
1	701-Salaries & Wages	25,021	50%	50%	12,511	12,511
2	703-Officers Compensation	3,231	50%	50%	1,616	1,616
3	704-Employee Benefits	4,759	50%	50%	2,380	2,380
4	715-Purchased Power	31,104		100%	0	31,104
5	718-Chemicals	3,413		100%	0	3,413
6	720-Materials & Supplies	3,545	50%	50%	1,773	1,773
7	732-Contract Services, Acctg.	147	50%	50%	74	74
8	733-Contract Services, Legal	962	50%	50%	481	481
9	734-Contract Serv, Mgmt Fee	2,545	50%	50%	1,273	1,273
10	735-Contract Services, Other	5,144	50%	50%	2,572	2,572
11	741-Property Rental	2,027	100%		2,027	0
12	742-Equipment Rental	47	50%	50%	24	24
13	750-Transportation Exp.	1,285	100%		1,285	0
14	756-Insurance, Vehicle	355	50%	50%	178	178
15	757-Insurance, Gen. Liability	971	50%	50%	486	486
16	758-Workman's Comp. Ins.	682	50%	50%	341	341
17	759-Insurance, Other	0	50%	50%	0	0
18	760-Advertising	0	50%	50%	0	0
19	766-Rate Case Exp.	10,000	50%	50%	5,000	5,000
20	767-Reg. Commission Exp.	0	50%	50%	0	0
21	775-Misc. Expenses	2,406	50%	50%	1,203	1,203
22	O & M Expense	<u>97,644</u>			<u>33,220</u>	<u>64,425</u>
23						
24						
25	Depreciation, Net	96,137	100%		96,137	0
26						
27	Payroll Taxes	1,968	50%	50%	984	984
28	Property Taxes	4,039	100%		4,039	0
29	Other Tax & Licenses	9,823	100%		9,823	0
30	Income Taxes	14,575	50%	50%	7,288	7,288
31	Return Requirement	193,467	50%	50%	96,733	96,733
32						
33	Revenue Taxes	<u>19,680</u>	59%	41%	<u>11,611</u>	<u>8,069</u>
34						
35	Total Revenue Requirement	<u>437,333</u>			<u>259,835</u>	<u>177,498</u>
					59.41%	40.59%
36	Credit from Existing Revenue	(154,353)			(91,707)	(62,647)
37	Net Revenue Requirement	<u>282,980</u>			<u>168,128</u>	<u>114,852</u>
38					59.41%	40.59%

SANLANDO UTILITIES CORPORATION
Effluent Rate Study
Billing Analysis - Effluent Reuse Disposal Customers

Line No.	Col. 1 Meter Size	Col. 2 Monthly Customers	Col. 3 Monthly Usage	Col. 4 Meter Factor	Col. 5 Meter Equivalentents	Col. 6 Base Facility Mo. Rate	Col. 7 Base Facility Monthly Rev. \$1.46	Col. 8 Usage Chg. Monthly Rev. \$0.11	Col. 9 Total Annual Revenues
1	Res.	7,583	63,151,224	1.0	7,583.0	\$1.46	\$11,071.18	\$6,946.63	\$216,214
2	5/8 x 3/4	79	1,038,253	1.0	79.0	\$1.46	115.34	114.21	2,755
3	1	56	1,099,720	2.5	140.0	\$3.65	204.40	120.97	3,904
4	1 1/2	86	3,294,216	5.0	430.0	\$7.30	627.80	362.36	11,882
5	2	91	6,582,583	8.0	728.0	\$11.68	1,062.88	724.08	21,444
6	3	18	3,650,355	16.0	288.0	\$23.36	420.48	401.54	9,864
7	4	5	2,784,051	25.0	125.0	\$36.50	182.50	306.25	5,865
8	6	2	4,748,250	50.0	100.0	\$73.00	146.00	522.31	8,020
9	8	2	265,250	80.0	160.0	\$116.80	233.60	29.18	3,153
10		7,922	86,613,902		9,633.0		\$14,064.18	\$9,527.53	<u>\$283,101</u>
	Gallonage Charge Only		86,613,902				\$0.00	\$0.27	<u>\$280,629</u>

**SANLANDO UTILITIES CORPORATION
CAPITAL STRUCTURE**

	Amount	Ratio	Cost	WCC
DEBT - Existing	2,108,265	53.26%	8.40%	4.47%
DEBT - New	1,850,052	46.74%	12.36%	5.78%
EQUITY	<u>0</u>	0.00%	13.51%	<u>0.00%</u>
	3,958,317			10.25%

SANLANDO UTILITIES CORPORATION
Effluent Rate Study
Annual Financing Costs of New Construction
and Debt Coverage Requirement

Line No.	Col. 1	Constuction Cost	Col. 2	Col. 3
	Customer		20 Yr Financing	
			Annual Cost	Cost per TG
1	Effluent Disposal Plant	\$1,002,066	\$109,773	\$0.137
2	Effluent Disposal Mains	847,986	92,894	\$0.116
3	Total Capital Project Costs	\$1,850,052	<u>\$202,667</u>	\$0.252
4	Coverage Requirement @	1.25	<u>\$50,667</u>	\$0.063
5	Effective Debt Service Cost		\$253,334	
6	Effective Interest Rate		12.36%	

Note: Terms of finance costs are calculated at 9.0% interest with annual payments.

SANLANDO UTILITIES CORPORATION
Effluent Rate Study-Sewer Operations
 Billing Analysis - Sewer Customers
 Reuse Revenue Requirement

Work Paper

	Meter Size	Avg # Bills	Avg Month Usage (gals)	Monthly (1,000 g.)	Monthly Base Chg	Gallage Charge	Monthly Revenue		
							Base	Gallage	Total
Residential	All	7,583	8,328	63,151.2	\$1.46	\$0.11	\$11,071	\$6,947	\$18,018
General Service	5/8" x 3/4"	60	13,863	831.8	1.46	0.11	88	92	179
	1"	47	21,542	1,012.5	3.65	0.11	172	111	283
	1 1/2"	18	56,396	1,015.1	7.30	0.11	131	112	243
	2"	24	90,256	2,166.1	11.68	0.11	280	238	519
	3"	3	389,750	1,169.3	23.36	0.11	70	129	199
	4"	3	133,323	400.0	36.50	0.11	110	44	154
	6"	1	3,673,750	3,673.8	73.00	0.11	73	404	477
	8"	1	51,000	51.0	116.80	0.11	117	6	122
Total G.S.		157		10,319.6			\$1,040	\$1,135	\$2,175
Multi-Family	5/8" x 3/4"	19	10,867	206.5	1.46	0.11	28	23	50
	1"	9	9,694	87.2	3.65	0.11	33	10	42
	1 1/2"	68	33,516	2,279.1	7.30	0.11	496	251	747
	2"	67	65,917	4,416.4	11.68	0.11	783	486	1,268
	3"	15	165,407	2,481.1	23.36	0.11	350	273	623
	4"	2	1,192,041	2,384.1	36.50	0.11	73	262	335
	6"	1	1,074,500	1,074.5	73.00	0.11	73	118	191
	8"	1	214,250	214.3	116.80	0.11	117	24	140
Total Multi		182		13,143.2			\$1,953	\$1,446	\$3,399
Sewer System Total		7,922		86,614.0			\$14,064	\$9,528	\$23,592
Annual Total (Disposal)		<u>7,922</u>		<u>1,039,368</u>			<u>\$168,770</u>	<u>\$114,330</u>	<u>\$283,101</u>

SANLANDO UTILITIES CORPORATION
 Effluent Rate Study-Sewer Operations
 1996 Billing Analysis - Sewer Customers

Work Paper

Period (Jan-Sep)	Meter Size	Avg # Meters	Avg Month Usage (gals)	Monthly (1,000 g.)	Monthly Rate		Monthly Revenue			Jan-Sep Revenue
					Base Chg	Gallonaage	Base	Gallonaage	Total	
Residential	All	7,583	8,328	63,151.2	\$10.06	\$1.33	\$76,285	\$83,991	\$160,276	\$1,442,485
General Service	5/8" x 3/4"	60	13,863	831.8	\$10.06	\$1.60	604	1,331	1,934	17,410
	1"	47	21,542	1,012.5	25.14	1.60	1,182	1,620	2,802	25,214
	1 1/2"	18	56,396	1,015.1	50.29	1.60	905	1,624	2,529	22,764
	2"	24	90,256	2,166.1	80.46	1.60	1,931	3,466	5,397	48,571
	3"	3	389,750	1,169.3	160.91	1.60	483	1,871	2,354	21,182
	4"	3	133,323	400.0	251.43	1.60	754	640	1,394	12,549
	6"	1	3,673,750	3,673.8	502.86	1.60	503	5,878	6,381	57,428
	8"	0	0	0.0	804.56	1.60	0	0	0	0
Total G.S.		156		10,268.6			\$6,361	\$16,430	\$22,791	\$205,120
Multi-Family	5/8" x 3/4"	19	10,867	206.5	\$10.06	\$1.60	191	330	522	4,694
	1"	9	9,694	87.2	25.14	1.60	226	140	366	3,292
	1 1/2"	68	33,516	2,279.1	50.29	1.60	3,420	3,647	7,066	63,597
	2"	67	65,917	4,416.4	80.46	1.60	5,391	7,066	12,457	112,114
	3"	15	165,407	2,481.1	160.91	1.60	2,414	3,970	6,383	57,451
	4"	2	1,192,041	2,384.1	251.43	1.60	503	3,815	4,317	38,857
	6"	1	1,074,500	1,074.5	502.86	1.60	503	1,719	2,222	19,999
	8"	1	214,250	214.3	804.56	1.60	805	343	1,147	10,327
Total Multi		182		13,143.2			\$13,452	\$21,029	\$34,481	\$310,329
Sewer System Total		7,921		86,563.0			\$96,098	\$121,450	\$217,548	\$1,957,933
Period (Oct-Dec)										
										Revenue
Residential	All	7,583	8,328	63,151.2	\$10.16	\$1.34	\$77,043	\$84,623	\$161,666	\$484,998
General Service	5/8" x 3/4"	60	13,863	831.8	\$10.16	\$1.62	610	1,348	1,957	5,871
	1"	47	21,542	1,012.5	25.40	1.62	1,194	1,640	2,834	8,502
	1 1/2"	18	56,396	1,015.1	50.80	1.62	914	1,644	2,559	7,677
	2"	24	90,256	2,166.1	81.28	1.62	1,951	3,509	5,460	16,379
	3"	3	389,750	1,169.3	162.55	1.62	488	1,894	2,382	7,146
	4"	3	133,323	400.0	253.99	1.62	762	648	1,410	4,230
	6"	1	3,673,750	3,673.8	507.99	1.62	508	5,952	6,460	19,379
(Dec. Only)	8"	1	51,000	51.0	812.77	1.62	813	83	895	895
Total G.S.		157		10,319.6			\$7,239	\$16,718	\$23,957	\$70,079
Multi-Family	5/8" x 3/4"	19	10,867	206.5	\$10.16	\$1.62	193	335	528	1,583
	1"	9	9,694	87.2	25.40	1.62	229	141	370	1,110
	1 1/2"	68	33,516	2,279.1	50.80	1.62	3,454	3,692	7,147	21,440
	2"	67	65,917	4,416.4	81.28	1.62	5,446	7,155	12,600	37,801
	3"	15	165,407	2,481.1	162.55	1.62	2,438	4,019	6,458	19,373
	4"	2	1,192,041	2,384.1	253.99	1.62	508	3,862	4,370	13,111
	6"	1	1,074,500	1,074.5	507.99	1.62	508	1,741	2,249	6,746
	8"	1	214,250	214.3	812.77	1.62	813	347	1,160	3,480
Total Multi		182		13,143.2			\$13,589	\$21,292	\$34,881	\$104,642
Sewer System Total		7,922		86,614.0			\$97,871	\$122,632	\$220,503	\$659,719
Annual Sewer Service Revenue										\$2,617,653
Sales to Public Authority										225,643
Other Sewer Revenues										13,128
Total Annual Revenue										\$2,856,424
Booked Revenues										2,855,217
Immaterial Difference										\$1,207

SANLANDO UTILITIES CORPORATION
Effluent Rate Study-Sewer Operations
Annualized Billing Analysis

Work Paper

	Meter Size	Avg # Meters	Avg Month Usage (gals)	Monthly (1,000 g.)	Monthly Rate		Monthly Revenue			Annual Revenue
					Base Chg	Gallonge	Base	Gallonge	Total	
Residential	All	7,583	8,328	63,151.2	\$10.16	\$1.34	\$77,043	\$84,623	\$161,666	\$1,939,991
General Service	5/8" x 3/4"	60	13,863	831.8	\$10.16	\$1.62	610	1,348	1,957	23,485
	1"	47	21,542	1,012.5	25.40	1.62	1,194	1,640	2,834	34,009
	1 1/2"	18	56,396	1,015.1	50.80	1.62	914	1,644	2,559	30,706
	2"	24	90,256	2,166.1	81.28	1.62	1,951	3,509	5,460	65,518
	3"	3	389,750	1,169.3	162.55	1.62	488	1,894	2,382	28,583
	4"	3	133,323	400.0	253.99	1.62	762	648	1,410	16,920
	6"	1	3,673,750	3,673.8	507.99	1.62	508	5,952	6,460	77,515
	8"	1	51,000	51.0	812.77	1.62	813	83	895	10,745
Total G.S.		157		10,319.6			\$7,239	\$16,718	\$23,957	\$287,480
Multi-Family	5/8" x 3/4"	19	10,867	206.5	\$10.16	\$1.62	193	335	528	6,331
	1"	9	9,694	87.2	25.40	1.62	229	141	370	4,438
	1 1/2"	68	33,516	2,279.1	50.80	1.62	3,454	3,692	7,147	85,758
	2"	67	65,917	4,416.4	81.28	1.62	5,446	7,155	12,600	151,204
	3"	15	165,407	2,481.1	162.55	1.62	2,438	4,019	6,458	77,492
	4"	2	1,192,041	2,384.1	253.99	1.62	508	3,862	4,370	52,443
	6"	1	1,074,500	1,074.5	507.99	1.62	508	1,741	2,249	26,984
	8"	1	214,250	214.3	812.77	1.62	813	347	1,160	13,919
Total Multi		182		13,143.2			\$13,589	\$21,292	\$34,881	\$418,569

Annual Sewer Service Revenue	\$2,646,040
Sales to Public Authority	225,643
Other Sewer Revenues	13,128
Total Annual Revenue	\$2,884,811
Booked Revenues	2,855,217
Additional Revenue	29,594

SANLANDO UTILITIES CORPORATION
Effluent Rate Study-Sewer Operations
 Billing Analysis With Reuse Revenue

Work Paper

	Meter Size	Avg # Meters	Avg Month Usage (gals)	Monthly (1,000 g.)	Monthly Rate		Monthly Revenue			Annual Revenue
					Base Chg	Gallorage	Base	Gallorage	Total	
Residential	All	7,583	8,328	63,151.2	\$11.25	\$1.41	\$85,309	\$89,043	\$174,352	\$2,092,223
General Service	5/8" x 3/4"	60	13,863	831.8	\$11.25	\$1.69	675	1,406	2,081	24,969
	1"	47	21,542	1,012.5	28.13	1.69	1,322	1,711	3,033	36,399
	1 1/2"	18	56,396	1,015.1	56.25	1.69	1,013	1,716	2,728	32,736
	2"	24	90,256	2,166.1	90.00	1.69	2,160	3,661	5,821	69,849
	3"	3	389,750	1,169.3	179.99	1.69	540	1,976	2,516	30,193
	4"	3	133,323	400.0	281.24	1.69	844	676	1,520	18,237
	6"	1	3,673,750	3,673.8	562.49	1.69	562	6,209	6,771	81,255
	8"	1	51,000	51.0	899.97	1.69	900	86	986	11,834
Total G.S.		157		10,319.6			\$8,016	\$17,440	\$25,456	\$305,471
Multi-Family	5/8" x 3/4"	19	10,867	206.5	\$11.25	\$1.69	214	349	563	6,753
	1"	9	9,694	87.2	28.13	1.69	253	147	401	4,806
	1 1/2"	68	33,516	2,279.1	56.25	1.69	3,825	3,852	7,677	92,120
	2"	67	65,917	4,416.4	90.00	1.69	6,030	7,464	13,494	161,925
	3"	15	165,407	2,481.1	179.99	1.69	2,700	4,193	6,893	82,715
	4"	2	1,192,041	2,384.1	281.24	1.69	562	4,029	4,592	55,099
	6"	1	1,074,500	1,074.5	562.49	1.69	562	1,816	2,378	28,541
	8"	1	214,250	214.3	899.97	1.69	900	362	1,262	15,146
Total Multi		182		13,143.2			\$15,047	\$22,212	\$37,259	\$447,105
Irrigation	All	3		33,488.8	\$0.00	\$0.21	\$0	\$7,033	\$7,033	\$84,392

Annual Sewer Service Revenue	\$2,929,191
Sales to Public Authority	225,643
Other Sewer Revenues	13,128
Total Annual Revenue	\$3,167,962
Revenue Requirement	3,167,792
Difference	170

Respondent: Gary C. White
Guastella Associates, Inc.

Request: Charles H. Hill (FPSC) letter of 9/23/97.

For Schedule No. 4:

- #3 a. Provide the source for the 1,039,367 gallons. This should include a billing analysis for the wastewater customers broken down by customer class and meter size.**
-

Response: The 1,039,367 thousand gallons of usage reflect the annualized usage for the number of year-end 1996 customers. The source information was compiled from the Company's billing records. Please see the attached customer summary schedule and annualized billing analysis.

SANLANDO UTILITIES CORPORATION
Effluent Rate Study – Sewer Operations
Billing Analysis – Sewer Customers

Work Paper

	<u>Meter Size</u>	<u>Avg # Meters</u>	<u>Avg Month Usage (gals)</u>	<u>Total Mo. Demand</u>
Residential	All	7,583	8,328	63,151,224
General Service	5/8" x 3/4"	60	13,863	831,780
	1"	47	21,542	1,012,474
	1 1/2"	18	56,396	1,015,128
	2"	24	90,256	2,166,144
	3"	3	389,750	1,169,250
	4"	3	133,323	399,969
	6"	1	3,673,750	3,673,750
	8" (a)	1	51,000	51,000
Total G.S.		157		10,319,495
Multi-Family	5/8" x 3/4"	19	10,867	206,473
	1"	9	9,694	87,248
	1 1/2"	68	33,516	2,279,088
	2"	67	65,917	4,416,439
	3"	15	165,407	2,481,105
	4"	2	1,192,041	2,384,082
	6"	1	1,074,500	1,074,500
	8"	1	214,250	214,250
Total Multi		182		13,143,183
Sewer System Total		<u>7,922</u>		<u>86,613,902</u>
Annual Flow (1,000 gals.)				1,039,367
ADF (1,000 gals.)				2,847.6

Note (a): New Customer at December 1, 1996.

SANLANDO UTILITIES CORPORATION
Effluent Rate Study - Sewer Operations
Annualized Billing Analysis

Work Paper

	Meter Size	Avg # Bills	Avg Month Usage (gals)	Monthly (1,000 g.)	Monthly Rate		Monthly Revenue			Annual Revenue
					Base Chg	Gallorage	Base	Gallorage	Total	
Residential	All	7,583	8,328	63,151.2	\$10.16	\$1.34	\$77,043	\$84,823	\$161,666	\$1,939,991
General Service	5/8" x 3/4"	60	13,863	831.8	\$10.16	\$1.62	610	1,348	1,957	23,485
	1"	47	21,542	1,012.5	25.40	1.62	1,194	1,640	2,834	34,009
	1 1/2"	18	56,396	1,015.1	50.80	1.62	914	1,644	2,559	30,706
	2"	24	90,258	2,166.1	81.28	1.62	1,951	3,509	5,460	65,518
	3"	3	389,750	1,169.3	162.55	1.62	488	1,894	2,382	28,583
	4"	3	133,323	400.0	253.99	1.62	762	648	1,410	16,920
	6"	1	3,673,750	3,673.8	507.99	1.62	508	5,952	6,460	77,515
	8"	1	51,000	51.0	812.77	1.62	813	83	895	10,745
Total G.S.		157		10,319.6			\$7,239	\$16,718	\$23,957	\$287,480
Multi-Family	5/8" x 3/4"	19	10,867	208.5	\$10.16	\$1.62	193	335	528	6,331
	1"	9	9,694	87.2	25.40	1.62	229	141	370	4,438
	1 1/2"	68	33,516	2,279.1	50.80	1.62	3,454	3,892	7,147	85,758
	2"	67	65,917	4,416.4	81.28	1.62	5,446	7,155	12,600	151,204
	3"	15	165,407	2,481.1	162.55	1.62	2,438	4,019	6,458	77,492
	4"	2	1,192,041	2,384.1	253.99	1.62	508	3,862	4,370	52,443
	6"	1	1,074,500	1,074.5	507.99	1.62	508	1,741	2,249	26,984
	8"	1	214,250	214.3	812.77	1.62	813	347	1,160	13,919
Total Multi		182		13,143.2			\$13,589	\$21,292	\$34,881	\$418,569
Monthly Totals		7,922		86,614.0			\$97,871	\$122,632	\$220,503	
Annual Totals		95,064		1,039,387				Annual Sewer Service Revenue	\$2,846,040	
								Sales to Public Authority	225,643	
								Other Sewer Revenues	13,128	
								Total Annual Revenue	\$2,884,811	
								Booked Revenues	2,855,217	
								Additional Revenue	29,594	

SANLANDO UTILITIES CORPORATION
DOCKET NO. 971186-SU

FLORIDA PUBLIC SERVICE COMMISSION
DOCUMENT / RECORD REQUEST

Respondent: Gary C. White
Guastella Associates, Inc.

Request: Charles H. Hill (FPSC) letter of 9/23/97.

For Schedule No. 4:

- #3 b. Provide the ERCs and gallons used to calculate the base facility and usage charges.**

Response: Please see the attached work paper (Billing Analysis—Effluent Reuse Disposal Customers).

SANLANDO UTILITIES CORPORATION
Effluent Rate Study
Billing Analysis – Effluent Reuse Disposal Customers

Line No.	Col. 1 Meter Size	Col. 2 Monthly		Col. 4 Meter Factor	Col. 5 Meter Equivalents	Col. 6 Base Facility Mo. Rate	Col. 7	Col. 8	Col. 9
		Customers	Usage				Base Facility Monthly Rev. \$1.48	Usage Chg. Monthly Rev. \$0.11	Total Annual Revenues
1	Res.	7,583	63,151,224	1.0	7,583.0	\$1.48	\$11,071.18	\$6,946.63	\$216,214
2	5/8 x 3/4	79	1,038,253	1.0	79.0	\$1.48	115.34	114.21	2,755
3	1	58	1,099,720	2.5	140.0	\$3.65	204.40	120.97	3,904
4	1 1/2	88	3,294,216	5.0	430.0	\$7.30	627.80	362.36	11,882
5	2	91	6,582,583	8.0	728.0	\$11.68	1,062.68	724.08	21,444
6	3	18	3,650,355	16.0	288.0	\$23.36	420.48	401.54	9,864
7	4	5	2,784,051	25.0	125.0	\$36.50	182.50	306.25	5,865
8	6	2	4,748,250	50.0	100.0	\$73.00	146.00	522.31	8,020
9	8	2	265,250	80.0	160.0	\$116.80	233.60	29.18	3,153
10		7,922	86,613,902		9,633.0		\$14,064.18	\$9,527.53	<u>\$283,101</u>

SANLANDO UTILITIES CORPORATION
DOCKET NO. 971186-SU

FLORIDA PUBLIC SERVICE COMMISSION
DOCUMENT / RECORD REQUEST

Respondent: Gary C. White
Guastella Associates, Inc.

Request: Charles H. Hill (FPSC) letter of 9/23/97.

For Schedule No. 4:

- #3 c. Provide the percentages used to allocate the reuse revenue requirement to the base facility and gallonage charges for the effluent disposal customers.**
-

Response: Please see the attached work paper (Rate Development Schedule – Disposal Rates).

SANLANDO UTILITIES CORPORATION
Effluent Disposal Rate Study
Rate Development Schedule
Disposal Rates

Line No.	Col. 1 Effluent Reuse Disposal Costs	Col. 2 Total Cost	Col. 3 Base Facility	Col. 4 Usage Charge	Col. 5 Base Cost	Col. 6 Usage Cost
1	701-Salaries & Wages	25,021	50%	50%	12,511	12,511
2	703-Officers Compensation	3,231	50%	50%	1,616	1,616
3	704-Employee Benefits	4,759	50%	50%	2,380	2,380
4	715-Purchased Power	31,104		100%	0	31,104
5	718-Chemicals	3,413		100%	0	3,413
6	720-Materials & Supplies	3,545	50%	50%	1,773	1,773
7	732-Contract Services, Acctg.	147	50%	50%	74	74
8	733-Contract Services, Legal	962	50%	50%	481	481
9	734-Contract Serv, Mgmt Fee	2,545	50%	50%	1,273	1,273
10	735-Contract Services, Other	5,144	50%	50%	2,572	2,572
11	741-Property Rental	2,027	100%		2,027	0
12	742-Equipment Rental	47	50%	50%	24	24
13	750-Transportation Exp.	1,285	100%		1,285	0
14	756-Insurance, Vehicle	355	50%	50%	178	178
15	757-Insurance, Gen. Liability	971	50%	50%	486	486
16	758-Workman's Comp. Ins.	682	50%	50%	341	341
17	759-Insurance, Other	0	50%	50%	0	0
18	760-Advertising	0	50%	50%	0	0
19	766-Rate Case Exp.	10,000	50%	50%	5,000	5,000
20	767-Reg. Commission Exp.	0	50%	50%	0	0
21	775-Misc. Expenses	2,406	50%	50%	1,203	1,203
22	O & M Expense	97,644			33,220	64,425
23						
24						
25	Depreciation, Net	96,137	100%		96,137	0
26						
27	Payroll Taxes	1,988	50%	50%	984	984
28	Property Taxes	4,039	100%		4,039	0
29	Other Tax & Licenses	9,823	100%		9,823	0
30	Income Taxes	14,575	50%	50%	7,288	7,288
31	Return Requirement	193,467	50%	50%	96,733	96,733
32						
33	Revenue Taxes	19,680	59%	41%	11,611	8,069
34						
35	Total Revenue Requirement	<u>437,333</u>			<u>258,835</u>	<u>177,498</u>
					59.41%	40.59%
36	Credit from Existing Revenue	<u>(154,353)</u>			<u>(91,707)</u>	<u>(62,647)</u>
37	Net Revenue Requirement	<u>282,980</u>			<u>168,128</u>	<u>114,852</u>
38					59.41%	40.59%