

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 REBUTTAL TESTIMONY OF

3 DEBORAH D. SWAIN

4 ON BEHALF OF

5 NOCATEE UTILITY CORPORATION AND DDI, INC.

6 DOCKET NOS. 990696-WS & 992040-WS

7 June 2, 2000

ORIGINAL

8  
9 Q. Please state your name and business address.

10 A. My name is Deborah D. Swain. My business address is  
11 2025 Southwest 32nd Avenue, Miami, FL 33415.

12 Q. By whom are you employed and in what capacity?

13 A. I am Vice President of the consulting firm of Milian,  
14 Swain & Associates, Inc.

15 Q. Have you previously filed direct and intervenor  
16 testimony in support of Nocatee Utility Corporation's  
17 (NUC's) certificate application in these consolidated  
18 dockets?

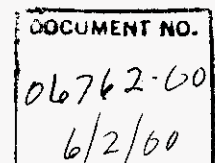
19 A. Yes.

20 Q. What is the purpose of your rebuttal testimony?

21 A. My rebuttal testimony responds to the prefiled  
22 testimony of Michael E. Burton and Caroline Silvers.

23 MICHAEL E. BURTON

24 Q. Have you reviewed the testimony of Mr. Burton and his  
25 Exhibit MB-2 \_\_\_\_\_, Financial Analysis - Revised?



1 A. Yes.

2 Q. What observations do you have about the financial  
3 analysis sponsored by Mr. Burton?

4 A. My first observation regards the study procedure. On  
5 page 2 of Exhibit MB-2 \_\_\_\_\_, Mr. Burton indicates that  
6 he has developed a predictive model designed to project  
7 financial performance of any water and sewer utility  
8 regulated by the Florida Public Service Commission. At  
9 this point I have not been able to fully analyze his  
10 model. Intercoastal has claimed that the model is  
11 confidential and has refused to provide an electronic  
12 copy of the model in response to NUC's discovery  
13 requests, even under a confidentiality agreement. My  
14 review of Exhibit MB-2 nevertheless leads me to  
15 question whether his model accurately reflects the  
16 ratemaking principles applied by the Commission.

17 Q. In Exhibit MB-2, Mr. Burton analyzes the impact upon  
18 customer rates of implementing Intercoastal's plans for  
19 service versus the impact of NUC's proposed rates.  
20 Assuming for purposes of this answer that Mr. Burton's  
21 model produces valid results, would his analysis be of  
22 any assistance to this Commission?

23 A. No. And that is my second observation. Mr. Burton's  
24 analysis appears to be flawed because, rather than  
25 developing rates that recover Intercoastal's cost to

1 provide service, he develops rates that require  
2 Intercoastal's owners to subsidize the utility's cost  
3 of service.

4 **Q. Would you please explain?**

5 A. Mr. Burton analyzes two scenarios under which  
6 Intercoastal would provide water and wastewater service  
7 to Nocatee. In Scenario 1 service is proposed to be  
8 provided to Nocatee on what Mr. Burton call a "stand  
9 alone" basis. That is, Intercoastal would build a  
10 separate system west of the Intracoastal Waterway to  
11 serve Nocatee. The system would not be interconnected  
12 with the system east of the waterway, but the costs to  
13 serve would be combined and the rates would be the same  
14 for both service areas. In Scenario 2, Intercoastal  
15 would "stand in NUC's shoes" and serve Nocatee with  
16 services purchased from JEA. The costs to serve  
17 Nocatee would then be combined with those to serve east  
18 of the waterway and the rates would be the same for  
19 both areas.

20 The proforma income projections for Scenario 1 are  
21 shown at pages 19 and 20 of Mr. Burton's Exhibit MB-2  
22 \_\_\_\_\_. The proforma income projections for Scenario 2  
23 are shown at pages 47 and 49 of Mr. Burton's Exhibit  
24 MB-2 \_\_\_\_\_. A review of those pages shows that the  
25 revenues projected to be collected from customers are

1 inadequate to recover the full revenue requirement or  
2 cost to provide service to Intercoastal's customers.  
3 These inadequate revenues are the basis of Mr. Burton's  
4 rate comparison through which he implies that it would  
5 be advantageous to the customer for Intercoastal to  
6 provide service.

7 **Q. Have you determined just how much Mr. Burton has**  
8 **understated Intercoastal's revenue requirements?**

9 A. Yes. I have prepared Exhibit \_\_\_\_ (DDS-9), which  
10 summarizes Intercoastal's projected revenue  
11 requirements, based on Mr. Burton's assumptions. This  
12 exhibit shows that by 2005, Intercoastal's cumulative  
13 revenue deficiencies would be over \$1,900,000 under  
14 Scenario 1 and over \$600,000 under Scenario 2.

15 **Q. Is it advantageous to the customer, if Intercoastal is**  
16 **willing to subsidize rates?**

17 A. No. As I indicated in my Intervenor direct testimony,  
18 at year end 1998, Intercoastal had already accumulated  
19 a deficit of \$1.6 million. Mr. Burton's proposals  
20 would result in additional cumulative income deficits  
21 of between \$590,000 and \$1.8 million by 2005. The fact  
22 that Intercoastal's revenues are insufficient to pay  
23 debt expenses on its used and useful plant raises  
24 concerns about its ability to finance the investment  
25 that would be necessary to provide dependable service

1 to Nocatee's customers.

2 Q. Should the Commission base its decision on which  
3 utility should serve Nocatee based on Mr. Burton's  
4 implication that Intercoastal's rates would be less  
5 than NUC's?

6 A. No. The Commission should not base its certificate  
7 decision on rate projections that involve a subsidized  
8 rate for Intercoastal that does not fully recover its  
9 investment in used and useful plant. The Commission  
10 should not put customers at risk by granting a  
11 certificate based on "loss leader" subsidized rates,  
12 since the customers would have no protection against a  
13 major rate increase once a certificate is granted.

14 Q. Do you have any other observations regarding Mr.  
15 Burton's testimony?

16 A. Yes. The plan analyzed by Mr. Burton in Scenario 1,  
17 the "stand alone" plan, is not an acceptable plan for  
18 serving Nocatee. As testified by Mr. Douglas Miller,  
19 the plan of service analyzed by Mr. Burton is  
20 inconsistent with the Nocatee's Application for  
21 Development Approval as a Development of Regional  
22 Impact. Therefore, any conclusions reached by Mr.  
23 Burton regarding Scenario 1 are based on an infeasible  
24 plan and provide no useful information to the  
25 Commission.

1 Q. What about Scenario 2, the "stand in NUC's shoes" plan?

2 A. This plan also appears to be flawed because  
3 Intercoastal has presented no evidence that JEA would  
4 commit to such a wholesale arrangement with it. Mr.  
5 Burton's analysis of Scenario 2 is therefore a "what  
6 if" exercise with no factual basis.

7 Q. Mr. Burton also analyzes the impact of Intercoastal's  
8 plan to provide reclaimed water. Do you have any  
9 observations regarding that analysis?

10 A. Yes. As Mr. Douglas Miller testifies, Intercoastal's  
11 stand alone reclaimed water plan, which Mr. Burton  
12 analyzes under Scenario 3 in Exhibit MB-2 \_\_\_\_, is an  
13 unacceptable plan because Intercoastal has insufficient  
14 reclaimed effluent to meet Nocatee's irrigation needs  
15 and proposes to use ground water to supplement the  
16 irrigation supply. Further, Intercoastal has not filed  
17 proposed tariffs for its reclaimed water service nor  
18 asked the Commission to set a rate for such service in  
19 this docket. The financial conclusions reached by Mr.  
20 Burton in analyzing this plan are therefore speculative  
21 at best.

22

23 CAROLINE SILVERS

24 Q. At page 10 of her direct testimony, Ms. Silvers  
25 expresses concern with the level of rates for reclaimed

1 water. Can you address that concern?

2 Yes. NUC has proposed a base facility and gallonage  
3 charge rate structure for reclaimed water. The initial  
4 proposed gallonage charge was \$1.41 per 1,000 gallons  
5 and the monthly base facility charge varied from \$3.74  
6 for a 5/8" x 3/4" meter to \$229.20 for an 8" meter.  
7 Ms. Silvers is concerned that the \$1.41/MG gallonage  
8 charge may discourage large users such as golf courses  
9 from purchasing reclaimed water. If these potential  
10 users can show that the purchase of reclaimed water is  
11 not economically feasible, they may be able to support  
12 an application for a consumptive use permit and use  
13 groundwater for irrigation.

14 Q. Does NUC share her concern?

15 A. Yes, it does. It will be of no benefit to anyone if  
16 reuse of reclaimed water is not economically feasible.

17 Q. Have you investigated alternatives to NUC's original  
18 rate proposal that would make the sale of reclaimed  
19 water more feasible, especially to large consumers?

20 A. Yes. In response to the concerns about the reuse rate,  
21 I have developed an alternative rate proposal which is  
22 designed to reduce the charge to large users while  
23 keeping the average monthly residential bill at an  
24 affordable level. This alternative involves three  
25 basic changes from the original rate proposal.

1 Q. Can you please describe these basic changes?  
2 A. Yes. First, the new proposal creates better balance  
3 between the base facility charge and the gallonage  
4 charge in the rate structure. In researching other  
5 rate structures I have found that other utilities often  
6 charge a higher base charge and lower gallonage charge.  
7 Some even charge a flat monthly charge to residential  
8 customers, but at a much higher level than NUC's  
9 originally proposed base facility charge. I have  
10 reviewed NUC's costs and believe there is cost  
11 justification to realign the base and gallonage charges  
12 in a way that will be fair to all levels of consumers  
13 and still recover NUC's cost of service.

14 Second, NUC now proposes to require the developer  
15 of Nocatee to contribute approximately 80% of the cost  
16 of the off-site reuse transmission main, or roughly  
17 \$1.2 million. This means that the amount of  
18 contributions-in-aid-of-construction for reuse plant  
19 will meet the Commission's guideline for a minimum CIAC  
20 amount equal to 100% of the cost of transmission and  
21 distribution facilities. Because so much of the gross  
22 reuse plant is represented by transmission and  
23 distribution facilities, the overall net CIAC for the  
24 reuse system will be approximately 94% of net plant.

25 Third, NUC proposes to calculate the reuse rates



1 based on costs and usage assumptions for the last year  
2 of Phase I (2006), rather than for the year (2005) when  
3 the Phase I system reaches 80% of capacity.

4 **Q. Have you prepared an exhibit to show the calculation of**  
5 **the new reuse rate?**

6 A. Yes. I have prepared Exhibit \_\_\_ (DDS-10) for that  
7 purpose. The exhibit shows the revised rate proposal  
8 and the calculation of the revenues generated by those  
9 rates. I have also prepared Exhibit \_\_\_ (DDS-11) which  
10 includes the schedules supporting the calculation. You  
11 can see from this exhibit that a typical residential  
12 bill for irrigation will be approximately \$15.00 per  
13 month or less while the usage rate, which has the most  
14 impact on large users, will drop from \$1.41/MG to  
15 \$0.35/MG.

16 **Q. Does that conclude your rebuttal testimony?**

17 A. Yes it does.

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PROJECTED REVENUE REQUIREMENTS  
INTERCOASTAL SERVICE PLANS

Docket No. 990696-VWS  
Swain Exhibit \_\_\_\_ (DDS-9)  
Page 1 of 2

SCENARIO 1 - Intercoastal Utilities Water and Sewer Rates w/Intercoastal Capital Plan

	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009	Source
<b>WATER</b>											
1 Total Revenues	1,036,007	1,086,395	1,234,530	1,387,608	1,546,074	1,710,413	1,881,512	2,098,601	2,231,183	2,523,075	Ex. MB-2, p.19, I.14
2 Achieved NOI	64,237	69,670	(16,372)	(11,947)	38,791	92,411	149,131	121,422	158,851	327,036	Ex. MB-2, p.19, I.43
3 Allowed NOI	105,554	103,666	271,958	277,750	280,176	278,958	273,887	380,368	337,980	327,036	Ex. MB-2, p.19, I.49
4 Income (Deficiency) Excess	(41,317)	(33,996)	(288,330)	(289,697)	(241,385)	(186,547)	(124,756)	(258,946)	(179,129)	0	Line 2 - line 3
5 Revenue (Deficiency) Excess	(43,264)	(35,598)	(301,916)	(303,348)	(252,759)	(195,337)	(130,635)	(271,148)	(187,570)	0	Line 4/ 955
<b>Cumulative (Deficiency) Excess</b>											
6 Income	(41,317)	(75,313)	(363,643)	(653,340)	(894,725)	(1,081,272)	(1,206,028)	(1,464,974)	(1,644,103)	(1,644,103)	
7 Revenue	(43,264)	(78,862)	(380,778)	(684,126)	(936,886)	(1,132,222)	(1,262,857)	(1,534,004)	(1,721,574)	(1,721,574)	
8 Water Rate Base	1,486,332	1,460,225	4,047,554	4,134,608	4,172,055	4,155,493	4,081,826	5,734,842	5,098,638	4,937,532	Ex. MB-2, p.19, I.45
9 Allowed Return, %	7.10%	7.10%	6.72%	6.72%	6.72%	6.71%	6.71%	6.63%	6.63%	6.62%	Ex. MB-2, p.19, I.48
10 Achieved Return, %	4.32%	4.77%	-0.40%	-0.29%	0.93%	2.22%	3.65%	2.12%	3.12%	6.62%	Ex. MB-2, p.19, I.47
<b>SEWER</b>											
11 Total Revenues	2,177,570	2,373,551	2,955,099	3,575,872	4,207,602	4,254,402	4,200,770	4,860,183	4,787,550	4,865,733	Ex. MB-2, p.20, I.14
12 Achieved NOI	143,780	275,217	199,718	456,196	848,523	782,456	644,514	914,549	739,560	696,583	Ex. MB-2, p.20, I.43
13 Allowed NOI	344,579	314,842	776,922	748,773	673,954	597,790	520,060	853,145	736,560	696,583	Ex. MB-2, p.20, I.49
14 Income (Deficiency) Excess	(200,799)	(39,625)	(577,204)	(292,577)	174,569	184,666	124,454	61,404	3,000	0	Line 12 - line 13
15 Revenue (Deficiency) Excess	(210,261)	(41,492)	(604,402)	(306,363)	182,795	193,368	130,318	64,297	3,141	0	Line 14/ 955
<b>Cumulative (Deficiency) Excess</b>											
16 Income	(200,799)	(240,424)	(817,628)	(1,110,205)	(935,636)	(750,970)	(626,516)	(565,112)	(562,112)	(562,112)	
17 Revenue	(210,261)	(251,763)	(856,155)	(1,162,518)	(979,724)	(786,356)	(656,038)	(591,740)	(588,599)	(588,599)	
18 Sewer Rate Base	4,852,112	4,433,883	11,562,503	11,146,273	10,035,731	8,904,982	7,750,629	12,862,943	11,157,363	10,516,866	Ex. MB-2, p.20, I.45
19 Allowed Return, %	7.10%	7.10%	6.72%	6.72%	6.72%	6.71%	6.71%	6.63%	6.60%	6.62%	Ex. MB-2, p.20, I.48
20 Achieved Return, %	2.96%	6.21%	1.73%	4.09%	8.46%	8.79%	8.32%	7.11%	6.63%	6.62%	Ex. MB-2, p.20, I.47

**COMBINED WATER & SEWER RESULTS**

<b>Cumulative (Deficiency) Excess</b>											
21 Income	(242,116)	(315,737)	(1,181,271)	(1,763,545)	(1,830,361)	(1,832,242)	(1,832,544)	(2,030,086)	(2,206,215)	(2,206,215)	Line 6 + Line 16
22 Revenue	(253,525)	(330,615)	(1,236,933)	(1,846,644)	(1,916,608)	(1,918,578)	(1,918,894)	(2,125,745)	(2,310,173)	(2,310,173)	Line 7 + Line 17

PROJECTED REVENUE REQUIREMENTS  
INTERCOASTAL SERVICE PLANS

Docket No. 990696-WS  
Swain Exhibit \_\_\_\_\_ (DDS-9)  
Page 2 of 2

SCENARIO 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009	Source
<b>WATER</b>											
1 Total Revenues	1,036,007	1,086,395	1,234,530	1,387,608	1,546,074	1,693,475					Ex. MB-2, p.47, I.14
2 Achieved NOI	66,027	71,502	(109,677)	(41,603)	39,559	108,535					Ex. MB-2, p.47, I.43
3 Allowed NOI	101,569	99,480	121,976	120,081	115,679	108,536					Ex. MB-2, p.47, I.49
4 Income (Deficiency) Excess	(35,542)	(27,978)	(231,653)	(161,684)	(76,120)	(1)					Line 2 - line 3
5 Revenue (Deficiency) Excess	(37,217)	(29,296)	(242,569)	(169,303)	(79,707)	(1)					Line 4/.955
<b>Cumulative (Deficiency) Excess</b>											
6 Income	(35,542)	(63,520)	(295,173)	(456,857)	(532,977)	(532,978)					
7 Revenue	(37,217)	(66,513)	(309,082)	(478,384)	(558,091)	(558,092)					
8 Water Rate Base	1,424,518	1,395,099	1,761,980	1,735,107	1,672,162	1,569,648					Ex. MB-2, p.47, I.45
9 Allowed Return, %	7.13%	7.13%	6.92%	6.92%	6.92%	6.91%					Ex. MB-2, p.47, I.48
10 Achieved Return, %	4.64%	5.13%	-6.22%	-2.40%	2.37%	6.91%					Ex. MB-2, p.47, I.47
<b>SEWER</b>											
11 Total Revenues	2,177,570	2,373,551	2,955,099	3,497,203	3,501,895	3,566,384					Ex. MB-2, p.49, I.14
12 Achieved NOI	146,736	278,205	273,651	484,177	335,990	200,914					Ex. MB-2, p.49, I.43
13 Allowed NOI	328,133	298,278	362,324	323,946	263,113	200,914					Ex. MB-2, p.49, I.49
14 Income (Deficiency) Excess	(181,397)	(20,073)	(88,673)	160,231	72,877	0					Line 12 - line 13
15 Revenue (Deficiency) Excess	(189,945)	(21,019)	(92,851)	167,781	76,311	0					Line 14/.955
<b>Cumulative (Deficiency) Excess</b>											
16 Income	(181,397)	(201,470)	(290,143)	(129,912)	(57,035)	(57,035)					
17 Revenue	(189,945)	(210,963)	(303,815)	(136,034)	(59,723)	(59,723)					
18 Sewer Rate Base	4,602,106	4,183,875	5,233,862	4,680,873	3,803,355	2,905,629					Ex. MB-2, p.49, I.45
19 Allowed Return, %	7.13%	7.13%	6.92%	6.92%	6.92%	6.91%					Ex. MB-2, p.49, I.48
20 Achieved Return, %	3.19%	6.65%	5.23%	10.34%	8.83%	6.91%					Ex. MB-2, p.49, I.47

<b>COMBINED WATER &amp; SEWER RESULTS</b>											
<b>Cumulative (Deficiency) Excess</b>											
21 Income	(216,939)	(264,990)	(585,316)	(586,769)	(590,012)	(590,013)					Line 6 + Line 16
22 Revenue	(227,161)	(277,476)	(612,896)	(614,418)	(617,814)	(617,815)					Line 7 + Line 17

<u>Customer Rates and Revenues Generated</u>	<u>Rate</u>	<u>Meters/ gallons (000s)</u>	<u>Revenues</u>
Base Facility Charge, based on meter size:			
5/8" X 3/4"	11.51	1500	\$207,180
3/4"	17.27		
1"	28.78		
1 1/2"	57.55		
2"	92.08	10	\$11,050
3"	184.16		
4"	287.75	7	\$24,171
6"	575.50	1	\$6,906
8"	920.80		
Gallonge charge (per 1,000 gallons)	0.35	448,222	<u>\$156,878</u>
Total Revenue Generated			<u>\$406,184</u>

Typical Bills at Selected Consumption Levels

Residential 5/8" X 3/4" meters

3,000 gls	12.56
5,000 gls	13.26
8,000 gls	14.31
10,000 gls	15.01
25,000 gls	20.26

Service Availability Charges

per ERC	550.00
per gpd	2.1073
gpd per ERC	261

Nocatee Utility Company  
Schedule of Reuse Rate Base  
At 100% of Design Capacity

DOCKET NO. 990696-WS  
Swain Exhibit \_\_\_\_ (DDS-11)  
Schedule No. 1

Description	Balance Per Filing	Company Adjust.	Revised Filing
Utility Plant in Service	5,982,095	345,357	6,327,452
Land	0	0	0
Accumulated Depreciation	-519,477	-169,174	-688,651
Contributions-in-aid-of-Construction	-3,626,824	-2,032,907	-5,659,731
Accumulated Amortization of C.I.A.C.	175,537	174,382	349,919
Plant Held for Future Use	0	0	0
Working Capital Allowance	29,785	4,418	34,203
TOTAL	2,041,116	-1,677,924	363,192

Nocatee Utility Company  
Schedule of Reuse Operations  
At 100% of Design Capacity

DOCKET NO. 990696-WS  
Swain Exhibit \_\_\_\_ (DDS-11)  
Schedule No. 2

Description	Balance Per Filing	Company Adjust.	Revised Filing
Operating Revenues	674,068	-268,063	406,005
Operating and Maintenance	238,278	35,344	273,622
Depreciation Expense	84,386	-28,807	55,579
Taxes Other Than Income	69,073	-42,265	26,808
Income Taxes	84,833	-69,978	14,855
Total Operating Expenses	476,570	-105,707	370,863
Net Operating Income	197,498	-162,356	35,142
Rate Base	2,041,116		363,192
Rate of Return	9.68%		9.68%

Nocatee Utility Company  
 Schedule of Net Plant to Net C.I.A.C.  
 At 100% of Design Capacity

DOCKET NO. 990696-WS  
 Swain Exhibit \_\_\_\_ (DDS-11)  
 Schedule No.4

Account Number	Account Description	Reuse
101	Utility Plant in Service	6,327,452
104	Accumulated Depreciation	-688,651
	Net Plant	5,638,801
271	C.I.A.C.	5,659,731
272	Accum. Amortization of C.I.A.C.	-349,919
	Net C.I.A.C.	5,309,812
	Net C.I.A.C. / Net Plant	94.17%
	Gross C.I.A.C./Gross Plant (Actual)	89.45%
	Gross to Gross Minimum Contribution Level	89.51%
	Recommended Charge	\$ 550.00

Nocatee Utility Company  
 Schedule of Reuse Utility Plant in Service

DOCKET NO 990696-WS  
 Swain Exhibit \_\_\_\_ (DDS-11)  
 Schedule No 5

Account Number	Account Description	Year 1 Additions	Year 1 Balance	Year 2 Additions	Year 2 Balance	Year 3 Additions	Year 3 Balance	Year 4 Additions	Year 4 Balance	Year 5 Additions	Year 5 Balance	Useful Life	Depreciation Rate	Weight	Depreciation Rate
301	Organization	15,000	15,000	0	15,000	0	15,000	0	15,000	0	15,000	40	2.50%	0.24%	0.01%
302	Franchises	0	0	0	0	0	0	0	0	0	0	40	2.50%	0.00%	0.00%
303	Land and Land Rights	0	0	0	0	0	0	0	0	0	0	40	2.50%	0.00%	0.00%
304	Structures and Improvements	0	0	0	0	0	0	0	0	0	0	NA			
305	Collecting and Impounding Reservoirs	0	0	0	0	0	0	0	0	0	0	33	3.03%	0.00%	0.00%
306	Lake, River, and Other Intakes	0	0	0	0	0	0	0	0	0	0	50	2.00%	0.00%	0.00%
307	Wells and Springs	0	0	0	0	0	0	0	0	0	0	40	2.50%	0.00%	0.00%
308	Infiltration Galleries and Tunnels	0	0	0	0	0	0	0	0	0	0	30	3.33%	0.00%	0.00%
309	Supply Mains	0	0	0	0	0	0	0	0	0	0	40	2.50%	0.00%	0.00%
310	Power Generation Equipment	0	0	0	0	0	0	0	0	0	0	35	2.86%	0.00%	0.00%
311	Pumping Equipment	0	0	0	0	0	0	0	0	0	0	20	5.00%	0.00%	0.00%
320	Water Treatment Equipment	648,687	648,687	0	648,687	0	648,687	0	648,687	0	648,687	20	5.00%	10.25%	0.51%
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0	0	0	0	0	22	4.55%	0.00%	0.00%
	Steel Pneumatic Tank	0	0	0	0	0	0	0	0	0	0	37	2.70%	0.00%	0.00%
	Concrete Ground Storage Reservoir	0	0	0	0	0	0	0	0	0	0	35	2.86%	0.00%	0.00%
		1,016,798	1,016,798	0	1,016,798	0	1,016,798	0	1,016,798	0	1,016,798	40	2.50%	16.07%	0.40%
331	Transmission and Distribution Mains	3,117,879	3,117,879	229,897	3,347,776	229,897	3,577,673	229,897	3,807,570	229,897	4,037,467	43	2.33%	63.81%	1.48%
333	Services	69,920	69,920	69,920	139,840	69,920	209,760	69,920	279,680	69,920	349,600	40	2.50%	5.53%	0.14%
334	Meters and Meter Installations	77,740	77,740	45,540	123,280	45,540	168,820	45,540	214,360	45,540	259,900	20	5.00%	4.11%	0.21%
335	Hydrants	0	0	0	0	0	0	0	0	0	0	45	2.22%	0.00%	0.00%
339	Other Plant and Miscellaneous Equipment	0	0	0	0	0	0	0	0	0	0	25	4.00%	0.00%	0.00%
340	Office Furniture and Equipment	0	0	0	0	0	0	0	0	0	0	15	6.67%	0.00%	0.00%
341	Transportation Equipment	0	0	0	0	0	0	0	0	0	0	6	16.67%	0.00%	0.00%
342	Stores Equipment	0	0	0	0	0	0	0	0	0	0	18	5.56%	0.00%	0.00%
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0	0	0	0	0	16	6.25%	0.00%	0.00%
344	Laboratory Equipment	0	0	0	0	0	0	0	0	0	0	15	6.67%	0.00%	0.00%
345	Power Operated Equipment	0	0	0	0	0	0	0	0	0	0	12	8.33%	0.00%	0.00%
346	Communication Equipment	0	0	0	0	0	0	0	0	0	0	10	10.00%	0.00%	0.00%
347	Miscellaneous Equipment	0	0	0	0	0	0	0	0	0	0	15	6.67%	0.00%	0.00%
348	Other Tangible Plant	0	0	0	0	0	0	0	0	0	0	10	10.00%	0.00%	0.00%
	TOTAL PLANT	4,946,024	4,946,024	345,357	5,291,381	345,357	5,636,738	345,357	5,982,095	345,357	6,327,452			100.00%	2.75%
	LAND	0	0	0	0	0	0	0	0	0	0				
	DEPRECIABLE PLANT	4,946,024	4,946,024	345,357	5,291,381	345,357	5,636,738	345,357	5,982,095	345,357	6,327,452				



Nocatee Utility Company  
 Schedule of Reuse Operation and Maintenance  
 At 100% of Design Capacity

DOCKET NO. 990696-WS  
 Swain Exhibit \_\_\_\_ (DDS-11)  
 Schedule No. 6

Account Number	Account Description	Balance Per Filing	Company Adjust.	Revised Filing
601	Salaries and Wages - Employees	0		0
603	Salaries and Wages - Officers	0		0
604	Employee Pensions and Benefits	0		0
610	Purchased Reclaimed Water	119,988	23,969	143,957 a
615	Purchased Power	40,000	10,000	50,000 b
616	Fuel for Power Production	1,000	250	1,250 b
618	Chemicals	4,500	1,125	5,625 b
620	Materials and Supplies	5,000		5,000
631	Contractual Services - Engineering	0		0
632	Contractual Services - Accounting	0		0
633	Contractual Services - Legal	0		0
634	Contractual Services - Management Fees	63,450		63,450
635	Contractual Services - Other	0		0
641	Rental of Building / Real Property	0		0
642	Rental of Equipment	0		0
650	Transporation Expense	0		0
656	Insurance - Vehicle	0		0
657	Insurance - General Liability	731		731
658	Insurance - Workman's Compensation	0		0
659	Insurance - Other	2,609		2,609
660	Advertising Expense	0		0
666	Regulatory Commission Expense - Rate Case	0		0
667	Regulatory Commission Expense - Other	0		0
670	Bad Debt Expense	0		0
675	Miscellaneous Expense	1,000		1,000
	<b>TOTAL</b>	<b>238,278</b>	<b>35,344</b>	<b>273,622</b>

Notes:

- a Increase due to increase in additional flow
- b 25% increase due to 25% increase in additional flow

Nocatee Utility Company  
Schedule of Reuse Taxes Other Than Income  
At 100% of Design Capacity

DOCKET NO. 990696-WS  
Swain Exhibit \_\_\_\_ (DDS-11)  
Schedule No. 7

Account Number	Account Description	Balance Per Filing	Company Adjust.	Revised Filing
408	Utility Regulatory Assessment Fees	30,333	-12,063	18,270
408	Property Taxes	36,740	-30,203	6,537
408	Payroll Taxes	0	0	0
408	Other Taxes and Licenses	2,000	0	2,000
408	TOTI, Other Income and Deductions	0	0	0
	TOTAL	69,073	-42,266	26,807

Nocatee Utility Company  
 Schedule of Reuse Contributions-in-aid-of-Construction

DOCKET NO 990696-WS  
 Swain Exhibit \_\_\_\_ (DDS-11)  
 Schedule No 8

Account Number	Account Description	Year 1 Additions	Year 1 Balance	Year 2 Additions	Year 2 Balance	Year 3 Additions	Year 3 Balance	Year 4 Additions	Year 4 Balance	Year 5 Additions	Year 5 Balance
	Annual Customer Growth (ERCs)	941	941	941	1,882	941	2,823	941	3,764	941	4,705
271	C.I.A.C. - Lines	1,575,093	1,575,093	229,897	1,804,990	229,897	2,034,887	229,897	2,264,784	229,897	2,494,681
	C.I.A.C. - Cash	517,550	517,550	517,550	1,035,100	517,550	1,552,650	517,550	2,070,200	517,550	2,587,750
	C.I.A.C. - Other	115,460	115,460	115,460	230,920	115,460	346,380	115,460	461,840	115,460	577,300
	<b>TOTAL</b>	<b>2,208,103</b>	<b>2,208,103</b>	<b>862,907</b>	<b>3,071,010</b>	<b>862,907</b>	<b>3,933,917</b>	<b>862,907</b>	<b>4,796,824</b>	<b>862,907</b>	<b>5,659,731</b>

Nocatee Utility Company  
 Schedule of Accumulated Amortization of Reuse C.I.A.C.

DOCKET NO 990696-WS

Account Number	Account Description	Year 1 Additions	Year 1 Balance	Year 2 Additions	Year 2 Balance	Year 3 Additions	Year 3 Balance	Year 4 Additions	Year 4 Balance	Year 5 Additions	Year 5 Balance	Amortization Rate
272	Accum. Amortization of C.I.A.C. - Lines	11,687	11,687	25,079	36,766	28,490	65,256	31,902	97,158	35,313	132,471	1.48%
	Accum. Amortization of C.I.A.C. - Cash	7,110	7,110	21,331	28,441	35,552	63,993	49,772	113,765	63,993	177,758	2.75%
	Accum. Amortization of C.I.A.C. - Other	1,588	1,588	4,763	6,350	7,938	14,288	11,113	25,401	14,288	39,689	2.75%
	<b>TOTAL</b>	<b>20,385</b>	<b>20,385</b>	<b>51,173</b>	<b>71,557</b>	<b>71,980</b>	<b>143,537</b>	<b>92,787</b>	<b>236,325</b>	<b>113,595</b>	<b>349,919</b>	

Nocatee Utility Company  
 Schedule of Reuse Accumulated Depreciation

DOCKET NO. 990696-WS  
 Swain Exhibit (DDS-11)  
 Schedule No.9

Account Number	Account Description	Year 1 Additions	Year 1 Balance	Year 2 Additions	Year 2 Balance	Year 3 Additions	Year 3 Balance	Year 4 Additions	Year 4 Balance	Year 5 Additions	Year 5 Balance
301	Organization	188	188	375	563	375	938	375	1,313	375	1,688
302	Franchises	0	0	0	0	0	0	0	0	0	0
303	Land and Land Rights	0	0	0	0	0	0	0	0	0	0
304	Structures and Improvements	0	0	0	0	0	0	0	0	0	0
305	Collecting and Impounding Reservoirs	0	0	0	0	0	0	0	0	0	0
306	Lake, River and Other Intakes	0	0	0	0	0	0	0	0	0	0
307	Wells and Springs	0	0	0	0	0	0	0	0	0	0
308	Infiltration Galleries and Tunnels	0	0	0	0	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0	0	0	0	0
310	Power Generation Equipment	0	0	0	0	0	0	0	0	0	0
311	Pumping Equipment	16,217	16,217	32,434	48,652	32,434	81,086	32,434	113,520	32,434	145,955
320	Water Treatment Equipment	0	0	0	0	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0	0	0	0	0
	Steel Pneumatic Tank	0	0	0	0	0	0	0	0	0	0
	Concrete Ground Storage Reservoir	12,710	12,710	25,420	38,130	25,420	63,550	25,420	88,970	25,420	114,390
331	Transmission and Distribution Mains	36,254	36,254	75,182	111,436	80,528	191,965	85,875	277,840	91,221	369,061
333	Services	874	874	2,622	3,496	4,370	7,866	6,118	13,984	7,866	21,850
334	Meters and Meter Installations	1,944	1,944	5,026	6,969	7,303	14,272	9,580	23,851	11,857	35,708
335	Hydrants	0	0	0	0	0	0	0	0	0	0
339	Other Plant and Miscellaneous Equipment	0	0	0	0	0	0	0	0	0	0
340	Office Furniture and Equipment	0	0	0	0	0	0	0	0	0	0
341	Transportation Equipment	0	0	0	0	0	0	0	0	0	0
342	Stores Equipment	0	0	0	0	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0	0	0	0	0
344	Laboratory Equipment	0	0	0	0	0	0	0	0	0	0
345	Power Operated Equipment	0	0	0	0	0	0	0	0	0	0
346	Communication Equipment	0	0	0	0	0	0	0	0	0	0
347	Miscellaneous Equipment	0	0	0	0	0	0	0	0	0	0
348	Other Tangible Plant	0	0	0	0	0	0	0	0	0	0
	<b>TOTAL PLANT</b>	<b>68,187</b>	<b>68,187</b>	<b>141,059</b>	<b>209,245</b>	<b>150,430</b>	<b>359,676</b>	<b>159,802</b>	<b>519,477</b>	<b>169,173</b>	<b>688,651</b>

PROJECTED REVENUE REQUIREMENTS  
INTERCOASTAL SERVICE PLANS

Docket No 990696-WS  
Swain Exhibit \_\_\_\_\_ (DDS-9)  
Page 2 of 2

SCENARIO 2 - Intercoastal Utilities Water and Sewer Rates with Nocatee's JEA Wholesale Plan

	Projected 2000	Projected 2001	Projected 2002	Projected 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009	Source
<b>WATER</b>											
1 Total Revenues	1,036,007	1,086,395	1,234,530	1,387,608	1,546,074	1,693,475					Ex. MB-2, p.47, l.14
2 Achieved NOI	66,027	71,502	(109,677)	(41,603)	39,559	108,535					Ex. MB-2, p.47, l.43
3 Allowed NOI	101,569	99,480	121,976	120,081	115,679	108,536					Ex. MB-2, p.47, l.49
4 Income (Deficiency) Excess	(35,542)	(27,978)	(231,653)	(161,684)	(76,120)	(1)					Line 2 - line 3
5 Revenue (Deficiency) Excess	(37,217)	(29,296)	(242,569)	(169,303)	(79,707)	(1)					Line 4/.955
<b>Cumulative (Deficiency) Excess</b>											
6 Income	(35,542)	(63,520)	(295,173)	(456,857)	(532,977)	(532,978)					
7 Revenue	(37,217)	(66,513)	(309,082)	(478,384)	(558,091)	(558,092)					
8 Water Rate Base	1,424,518	1,395,099	1,761,980	1,735,107	1,672,162	1,569,648					Ex. MB-2, p.47, l.45
9 Allowed Return, %	7.13%	7.13%	6.92%	6.92%	6.92%	6.91%					Ex. MB-2, p.47, l.48
10 Achieved Return, %	4.64%	5.13%	-6.22%	-2.40%	2.37%	6.91%					Ex. MB-2, p.47, l.47
<b>SEWER</b>											
11 Total Revenues	2,177,570	2,373,551	2,955,099	3,497,203	3,501,895	3,566,384					Ex. MB-2, p.49, l.14
12 Achieved NOI	146,736	278,205	273,651	484,177	335,990	200,914					Ex. MB-2, p.49, l.43
13 Allowed NOI	328,133	298,278	362,324	323,946	263,113	200,914					Ex. MB-2, p.49, l.49
14 Income (Deficiency) Excess	(181,397)	(20,073)	(88,673)	160,231	72,877	0					Line 12 - line 13
15 Revenue (Deficiency) Excess	(189,945)	(21,019)	(92,851)	167,781	76,311	0					Line 14/.955
<b>Cumulative (Deficiency) Excess</b>											
16 Income	(181,397)	(201,470)	(290,143)	(129,912)	(57,035)	(57,035)					
17 Revenue	(189,945)	(210,963)	(303,815)	(136,034)	(59,723)	(59,723)					
18 Sewer Rate Base	4,602,106	4,183,875	5,233,862	4,680,873	3,803,355	2,905,629					Ex. MB-2, p.49, l.45
19 Allowed Return, %	7.13%	7.13%	6.92%	6.92%	6.92%	6.91%					Ex. MB-2, p.49, l.48
20 Achieved Return, %	3.19%	6.65%	5.23%	10.34%	8.83%	6.91%					Ex. MB-2, p.49, l.47

**COMBINED WATER & SEWER RESULTS**

<b>Cumulative (Deficiency) Excess</b>											
21 Income	(216,939)	(264,990)	(585,316)	(586,769)	(590,012)	(590,013)					Line 6 + Line 16
22 Revenue	(227,161)	(277,476)	(612,896)	(614,418)	(617,814)	(617,815)					Line 7 + Line 17