

STATE OF FLORIDA

ORIGINAL

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DIVISION OF LEGAL SERVICES
NOREEN S. DAVIS
DIRECTOR
(850) 413-6199

Public Service Commission

June 30, 2000

Mr. Martin S. Friedman
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

Re: Docket No. 990080-WS - Complaint and request for hearing by Linda J. McKenna and 54 petitioners regarding unfair rates and charges of Shangri-La by the Lake Utilities, Inc. in Lake County.

Dear Mr. Friedman:

Per your request, staff has estimated the financial impact of the Office of Public Counsel's proposed used and useful adjustments to the rates of Shangri-La by the Lake Utilities, Inc., and proposed refund. **Staff has prepared these estimates to assist the Utility and the Office of Public Counsel in settlement negotiations only. This letter should not be construed to reflect the position that the staff of the Florida Public Service Commission will take if this matter proceeds to hearing.**

Staff has calculated new rates for three different options, which will be explained in more detail below. Also, staff has estimated the total company-wide refunds based upon a comparison of the utility's current rates to the protested PAA rates and each of the three new rate options. A comparison of the rate base, operating revenues, operating income, rates, and potential refunds for each option is shown on Attachment A. Supporting data for the new rate calculations is shown on Attachments B through G.

RATES

In preparing these estimates, staff reviewed Mr. Ted L. Bidy's used and useful calculations as shown on his schedule entitled "December 10, 1999 Revisions to Calculated Rate Base and Comparison to PSC Staff Estimates", as provided by the Office of Public Counsel. During our review, staff noted several minor discrepancies between staff's and Mr. Bidy's plant-in-service estimates. Staff was not able to determine the cause of the discrepancies from the information shown on that schedule, and thus, were unable to adjust our estimates to match Mr. Bidy's estimates.

- APP _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- LEG _____
- OPC _____
- PAI _____
- RGO _____
- SEC _____
- SER _____
- OTH _____

DOCUMENT NUMBER DATE

08030 JUN 30 00

FPSC RECORDS/REPORTING

Mr. Martin S. Friedman
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Accordingly, staff advised Mr. Steve Burgess with the Office of Public Counsel of the discrepancies. Mr. Burgess indicated that he was agreeable to staff using our numbers rather than Mr. Bidy's for this stage of the calculations. Therefore, we have used our plant-in-service figures as reflected in protested Order No. PSC-00-0259-PAA-WS as the starting point in the new calculations.

However, staff has not yet conducted a detailed analysis of how Mr. Bidy determined the used and useful percentages shown on that schedule. Although we are using Mr. Bidy's proposed used and useful percentages in our calculations, this should not be construed as staff's agreement with or the Commission's approval of those percentages.

As stated above, staff has calculated new rates for three different options. They are as follows:

Option 1: Used & Useful Adjustment to Wastewater Treatment Plant Only

Option 2: Used & Useful Adjustment to Wastewater Treatment Plant, and Water and Wastewater Lines **Excluding** Services and Meters

Option 3: Used & Useful Adjustment to Wastewater Treatment Plant, and Water and Wastewater Lines **Including** Services and Meters

Mr. Bidy has proposed making used and useful adjustments to the water transmission and distribution system, wastewater collection system, and wastewater treatment plant, including services and meters. Staff's preliminary opinion is that it is inappropriate to adjust the water and wastewater lines in this case because the lines and services are of the minimum size necessary to serve the existing customers. Therefore, under **Option 1** staff has calculated new wastewater rates reflecting Mr. Bidy's proposed used and useful adjustment to the wastewater treatment plant only. This adjustment does not affect the water rates, therefore, the Option 1 water rates are the same as the PAA rates proposed by Order No. PSC-00-0259-PAA-WS.

Additionally, Commission practice is that a used and useful adjustment is not made to services or meters. Staff's preliminary opinion is that even if Mr. Bidy's proposal to adjust lines is accepted, the used and useful adjustment should not be applied to the water and wastewater services or water meters. Therefore, under **Option 2** staff has calculated new water and wastewater rates which reflect Mr. Bidy's proposed used and useful adjustments to the wastewater treatment plant, the wastewater collection system excluding services, and water transmission and distribution system excluding services and meters.

Finally, **Option 3** reflects Mr. Bidy's proposed used and useful adjustments, including an adjustment to services and meters. The non used and useful adjustments differ from those shown on Mr. Bidy's schedule due to the plant-in-service discrepancies mentioned above.

Mr. Martin S. Friedman
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Attachments B-1 and B-2 show staff's starting plant in service and depreciation figures for water and wastewater, respectively. A breakdown of plant into four categories is shown at the bottom left hand corner of each schedule. That breakdown is carried forward to **Attachment C**, which shows staff's calculation of the non used and useful adjustments using Mr. Bidy's proposed percentages.

Attachments D through G are the rate base, adjustments to rate base, capital structure, operating income, and adjustments to operating income schedules for the protested PAA rates and three new rate options. The non used and useful plant and depreciation adjustments are shown on Schedule No. 1-B, Section C, of each attachment. The corresponding depreciation expense adjustment is shown on Schedule No. 3-B, Section B, of each attachment. The adjustments can be tied back to the used and useful calculations shown on Attachment C.

REFUNDS

As stated above, staff has estimated the potential refund between the utility's current rates, and the PAA, Option 1, Option 2, and Option 3 rates. Again, the estimated total refunds are shown at the bottom of **Attachment A**. We must stress that these estimates are based on incomplete information, are preliminary in nature, and are subject to further review. Any refunds resulting from this proceeding will be based upon the utility's actual records and thus, the refund may be higher or lower than estimated by staff.

For purposes of the refund calculation, staff has estimated that the five houses located outside the mobile home park began being billed the current water rates in March of 1996. The five houses outside the mobile home park are on septic tanks and do not receive wastewater service from the Utility. Therefore, only the water refund would apply to those customers. As to billing of the customers within the mobile home park, the Utility began billing separately for water and wastewater service in January 1999. Therefore, the estimated water refunds cover the time period from March 1996 through July 2000. The estimated wastewater refunds cover the shorter time period from January 1999 through July 2000, for the mobile home park only.

Staff estimated the refunds based upon meter reading records for January and February 1999, a report of customers improperly billed and already refunded for January and February 1999 service, utility billing reports for the mobile home park which have been submitted monthly by the utility from March 1999 to the present, and water billing data for the five houses for the time period from February 2000 through June 2000. The refund calculation spreadsheets are quite lengthy, therefore, staff is not providing the supporting documentation for those calculations at this time. However, we will make that data available if deemed necessary.

Mr. Martin S. Friedman

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As stated previously, this document was prepared to assist the Utility and Office of Public Counsel in settlement negotiations, and in no way binds the Commission, nor should this document be construed as being supported by the Commission staff. Furthermore, this document in no way reflects the position that the staff will take if this matter proceeds to hearing.

In conclusion, we hope this information will be helpful to both parties. If you have any questions, please feel free to call me at (850) 413-6185.

Sincerely,



D. Tyler Van Leuven
Staff Attorney

DTV/MAG/dm

Attachments (7)

cc: (with attachments)
Office of Public Counsel (Burgess)
Division of Appeals (Brown)
Division of Policy Analysis & Interagency Liaison (Golden)
Division of Regulatory Oversight (Rieger)
Division of Economic Regulation (Devlin)
Division of Records and Reporting

(without attachments)
Division of Legal Services (Gervasi)
Division of Policy Analysis & Interagency Liaison (J. Williams)
Division of Regulatory Oversight (Hoppe)

SHANGRI-LA BY THE LAKE UTILITIES, INC.
DOCKET NO. 990080-WS
COMPARISON OF RATES WITH VARIOUS NON USED & USEFUL ADJUSTMENTS

WATER SYSTEM

	PAA Rates	Option 1	Option 2	Option 3
Rate Base	\$52,454	\$52,454	\$49,424	\$45,822
Reduction from PAA Rates		\$0	(\$3,030)	(\$6,632)
Operating Revenues	\$36,950	\$36,950	\$36,486	\$35,863
Reduction from PAA Rates		\$0	(\$464)	(\$1,087)
Operating Income	\$5,673	\$5,673	\$5,345	\$4,956
Reduction from PAA Rates		\$0	(\$328)	(\$717)
Rates for 5/8" x 3/4" meter size:				
Base Facility Charge	\$12.87	\$12.87	\$12.80	\$12.67
Gallorage Charge	\$1.22	\$1.22	\$1.19	\$1.16
Average Bill:				
3,000 gallons per month	\$16.53	\$16.53	\$16.37	\$16.15
5,000 gallons per month	\$18.97	\$18.97	\$18.75	\$18.47
6,000 gallons per month	\$20.19	\$20.19	\$19.94	\$19.63
10,000 gallons per month	\$25.07	\$25.07	\$24.70	\$24.27

WASTEWATER SYSTEM

	PAA Rates	Option 1	Option 2	Option 3
Rate Base	\$45,563	\$36,176	\$31,533	\$30,981
Reduction from PAA Rates		(\$9,387)	(\$14,030)	(\$14,582)
Operating Revenues	\$39,715	\$36,672	\$35,811	\$35,722
Reduction from PAA Rates		(\$3,043)	(\$3,904)	(\$3,993)
Operating Income	\$4,928	\$3,913	\$3,410	\$3,351
Reduction from PAA Rates		(\$1,015)	(\$1,518)	(\$1,577)
Rates for 5/8" x 3/4" meter size:				
Base Facility Charge	\$9.91	\$8.69	\$8.49	\$8.47
Gallorage Charge (6,000 gpm cap)	\$2.43	\$2.32	\$2.27	\$2.26
Average Bill:				
3,000 gallons per month	\$17.20	\$15.65	\$15.30	\$15.25
5,000 gallons per month	\$22.06	\$20.29	\$19.84	\$19.77
6,000 gallons per month	\$24.49	\$22.61	\$22.11	\$22.03
10,000 gallons per month	\$24.49	\$22.61	\$22.11	\$22.03

REFUND

	PAA Rates	Option 1	Option 2	Option 3
Water System	\$420	\$420	\$861	\$1,453
Wastewater System	<u>\$4,035</u>	<u>\$6,998</u>	<u>\$7,615</u>	<u>\$7,697</u>
Total Refund	<u>\$4,454</u>	<u>\$7,417</u>	<u>\$8,476</u>	<u>\$9,150</u>

ACCUMULATED DEPRECIATION - WATER

Shangri-La By The Lake Utilities, Inc.

Docket No. 940653-WS

As of June 30, 1994

NOTE: Original file adjusted to remove lines from Phase IIB and Phase IIIA that were never constructed; filename sl-depw2.wk3

Acct. No.	Description	Amount	Year Installed	No. Years Thru 1983	No. Years Thru Beg. of Test Year 6-30-93	Avg. Serv Life	Depr. Rate 1984	2.5% Acc. Depr. Thru 1983	Additional Depreciation 1984 Thru Beg. of Test Year 1984 to 6/30/93	Beginning Balance at Beg. of Test Year 6/30/93	Test Year Depreciation Expense	Ending Acc. Depr. Balance at End of Test Year 6/30/94	Averaging Adjustment	Average Balance
301	Organization	\$750	1994	---	---	40	2.5000%	\$0.00	\$0.00	\$0.00	\$18.75	\$18.75	\$9.38	\$9.38
307	Wells & Springs	\$12,500	1980	4.00	9.50	27	3.7037%	\$1,250.00	\$4,398.15	\$5,648.15	\$462.96	\$6,111.11	\$231.48	\$5,879.63
309	Supply Mains	\$300	1994	---	---	32	3.1250%	\$0.00	\$0.00	\$0.00	\$9.38	\$9.38	\$4.69	\$4.69
311	Pumping Equipment	\$800	1980	4.00	9.50	17	5.8824%	\$80.00	\$447.06	\$527.06	\$47.06	\$574.12	\$23.53	\$550.59
		\$364	1994	---	---	17	5.8824%	\$0.00	\$0.00	\$0.00	\$21.41	\$21.41	\$10.71	\$10.71
		\$1,760	1993	---	0.50	15	6.6667%	\$0.00	\$58.67	\$58.67	\$117.33	\$176.00	\$58.67	\$117.33
		\$575	1994	---	---	15	6.6667%	\$0.00	\$0.00	\$0.00	\$38.33	\$38.33	\$19.17	\$19.17
320	Water Treatment Equipment	\$7,800	1980	4.00	9.50	17	5.8824%	\$780.00	\$4,358.82	\$5,138.82	\$458.82	\$5,597.65	\$229.41	\$5,368.24
	Chlorination Equipment	\$900	1980	4.00	9.50	7	14.2857%	\$90.00	\$1,221.43	\$1,311.43	\$128.57	\$1,440.00	\$64.29	\$1,375.71
	Chlorination Equipment	\$205	1994	---	---	7	14.2857%	\$0.00	\$0.00	\$0.00	\$29.29	\$29.29	\$14.64	\$14.64
330	Steel Pneumatic Tank	\$1,500	1980	4.00	9.50	30	3.3333%	\$150.00	\$475.00	\$625.00	\$50.00	\$675.00	\$25.00	\$650.00
331	Transmission & Dist. Mains	\$15,069	1980	4.00	9.50	38	2.6316%	\$1,506.93	\$3,767.33	\$5,274.27	\$396.56	\$5,670.83	\$198.28	\$5,472.55
		\$2,460	1981	3.00	9.50	38	2.6316%	\$184.52	\$615.07	\$799.60	\$64.74	\$864.34	\$32.37	\$831.97
		\$2,460	1982	2.00	9.50	38	2.6316%	\$123.01	\$615.07	\$738.09	\$64.74	\$802.83	\$32.37	\$770.46
		\$2,614	1983	1.00	9.50	38	2.6316%	\$65.35	\$653.52	\$718.87	\$68.79	\$787.66	\$34.40	\$753.26
		\$3,895	1991	---	2.50	38	2.6316%	\$0.00	\$256.25	\$256.25	\$102.50	\$358.75	\$51.25	\$307.50
333	Services	\$4,900	1980	4.00	9.50	35	2.8571%	\$490.00	\$1,330.00	\$1,820.00	\$140.00	\$1,960.00	\$70.00	\$1,890.00
		\$800	1981	3.00	9.50	35	2.8571%	\$60.00	\$217.14	\$277.14	\$22.86	\$300.00	\$11.43	\$288.57
		\$800	1982	2.00	9.50	35	2.8571%	\$40.00	\$217.14	\$257.14	\$22.86	\$280.00	\$11.43	\$268.57
		\$850	1983	1.00	9.50	35	2.8571%	\$21.25	\$230.71	\$251.96	\$24.29	\$276.25	\$12.14	\$264.11
		\$325	1991	---	2.50	35	2.8571%	\$0.00	\$23.21	\$23.21	\$9.29	\$32.50	\$4.64	\$27.86
334	Meters and Meter Installations	\$625	1991	---	2.50	17	5.8824%	\$0.00	\$91.91	\$91.91	\$36.76	\$128.68	\$18.38	\$110.29
	(\$125 *135 future meters)	\$16,875	1996	---	---	17	5.8824%	\$0.00	\$0.00	\$0.00	\$992.65	\$992.65	\$496.32	\$496.32
	Total	\$79,128								\$23,818	\$3,328	\$27,146	\$1,664	\$25,482

PLANT BREAKDOWN FOR USED & USEFUL CALCULATION:

Organization: Account 301 (Total = \$750)

Trans & Dist System: Account 331 (Total = \$26,499)

Services & Meters: Accounts 333 & 334 (Total = \$25,175)

Treatment Plant: Accounts 307, 309, 311, 320, 330 (Total = \$26,704)

ACCUMULATED DEPRECIATION - WASTEWATER

Shangri-La By The Lake Utilities, Inc.
Docket No. 940653-WS
As of June 30, 1994

NOTE: Original file adjusted to remove lines from Phase IIB and Phase IIIA that were never constructed; filename sl-deps2.wk3

Acct. No.	Description	Amount	Year Installed	No. Years Thru 1983	No. Years Thru Beg. of Test Year 6-30-93	Avg. Serv Life	Depr. Rate 1984	2.5% Acc. Depr. Thru 1983	Additional Depreciation 1984 Thru Beg. of Test Year 6/30/93	Beginning Balance at Beg. of Test Year 6/30/93	Test Year Depreciation Expense	Ending Acc. Depr. Balance at End of Test Year 6/30/94	Averaging Adjustment	Average Balance
351	Organization	\$750	1994	---	---	40	2.5000%	\$0.00	\$0.00	\$0.00	\$18.75	\$18.75	\$9.38	\$9.38
354	Structures & Improvements	\$6,080	1980	4.00	9.50	27	3.7037%	\$608.00	\$2,139.26	\$2,747.26	\$225.19	\$2,972.44	\$112.59	\$2,859.85
360	Collection Sewers - Force *Note: Showing all of Phase II forcemain in 1981 instead of splitting between 3 years	\$2,092 \$1,046 \$0 \$0	1980 1981 1982 1983	4.00 3.00 2.00 1.00	9.50 9.50 9.50 9.50	27 27 27 27	3.7037% 3.7037% 3.7037% 3.7037%	\$209.20 \$78.45 \$0.00 \$0.00	\$736.07 \$368.04 \$0.00 \$0.00	\$945.27 \$446.49 \$0.00 \$0.00	\$77.48 \$38.74 \$0.00 \$0.00	\$1,022.76 \$485.23 \$0.00 \$0.00	\$38.74 \$19.37 \$0.00 \$0.00	\$984.01 \$465.86 \$0.00 \$0.00
361	Collection Sewers - Gravity	\$10,322	1980	4.00	9.50	40	2.5000%	\$1,032.20	\$2,451.48	\$3,483.68	\$258.05	\$3,741.73	\$129.03	\$3,612.70
		\$1,685	1981	3.00	9.50	40	2.5000%	\$126.39	\$400.24	\$526.63	\$42.13	\$568.76	\$21.07	\$547.70
		\$1,685	1982	2.00	9.50	40	2.5000%	\$84.26	\$400.24	\$484.50	\$42.13	\$526.63	\$21.07	\$505.57
		\$1,791	1983	1.00	9.50	40	2.5000%	\$44.76	\$425.26	\$470.02	\$44.76	\$514.78	\$22.38	\$492.40
	Manholes	\$3,000	1980	4.00	9.50	27	3.7037%	\$300.00	\$1,055.56	\$1,355.56	\$111.11	\$1,466.67	\$55.56	\$1,411.11
		\$500	1981	3.00	9.50	27	3.7037%	\$37.50	\$175.93	\$213.43	\$18.52	\$231.94	\$9.26	\$222.69
		\$500	1982	2.00	9.50	27	3.7037%	\$25.00	\$175.93	\$200.93	\$18.52	\$219.44	\$9.26	\$210.19
		\$500	1983	1.00	9.50	27	3.7037%	\$12.50	\$175.93	\$188.43	\$18.52	\$206.94	\$9.26	\$197.69
362	Special Collecting Structures	\$120	1993	---	0.50	37	2.7027%	\$0.00	\$1.62	\$1.62	\$3.24	\$4.86	\$1.62	\$3.24
		\$80	1994	---	---	37	2.7027%	\$0.00	\$0.00	\$0.00	\$2.16	\$2.16	\$1.08	\$1.08
363	Services to Customers	\$3,430	1980	4.00	9.50	35	2.8571%	\$343.00	\$931.00	\$1,274.00	\$98.00	\$1,372.00	\$49.00	\$1,323.00
		\$560	1981	3.00	9.50	35	2.8571%	\$42.00	\$152.00	\$194.00	\$16.00	\$210.00	\$8.00	\$202.00
		\$560	1982	2.00	9.50	35	2.8571%	\$28.00	\$152.00	\$180.00	\$16.00	\$196.00	\$8.00	\$188.00
		\$595	1983	1.00	9.50	35	2.8571%	\$14.88	\$161.50	\$176.38	\$17.00	\$193.38	\$8.50	\$184.88
364	Flow Measuring Devices	\$2,474	1993	---	0.50	5	20.0000%	\$0.00	\$247.40	\$247.40	\$494.80	\$742.20	\$247.40	\$494.80
365	Flow Measuring Installations	\$2,540	1993	---	0.50	35	2.8571%	\$0.00	\$36.29	\$36.29	\$72.57	\$108.86	\$36.29	\$72.57
370	Receiving Wells	\$8,000	1980	4.00	9.50	25	4.0000%	\$800.00	\$3,040.00	\$3,840.00	\$320.00	\$4,160.00	\$160.00	\$4,000.00
	Note: Only have 2 lift stations instead of 5, so showing one for Phase I in 1980 & one for Phase II in 1981	\$8,000 \$0 \$0	1981 1982 1983	3.00 2.00 1.00	9.50 9.50 9.50	25 25 25	4.0000% 4.0000% 4.0000%	\$600.00 \$0.00 \$0.00	\$3,040.00 \$0.00 \$0.00	\$3,640.00 \$0.00 \$0.00	\$320.00 \$0.00 \$0.00	\$3,960.00 \$0.00 \$0.00	\$160.00 \$0.00 \$0.00	\$3,800.00 \$0.00 \$0.00
371	Pumping Equipment	\$420	1980	4.00	9.50	15	6.6667%	\$42.00	\$266.00	\$308.00	\$28.00	\$336.00	\$14.00	\$322.00
380	Treatment & Disposal Equip.	\$25,000	1980	4.00	9.50	15	6.6667%	\$2,500.00	\$15,833.33	\$18,333.33	\$1,666.67	\$20,000.00	\$833.33	\$19,166.67
		\$3,500	1980	4.00	9.50	15	6.6667%	\$350.00	\$2,216.67	\$2,566.67	\$233.33	\$2,800.00	\$116.67	\$2,683.33
		\$899	1993	---	0.50	18	5.5556%	\$0.00	\$24.97	\$24.97	\$49.94	\$74.92	\$24.97	\$49.94
393	Tools, Shop & Garage Equip.	\$203	1994	---	---	15	6.6667%	\$0.00	\$0.00	\$0.00	\$13.53	\$13.53	\$6.77	\$6.77
		<u>\$86,332</u>								<u>\$41,885</u>	<u>\$4,265</u>	<u>\$46,150</u>	<u>\$2,133</u>	<u>\$44,017</u>

PLANT BREAKDOWN FOR USED & USEFUL CALCULATION:

Other Plant & Org: Accounts 351 & 393 (Total = \$953)
Collection System: Accounts 360, 361, 362, 364, 365, 370 (Total = \$44,334)
Services: Account 363 (Total = \$5,145)
Treatment Plant: Accounts 354, 371, 380 (Total = \$35,899)

SHANGRI-LA BY THE LAKE UTILITIES, INC.
DOCKET NO. 990080-WS
USED & USEFUL CALCULATIONS

TYPE OF PLANT	PSC PLANT NUMBERS	PSC ACCUM DEPR	OPC USED & USEFUL %	OPC NON-USED & USEFUL %	RESULTING USED & USEFUL PLANT	RESULTING NON-U&U PLANT	RESULTING NON-U&U ACCUM DEPR	NET NON-U&U ADJ	DEPR. EXPENSE	RESULTING NON-U&U EXPENSE
Water:										
Organization	\$750	(\$9)	100.00%	0.00%	\$750	\$-0	\$0	\$0	\$19	\$-0
Trans & Dist System	\$26,499	(\$8,136)	83.50%	16.50%	\$22,127	(\$4,372)	\$1,342	(\$3,030)	\$697	(\$115)
Services & Meters	\$25,175	(\$3,346)	83.50%	16.50%	\$21,021	(\$4,154)	\$552	(\$3,602)	\$1,249	(\$206)
Treatment Plant	\$26,704	(\$13,991)	100.00%	0.00%	\$26,704	\$-0	\$0	\$0	\$1,363	\$-0
Sub-Total	\$79,128	(\$25,482)			\$70,602	(\$8,526)	\$1,895	(\$6,632)	\$3,328	(\$321)
Less: Services & Meters						(\$4,154)	\$552	(\$3,602)		(\$206)
Total						(\$4,372)	\$1,342	(\$3,030)		(\$115)
Wastewater:										
Other Plant & Org.	\$953	(\$16)	100.00%	0.00%	\$953	\$-0	\$0	\$0	\$32	\$-0
Collection System	\$44,334	(\$17,021)	83.00%	17.00%	\$36,797	(\$7,537)	\$2,894	(\$4,643)	\$1,883	(\$320)
Services	\$5,145	(\$1,898)	83.00%	17.00%	\$4,270	(\$875)	\$323	(\$552)	\$147	(\$25)
Treatment Plant	\$35,899	(\$25,082)	13.31%	86.69%	\$4,778	(\$31,121)	\$21,744	(\$9,377)	\$2,203	(\$1,910)
Sub-Total	\$86,331	(\$44,017)			\$46,799	(\$39,532)	\$24,960	(\$14,572)	\$4,265	(\$2,255)
Less: Services						(\$875)	\$323	(\$552)		(\$25)
Total						(\$38,658)	\$24,637	(\$14,020)		(\$2,230)

PAA RATES
 SCHEDULE NO. 1
 DOCKET NO. 990080-WS

SHANGRI-LA BY THE LAKE UTILITIES, INC.
 AS OF JUNE 30, 1994

SCHEDULE OF WATER RATE BASE

	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.		BALANCE PER STAFF
UTILITY PLANT IN SERVICE	\$0	\$79,128	A	\$79,128
LAND/NON-DEPRECIABLE ASSETS	0	0	B	0
PLANT HELD FOR FUTURE USE	0	0		0
NON-USED AND USEFUL PLANT	0	0	C	0
CWIP	0	0		0
CIAC	0	(4,520)	D	(4,520)
ACCUMULATED DEPRECIATION	0	(25,482)	E	(25,482)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0		0
AMORTIZATION OF CIAC	0	363	F	363
WORKING CAPITAL ALLOWANCE	0	2,965	G	2,965
WATER RATE BASE	\$0	\$52,454		\$52,454

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

PAA RATES
SCHEDULE NO. 1-A
DOCKET NO. 990080-WS

SCHEDULE OF WASTEWATER RATE BASE

	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.		BALANCE PER STAFF
UTILITY PLANT IN SERVICE	\$0	\$86,331	A	\$86,331
LAND/NON-DEPRECIABLE ASSETS	0	0	B	0
PLANT HELD FOR FUTURE USE	0	0		0
NON-USED AND USEFUL PLANT (NET)	0	0	C	0
CWIP	0	0		0
CIAC	0	0	D	0
ACCUMULATED DEPRECIATION	0	(44,017)	E	(44,017)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0		0
AMORTIZATION OF CIAC	0	0	F	0
WORKING CAPITAL ALLOWANCE	0	3,248	G	3,248
WASTEWATER RATE BASE	\$0	\$45,562		\$45,562

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

PAA RATES
SCHEDULE NO. 1-B
DOCKET NO. 990080-W5

ADJUSTMENTS TO RATE BASE

	WATER	WASTEWATER
A. UTILITY PLANT IN SERVICE		
1. To reflect original cost study	\$ 68,500	\$ 145,000
2. To reflect 1991 plant additions necessary to provide water service to five single family homes	4,845	0
3. To adjust for 1993 and 1994 plant additions per staff audit report	3,204	6,315
4. Proforma adjustment to reflect meters and meter installations for 135 existing mobile home lots	16,875	0
5. To reflect organization costs	750	750
6. To remove lines that were incorrectly included in the original cost study	(15,046)	(65,734)
	<u>\$ 79,128</u>	<u>\$ 86,331</u>
B. LAND		
1.	\$ 0	\$ 0
2.	0	0
	<u>\$ 0</u>	<u>\$ 0</u>
C. NON-USED AND USEFUL PLANT		
1.	<u>\$ 0</u>	<u>\$ 0</u>
D. CIAC		
1. To impute CIAC for water service provided to five single family homes	\$ (4,520)	\$ 0
2.	0	0
3.	0	0
4.	0	0
	<u>\$ (4,520)</u>	<u>\$ 0</u>
E. ACCUMULATED DEPRECIATION		
1. To reflect accumulated depreciation on plant in service	\$ (30,692)	\$ 0
2. To remove accumulated depreciation for lines that were incorrectly included in the original cost study	5,210	26,825
3.	0	0
4.	0	0
5.	0	0
6.	0	0
	<u>\$ (25,482)</u>	<u>\$ (44,017)</u>
F. AMORTIZATION OF CIAC		
1. To reflect accumulated amortization of CIAC	\$ 363	\$ 0
2.	0	0
	<u>\$ 363</u>	<u>\$ 0</u>
G. WORKING CAPITAL ALLOWANCE		
1. To reflect 1/8 of test year O & M expenses	<u>\$ 2,965</u>	<u>\$ 3,248</u>

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

PAA RATES
SCHEDULE NO. 2
DOCKET NO. 990080-WS

SCHEDULE OF CAPITAL STRUCTURE

	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
LONG-TERM DEBT	\$ 0	81,213	81,213	82.86%	10.59%	8.78%
EQUITY	0	16,803	16,803	17.14%	11.88%	2.04%
TOTAL	\$ 0	\$ 98,016	\$ 98,016	100.00%		10.82%
RATE BASE			98,016			

<u>RANGE OF REASONABLENESS</u>	<u>LOW</u>	<u>HIGH</u>
RETURN ON EQUITY	10.88%	12.88%
OVERALL RATE OF RETURN	10.64%	10.99%

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

PAA RATES
SCHEDULE NO. 3
DOCKET NO. 990080-WS

SCHEDULE OF WATER OPERATING INCOME

	TEST YEAR PER UTILITY	STAFF ADJ. TO UTILITY	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	TOTAL PER STAFF
OPERATING REVENUES	\$ 0	\$ 0	\$ 0	\$ 36,950 E	\$ 36,950
OPERATING EXPENSES					
OPERATION AND MAINTENANCE	0	23,720 A	23,720	0	23,720
DEPRECIATION	0	3,328 B	3,328	0	3,328
AMORTIZATION	0	121 C	121	0	121
TAXES OTHER THAN INCOME	0	2,445 D	2,445	1,663 F	4,108
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 0	\$ 29,614	\$ 29,614	\$ 1,663	\$ 31,277
OPERATING INCOME / (LOSS)	\$ 0		\$ (29,614)		\$ 5,673
WATER RATE BASE	\$ 0		\$ 52,454		\$ 52,454
RATE OF RETURN	N/A		-56.46%		10.82%

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

PAA RATES
SCHEDULE NO. 3-A
DOCKET NO. 990080-WS

SCHEDULE OF WASTEWATER OPERATING INCOME

	TEST YEAR PER UTILITY	STAFF ADJ. TO UTILITY	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	TOTAL PER STAFF
OPERATING REVENUES	\$ 0	\$ 0	\$ 0	\$ 39,715 E	\$ 39,715
OPERATING EXPENSES					
OPERATION AND MAINTENANCE	0	25,987 A	25,987	0	25,987
DEPRECIATION	0	4,265 B	4,265	0	4,265
AMORTIZATION	0	0 C	0	0	0
TAXES OTHER THAN INCOME	0	2,748 D	2,748	1,787 F	4,535
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 0	\$ 33,000	\$ 33,000	\$ 1,787	\$ 34,787
OPERATING INCOME / (LOSS)	\$ 0		\$ (33,000)		\$ 4,928
WASTEWATER RATE BASE	\$ 0		\$ 45,562		\$ 45,562
RATE OF RETURN	N/A		-72.43%		10.82%

ADJUSTMENTS TO OPERATING INCOME

REVENUE	WATER	WASTEWATER
a.	0	0
b.	0	0
	\$ 0	\$ 0
A. OPERATION AND MAINTENANCE EXPENSES		
1. Salaries and Wages (Employees)		
a. To adjust per audit calculation	\$ 2,497	\$ 2,497
2. Salaries and Wages (Officers)		
a. To reflect officer's salary	\$ 2,165	\$ 2,165
3. Sludge Removal Expense		
a. To adjust per audit calculation	0	1,350
b.	0	0
	\$ 0	\$ 1,350
4. Purchased Power		
a. To adjust per audit calculation	3,002	4,129
	0	0
	\$ 3,002	\$ 4,129
5. Chemicals		
a. To adjust per audit calculation	0	410
b. To reflect appropriate chemical expense for water plant	495	0
	\$ 495	\$ 410
6. Materials and Supplies		
a. To adjust per audit calculation	495	997
b. To reflect utility billing expense	840	840
	\$ 1,335	\$ 1,837
7. Contractual Services		
a. To adjust engineering contractual services per audit calculation	3,150	3,763
b. To adjust legal contractual services per audit calculation	683	683
c. To reflect engineering contractual services for required DEP testing	2,500	1,000
d. To reflect accounting contractual services	2,100	2,100
e.	0	0
f.	0	0
g.	0	0
h.	0	0
i.	0	0
j.	0	0
	0	0
	0	0
	\$ 8,433	\$ 7,546
8. Rents		
a. To reflect lease for utility land	3,750	3,750
b. To reflect rent for office space	600	600
c.	0	0
	\$ 4,350	\$ 4,350
9. Transportation Expenses		
a. To reflect transportation expense for use of truck owned by parent company	435	435
b.	0	0
	\$ 435	\$ 435
10. Insurance Expense		
a. To reflect insurance expense on utility facilities	289	638
b.	0	0
c.	0	0
d.	0	0
e.	0	0
	\$ 289	\$ 638

(Continued on Sheet 2)

ADJUSTMENTS TO OPERATING INCOME

11. Regulatory Commission Expense		
a.	\$ 0	\$ 0
12. Miscellaneous Expenses		
a. To adjust per audit calculation	89	0
b. To allocate a portion of the office electric expense to the utility	72	72
c. To allocate a portion of the business phone service expense to the utility	353	353
d. To allocate a portion of the cellular phone service to the utility	205	205
e.	0	0
f.	0	0
g.	0	0
h.	0	0
i.	0	0
j.	0	0
k.	0	0
l.	0	0
m.	0	0
n.	0	0
	<u>\$ 719</u>	<u>\$ 630</u>
13. Unclassified disbursements		
a.	0	0
b.	0	0
c.	0	0
d.	0	0
	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL O & M ADJUSTMENTS	<u>\$ 23,720</u>	<u>\$ 25,987</u>
B. DEPRECIATION EXPENSE		
1. To reflect annual depreciation expense	3,724	6,447
2. To remove depreciation expense for lines that were incorrectly included in the original cost study	(396)	(2,182)
3.	0	0
4.	0	0
5.	0	0
	<u>\$ 3,328</u>	<u>\$ 4,265</u>
C. AMORTIZATION EXPENSE		
1. To reflect annual amortization expense	<u>\$ 121</u>	<u>\$ 0</u>
D. TAXES OTHER THAN INCOME		
1. To adjust property taxes per audit calculation	1,667	1,970
2. To adjust payroll taxes per audit calculation	420	420
3. To reflect payroll taxes associated with officer's salary	358	358
4.	0	0
5.	0	0
6.	0	0
7.	0	0
	<u>\$ 2,445</u>	<u>\$ 2,748</u>
E. OPERATING REVENUES		
1. To reflect staff's recommended increase in revenue	<u>\$ 36,950</u>	<u>\$ 39,715</u>
F. TAXES OTHER THAN INCOME		
1. To reflect additional regulatory assessment fee associated with recommended revenue requirement	<u>\$ 1,663</u>	<u>\$ 1,787</u>

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 1
SCHEDULE NO. 1
DOCKET NO. 990080-WS

SCHEDULE OF WATER RATE BASE

	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.		BALANCE PER STAFF
UTILITY PLANT IN SERVICE	\$0	\$79,128	A	\$79,128
LAND/NON-DEPRECIABLE ASSETS	0	0	B	0
PLANT HELD FOR FUTURE USE	0	0		0
NON-USED AND USEFUL PLANT	0	0	C	0
CWIP	0	0		0
CIAC	0	(4,520)	D	(4,520)
ACCUMULATED DEPRECIATION	0	(25,482)	E	(25,482)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0		0
AMORTIZATION OF CIAC	0	363	F	363
WORKING CAPITAL ALLOWANCE	0	2,965	G	2,965
WATER RATE BASE	\$0	\$52,454		\$52,454

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 1
SCHEDULE NO. 1-A
DOCKET NO. 990080-WS

SCHEDULE OF WASTEWATER RATE BASE

	<u>BALANCE PER UTILITY</u>	<u>STAFF ADJUST. TO UTIL. BAL.</u>		<u>BALANCE PER STAFF</u>
UTILITY PLANT IN SERVICE	\$0	\$86,331	A	\$86,331
LAND/NON-DEPRECIABLE ASSETS	0	0	B	0
PLANT HELD FOR FUTURE USE	0	0		0
NON-USED AND USEFUL PLANT (NET)	0	(9,377)	C	(9,377)
CWIP	0	0		0
CIAC	0	0	D	0
ACCUMULATED DEPRECIATION	0	(44,026)	E	(44,026)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0		0
AMORTIZATION OF CIAC	0	0	F	0
WORKING CAPITAL ALLOWANCE	0	3,248	G	3,248
WASTEWATER RATE BASE	\$0	\$36,176		<u>\$36,176</u>

ADJUSTMENTS TO RATE BASE

	WATER	WASTEWATER
A. UTILITY PLANT IN SERVICE		
1. To reflect original cost study	\$ 68,500	\$ 145,000
2. To reflect 1991 plant additions necessary to provide water service to five single family homes	4,845	0
3. To adjust for 1993 and 1994 plant additions per staff audit report	3,204	6,315
4. Proforma adjustment to reflect meters and meter installations for 135 existing mobile home lots	16,875	0
5. To reflect organization costs	750	750
6. To remove lines that were incorrectly included in the original cost study	(15,046)	(65,734)
	<u>\$ 79,128</u>	<u>\$ 88,331</u>
B. LAND		
1.	\$ 0	\$ 0
2.	0	0
	<u>\$ 0</u>	<u>\$ 0</u>
C. NON-USED AND USEFUL PLANT		
1. To remove non used & useful portion of wastewater treatment plant per OPC percentage		(31,121)
2. To remove accumulated depreciation for non used & useful portion of wastewater treatment plant per OPC percentage		21,744
	<u>\$ 0</u>	<u>\$ (9,377)</u>
D. CIAC		
1. To impute CIAC for water service provided to five single family homes	\$ (4,520)	\$ 0
2.	0	0
3.	0	0
4.	0	0
	<u>\$ (4,520)</u>	<u>\$ 0</u>
E. ACCUMULATED DEPRECIATION		
1. To reflect accumulated depreciation on plant in service	\$ (30,692)	\$ (70,851)
2. To remove accumulated depreciation for lines that were incorrectly included in the original cost study	5,210	26,825
3.	0	0
4.	0	0
5.	0	0
6.	0	0
	<u>\$ (25,482)</u>	<u>\$ (44,026)</u>
F. AMORTIZATION OF CIAC		
1. To reflect accumulated amortization of CIAC	\$ 363	\$ 0
2.	0	0
	<u>\$ 363</u>	<u>\$ 0</u>
G. WORKING CAPITAL ALLOWANCE		
1. To reflect 1/8 of test year O & M expenses	\$ 2,965	\$ 3,248

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 1
SCHEDULE NO. 2
DOCKET NO. 990080-WS

SCHEDULE OF CAPITAL STRUCTURE

	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
LONG-TERM DEBT	\$ 0	73,437	73,437	82.86%	10.59%	8.78%
EQUITY	0	15,194	15,194	17.14%	11.88%	2.04%
TOTAL	\$ 0	\$ 88,630	\$ 88,630	100.00%		10.82%
RATE BASE			88,630			

<u>RANGE OF REASONABLENESS</u>	<u>LOW</u>	<u>HIGH</u>
RETURN ON EQUITY	10.88%	12.88%
OVERALL RATE OF RETURN	10.64%	10.99%

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 1
SCHEDULE NO. 3
DOCKET NO. 990080-WS

SCHEDULE OF WATER OPERATING INCOME

	TEST YEAR PER UTILITY	STAFF ADJ. TO UTILITY	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	TOTAL PER STAFF
OPERATING REVENUES	\$ 0	\$ 0	\$ 0	\$ 36,950 E	\$ 36,950
OPERATING EXPENSES					
OPERATION AND MAINTENANCE	0	23,720 A	23,720	0	23,720
DEPRECIATION	0	3,328 B	3,328	0	3,328
AMORTIZATION	0	121 C	121	0	121
TAXES OTHER THAN INCOME	0	2,445 D	2,445	1,663 F	4,108
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 0	\$ 29,614	\$ 29,614	\$ 1,663	\$ 31,277
OPERATING INCOME / (LOSS)	\$ 0		\$ (29,614)		\$ 5,673
WATER RATE BASE	\$ 0		\$ 52,454		\$ 52,454
RATE OF RETURN	N/A		-56.46%		10.82%

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 1
SCHEDULE NO. 3-A
DOCKET NO. 990080-WS

SCHEDULE OF WASTEWATER OPERATING INCOME

	TEST YEAR PER UTILITY	STAFF ADJ. TO UTILITY	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	TOTAL PER STAFF
OPERATING REVENUES	\$ 0	\$ 0	\$ 0	\$ 36,672 E	\$ 36,672
OPERATING EXPENSES					
OPERATION AND MAINTENANCE	0	25,987 A	25,987	0	25,987
DEPRECIATION	0	2,374 B	2,374	0	2,374
AMORTIZATION	0	0 C	0	0	0
TAXES OTHER THAN INCOME	0	2,748 D	2,748	1,650 F	4,398
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 0	\$ 31,109	\$ 31,109	\$ 1,650	\$ 32,759
OPERATING INCOME / (LOSS)	\$ 0		\$ (31,109)		\$ 3,913
WASTEWATER RATE BASE	\$ 0		\$ 36,176		\$ 36,176
RATE OF RETURN	N/A		-85.99%		10.82%

ADJUSTMENTS TO OPERATING INCOME

REVENUE	WATER	<u>WASTEWATER</u>
a.	0	0
b.	0	0
	\$ 0	\$ 0
A. OPERATION AND MAINTENANCE EXPENSES		
1. Salaries and Wages (Employees)		
a. To adjust per audit calculation	\$ 2,497	\$ 2,497
2. Salaries and Wages (Officers)		
a. To reflect officer's salary	\$ 2,165	\$ 2,165
3. Sludge Removal Expense		
a. To adjust per audit calculation	0	1,350
b.	0	0
	\$ 0	\$ 1,350
4. Purchased Power		
a. To adjust per audit calculation	3,002	4,129
	0	0
	\$ 3,002	\$ 4,129
5. Chemicals		
a. To adjust per audit calculation	0	410
b. To reflect appropriate chemical expense for water plant	495	0
	\$ 495	\$ 410
6. Materials and Supplies		
a. To adjust per audit calculation	495	997
b. To reflect utility billing expense	840	840
	\$ 1,335	\$ 1,837
7. Contractual Services		
a. To adjust engineering contractual services per audit calculation	3,150	3,763
b. To adjust legal contractual services per audit calculation	683	683
c. To reflect engineering contractual services for required DEP testing	2,500	1,000
d. To reflect accounting contractual services	2,100	2,100
e.	0	0
f.	0	0
g.	0	0
h.	0	0
i.	0	0
j.	0	0
	0	0
	0	0
	\$ 8,433	\$ 7,546
8. Rents		
a. To reflect lease for utility land	3,750	3,750
b. To reflect rent for office space	600	600
c.	0	0
	\$ 4,350	\$ 4,350
9. Transportation Expenses		
a. To reflect transportation expense for use of truck owned by parent company	435	435
b.	0	0
	\$ 435	\$ 435
10. Insurance Expense		
a. To reflect insurance expense on utility facilities	289	638
b.	0	0
c.	0	0
d.	0	0
e.	0	0
	\$ 289	\$ 638

(Continued on Sheet 2)

ADJUSTMENTS TO OPERATING INCOME

11. Regulatory Commission Expense		
a.	\$ 0	\$ 0
12. Miscellaneous Expenses		
a. To adjust per audit calculation	89	0
b. To allocate a portion of the office electric expense to the utility	72	72
c. To allocate a portion of the business phone service expense to the utility	353	353
d. To allocate a portion of the cellular phone service to the utility	205	205
e.	0	0
f.	0	0
g.	0	0
h.	0	0
i.	0	0
j.	0	0
k.	0	0
l.	0	0
m.	0	0
n.	0	0
	\$ 719	\$ 630
13. Unclassified disbursements		
a.	0	0
b.	0	0
c.	0	0
d.	0	0
	\$ 0	\$ 0
TOTAL O & M ADJUSTMENTS	\$ 23,720	\$ 25,987
B. DEPRECIATION EXPENSE		
1. To reflect annual depreciation expense	3,724	6,466
2. To remove depreciation expense for lines that were incorrectly included in the original cost study	(396)	(2,182)
3. To remove depr. expense for non used & useful plant per OPC %	0	(1,910)
4.	0	0
5.	0	0
	\$ 3,328	\$ 2,374
C. AMORTIZATION EXPENSE		
1. To reflect annual amortization expense	\$ 121	\$ 0
D. TAXES OTHER THAN INCOME		
1. To adjust property taxes per audit calculation	1,667	1,970
2. To adjust payroll taxes per audit calculation	420	420
3. To reflect payroll taxes associated with officer's salary	358	358
4.	0	0
5.	0	0
6.	0	0
7.	0	0
	\$ 2,445	\$ 2,748
E. OPERATING REVENUES		
1. To reflect staff's recommended increase in revenue	\$ 36,950	\$ 36,672
F. TAXES OTHER THAN INCOME		
1. To reflect additional regulatory assessment fee associated with recommended revenue requirement	\$ 1,663	\$ 1,650

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 2
SCHEDULE NO. 1
DOCKET NO. 990080-WS

SCHEDULE OF WATER RATE BASE

	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.	BALANCE PER STAFF
UTILITY PLANT IN SERVICE	\$0	\$79,128 A	\$79,128
LAND/NON-DEPRECIABLE ASSETS	0	0 B	0
PLANT HELD FOR FUTURE USE	0	0	0
NON-USED AND USEFUL PLANT	0	(3,030) C	(3,030)
CWIP	0	0	0
CIAC	0	(4,520) D	(4,520)
ACCUMULATED DEPRECIATION	0	(25,482) E	(25,482)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	0	363 F	363
WORKING CAPITAL ALLOWANCE	0	2,965 G	2,965
WATER RATE BASE	\$0	\$49,424	\$49,424

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 2
SCHEDULE NO. 1-A
DOCKET NO. 990080-WS

SCHEDULE OF WASTEWATER RATE BASE

	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.	BALANCE PER STAFF
UTILITY PLANT IN SERVICE	\$0	\$86,331 A	\$86,331
LAND/NON-DEPRECIABLE ASSETS	0	0 B	0
PLANT HELD FOR FUTURE USE	0	0	0
NON-USED AND USEFUL PLANT (NET)	0	(14,020) C	(14,020)
CWIP	0	0	0
CIAC	0	0 D	0
ACCUMULATED DEPRECIATION	0	(44,026) E	(44,026)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	0	0 F	0
WORKING CAPITAL ALLOWANCE	0	3,248 G	3,248
WASTEWATER RATE BASE	\$0	\$31,533	\$31,533

ADJUSTMENTS TO RATE BASE

A. UTILITY PLANT IN SERVICE	WATER	WASTEWATER
1. To reflect original cost study	\$ 68,500	\$ 145,000
2. To reflect 1991 plant additions necessary to provide water service to five single family homes	4,845	0
3. To adjust for 1993 and 1994 plant additions per staff audit report	3,204	6,315
4. Proforma adjustment to reflect meters and meter installations for 135 existing mobile home lots	16,875	0
5. To reflect organization costs	750	750
6. To remove lines that were incorrectly included in the original cost study	(15,046)	(65,734)
	<u>\$ 79,128</u>	<u>\$ 86,331</u>
B. LAND		
1.	\$ 0	\$ 0
2.	0	0
	<u>\$ 0</u>	<u>\$ 0</u>
C. NON-USED AND USEFUL PLANT		
1. To remove non used & useful portion of wastewater treatment plant per OPC percentage		(31,121)
2. To remove non used & useful portion of water transmission and distribution system/wastewater collection system per OPC percentage	(4,372)	(7,537)
3. To remove accumulated depreciation for non used & useful portion of wastewater treatment plant per OPC %		21,744
4. To remove accumulated depreciation for non used & useful portion of water trans & dist system/wastewater collection system per OPC %	1,342	2,894
	<u>\$ (3,030)</u>	<u>\$ (14,020)</u>
D. CIAC		
1. To impute CIAC for water service provided to five single family homes	\$ (4,520)	\$ 0
2.	0	0
3.	0	0
4.	0	0
	<u>\$ (4,520)</u>	<u>\$ 0</u>
E. ACCUMULATED DEPRECIATION		
1. To reflect accumulated depreciation on plant in service	\$ (30,692)	\$ (70,851)
2. To remove accumulated depreciation for lines that were incorrectly included in the original cost study	5,210	26,825
3.	0	0
4.	0	0
5.	0	0
6.	0	0
	<u>\$ (25,482)</u>	<u>\$ (44,026)</u>
F. AMORTIZATION OF CIAC		
1. To reflect accumulated amortization of CIAC	\$ 363	\$ 0
2.	0	0
	<u>\$ 363</u>	<u>\$ 0</u>
G. WORKING CAPITAL ALLOWANCE		
1. To reflect 1/8 of test year O & M expenses	\$ 2,965	\$ 3,248

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 2
SCHEDULE NO. 2
DOCKET NO. 990080-WS

SCHEDULE OF CAPITAL STRUCTURE

	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
LONG-TERM DEBT	\$ 0	67,079	67,079	82.86%	10.59%	8.78%
EQUITY	0	13,878	13,878	17.14%	11.88%	2.04%
TOTAL	\$ 0	\$ 80,957	\$ 80,957	100.00%		10.82%
RATE BASE			80,957			

<u>RANGE OF REASONABLENESS</u>	<u>LOW</u>	<u>HIGH</u>
RETURN ON EQUITY	10.88%	12.88%
OVERALL RATE OF RETURN	10.64%	10.99%

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 2
SCHEDULE NO. 3
DOCKET NO. 990080-WS

SCHEDULE OF WATER OPERATING INCOME

	TEST YEAR PER UTILITY	STAFF ADJ. TO UTILITY	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	TOTAL PER STAFF
OPERATING REVENUES	\$ 0	\$ 0	\$ 0	\$ 36,486 E	\$ 36,486
OPERATING EXPENSES					
OPERATION AND MAINTENANCE	0	23,720 A	23,720	0	23,720
DEPRECIATION	0	3,213 B	3,213	0	3,213
AMORTIZATION	0	121 C	121	0	121
TAXES OTHER THAN INCOME	0	2,445 D	2,445	1,642 F	4,087
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 0	\$ 29,499	\$ 29,499	\$ 1,642	\$ 31,141
OPERATING INCOME / (LOSS)	\$ 0		\$ (29,499)		\$ 5,345
WATER RATE BASE	\$ 0		\$ 49,424		\$ 49,424
RATE OF RETURN	N/A		-59.69%		10.82%

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 2
SCHEDULE NO. 3-A
DOCKET NO. 990080-WS

SCHEDULE OF WASTEWATER OPERATING INCOME

	TEST YEAR PER UTILITY	STAFF ADJ. TO UTILITY	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	TOTAL PER STAFF
OPERATING REVENUES	\$ 0	\$ 0	\$ 0	\$ 35,811 E	\$ 35,811
OPERATING EXPENSES					
OPERATION AND MAINTENANCE	0	25,987 A	25,987	0	25,987
DEPRECIATION	0	2,054 B	2,054	0	2,054
AMORTIZATION	0	0 C	0	0	0
TAXES OTHER THAN INCOME	0	2,748 D	2,748	1,611 F	4,359
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 0	\$ 30,789	\$ 30,789	\$ 1,611	\$ 32,401
OPERATING INCOME / (LOSS)	\$ 0		\$ (30,789)		\$ 3,410
WASTEWATER RATE BASE	\$ 0		\$ 31,533		\$ 31,533
RATE OF RETURN	N/A		-97.64%		10.82%

ADJUSTMENTS TO OPERATING INCOME

REVENUE	WATER	WASTEWATER
a.	0	0
b.	0	0
	<u>\$ 0</u>	<u>\$ 0</u>
A. OPERATION AND MAINTENANCE EXPENSES		
1. Salaries and Wages (Employees)		
a. To adjust per audit calculation	\$ 2,497	\$ 2,497
2. Salaries and Wages (Officers)		
a. To reflect officer's salary	\$ 2,165	\$ 2,165
3. Sludge Removal Expense		
a. To adjust per audit calculation	0	1,350
b.	0	0
	<u>\$ 0</u>	<u>\$ 1,350</u>
4. Purchased Power		
a. To adjust per audit calculation	3,002	4,129
	0	0
	<u>\$ 3,002</u>	<u>\$ 4,129</u>
5. Chemicals		
a. To adjust per audit calculation	0	410
b. To reflect appropriate chemical expense for water plant	495	0
	<u>\$ 495</u>	<u>\$ 410</u>
6. Materials and Supplies		
a. To adjust per audit calculation	495	997
b. To reflect utility billing expense	840	840
	<u>\$ 1,335</u>	<u>\$ 1,837</u>
7. Contractual Services		
a. To adjust engineering contractual services per audit calculation	3,150	3,763
b. To adjust legal contractual services per audit calculation	683	683
c. To reflect engineering contractual services for required DEP testing	2,500	1,000
d. To reflect accounting contractual services	2,100	2,100
e.	0	0
f.	0	0
g.	0	0
h.	0	0
i.	0	0
j.	0	0
	0	0
	<u>\$ 8,433</u>	<u>\$ 7,546</u>
8. Rents		
a. To reflect lease for utility land	3,750	3,750
b. To reflect rent for office space	600	600
c.	0	0
	<u>\$ 4,350</u>	<u>\$ 4,350</u>
9. Transportation Expenses		
a. To reflect transportation expense for use of truck owned by parent company	435	435
b.	0	0
	<u>\$ 435</u>	<u>\$ 435</u>
10. Insurance Expense		
a. To reflect insurance expense on utility facilities	289	638
b.	0	0
c.	0	0
d.	0	0
e.	0	0
	<u>\$ 289</u>	<u>\$ 638</u>

(Continued on Sheet 2)

ADJUSTMENTS TO OPERATING INCOME

11. Regulatory Commission Expense		
a.	\$ 0	\$ 0
12. Miscellaneous Expenses		
a. To adjust per audit calculation	89	0
b. To allocate a portion of the office electric expense to the utility	72	72
c. To allocate a portion of the business phone service expense to the utility	353	353
d. To allocate a portion of the cellular phone service to the utility	205	205
e.	0	0
f.	0	0
g.	0	0
h.	0	0
i.	0	0
j.	0	0
k.	0	0
l.	0	0
m.	0	0
n.	0	0
	\$ 719	\$ 630
13. Unclassified disbursements		
a.	0	0
b.	0	0
c.	0	0
d.	0	0
	\$ 0	\$ 0
	\$ 23,720	\$ 25,987
B. DEPRECIATION EXPENSE		
1. To reflect annual depreciation expense	3,724	6,466
2. To remove depreciation expense for lines that were incorrectly included in the original cost study	(396)	(2,182)
3. To remove depr. expense for non used & useful plant per OPC %	(115)	(2,230)
4.	0	0
5.	0	0
	\$ 3,213	\$ 2,054
C. AMORTIZATION EXPENSE		
1. To reflect annual amortization expense	\$ 121	\$ 0
D. TAXES OTHER THAN INCOME		
1. To adjust property taxes per audit calculation	1,667	1,970
2. To adjust payroll taxes per audit calculation	420	420
3. To reflect payroll taxes associated with officer's salary	358	358
4.	0	0
5.	0	0
6.	0	0
7.	0	0
	\$ 2,445	\$ 2,748
E. OPERATING REVENUES		
1. To reflect staff's recommended increase in revenue	\$ 36,486	\$ 35,811
F. TAXES OTHER THAN INCOME		
1. To reflect additional regulatory assessment fee associated with recommended revenue requirement	\$ 1,642	\$ 1,611

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 3
SCHEDULE NO. 1
DOCKET NO. 990080-WS

SCHEDULE OF WATER RATE BASE

	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.		BALANCE PER STAFF
UTILITY PLANT IN SERVICE	\$0	\$79,128	A	\$79,128
LAND/NON-DEPRECIABLE ASSETS	0	0	B	0
PLANT HELD FOR FUTURE USE	0	0		0
NON-USED AND USEFUL PLANT	0	(6,632)	C	(6,632)
CWIP	0	0		0
CIAC	0	(4,520)	D	(4,520)
ACCUMULATED DEPRECIATION	0	(25,482)	E	(25,482)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0		0
AMORTIZATION OF CIAC	0	363	F	363
WORKING CAPITAL ALLOWANCE	0	2,965	G	2,965
WATER RATE BASE	\$0	\$45,822		\$45,822

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 3
SCHEDULE NO. 1-A
DOCKET NO. 990080-WS

SCHEDULE OF WASTEWATER RATE BASE

	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.		BALANCE PER STAFF
UTILITY PLANT IN SERVICE	\$0	\$86,331	A	\$86,331
LAND/NON-DEPRECIABLE ASSETS	0	0	B	0
PLANT HELD FOR FUTURE USE	0	0		0
NON-USED AND USEFUL PLANT (NET)	0	(14,572)	C	(14,572)
CWIP	0	0		0
CIAC	0	0	D	0
ACCUMULATED DEPRECIATION	0	(44,026)	E	(44,026)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0		0
AMORTIZATION OF CIAC	0	0	F	0
WORKING CAPITAL ALLOWANCE	0	3,248	G	3,248
WASTEWATER RATE BASE	\$0	\$30,981		\$30,981

ADJUSTMENTS TO RATE BASE

A. UTILITY PLANT IN SERVICE	WATER	WASTEWATER
1. To reflect original cost study	\$ 68,500	\$ 145,000
2. To reflect 1991 plant additions necessary to provide water service to five single family homes	4,845	0
3. To adjust for 1993 and 1994 plant additions per staff audit report	3,204	6,315
4. Proforma adjustment to reflect meters and meter installations for 135 existing mobile home lots	16,875	0
5. To reflect organization costs	750	750
6. To remove lines that were incorrectly included in the original cost study	(15,046)	(65,734)
	\$ 79,128	\$ 86,331
B. LAND		
1.	\$ 0	\$ 0
2.	0	0
	\$ 0	\$ 0
C. NON-USED AND USEFUL PLANT		
1. To remove non used & useful portion of wastewater treatment plant per OPC percentage		(31,121)
2. To remove non used & useful portion of water transmission and distribution system/wastewater collection system per OPC percentage	(4,372)	(7,537)
3. To remove non used & useful portion of water services & meters, and wastewater services per OPC percentage	(4,154)	(875)
4. To remove accumulated depreciation for non used & useful portion of wastewater treatment plant per OPC %		21,744
5. To remove accumulated depreciation for non used & useful portion of water trans & dist system/wastewater collection system per OPC %	1,342	2,894
6. To remove accumulated depreciation for non used & useful portion of water services & meters/wastewater services	552	323
	\$ (6,632)	\$ (14,572)
D. CIAC		
1. To impute CIAC for water service provided to five single family homes	\$ (4,520)	\$ 0
2.	0	0
3.	0	0
4.	0	0
	\$ (4,520)	\$ 0
E. ACCUMULATED DEPRECIATION		
1. To reflect accumulated depreciation on plant in service	\$ (30,692)	\$ (70,851)
2. To remove accumulated depreciation for lines that were incorrectly included in the original cost study	5,210	28,825
3.	0	0
4.	0	0
5.	0	0
6.	0	0
	\$ (25,482)	\$ (44,026)
F. AMORTIZATION OF CIAC		
1. To reflect accumulated amortization of CIAC	\$ 363	\$ 0
2.	0	0
	\$ 363	\$ 0
G. WORKING CAPITAL ALLOWANCE		
1. To reflect 1/8 of test year O & M expenses	\$ 2,965	\$ 3,248

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 3
SCHEDULE NO. 2
DOCKET NO. 990080-WS

SCHEDULE OF CAPITAL STRUCTURE

	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
LONG-TERM DEBT	\$ 0	63,637	63,637	82.86%	10.59%	8.78%
EQUITY	0	13,166	13,166	17.14%	11.88%	2.04%
TOTAL	\$ 0	\$ 76,803	\$ 76,803	100.00%		10.82%
RATE BASE			76,803			

<u>RANGE OF REASONABLENESS</u>	<u>LOW</u>	<u>HIGH</u>
RETURN ON EQUITY	10.88%	12.88%
OVERALL RATE OF RETURN	10.64%	10.99%

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 3
SCHEDULE NO. 3
DOCKET NO. 990080-WS

SCHEDULE OF WATER OPERATING INCOME

	TEST YEAR PER UTILITY	STAFF ADJ. TO UTILITY	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	TOTAL PER STAFF
OPERATING REVENUES	\$ 0	\$ 0	\$ 0	\$ 35,863 E	\$ 35,863
OPERATING EXPENSES					
OPERATION AND MAINTENANCE	0	23,720 A	23,720	0	23,720
DEPRECIATION	0	3,007 B	3,007	0	3,007
AMORTIZATION	0	121 C	121	0	121
TAXES OTHER THAN INCOME	0	2,445 D	2,445	1,614 F	4,059
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 0	\$ 29,293	\$ 29,293	\$ 1,614	\$ 30,907
OPERATING INCOME / (LOSS)	\$ 0		\$ (29,293)		\$ 4,956
WATER RATE BASE	\$ 0		\$ 45,822		\$ 45,822
RATE OF RETURN	N/A		-63.93%		10.82%

SHANGRI-LA BY THE LAKE UTILITIES, INC.
AS OF JUNE 30, 1994

OPTION 3
SCHEDULE NO. 3-A
DOCKET NO. 990080-WS

SCHEDULE OF WASTEWATER OPERATING INCOME

	TEST YEAR PER UTILITY	STAFF ADJ. TO UTILITY	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	TOTAL PER STAFF
OPERATING REVENUES	\$ 0	\$ 0	\$ 0	\$ 35,722 E	\$ 35,722
OPERATING EXPENSES					
OPERATION AND MAINTENANCE	0	25,987 A	25,987	0	25,987
DEPRECIATION	0	2,029 B	2,029	0	2,029
AMORTIZATION	0	0 C	0	0	0
TAXES OTHER THAN INCOME	0	2,748 D	2,748	1,608 F	4,356
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 0	\$ 30,764	\$ 30,764	\$ 1,608	\$ 32,372
OPERATING INCOME / (LOSS)	\$ 0		\$ (30,764)		\$ 3,351
WASTEWATER RATE BASE	\$ 0		\$ 30,981		\$ 30,981
RATE OF RETURN	N/A		-99.30%		10.82%

ADJUSTMENTS TO OPERATING INCOME

REVENUE	WATER	WASTEWATER
a.	0	0
b.	0	0
	<u>\$ 0</u>	<u>\$ 0</u>
A. OPERATION AND MAINTENANCE EXPENSES		
1. Salaries and Wages (Employees)		
a. To adjust per audit calculation	\$ 2,497	\$ 2,497
2. Salaries and Wages (Officers)		
a. To reflect officer's salary	\$ 2,165	\$ 2,165
3. Sludge Removal Expense		
a. To adjust per audit calculation	0	1,350
b.	0	0
	<u>\$ 0</u>	<u>\$ 1,350</u>
4. Purchased Power		
a. To adjust per audit calculation	3,002	4,129
	0	0
	<u>\$ 3,002</u>	<u>\$ 4,129</u>
5. Chemicals		
a. To adjust per audit calculation	0	410
b. To reflect appropriate chemical expense for water plant	495	0
	<u>\$ 495</u>	<u>\$ 410</u>
6. Materials and Supplies		
a. To adjust per audit calculation	495	997
b. To reflect utility billing expense	840	840
	<u>\$ 1,335</u>	<u>\$ 1,837</u>
7. Contractual Services		
a. To adjust engineering contractual services per audit calculation	3,150	3,763
b. To adjust legal contractual services per audit calculation	683	683
c. To reflect engineering contractual services for required DEP testing	2,500	1,000
d. To reflect accounting contractual services	2,100	2,100
e.	0	0
f.	0	0
g.	0	0
h.	0	0
i.	0	0
j.	0	0
	0	0
	<u>\$ 8,433</u>	<u>\$ 7,546</u>
8. Rents		
a. To reflect lease for utility land	3,750	3,750
b. To reflect rent for office space	600	600
c.	0	0
	<u>\$ 4,350</u>	<u>\$ 4,350</u>
9. Transportation Expenses		
a. To reflect transportation expense for use of truck owned by parent company	435	435
b.	0	0
	<u>\$ 435</u>	<u>\$ 435</u>
10. Insurance Expense		
a. To reflect insurance expense on utility facilities	289	638
b.	0	0
c.	0	0
d.	0	0
e.	0	0
	<u>\$ 289</u>	<u>\$ 638</u>

(Continued on Sheet 2)

ADJUSTMENTS TO OPERATING INCOME

11. Regulatory Commission Expense		
a.	\$ 0	\$ 0
12. Miscellaneous Expenses		
a. To adjust per audit calculation	89	0
b. To allocate a portion of the office electric expense to the utility	72	72
c. To allocate a portion of the business phone service expense to the utility	353	353
d. To allocate a portion of the cellular phone service to the utility	205	205
e.	0	0
f.	0	0
g.	0	0
h.	0	0
i.	0	0
j.	0	0
k.	0	0
l.	0	0
m.	0	0
n.	0	0
	<u>\$ 719</u>	<u>\$ 630</u>
13. Unclassified disbursements		
a.	0	0
b.	0	0
c.	0	0
d.	0	0
	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL O & M ADJUSTMENTS	<u>\$ 23,720</u>	<u>\$ 25,987</u>
B. DEPRECIATION EXPENSE		
1. To reflect annual depreciation expense	3,724	6,466
2. To remove depreciation expense for lines that were incorrectly included in the original cost study	(396)	(2,182)
3. To remove depr. expense for non used & useful plant per OPC %	(321)	(2,255)
4.	0	0
5.	0	0
	<u>\$ 3,007</u>	<u>\$ 2,029</u>
C. AMORTIZATION EXPENSE		
1. To reflect annual amortization expense	\$ 121	\$ 0
D. TAXES OTHER THAN INCOME		
1. To adjust property taxes per audit calculation	1,667	1,970
2. To adjust payroll taxes per audit calculation	420	420
3. To reflect payroll taxes associated with officer's salary	358	358
4.	0	0
5.	0	0
6.	0	0
7.	0	0
	<u>\$ 2,445</u>	<u>\$ 2,748</u>
E. OPERATING REVENUES		
1. To reflect staff's recommended increase in revenue	\$ 35,863	\$ 35,722
F. TAXES OTHER THAN INCOME		
1. To reflect additional regulatory assessment fee associated with recommended revenue requirement	\$ 1,614	\$ 1,608