

State of Florida



Public Service Commission
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-M-E-M-O-R-A-N-D-U-M-

DATE: SEPTEMBER 19, 2002

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (MONIZ, DAVIS) *SMW*
DIVISION OF LEGAL SERVICES (HARRIS) *RTO*
WOM *WLF* *JDJ*

RE: DOCKET NO. 011451-WS - INVESTIGATION OF WATER AND WASTEWATER RATES FOR POSSIBLE OVEREARNINGS BY PLANTATION BAY UTILITY CO.
COUNTY: VOLUSIA

AGENDA: 10/01/02 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: STATUTORY DEADLINE FOR PRICE-INDEX AND PASS-THROUGH - OCTOBER 8, 2002

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\011451A.RCM

DOCUMENT NUMBER-DAYS

09986 SEP 19 08

FPSC-COMMISSION CLERK

DOCKET NO. 011451-WS
DATE: September 19, 2002

TABLE OF CONTENTS

<u>ISSUE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
	Case Background	4
	<u>RATE BASE</u>	
1	Year-end Rate Base (MONIZ)	6
2	Used and Useful Percentages (DAVIS)	8
	<u>NET OPERATING INCOME</u>	
3	Earnings Level for 2000 (MONIZ)	11
4	Earnings Level for 2001 (MONIZ)	17
5	Earnings Level for Interim Period (MONIZ)	21
	<u>OTHER ISSUES</u>	
6	Refund of Index & Pass-Through Rate Increase (MONIZ)	23
7	Refund of Revenues subject to Refund (MONIZ)	25
	<u>RATES & CHARGES</u>	
8	Service Availability (MONIZ)	26
9	Close the Docket (MONIZ, HARRIS)	30
	<u>ATTACHMENTS</u>	
A	Used & Useful Water Treatment Plant	31
B	Used & Useful Water Distribution System	32
C	Used & Useful Wastewater Treatment Plant	33
D	Used & Useful Wastewater Distribution System	34
	<u>SCHEDULES</u>	
1-A	Water Rate Base -2000 Test Year	35
1-B	Wastewater Rate Base -2000 Test Year	36

DOCKET NO. 011451-WS
DATE: September 19, 2002

TABLE OF CONTENTS

<u>ISSUE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1-C	Rate Base Adjustments -2000 Test Year	37
1-D	Capital Structure -2000 Test Year	38
1-E	Water Operating Income -2000 Test Year	39
1-F	Wastewater Operating Income -2000 Test Year	40
1-G	Operating Income-Adjustments -2000 Test Year	41
2-A	Water Rate Base -2001 Test Year	42
2-B	Wastewater Rate Base -2001 Test Year	43
2-C	Rate Base Adjustments -2001 Test Year	44
2-D	Capital Structure -2001 Test Year	45
2-E	Water Operating Income -2001 Test Year	46
2-F	Wastewater Operating Income -2001 Test Year	47
2-G	Operating Income-Adjustments -2001 Test Year	48
3-A	Water Rate Base - Interim Collection Period	49
3-B	Wastewater Rate Base-Interim Collection Period	50
3-C	Rate Base Adjustments-Interim Collection Period	51
3-D	Capital Structure-Interim Collection Period	52
3-E	Water Operating Income-Interim Collection Period	53
3-F	Wastewater Operating Income-Interim Collection Period	54
3-G	Operating Income Adjustments -Interim Collection Period	55
4	Service Availability Charges	56

DOCKET NO. 011451-WS

DATE: September 19, 2002

CASE BACKGROUND

Plantation Bay Utility Company (Plantation Bay or utility) is a Class C water and wastewater utility operating in Volusia County. The system serves approximately 834 customers. For the test period ended December 31, 2001, the utility reported operating revenues of \$240,661 for water and \$157,273 for wastewater and operating expenses of \$227,867 for water and \$134,880 for wastewater. This resulted in a net operating income of \$12,794 for water and \$22,393 for wastewater. The service territory extends into both Volusia and Flagler counties.

This utility is within the St. Johns River Water Management District (SJRWMD). The service area is located thirteen miles north of Daytona Beach at the intersection of Old Dixie Hwy. and Interstate 95. The utility's service territory is in a defined water use caution area, but according to the staff at the SJRWMD, the utility is within prescribed usage levels.

Since its certification, docketed activity for this utility has included an application for a miscellaneous service charge (Docket No. 880477-WS), request for name change (Docket No. 911112-WS), a territory amendment (Docket No. 950181-WS), and a request for a staff assisted rate case (Docket No 951296-WS). The Commission approved a price-index and pass-through rate increase effective January 1, 2000.

Staff's review of Plantation Bay's 2000 Annual Report indicated that the utility may have exceeded its last authorized return on equity for both water and wastewater. Consequently, staff conducted an audit of the utility's rate base, capital structure and operating expenses for the test period ended December 31, 2000. As a result of the staff auditor's suggested adjustments for the test year ended December 31, 2000, it appeared the utility was overearning by \$39,327 for its water system and by \$30,023 for its wastewater system.

Pursuant to Order No. PSC-01-2480-PCO-WS, issued December 20, 2001, in this docket, the Commission initiated an investigation of the rates and charges for Plantation Bay's water and wastewater systems. The Commission also ordered that annual water revenues of \$35,876 (17.18%) and annual wastewater revenues of \$23,447 (15.31%)

DOCKET NO. 011451-WS

DATE: September 19, 2002

be held subject to refund pursuant to statute. The difference in the amount of the overearnings and the amount held subject refund was due to the price index and pass-through increase, since those revenues are already subject to refund by statute.

On March 14, 2002, staff received a letter from Mr. Martin Friedman, counsel for the utility, informing staff that the December 31, 2000, test year did not correctly reflect the utility's expenses going forward. He proposed that the test year ended December 31, 2001, better represents the utility on a prospective basis. He also presented staff with a list of plant expansions that will be completed in 2002. The utility provided staff with a spreadsheet that depicted Plantation Bay's 2001 Operation and Maintenance expenses as being much higher than they were in its audit report, for the test year ending December 31, 2000. Because of the magnitude of the increase in the O&M expenses, staff requested an audit for the test year ended December 31, 2001. After staff received the audit report and analyzed it, staff agreed that the major portion of utility's 2001 expenses were justified.

In this recommendation, staff addresses the utility's earnings for the test years ended December 31, 2000 and December 31, 2001. Both test years were examined for the purpose of determining Plantation Bay's excess earnings that related to the price-index and pass-through rate adjustment, implemented January 1, 2000. In addition, staff addresses the disposition of the excess earnings held subject to refund, pursuant to Section 367.081(4)(d), Florida Statutes.

Staff also addresses Plantation Bay's earnings level for the interim collection period. Staff has used the average test year ended December 31, 2001, as a proxy for the interim test period, for the purpose of determining the amount of the refund, pursuant to Order No. PSC-01-2480-PCO-WS, issued December 20, 2001, in this docket. In conclusion, staff addresses the utility's service availability charges.

DOCKET NO. 011451-WS

DATE: September 19, 2002

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve a year end rate base for this utility for the test year rate base ended December 31, 2000 and December 31, 2001?

RECOMMENDATION: Yes. The Commission should approve the use of a year end rate base, for this utility, for the test year ended December 31, 2000, for the purpose of calculating rate base. However, an average test year rate base should be used for the test year ended December 31, 2001 (MONIZ)

STAFF ANALYSIS: As discussed in the background, staff is addressing the earnings for the historical test year ended December 31, 2000 and December 31, 2001. According to the audit, the utility completed several large construction projects totaling \$325,579 and \$772,916 for water and wastewater, respectively, for the test year ended December 31, 2000.

The Commission has the authority to apply a year-end rate base in extraordinary circumstances, such as when a utility has extraordinary growth in the service area. Citizens of Florida v. Hawkins, 356 So. 2d 254, 257 (Fla. 1978). Staff believes that extraordinary circumstances also exist in this docket, for the test year ended December 31, 2000. During this period, the utility's customer growth rate was approximately 15.3% and the construction projects represented approximately 37% of its net plant for water and wastewater combined. These plant additions were made to upgrade its existing utility plant as well as to meet the large demand of its expanding customer base. The Commission found in Order PSC-98-0763-FOF-SU, issued June 3, 1998, in Docket No. 971182-SU, BFF Corp.'s plant improvements, consisting of 36.07% of its total plant, to be an extraordinary circumstance and justified the use of a year-end rate base,.

Based on the above, staff believes that extraordinary circumstances exist in this docket, for the test year ended December 31, 2000, since the circumstances in this case are very similar to those in Docket No. 971182-SU, as discussed above. Also, the use of an average test year would allow only half of the cost for these improvements and facilities in rate base, therefore allowing a return on only half of the utility's investment.

DOCKET NO. 011451-WS

DATE: September 19, 2002

Accordingly, staff recommends the use of the year-end rate base for the historical test year ended December 31, 2000.

For the test year ended December 31, 2001, staff is not recommending a year-end rate base. The utility's growth was approximately the same as it was in the prior year, but its plant additions were minuscule in comparison. Based on the cases discussed above, staff does not believe the use of a year end test year for 2001 is justified. Therefore, an average test year rate base ended December 31, 2001, has been selected.

DOCKET NO. 011451-WS

DATE: September 19, 2002

USED AND USEFUL

ISSUE 2: What portions of Plantation Bay are used and useful?

RECOMMENDATION: The water treatment plant is 62% used and useful, the wastewater treatment plant is 29.4% used and useful, the water distribution system and wastewater collection systems are 100% used and useful. (DAVIS)

STAFF ANALYSIS:

Water Treatment Plant

The water treatment plant is an open system, lime softening, operation that was determined to be 38% used and useful in the last rate case. The plant utilizes three wells with a total pumping capacity of 425 gpm. To properly evaluate this open system plant, the highest capacity well is removed from the calculation (425 gpm - 150 gpm) to compensate for any emergency that would render a well "out-of-service." Well-point draw down and groundwater recovery time limits the remaining wells to a reliable extraction time equal to a 12 hour day. This plant's firm reliable capacity is calculated by adding the twelve hour day capacity to the storage capacity, minus any dead storage. The firm reliable capacity is determined to be 0.58 MGD (275 gpm X 12 hr day + 400,000 gal storage - 18,800 gal dead storage).

Flows for the used and useful calculations are based on the 12-month review period of calendar year 2001. The five highest day average occurred in the peak month of May at 208,000 gpd. The average water use for 2001 was 118,033 gpd. Seasonal fluctuations were prominent during the 12-months reviewed. This system contains fire hydrants which requires a flow of 1,000 gpm, to be sustained for a minimum of two hours (120,000 gallons). The anticipated growth for the following year was calculated by regression analysis to be 116 ERCs. Since this growth rate exceeds the 5% per year that is limited by statute 367.081(2)(a)2b, staff used 42 ERCs which is 5% of the end of year customer base of 834 ERCs for 2001. Based on the 5% cap of 42 ERCs, the five year statutory growth period calculates to be 29,721 gpd. The mains are relatively new, constructed with PVC pipe, and are not suspected of leakage sufficient to cause excessive unaccounted for water. In accordance

DOCKET NO. 011451-WS

DATE: September 19, 2002

with the calculation sheet (Attachment "A", Sheet 1 of 4), staff recommends that the water treatment plant should be 62% used and useful.

Water Distribution System

The water distribution system has the potential of serving 905 residential and two general service customers (estimated to be 918 ERCs) without further expansion of the distribution system. During the last rate review, the distribution system was found to be 41% used and useful. During 2001, the customer count began with 745 ERCs and ended with 834 ERCs. Due to the high growth rate, the statutory cap of 5% per year (42 ERCs) is used in place of the growth determined by the regression analysis. When Staff apply the 42 ERCs to the statutory five year growth period, the anticipated future growth is calculated to be 210 ERCs. By the formula approach, staff recommends that the water distribution system be considered 100% used and useful (See Attachment "A", Page 2 of 4).

Wastewater Treatment Plant

The existing sewage treatment plant is permitted by the DEP as a 0.475 million gallon per day (475,000 gpd) annual average daily flow (AADF) facility. In the last rate case, the used and useful was determined to be 16%. During 2001, the maximum daily flow was determined to be 196,600 gpd with an annual average daily flow of 111,715 gpd. Due to the high anticipated growth rate, the statutory cap of 5% per year must be used in place of the projected 116 ERCs calculated by regression analysis. In this case, the 5% cap is considered to be 42 ERCs for the projected year. The anticipated growth for the five year statutory period is calculated to be 28,130 gpd. The mains are constructed with PVC pipes with sealed joints. There does not appear to be an excessive infiltration problem occurring within the collection system. In accordance with the formula used on the calculation sheet (Attachment "A", Sheet 3 of 4), staff recommends that the wastewater treatment plant be considered 29.4% used and useful.

Wastewater Collection System

All customers served by the water distribution system are also served by the wastewater collection system. As noted above, the

DOCKET NO. 011451-WS

DATE: September 19, 2002

utility's potential customer base is 918 ERCs. The number of customers at the end of the year 2001 was 834 ERCs. The anticipated growth for the next year of 116 ERCs exceeds the statutory cap of 5% per year. The 5% cap for the end of year number of ERCs is 42 ERCs. When applied, the 42 ERCs equates to 210 ERCs anticipated growth over the five year statutory growth period. In accordance with the formula method used on the calculation sheet (See Attachment "A", sheet 4 of 4), the used and useful is calculated to be 100%. By the formula method, staff recommends that the wastewater collection system be considered 100% used and useful.

DOCKET NO. 011451-WS

DATE: September 19, 2002

ISSUE 3: Did Plantation Bay earn above the range of its authorized return for the test year ended December 31, 2000?

RECOMMENDATION: Yes, Plantation Bay's revenues exceeded the range of its recommended rate of return of 11.12%, by \$36,531 for water and by \$14,911 for wastewater for the test year ended December 31, 2000. (MONIZ)

STAFF ANALYSIS: Based on our analysis, staff is recommending the following adjustments be made to the utility's December 31, 2000, general ledger balances:

RATE BASE

Utility Plant in Service (UPIS): The utility recorded UPIS balances of \$2,652,552 and \$2,846,945 for water and wastewater, respectively. During 2000, the utility completed several large construction projects and made additions to UPIS and corresponding additions to CIAC. Upon examination of the additions, staff determined that one of the projects had been double booked and should be removed. Per Audit Exception No. 1, staff made a adjustment to reduce UPIS by \$113,038 for water and by \$188,277 for wastewater.

Based on the above adjustments, staff's recommended UPIS balances are \$2,539,514 and \$2,658,668 for water and wastewater, respectively.

Non-Used And Useful: Staff has recommended that the water treatment plant is 62.0% used and useful and the wastewater treatment plant is 29.4% used and useful. The water distribution and the wastewater collection systems are 100% used and useful. Applying the non-used and useful percentages to plant results in a year end non-used and useful plant of \$386,162 for water and \$384,921 for wastewater. The non-used and useful accumulated depreciation is \$306,881 for water and \$355,591 for wastewater. The non-used and useful CIAC for the utility's contributed wastewater plant is \$279,609 and the accumulated amortization is \$266,370. These adjustments result in net non-used and useful plant of \$79,281 for water and \$16,091 for wastewater.

Accumulated Depreciation: The utility recorded accumulated depreciation balances of \$1,178,563 for water and \$999,852 for

DOCKET NO. 011451-WS

DATE: September 19, 2002

wastewater. Based on Audit Exception No. 1, staff has decreased accumulated depreciation by \$2,955 and \$5,012 for water and wastewater, respectively, to correct a double booking error. Based on the above, accumulated depreciation should have a balance of \$1,175,608 for water and \$994,840 for wastewater.

Contributions in Aid of Construction (CIAC):The utility recorded CIAC balances of \$1,554,677 for water and \$2,301,474 for wastewater. According to Audit Exception No. 1, an adjustment should be made to reduce CIAC by \$113,038 for water and \$188,277 for wastewater, to reflect a correction for a double booking error. This adjustment results in CIAC balances of \$1,441,639 for the water system and \$2,113,197 for the wastewater system, for the test year ended December 31, 2000.

Accumulated Amortization of CIAC: The utility reported accumulated amortization balances of \$274,823 and \$411,535 for water and wastewater, respectively, as of December 31, 2000. As stated in Audit Exception No. 2, staff examined the additions to accumulated amortization and determined that as of December 31, 1994, the utility stopped recording amortization on the amounts collected for system capacity and meter installation. Staff calculated amortization on all system capacity and meter installation charges collected after 1994 and determined that the utility failed to record \$78,656 for water and \$124,346 for wastewater.

Upon our review, staff also discovered that the utility failed to record the proper amount of amortization expense for the amounts collected for the treatment and disposal wastewater plant. It appeared to staff that the utility used a composite rate to amortize the CIAC collected for its wastewater treatment and disposal plant. Staff has recalculated the amortization expense by applying the rate, as prescribed per Rule 25-30.140, Florida Administrative Code, used to depreciate the wastewater treatment and disposal plant. Based on these calculations, staff recommends that wastewater accumulated amortization should be increased by \$169,972 for wastewater.

Staff also made adjustments to decrease accumulated amortization by \$2,956 for water and \$5,012 for wastewater, to correct a double booking error, per Audit Exception No. 1.

DOCKET NO. 011451-WS

DATE: September 19, 2002

Based on the above adjustments, staff recommends an accumulated amortization balance of \$350,524 for water and \$700,841 for wastewater.

Working Capital: Working Capital is defined as the investor-supplied funds necessary to meet operating expenses or going-concern requirements of the utility. Consistent with Rule 25-30.433(2), Florida Administrative Code, staff has calculated working capital using the one-eighth of operation and maintenance (O&M) expense formula approach. Based on that formula, staff recommends a working capital allowance of \$11,693 (based on O&M of \$93,543) for water and \$10,535 (based on O&M of \$84,278) for wastewater.

Rate Base Summary: Based on the foregoing, staff recommends that the appropriate rate bases for the test year ended December 31, 2000, are \$238,957 and \$296,547 for the water and wastewater, respectively. The rate bases are shown on Schedules Nos. 1-A and 1-B, and the related adjustments are shown on Schedule No 1-C.

COST OF CAPITAL

The utility reported a balance of \$2,531,000 for "Advances from Associated Companies." The long-term debt belongs to Ecocen Corp., the original owners of the development, which has a cost rate of 10% and an accrued interest balance of \$1,040,367, as of December 31, 2000. As disclosed in Audit Disclosure No. 1, staff discovered that no loan payments had been made since its inception. The utility had also stopped accruing interest on this debt.

In Order No. PSC-00-1165-PAA-WS, issued June 27, 2000, in Docket No. 990245-WS, Sun Communities Finance, the utility recorded related party long term debt with no cost assignment and no available debt instrument. The Commission found that the debt should be characterized as other common equity rather than long-term debt given the related party status of the "debt." Based on the above, staff has adjusted the capital structure to include Plantation Bay's debt as common equity.

In Order No. PSC-96-0934-FOF-WS, issued July 18, 1996, in Docket No. 951296-WS, the Commission found it appropriate to

DOCKET NO. 011451-WS
DATE: September 19, 2002

establish a return on equity of 10.27% for this utility, with a range of 9.27%-11.27%. The utility's capital structure has been reconciled with staff's recommended rate base. Then applying the upper boundary of 11.27% for return on equity, in conjunction with the appropriate cost rates for other components in the utility's capital structure, yields an 11.12% overall rate of return.

The return on equity and overall rate of return are shown on Schedule No. 1-D.

OPERATING INCOME

Operating Revenue: On January 1, 2000 the utility implemented a price index and pass-through rate adjustment, which increased revenues by 7.89% and 5.89%, for water and wastewater, respectively. On September 1, 2000, the utility reduced its rates for a four year rate reduction, pursuant to Section 367.0816, Florida Statutes. Staff has recalculated the water and wastewater revenues using the rates from the utility's most recent Commission approved tariff. Based on these calculations, staff has decreased water revenues by \$3,967 and increased wastewater revenues by \$12,048.

Operation and Maintenance Expenses: According to Audit Exception No. 4, the utility made several errors when allocating expenses between water and wastewater. In addition, the staff auditor reported that the utility included \$8,104 in test year expenses for pump repairs that should have been amortized over five years. Staff made an adjustment to reduce water contractual services by \$6,483 (\$8,104-\$1,621). The necessary adjustments are shown below on the following page:

DOCKET NO. 011451-WS

DATE: September 19, 2002

DESCRIPTION	WATER	WASTEWATER
Reallocate Purchased Power (615/715)	\$ (242)	\$ 242
Amortize Pump Repairs (631)	\$ (6,483)	\$ 0
Reallocate Testing Cost (631/731)	\$ (8,190)	\$ 8,190
Reallocate Well Repairs (636/736)	\$ 234	\$ (234)
Reallocate Mowing Costs (675/775)	\$ 566	\$ (566)
Total	\$(14,115)	\$ 7,632

Based on the adjustments discussed above, staff recommends that the balances for the test year O&M expenses should be \$93,543 and \$84,278 for water and wastewater, respectively.

Depreciation Expenses: The utility recorded \$65,595 of net water depreciation expense and \$24,518 of net wastewater depreciation expense. Staff recalculated test year depreciation and amortization expense using the rates prescribed in Rule 25-30.140, Florida Administrative Code, which results in a decrease of \$4,027 for water and \$9,867 for wastewater depreciation expense.

As discussed previously, an adjustment should be made to increase test year amortization expense by \$13,806 and \$21,396, to reflect the corrected accumulated amortization balances. Staff also reduced depreciation expense by \$2,956 for water and \$5,012 for wastewater, to reflect a correction for a double booking error, per Audit Exception No. 1. We have further reduced depreciation expense by \$20,332 for water and \$24,213 for wastewater, to reflect the test year depreciation on the non-used and useful plant. Since the utility itemizes its CIAC contributions by account, we have also decreased amortization expense by \$18,639, for the test year amortization on the CIAC related to the non-used and useful plant.

Based on the above adjustments, staff recommends that test year depreciation expense should be reduced by \$33,067 for water and \$22,115 for wastewater.

DOCKET NO. 011451-WS

DATE: September 19, 2002

Taxes Other Than Income: The utility recorded test year taxes other than income of \$23,406 and \$20,176. Staff made adjustments to decrease water regulatory assessment fees by \$179 and to increase wastewater regulatory assessment fees by \$542, to reflect staff's adjustment to annualize test year revenues. Staff also made adjustments to decrease property taxes by \$1,901 for water and by \$1,512 for wastewater due to staff's adjustment for non used and useful plant property taxes.

Summary: Based on the above, staff's adjusted test year figures for the test year ended December 31, 2000, produce test year revenues of \$208,859 for water and \$153,106 for wastewater and test year operating expenses of \$147,397 for water and \$105,887 for wastewater, which exceed the range of Plantation Bay's last authorized return on equity of 11.12%, by \$36,531 for water and \$14,911 for wastewater.

DOCKET NO. 011451-WS
DATE: September 19, 2002

ISSUE 4: Did Plantation Bay earn above the range of its authorized rate of return for the average test year ended December 31, 2001?

RECOMMENDATION: Yes, Plantation Bay's water earnings for the average test year ended December 31, 2001, exceeded its authorized rate of return of 11.09%, by \$16,139 (or 6.67%). However, its wastewater earnings fell below the range of the range of its authorized rate of return by \$8,693. (MONIZ)

STAFF ANALYSIS: As discussed in the case background, Commission staff also audited the utility's books and records for the average test year ended December 31, 2001. Staff's adjustments to the utility's balances are outlined below:

RATE BASE

Utility Plant in Service (UPIS): The utility recorded UPIS balances of \$2,564,653 and \$2,662,914 for water and wastewater, respectively. Staff has decreased UPIS by \$12,570 for water and by \$2,123 for wastewater to reflect an averaging adjustment. Staff's recommended UPIS balances are \$2,552,083 and \$2,660,791 for water and wastewater, respectively.

Non Used And Useful: Staff has recommended that the water treatment plant is 62.0% used and useful and the wastewater treatment plant is 29.4% used and useful. The water distribution and the wastewater collection systems are 100% used and useful. These percentages were applied to the rate base components and expense accounts for the average test year ended December 31, 2001. Applying the non-used and useful percentages to plant results in an average test year end non-used and useful plant of \$384,358 for water and \$384,921 for wastewater. The non-used and useful accumulated depreciation is \$296,643 for water and \$375,249 for wastewater. The non-used and useful CIAC for the utility's contributed wastewater plant is \$302,839 and the accumulated amortization is \$302,839. These adjustments result in non-used and useful plant of \$87,715 for water and \$9,672 for wastewater.

Accumulated Depreciation: The utility recorded accumulated depreciation balances of \$1,277,470 for water and \$1,097,999 for wastewater. Consistent with Commission practice, staff has recalculated accumulated depreciation using the prescribed rates in

DOCKET NO. 011451-WS

DATE: September 19, 2002

Rule 25-30.140, Florida Administrative Code. Based on our calculations, staff has decreased accumulated depreciation by \$479 for water and by \$7,166 for wastewater. Staff has also made an averaging adjustment to decrease accumulated depreciation by \$49,468 for water and by \$49,521 for wastewater. Based on the above, accumulated depreciation should have a balance of \$1,227,523 for water and \$1,041,312 for wastewater.

Contributions In Aid of Construction (CIAC): The utility recorded CIAC balances of \$1,487,264 for water and \$2,146,102 for wastewater. Staff has decreased CIAC by \$22,813 for water and by \$16,452 for wastewater to reflect an averaging adjustment. Staff's recommended CIAC balances are \$1,464,451 for water and \$1,041,312 for wastewater.

Accumulated Amortization: The utility recorded CIAC Accumulated Amortization balances of \$395,135 for water and \$620,500 for wastewater. Staff has recalculated amortization expense per Rule 25.30.140, Florida Administrative Code. Based on staff's adjustments, accumulated amortization should be decreased by \$5,914 for water. As discussed in Issue No. 3, the utility failed to properly amortize CIAC collected for its treatment and disposal wastewater plant. Staff has recalculated the accumulated amortization for the test year ended December 31, 2001, and made an adjustment to increase accumulated amortization by \$188,024 for wastewater. Staff also made averaging adjustments to decrease accumulated amortization by \$20,451 for water and by \$53,841 for wastewater. Staff's recommended accumulated amortization balances are \$368,770 for water and \$754,683 for wastewater.

Working Capital: Consistent with Rule 25-30.433(2), Florida Administrative Code, staff has calculated working capital using the one-eighth of operation and maintenance (O&M) expense formula approach. Based on that formula, staff recommends a working capital allowance of \$17,983 (based on O&M of \$143,865) for water and \$12,297 (based on O&M of \$98,374) for wastewater.

Rate Base Summary: Based on the foregoing, staff recommends that the appropriate rate bases for the test year ended December 31, 2001 are \$192,901 and \$297,767 for water and wastewater, respectively. The rate bases for the average test year ended December 31, 2001 are attached to the recommendation as Schedule No

DOCKET NO. 011451-WS
DATE: September 19, 2002

2-A and 2-B, and the related adjustments are shown on Schedule No 2-C.

COST OF CAPITAL

As discussed in Issue No. 3, staff is recommending the reported balance in the utility's "Advances from Associated Companies" account be classified as common equity. For the test year ended December 31, 2001, the utility reported a balance of \$2,531,000. Based on staff's recommendation in Issue No. 3, we also recommend that the December 31, 2001, balance in the utility's account "Advances from Associated Companies" be treated the same way and classified as common equity.

Staff has also applied the upper boundary of the utility's approved return on equity of 11.27%, in conjunction with the appropriate cost rates for other components in the utility's capital structure to determine the overall rate of return for the test year ended December 31, 2001. This results in an 11.09% overall rate of return. The return on equity and rate of return on shown on Schedule 2-D.

OPERATING INCOME

Operating Revenue: The utility recorded test year revenues of \$240,661 for water and \$157,273 for wastewater. According to Audit Exception No. 2, the utility incorrectly classified some of its charges between residential and general service. Staff has recalculated revenues using the correct rates. Based on this, we have made an adjustment to increase revenues by \$1,223 and \$2,148, for water and wastewater, respectively.

Depreciation Expenses (Net): The utility recorded \$57,252 of net water depreciation expense and \$13,509 of net wastewater depreciation expense. Depreciation has been recalculated by using the prescribed rates in Rule 25-30.140, Florida Administrative Code. Based on our calculation, staff has increased depreciation expense by \$65 for water and by \$826 for wastewater. Staff has also made adjustments to decrease depreciation expense by \$20,477, for water and by \$19,598 for wastewater for non-used and useful depreciation expense. Staff has also made an adjustment to increase depreciation expense by \$20,199, for non-used and useful

DOCKET NO. 011451-WS

DATE: September 19, 2002

amortization expense. Based on staff's adjustments, depreciation expense is \$36,775 for water and \$14,936 for wastewater.

Taxes Other Than Income: The utility recorded taxes other than income of \$26,750 and \$22,997 for water and wastewater, respectively. Staff has increased this account by \$55 for water and \$97 for wastewater, to reflect RAF's on our adjustment to test year revenues.

Staff has also made an adjustment to increase taxes other than income by \$2,366 for water and by \$1,703 for wastewater, to reflect our non-used and useful adjustment for property taxes associated with non-used and useful plant.

Summary: Based on the above, staff's adjusted test year figures for the test year ended December 31, 2001, produce revenues of \$241,884 for water and \$159,421 for wastewater and operating expenses of \$205,079 for water and \$134,700 for wastewater. The utility's water revenues exceeded its authorized rate of return by \$16,139 for 6.67%; however, the utility's wastewater fell below the range of its authorized rate of return by \$8,693 or 5.45%, for the test year ended December 31, 2001.

DOCKET NO. 011451-WS
DATE: September 19, 2002

ISSUE 5: Did Plantation Bay earn above the range of its authorized return for the interim collection test period?

RECOMMENDATION: No. Plantation Bay earnings for the interim test period were below its authorized rate of return for both water and wastewater. (MONIZ)

STAFF ANALYSIS: Pursuant to Order No. PSC-01-2480-PCO-WS, issued December 20, 2001, in this Docket, the Commission initiated an investigation of the rates and charges for Plantation Bay water and wastewater rates. The Commission found that water revenues of \$35,876 (or 17.18%) and wastewater revenues of \$23,447 (or 15.31%) should be subject to refund if an overearnings condition was confirmed for the interim test period.

The interim collection test period began on December 20, 2001, with the issuance of the above stated order and will continue until the Commission votes to allow the utility to discontinue holding its revenues subject to refund. For determining the level of earnings, for the interim test period, staff has used the average test year ended December 31, 2001, as a proxy for the interim, as explained in Issue No. 4. Staff has included the pro-forma plant for a new chlorination system, generator and blower for a total of \$127,108 for improvements to the wastewater plant. The additions to the water plant include a new slacker and gas chlorination system, a new raw well and repairs and improvements to the existing wells totaling \$274,226. Staff has reviewed the contracts and invoices and believes the costs to be prudent, reasonable and necessary for the efficient operation of the plants.

Based on the above, staff increased plant in service to include the pro-forma plant additions by \$274,226, for water and by \$127,109, for wastewater. Staff has also made adjustments to increase accumulated depreciation by \$5,362 for water and by \$4,631 for wastewater and depreciation expense has been increased by \$10,723 for water and \$9,262 for wastewater.

Staff has applied the upper boundary of the utility's approved return on equity of 11.27%, in conjunction with the appropriate cost rates for other components in the utility's capital structure to determine the overall rate of return for the interim collection

DOCKET NO. 011451-WS
DATE: September 19, 2002

period. This results in an 11.17% overall rate of return. The return on equity and rate of return on shown on Schedule 3-D.

The above adjustments, added to staff's adjusted test year ended December 31, 2001, yield revenues of \$268,820 for water and \$190,917 for wastewater, and operating expenses of \$218,029 for water and \$142,475 for wastewater. Based on these calculations, staff believes the utility earned below its authorized rate of return by \$26,936 for water and by \$31,496 for wastewater for the interim collection test period.

DOCKET NO. 011451-WS

DATE: September 19, 2002

ISSUE 6: Should the utility be ordered to refund its price index and pass-through rate adjustments that were implemented January 1, 2000?

RECOMMENDATION: Yes. The utility should be required to make refunds in the amount of \$32,618 for water and \$9,018 for wastewater for the test years ended December 31, 2000 and December 31, 2001. These refunds should be made with interest as required by Rule 25-30.360(4), Florida Administrative Code, within 90 days of the effective date of the Consummating Order. The utility should be required to submit the proper refund reports pursuant to Rule 25-30.360(7), Florida Administrative Code. The refund should be made to customers of record as of the date of the Consummating Order pursuant to Rule 25-30.360(3), Florida Administrative Code. (MONIZ)

STAFF ANALYSIS: For service rendered after January 1, 2000, Plantation Bay implemented a price index and a pass-through rate adjustment increase. The rate adjustment was designed to increase revenues on an annual basis by 7.89% for water and 5.89% for wastewater. Pursuant to Section 367.081(4)(d), Florida Statutes, the Commission may order a utility to refund, with interest, a price index and pass-through if, within 15 months after the filing of a utility's annual report, the Commission finds that the utility exceeded the range of its last authorized rate of return on equity. The utility's 2000 annual report was filed on May 8, 2001 and fifteen months from that date is August 8, 2002, which would have been the normal deadline for determining possible overearnings for 2000. However, the utility provided the Commission with a sixty-day waiver of the fifteen-month deadline. Therefore, to determine the amount of earnings related to the price index and pass-through rate adjustment, staff has reviewed the earnings levels for the test year ended December 31, 2000, test year ended December 31, 2001 and the interim collection period.

The utility's last authorized return on equity investment was 10.27%, with an allowed range from 9.27% to 11.27%, established in Order No. PSC-96-0934-FOF-WS, issued July 18, 1996, in Docket No. 951296-WS.

December 31, 2000, Test Year: For the test year ended December 31, 2000, the utility's earnings exceeded the range of its authorized

DOCKET NO. 011451-WS
DATE: September 19, 2002

return on equity by \$36,531 for water and \$14,911 for wastewater. The utility's annualized revenues were \$208,859 for water and \$153,106 for wastewater. However, the price-index and pass-through rate adjustments increased revenues by \$16,479 (7.89% of \$208,859) for water and \$9,018 (5.89% of \$153,106) for wastewater, which is less than the overearnings. Therefore, pursuant to Section 367.081(4)(d), Florida Statutes, only those revenues related to the price-index and pass-through rate adjustments, are required to be refunded.

December 31, 2001, Test Year: For the test year ended December 31, 2001, the utility's annualized revenues, were \$241,884 for water, of which \$19,085 (or 7.89%) related to the price index and pass-through rate adjustment. However, as explained in Issue No. 4, the utility's water earnings exceeded the range of its last authorized return on equity by \$16,139. Since the excess earnings are less than the amount of the rate adjustment, the utility should be required to refund the amount by which it exceeded the range of its last authorized return- on-equity or \$16,139. The utility earned below the range of its last authorized rate-of-return for wastewater. Therefore, no refunds should be required for wastewater.

Summary: Based on the above, for 2000 and 2001, the utility should refund a combined total of \$32,618 (\$16,479 + \$16,139) to its water customers and \$9,018 to its wastewater customers. The refunds should be made with interest as required by Rule 5-30.360(4), Florida Administrative Code, within 90 days of the effective date of the Consummating Order. The utility should be required to submit the proper refund reports pursuant to Rule 25-30.360(7), Florida Administrative Code. The refund should be made to customers of record as of the date of the Consummating Order pursuant to Rule 25-30.360(3), Florida Administrative Code.

DOCKET NO. 011451-WS

DATE: September 19, 2002

ISSUE 7: Should Plantation Bay be ordered to refund revenues collected during the interim collection period and should water and wastewater rates be reduced?

RECOMMENDATION: No. The utility earned below the range of its authorized return on equity during the interim collection period. Therefore, the utility should not be required to refund water or wastewater revenues collected under interim rates, and rates should not be reduced. The utility's security bond should also be released. (MONIZ)

STAFF ANALYSIS: Pursuant to Order No. PSC-01-2480-PCO-WS, issued December 20, 2001, this Commission initiated an investigation of the rates and charges for Plantation Bay water and wastewater rates. The Commission ordered that water revenues of \$35,876 (or 17.18%) and wastewater revenues of \$23,447 (or 15.31%) would be subject to refund if an overearnings condition was confirmed.

As discussed in Issue No. 5, the interim test period began with the issuance of the above order that began holding the utility's revenues subject to refund. It ends when the Commission votes to do so. Staff has calculated annualized revenues for the interim test period of \$241,884 for water and \$159,421 for wastewater, and operating expenses of \$216,029 for water and \$142,475 for wastewater. Based on staff's calculations, the utility earned below its authorized rate of return by \$26,936 for water and by \$31,496 for wastewater for the interim test period. Therefore, the utility should not be required to refund water or wastewater revenues collected under the interim collection period, and the security bond should be released.

Further, since staff's calculation reflects underearnings for both water and wastewater, Staff is not recommending that a change be made to the utility current rates.

DOCKET NO. 011451-WS

DATE: September 19, 2002

ISSUE 8: Should the utility's service availability policy be changed to disallow the acceptance of contributed property and to discontinue service availability charges?

RECOMMENDATION: Yes, Plantation Bay's service availability policy should be changed to disallow the acceptance of contributed property as well as to discontinue its service availability charges. However, the meter installation charges as reflected in the utility's water tariff should be continued. If approved, the utility should be required to file revised tariff sheets, which are consistent with the Commission's vote, within thirty days of the issuance date of the Consummating Order. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If the revised tariff sheets are filed and approved, the discontinued service availability charges should become effective for connections made on or after the stamped approval date of the revised tariff sheets pursuant to Rule 25-30.475(2), Florida Administrative Code. (MONIZ)

STAFF ANALYSIS: On July 2, 2002, staff received a letter from Attorney Martin Friedman, requesting that the Commission approve a change in Plantation Bay's current service availability policy to allow the utility to discontinue accepting contributed property. He further stated that the utility believes that the change in policy will eliminate any potential future overearning issues by increasing the utility's rate base. The utility's current service availability policy was established by Order No. 25459, issued January 6, 1992, in Docket No. 911112-WS. There have been no changes in the service availability charges since the initial fees were approved.

According to the utility's tariff:

The utility requires the payment of contributions in aid of construction either by cash payments or through transfer of water distribution water and sewage collection facilities and appurtenances thereto which have been installed by the contributor or through a combination of both cash payments and transfer of such facilities to the Utility.

For the purpose of this policy, the term contributions in aid of construction shall include the on-site water distribution and sewage collection system contributed in cash or in kind, payments to defray, in part or in total, the cost of the off-site lines and related facilities and payments to defray the cost of the treatment facilities and off-site lines and related facilities.

Normally, staff would not advocate that a utility revise its service availability policy to not accept contributed property. Staff believes that most utilities benefit from contributed property, which reduces the amount of the utility's investment that is necessary for plant expansion. The customers also benefit from the lower rates generated by the reduced rate base. However, staff believes that Plantation Bay's situation is atypical. This utility has received an extremely large amount of contributed property and has reached a point where it is no longer feasible for it to accept contributed property. During 2000, Plantation Bay made plant additions of \$220,845 for water and \$584,639 for wastewater. Under normal conditions rate base would be increased by the amount of the additions, but all of the plant was contributed; therefore, rate base was reduced by the identical amount of the plant additions. These transactions were netted, which resulted in a rate base effect of \$0. The problem is further exasperated by the utility's collection of \$57,865 for water and \$48,294 for wastewater service availability charges, which reduces rate base and creates a negative impact for the year.

Shown below are the utility's CIAC balances compared to its UPIS balances, net of accumulated depreciation and accumulated amortization, for the past three years.

	UPIS (Net)	CIAC (Net)	Contribution Level %
1999 ANNUAL REPORT			
WATER	\$ 1,265,921	\$ (913,526)	72.16%
WASTEWATER	\$ 1,210,373	\$ (1,129,794)	93.34%

DOCKET NO. 011451-WS
 DATE: September 19, 2002

	UPIS (Net)	CIAC (Net)	Contribution Level %
2000 AS ADJUSTED BY STAFF			
WATER	\$ 1,363,906	\$ (1,091,116)	80.00%
WASTEWATER	\$ 1,663,828	\$ (1,412,356)	84.89%
2001 AS ADJUSTED BY STAFF			
WATER	\$ 1,324,560	\$ (1,095,681)	82.72%
WASTEWATER	\$ 1,619,479	\$ (1,374,967)	84.90%

As illustrated above, the utility's contribution levels for the last two years have been higher than the 75% maximum allowed by Rule 25-30.580(1), Florida Administrative Code. Staff believes that if this utility continues to collect CIAC at this rate, in a matter of just a few years, the utility's rate base will be negative. Based on the above, staff believes there are extenuating circumstances and the utility should be allowed to discontinue its policy of accepting contributed property.

Additionally, while reviewing the utility's service availability policy, staff also looked at the utility's current service availability charges. The utility's current charges were also established by the above stated order. At that time, the utility was assigned a water system capacity charge of \$635.88 per ERC and a wastewater system capacity charge of \$530.72 per ERC. Its present meter installation fees are \$100.00 and \$150.00 for 5/8" x 3/4" and 1" meter connections, respectively.

Applying the current service availability charges as reflected in the utility's tariff, staff calculated the utility's current contribution levels and the projected levels at design capacity for the water and wastewater systems. These calculations reflect the utility's current contribution level of 74.24% for water and 83.91% for wastewater. If the utility continues to collect its current authorized service availability charges, by the end of 2003, the utility will reach contribution levels of 82.48% for its water system and 88.98% for its wastewater system, as shown on Schedule

DOCKET NO. 011451-WS
DATE: September 19, 2002

No. 5, which will be well above the ranges as specified in Rule 25-30.580, Florida Administrative Code.

According to Rule 25-30.580(1), Florida Administrative Code:

The maximum amount of contributions-in-aid-of-construction, net of amortization, should not exceed 75% of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their designed capacity.

Based on the above, staff also recommends that Plantation Bay's service availability charges be discontinued for both water and wastewater. However, the meter installation charges as reflected in the water system's tariff should be continued.

DOCKET NO. 011451-WS
DATE: September 19, 2002

ISSUE 9: Should this docket be closed?

RECOMMENDATION: No. If no timely protest is received upon expiration of the protest period, the PAA order will become final upon the issuance of the consummating order. However, the docket should remain open for staff to verify that the utility has completed the required refunds and the utility has filed revised tariff sheets, and staff has administratively approved them. Once these actions are complete, the docket may be closed administratively. (MONIZ, HARRIS)

STAFF ANALYSIS: If no timely protest is received upon expiration of the protest period, the PAA order will become final upon the issuance of the consummating order. However, the docket should remain open for staff to verify that the utility has completed the required refunds and the utility has filed revised tariff sheets, and staff has administratively approved them. Once these actions are complete, the docket may be closed administratively.

DOCKET NO. 011451-WS
DATE: September 19, 2002

Attachment A, page 1 of 4

WATER TREATMENT PLANT - USED AND USEFUL DATA

Docket No. 011451 - Plantation Bay Utilities

- | | | |
|---|---------|--------------------|
| 1) Capacity of Plant(firm reliable) | 580,000 | gallons per day |
| 2) Average of 5 Highest Days From
Maximum Month | 208,000 | gallons per day |
| 3) Average Daily Flow | 118,033 | gallons per day |
| 4) Fire Flow Capacity | 120,000 | gallons per day |
| a) Required Fire Flow: 1,000 gallons per minute for 2 hours | | |
| 5) Growth | 29,721 | gallons per minute |
| a) Test year Customers in ERCs: | | |
| | Begin | 745 |
| | End | 834 |
| | Average | 790 |
| (Using end of year number of customers) | | |
| b) Customer Growth in ERCs using the statutory
5% per year cap of year end customer count. | 42 | ERCs |
| c) Statutory Growth Period | 5 | Years |
| (b)x(c)x [3\ (a)] = 29,721 gallons per minute for growth | | |
| 6) Excessive Unaccounted for Water | N/A | gallons per minute |
| a) Total Unaccounted for Water | | |
| Percent of Average Daily Flow | N/A | gallons per minute |
| | 10% | |
| b) Reasonable Amount | | |
| (10% of average Daily Flow) | N/A | gallons per minute |
| c) Excessive Amount | | |
| | N/A | gallons per minute |

USED AND USEFUL FORMULA

$$[(2)+(4)+(5)-(6)] / (1) = 62\% \text{ Used and Useful}$$

DOCKET NO. 011451-WS
DATE: September 19, 2002

Attachment A, page 2 of 4

WATER DISTRIBUTION SYSTEM - USED AND USEFUL DATA

Docket No. 011451 - Plantation Bay Utilities

1)	Capacity of System (Number of Potential Customers, ERCs or Lots Without System Expansion)	918	ERCs
2)	Test year connections		
	a) Beginning of Test Year	745	ERCs
	b) End of Test Year	834	ERCs
	c) Average Test Year (using year end customer count)	790	ERCs
3)	Growth	210	ERCs
	a) customer growth in ERC connections for last 5 years including Test Year using Regression Analysis	42	ERCs
	b) Statutory Growth Period	5	Years
	(a)x(b) = 190 ERCs allowed for growth		

USED AND USEFUL FORMULA

$$[2+3]/(1) = 100\% \text{ Used and Useful}$$

DOCKET NO. 011451-WS
DATE: September 19, 2002

Attachment A, page 3 of 4

WASTEWATER TREATMENT PLANT - USED AND USEFUL DATA

Docket No. 011451 - Plantation Bay Utilities

1)	Permitted Capacity of Plant (AADF)	475,000	gallons per day
2)	Maximum Daily Flow	196,600	gallons per day
3)	Annual Average Daily Flow (AADF)	111,715	gallons per day
4)	Growth	28,130	gallons per day
	a) Test year Customers in ERCs:		
		Beginning	745
		Ending	834
		Average	790
	(Using year end customer count)		
	b) Customer Growth in ERCs using the statutory 5% per year cap of the year end customer count.	42	ERCs
	c) Statutory Growth Period	5	Years
	(b x c) x [3/(a)] = 28,130 gallons per day for growth		
5)	Excessive Infiltration or Inflow (I&I)	N/A	gallons per day
	a) Total I&I:	N/A	gallons per day
	Percent of Average Daily Flow	0.00%	
	b) Reasonable Amount	N/A	gallons per day
	c) Excessive Amount	N/A	gallons per day

USED AND USEFUL FORMULA

$$[(3)+(4)-(5)]/(1) = 29.4\% \text{ Used and Useful}$$

DOCKET NO. 011451-WS
DATE: September 19, 2002

Attachment A, page 4 of 4

WASTEWATER COLLECTION SYSTEM - USED AND USEFUL DATA

Docket No. 011451 - Plantation Bay Utilities

1) Capacity of System (Number of potential customers, ERCs or Lots without system expansion.	918	ERCs
2) Test year connections		
a) Beginning of Test Year	745	ERCs
b) End of Test Year	834	ERCs
c) Average Test Year (using year end customer count)	790	ERCs
3) Growth	210	ERCs
a) customer growth in ERCs based on the statutory 5% per year cap of the year end customer count.	42	ERCs
b) Statutory Growth Period	5	Years
(a)x(b) = 190 connections allowed for growth		

USED AND USEFUL FORMULA

$$[(2)+(3)]/(1) = 100\% \text{ Used and Useful}$$

DOCKET NO. 011451-WS
 DATE: September 19, 2002

PLANTATION BAY UTILITY CO. TEST YEAR ENDING 12/31/00- Refund P-T & INDX SCHEDULE OF WATER RATE BASE		SCHEDULE NO. 1-A DOCKET NO. 011451-WS	
DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUSTMENTS	BALANCE PER STAFF
1. UTILITY PLANT IN SERVICE	\$2,652,552	(\$113,038)	\$2,539,514
2. LAND & LAND RIGHTS	33,754	0	\$33,754
3. NON-USED AND USEFUL COMPONENTS	0	(79,281)	(\$79,281)
4. CIAC	(1,554,677)	113,038	(\$1,441,639)
5. ACCUMULATED DEPRECIATION	(1,178,563)	2,955	(\$1,175,608)
6. AMORTIZATION OF CIAC	274,823	75,700	\$350,523
7. WORKING CAPITAL ALLOWANCE	0	11,693	\$11,693
8. WATER RATE BASE	<u>\$227,889</u>	<u>\$11,067</u>	<u>\$238,956</u>

DOCKET NO. 011451-WS
 DATE: September 19, 2002

PLANTATION BAY UTILITY CO. TEST YEAR ENDING 12/31/00- Refund P-T & INDEX		SCHEDULE NO. 1-B DOCKET NO. 011451-WS	
SCHEDULE OF WASTEWATER RATE BASE			
DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUSTMENTS	BALANCE PER STAFF
1. UTILITY PLANT IN SERVICE	\$2,846,945	(\$188,277)	\$2,658,668
2. LAND & LAND RIGHTS	50,631	0	\$50,631
3. NON-USED AND USEFUL COMPONENTS	0	(16,091)	(\$16,091)
4. CIAC	(2,301,474)	188,277	(\$2,113,197)
5. ACCUMULATED DEPRECIATION	(999,852)	5,012	(\$994,840)
6. AMORTIZATION OF CIAC	411,535	289,306	\$700,841
7. WORKING CAPITAL ALLOWANCE	0	10,535	\$10,535
8. WASTEWATER RATE BASE	<u>\$7,785</u>	<u>\$288,762</u>	<u>\$296,547</u>

DOCKET NO. 011451-WS
 DATE: September 19, 2002

PLANTATION BAY UTILITY CO.	SCHEDULE NO. 1-C	
TEST YEAR ENDING 12/31/00- Refund P-T & INDX	DOCKET NO. 011451-WS	
ADJUSTMENTS TO RATE BASE	PAGE 1 OF 1	
	<u>WATER</u>	<u>WASTEWATER</u>
<u>UTILITY PLANT IN SERVICE</u>		
To correct double booking error (AE No. 1)	<u>(\$113,038)</u>	<u>(\$188,277)</u>
<u>NON USED & USEFUL PLANT</u>		
1. Non-used & Useful Plant	(\$386,162)	(\$384,921)
2. Non-used & Useful Accum Depr	306,881	355,591
3. Non-used & Useful CIAC	0	279,609
4. Non-used Accum Amort	0	(266,370)
	<u>(\$79,281)</u>	<u>(\$16,091)</u>
<u>CIAC</u>		
To correct double booking error (AE No. 1)	<u>\$113,038</u>	<u>\$188,277</u>
<u>ACCUMULATED DEPRECIATION</u>		
To correct double booking error (AE No. 1)	<u>\$2,955</u>	<u>\$5,012</u>
<u>ACCUMULATED AMORTIZATION</u>		
1 To correct double booking error (AE No. 1)	(\$2,956)	(\$5,012)
2 Amortization Adjustment per staff's recalculation	0	169,972
3 CIAC Collected after 1994 (AE No. 2)	<u>78,656</u>	<u>124,346</u>
	<u>\$75,700</u>	<u>\$289,306</u>
<u>WORKING CAPITAL ALLOWANCE</u>		
To reflect 1/8 of test year O & M expenses.	<u>\$11,693</u>	<u>\$10,535</u>

DOCKET NO. 011451-WS

DATE: September 19, 2002

PLANTATION BAY UTILITY CO.						SCHEDULE NO.1-D			
TEST YEAR ENDING 12/31/00-Refund PT & INDX						DOCKET NO. 011451-WS			
SCHEDULE OF CAPITAL STRUCTURE									
CAPITAL COMPONENT	PER UTILITY	SPECIFIC ADJUST-MENTS	BALANCE		BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST	
			BEFORE PRO RATA ADJUSTMENTS	PRO RATA ADJUST-MENTS					
1. COMMON STOCK	\$1,000	\$0	\$1,000						
2. RETAINED EARNINGS	(2,835,049)	303,049	(2,532,000)						
3. PAID IN CAPITAL	0		0						
4. OTHER COMMON EQUITY	<u>0</u>	<u>2,531,000</u>	<u>2,531,000</u>						
5. TOTAL COMMON EQUITY	(\$2,834,049)	\$2,834,049	0	520,358	520,358	97.17%	11.27%	10.95%	
6. LONG TERM DEBT	2,531,000	(2,531,000)	0	0	0	0.00%	0.00%	0.00%	
7. CUSTOMER DEPOSITS	<u>15,145</u>	<u>0</u>	<u>15,145</u>	0	<u>15,145</u>	<u>2.83%</u>	6.00%	<u>0.17%</u>	
8 TOTAL	<u>(\$287,904)</u>	<u>\$303,049</u>	<u>\$15,145</u>	<u>\$520,358</u>	<u>\$535,503</u>	<u>100.00%</u>		<u>11.12%</u>	
RANGE OF REASONABLENESS						<u>LOW</u>	<u>HIGH</u>		
RETURN ON EQUITY						<u>9.27%</u>	<u>11.27%</u>		
OVERALL RATE OF RETURN						<u>9.18%</u>	<u>11.12%</u>		

DOCKET NO. 011451-WS

DATE: September 19, 2002

PLANTATION BAY UTILITY CO. TEST YEAR ENDING 12/31/00-Refund PT & Index SCHEDULE OF WATER OPERATING INCOME			SCHEDULE NO. 1E DOCKET NO. 011451-WS		
	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$212,826</u>	<u>(\$3,967)</u>	<u>\$208,859</u>	<u>(\$36,531)</u> -17.49%	<u>\$172,328</u>
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	107,658	(14,115)	93,543 0	0	93,543
3. DEPRECIATION (NET)	65,595	(33,067)	32,528 0	0	32,528
4. AMORTIZATION	0	0	0 0	0	0
5. TAXES OTHER THAN INCOME	23,406	(2,080)	21,326	(1,644)	19,682
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7. TOTAL OPERATING EXPENSES	<u>\$196,659</u>	<u>(\$49,262)</u>	<u>\$147,397</u>	<u>(\$1,644)</u>	<u>\$145,753</u>
8. OPERATING INCOME/(LOSS)	<u>\$16,167</u>		<u>\$61,462</u>		<u>\$26,575</u>
9. WATER RATE BASE	<u>\$227,889</u>		<u>\$238,956</u>		<u>\$238,956</u>
10. RATE OF RETURN	<u>7.09%</u>		<u>25.72%</u>		<u>11.12%</u>

DOCKET NO. 011451-WS

DATE: September 19, 2002

PLANTATION BAY UTILITY CO. TEST YEAR ENDING 12/31/00-Refund PT & Index SCHEDULE OF WASTEWATER OPERATING INCOME			SCHEDULE NO. 1-F DOCKET NO. 011451-WS		
	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$141,058</u>	<u>\$12,048</u>	<u>\$153,106</u>	<u>(\$14,911)</u> -9.74%	<u>\$138,195</u>
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	76,646	7,632	84,278	0	84,278
3. DEPRECIATION (NET)	24,518	(22,115)	2,403	0	2,403
4. AMORTIZATION	0	0	0	0	0
5. TAXES OTHER THAN INCOME	20,176	(970)	19,206	(671)	18,535
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7. TOTAL OPERATING EXPENSES	<u>\$121,340</u>	<u>(\$15,453)</u>	<u>\$105,887</u>	<u>(\$671)</u>	<u>\$105,216</u>
8. OPERATING INCOME/(LOSS)	<u>\$19,718</u>		<u>\$47,219</u>		<u>\$32,979</u>
9. WASTEWATER RATE BASE	<u>\$7,785</u>		<u>\$296,547</u>		<u>\$296,547</u>
10. RATE OF RETURN	<u>253.28%</u>		<u>15.92%</u>		<u>11.12%</u>

DOCKET NO. 011451-WS
 DATE: September 19, 2002

PLANTATION BAY UTILITY CO.		SCHEDULE NO. 1-G	
TEST YEAR ENDING 12/31/00-Refund PT & Index			
ADJUSTMENTS TO OPERATING INCOME		PAGE 1 OF 1	
	<u>WATER</u>	<u>WASTEWATER</u>	
OPERATING REVENUES			
To annualize test year revenues	<u>(\$3,967)</u>	<u>\$12,048</u>	
OPERATION & MAINTENANCE			
1 To reallocate Purchased Power expenses (AE No 4)	(\$242)	\$242	
2 To Amortize pump repairs (Audit Except No 4-3)	(\$6,483)	\$0	
3 Reallocate well repairs from wastewater (AE No 4)	234	(234)	
4 Reallocate & mowing costs (AE No 4-4)	566	(566)	
5 Reallocate testing costs (AE No 4-4)	<u>(\$8,190)</u>	<u>\$8,190</u>	
Total	<u>(\$14,115)</u>	<u>\$7,632</u>	
DEPRECIATION EXPENSE-NET			
1 Non Used and Useful DEPR	(\$20,332)	(\$24,213)	
2 To correct double booking error	(2,956)	(5,012)	
3 Non Used and Useful AMORT	0	18,639	
4 To record CIAC collected after 1994	(13,806)	(21,396)	
5 To reflect recalculation of Depr & AMORT EXP per Rule 25-30.140 FAC	<u>4,027</u>	<u>9,867</u>	
Total	<u>(\$33,067)</u>	<u>(\$22,115)</u>	
TAXES OTHER THAN INCOME			
1 RAFs on revenue adjustment above	(\$179)	\$542	
2 Non Used and Useful Property Taxes	<u>(1,901)</u>	<u>(1,512)</u>	
Total	<u>(\$2,080)</u>	<u>(\$970)</u>	

DOCKET NO. 011451-WS
 DATE: September 19, 2002

PLANTATION BAY UTILITY CO.		SCHEDULE NO. 2-A	
TEST YEAR ENDING 12/31/01-Refund PT & Index		DOCKET NO. 011451-WS	
SCHEDULE OF WATER RATE BASE			
DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUSTMENTS	BALANCE PER STAFF
1. UTILITY PLANT IN SERVICE	\$2,564,653	(\$12,570)	\$2,552,083
2. LAND & LAND RIGHTS	33,754	0	\$33,754
3. NON-USED AND USEFUL COMPONENTS	0	(87,715)	(\$87,715)
4. CIAC	(1,487,264)	22,813	(\$1,464,451)
5. ACCUMULATED DEPRECIATION	(1,277,470)	49,947	(\$1,227,523)
6. AMORTIZATION OF CIAC	395,135	(26,365)	\$368,770
7. WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>17,983</u>	<u>\$17,983</u>
8. WATER RATE BASE	<u>\$228,808</u>	<u>(\$35,907)</u>	<u>\$192,901</u>

DOCKET NO. 011451-WS
 DATE: September 19, 2002

PLANTATION BAY UTILITY CO. EST YEAR ENDING 12/31/01-Refund PT & Index SCHEDULE OF WASTEWATER RATE BASE		SCHEDULE NO. 2-B DOCKET NO. 011451-WS	
DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUSTMENTS	BALANCE PER STAFF
1. UTILITY PLANT IN SERVICE	\$2,662,914	(\$2,123)	\$2,660,791
2. LAND & LAND RIGHTS	50,631	0	\$50,631
3. NON-USED AND USEFUL COMPONENTS	0	(9,672)	(\$9,672)
4. CIAC	(2,146,102)	16,452	(\$2,129,650)
5. ACCUMULATED DEPRECIATION	(1,097,999)	56,687	(\$1,041,312)
6. AMORTIZATION OF CIAC	620,500	134,183	\$754,683
7. WORKING CAPITAL ALLOWANCE	0	12,297	\$12,297
8. WASTEWATER RATE BASE	<u>\$89,944</u>	<u>\$207,824</u>	<u>\$297,768</u>

DOCKET NO. 011451-WS
 DATE: September 19, 2002

PLANTATION BAY UTILITY CO. TEST YEAR ENDING 12/31/01-Refund Indx & PT ADJUSTMENTS TO RATE BASE	SCHEDULE NO. 2-C DOCKET NO. 011451-WS	
	<u>WATER</u>	<u>WASTEWATER</u>
<u>UTILITY PLANT IN SERVICE</u>		
1. Averaging Adjustment	(\$12,570)	(\$2,123)
2. Proforma Plant	<u>0</u>	<u>0</u>
	<u>(\$12,570)</u>	<u>(\$2,123)</u>
<u>NON USED & USEFUL PLANT</u>		
1. Non-used & Useful Plant	(\$384,358)	(\$384,921)
2. Non-used & Useful Accum Depr	296,643	375,249
3. Non-used & Useful CIAC	0	302,839
4. Non-used Accum Amort	0	(302,839)
Total	<u>(\$87,715)</u>	<u>(\$9,672)</u>
<u>CIAC</u>		
Averaging Adjustment	<u>\$22,813</u>	<u>\$16,452</u>
<u>ACCUMULATED DEPRECIATION</u>		
1. Averaging Adjustment	\$49,468	\$49,521
2. Recalculation Per Rule	\$479	\$7,166
3. To reflect Adjustment for Proforma Plant	<u>0</u>	<u>0</u>
	<u>\$49,947</u>	<u>\$56,687</u>
<u>ACCUMULATED AMORTIZATION</u>		
1. Averaging Adjustment	(\$20,451)	(\$53,841)
2. Per staff's recalculation	(5,914)	188,024
	<u>(\$26,365)</u>	<u>\$134,183</u>
<u>WORKING CAPITAL ALLOWANCE</u>		
To reflect 1/8 of test year O & M expenses.	<u>\$17,983</u>	<u>\$12,297</u>

DOCKET NO. 011451-WS
 DATE: September 19, 2002

PLANTATION BAY UTILITY CO.			SCHEDULE NO. 2-D					
TEST YEAR ENDING 12/31/01-Refund Index & PT			DOCKET NO. 011451-WS					
SCHEDULE OF CAPITAL STRUCTURE								
CAPITAL COMPONENT	PER UTILITY	SPECIFIC ADJUSTMENTS	BALANCE		BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
			BEFORE PRO RATA ADJUSTMENTS	PRO RATA ADJUSTMENTS				
1. COMMON STOCK	\$1,000	\$0	\$1,000					
2. RETAINED EARNINGS	(2,625,564)	93,564	(2,532,000)					
3. PAID IN CAPITAL	0		0					
4. OTHER COMMON EQUITY	<u>0</u>	<u>2,531,000</u>	<u>2,531,000</u>					
5. TOTAL COMMON EQUITY	(\$2,624,564)	\$2,624,564	0	474,002	474,002	96.60%	11.27%	10.89%
6. LONG TERM DEBT	2,531,000	(2,531,000)	0	0	0	0.00%	0.00%	0.00%
7. CUSTOMER DEPOSITS	<u>16,667</u>	<u>0</u>	<u>16,667</u>	0	<u>16,667</u>	<u>3.40%</u>	6.00%	<u>0.20%</u>
8 TOTAL	<u>(\$76,897)</u>	<u>\$93,564</u>	<u>\$16,667</u>	<u>\$474,002</u>	<u>\$490,669</u>	<u>100.00%</u>		<u>11.09%</u>
RANGE OF REASONABLENESS						<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY						<u>10.27%</u>	<u>12.27%</u>	
OVERALL RATE OF RETURN						<u>10.12%</u>	<u>12.06%</u>	

DOCKET NO. 011451-WS

DATE: September 19, 2002

PLANTATION BAY UTILITY CO.			SCHEDULE NO. 2-E		
TEST YEAR ENDING 12/31/01-Refund Index & PT			DOCKET NO. 011451-WS		
SCHEDULE OF WATER OPERATING INCOME					
	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$240,661</u>	<u>\$1,223</u>	<u>\$241,884</u>	<u>(\$16,139)</u> -6.67%	<u>\$225,745</u>
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	143,865	0	143,865	0	143,865
3. DEPRECIATION (NET)	57,252	(20,477)	36,775	0	36,775
4. AMORTIZATION	0	0	0	0	0
5. TAXES OTHER THAN INCOME	26,750	(2,311)	24,439	(726)	23,712
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7. TOTAL OPERATING EXPENSES	<u>\$227,867</u>	<u>(\$22,788)</u>	<u>\$205,079</u>	<u>(\$726)</u>	<u>\$204,352</u>
8. OPERATING INCOME/(LOSS)	<u>\$12,794</u>		<u>\$36,805</u>		<u>\$21,393</u>
9. WATER RATE BASE	<u>\$228,808</u>		<u>\$192,901</u>		<u>\$192,901</u>
10. RATE OF RETURN	<u>5.59%</u>		<u>19.08%</u>		<u>11.09%</u>

DOCKET NO. 011451-WS

DATE: September 19, 2002

PLANTATION BAY UTILITY CO. TEST YEAR ENDING 12/31/01-Refund Index & PT SCHEDULE OF WASTEWATER OPERATING INCOME			SCHEDULE NO. 2-F DOCKET NO. 011451-WS		
	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$157,273</u>	<u>\$2,148</u>	<u>\$159,421</u>	<u>\$8,693</u> 5.45%	<u>\$168,114</u>
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	98,374	0	98,374	0	98,374
3. DEPRECIATION (NET)	13,509	1,427	14,936	0	14,936
4. AMORTIZATION	0	0	0	0	0
5. TAXES OTHER THAN INCOME	22,997	(1,607)	21,390	391	21,781
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7. TOTAL OPERATING EXPENSES	<u>\$134,880</u>	<u>(\$180)</u>	<u>\$134,700</u>	<u>\$391</u>	<u>\$135,091</u>
8. OPERATING INCOME/(LOSS)	<u>\$22,393</u>		<u>\$24,721</u>		<u>\$33,022</u>
9. WASTEWATER RATE BASE	<u>\$89,944</u>		<u>\$297,768</u>		<u>\$297,768</u>
10. RATE OF RETURN	<u>24.90%</u>		<u>8.30%</u>		<u>11.09%</u>

DOCKET NO. 011451-WS
 DATE: September 19, 2002

**PLANTATION BAY UTILITY CO.
 TEST YEAR ENDING 12/31/01-Refund Indx & PT
 ADJUSTMENTS TO OPERATING INCOME**

**SCHEDULE NO. 2-G
 DOCKET NO. 011451-WS**

	<u>WATER</u>	<u>WASTEWATER</u>
<u>OPERATING REVENUES</u>		
To adjust per audit	<u>\$1,223</u>	<u>\$2,148</u>
<u>DEPRECIATION EXPENSE</u>		
1. Proforma Plant Depreciation Expense	\$0	\$0
2. To reflect Depreciation Expense per 25-30.140 FAC.	0	826
3. Depreciation Expense on Non-used and useful plant	(20,477)	(19,598)
4. Amort Expense on Non-used and useful plant	0	20,199
Net Depreciation Expense Adjustment	<u>(\$20,477)</u>	<u>\$1,427</u>
<u>TAXES OTHER THAN INCOME</u>		
1. Record Raf's on increase in Revenues	\$55	\$97
2. Non-Used & useful Property Taxes	<u>(\$2,366)</u>	<u>(\$1,703)</u>
Total	<u>(\$2,311)</u>	<u>(\$1,607)</u>

DOCKET NO. 011451-WS

DATE: September 19, 2002

PLANTATION BAY UTILITY CO.		SCHEDULE NO. 3-A	
TEST YEAR ENDING 12/31/01-Interim Period		DOCKET NO. 011451-WS	
SCHEDULE OF WATER RATE BASE			
DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUST- MENTS	BALANCE PER STAFF
1. UTILITY PLANT IN SERVICE	\$2,564,653	\$261,656	\$2,826,309
2. LAND & LAND RIGHTS	33,754	0	\$33,754
3. NON-USED AND USEFUL COMPONENTS	0	(87,715)	(\$87,715)
4. CIAC	(1,487,264)	22,813	(\$1,464,451)
5. ACCUMULATED DEPRECIATION	(1,277,470)	44,585	(\$1,232,885)
6. AMORTIZATION OF CIAC	395,135	(26,365)	\$368,770
7. WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>17,983</u>	<u>\$17,983</u>
8. WATER RATE BASE	<u>\$228,808</u>	<u>\$232,957</u>	<u>\$461,765</u>

DOCKET NO. 011451-WS
 DATE: September 19, 2002

PLANTATION BAY UTILITY CO. TEST YEAR ENDING 12/31/01-Interim Period SCHEDULE OF WASTEWATER RATE BASE		SCHEDULE NO. 3-B DOCKET NO. 011451-WS	
<u>DESCRIPTION</u>	BALANCE PER UTILITY	STAFF ADJUST MENTS	BALANCE PER STAFF
1. UTILITY PLANT IN SERVICE	\$2,662,914	\$124,986	\$2,787,900
2. LAND & LAND RIGHTS	50,631	0	\$50,631
3. NON-USED AND USEFUL COMPONENTS	0	(9,672)	(\$9,672)
4. CIAC	(2,146,102)	16,452	(\$2,129,650)
5. ACCUMULATED DEPRECIATION	(1,097,999)	52,799	(\$1,045,200)
6. AMORTIZATION OF CIAC	620,500	134,183	\$754,683
7. WORKING CAPITAL ALLOWANCE	0	12,297	\$12,297
8. WASTEWATER RATE BASE	<u>\$89,944</u>	<u>\$331,045</u>	<u>\$420,989</u>

DOCKET NO. 011451-WS

DATE: September 19, 2002

PLANTATION BAY UTILITY CO. TEST YEAR ENDING 12/31/01-Interim Period ADJUSTMENTS TO RATE BASE	SCHEDULE NO. 3-C DOCKET NO. 011451-WS	
	<u>WATER</u>	<u>WASTEWATER</u>
<u>UTILITY PLANT IN SERVICE</u>		
1. Averaging Adjustment	(\$12,570)	(\$2,123)
2. Proforma Plant	<u>274,226</u>	<u>127,109</u>
	<u>\$261,656</u>	<u>\$124,986</u>
<u>NON USED & USEFUL PLANT</u>		
1. Non-used & Useful Plant	(\$384,358)	(\$384,921)
2. Non-used & Useful Accum Depr	296,643	375,249
3. Non-used & Useful CIAC	0	302,839
4. Non-used Accum Amort	0	(302,839)
Total	<u>(\$87,715)</u>	<u>(\$9,672)</u>
<u>CIAC</u>		
Averaging Adjustment	<u>\$22,813</u>	<u>\$16,452</u>
<u>ACCUMULATED DEPRECIATION</u>		
1. Averaging Adjustment	\$49,468	\$49,521
2. Recalculation Per Rule	\$479	\$7,166
3. To reflect Adjustment for Proforma Plant	<u>(5,362)</u>	<u>(3,888)</u>
	<u>\$44,585</u>	<u>\$52,799</u>
<u>ACCUMULATED AMORTIZATION</u>		
1. Averaging Adjustment	(\$20,451)	(\$53,841)
2. Per staff's recalculation	<u>(5,914)</u>	<u>188,024</u>
	<u>(\$26,365)</u>	<u>\$134,183</u>
<u>WORKING CAPITAL ALLOWANCE</u>		
To reflect 1/8 of test year O & M expenses.	<u>\$17,983</u>	<u>\$12,297</u>

DOCKET NO. 011451-WS

DATE: September 19, 2002

PLANTATION BAY UTILITY CO.			SCHEDULE NO. 3-D					
TEST YEAR ENDING 12/31/01-Interim Period			DOCKET NO. 011451-WS					
SCHEDULE OF CAPITAL STRUCTURE								
CAPITAL COMPONENT	PER UTILITY	SPECIFIC ADJUSTMENTS	BALANCE BEFORE PRO RATA ADJUSTMENTS	PRO RATA ADJUSTMENTS	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
1. COMMON STOCK	\$1,000	\$0	\$1,000					
2. RETAINED EARNINGS	(2,625,564)	93,564	(2,532,000)					
3. PAID IN CAPITAL	0		0					
4. OTHER COMMON EQUITY	0	<u>2,531,000</u>	<u>2,531,000</u>					
5. TOTAL COMMON EQUITY	(\$2,624,564)	\$2,624,564	0	866,087	866,087	98.11%	11.27%	11.06%
6. LONG TERM DEBT	2,531,000	(2,531,000)	0	0	0	0.00%	0.00%	0.00%
7 LONG TERM DEBT	0	0	0	0	0	0.00%	0.00%	0.00%
8. CUSTOMER DEPOSITS	<u>16,667</u>	0	<u>16,667</u>	0	<u>16,667</u>	<u>1.89%</u>	6.00%	<u>0.11%</u>
9. TOTAL	<u>(\$76,897)</u>	<u>\$93,564</u>	<u>\$16,667</u>	<u>\$866,087</u>	<u>\$882,754</u>	<u>100.00%</u>		<u>11.17%</u>
RANGE OF REASONABLENESS						<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY						<u>10.27%</u>	<u>12.27%</u>	
OVERALL RATE OF RETURN						<u>10.19%</u>	<u>12.15%</u>	

DOCKET NO. 011451-WS

DATE: September 19, 2002

PLANTATION BAY UTILITY CO. TEST YEAR ENDING 12/31/01-Interim Period SCHEDULE OF WATER OPERATING INCOME			SCHEDULE NO. 3-E DOCKET NO. 011451-WS		
	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$240,661</u>	<u>\$1,223</u>	<u>\$241,884</u>	<u>\$26,936</u> 11.14%	<u>\$268,820</u>
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	143,865	0	143,865	0	143,865
3. DEPRECIATION (NET)	57,252	(9,754)	47,498	0	47,498
4. AMORTIZATION	0	0	0	0	0
5. TAXES OTHER THAN INCOME	26,750	(2,084)	24,666	1,212	25,878
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7. TOTAL OPERATING EXPENSES	<u>\$227,867</u>	<u>(\$11,838)</u>	<u>\$216,029</u>	<u>\$1,212</u>	<u>\$217,241</u>
8. OPERATING INCOME/(LOSS)	<u>\$12,794</u>		<u>\$25,855</u>		<u>\$51,579</u>
9. WATER RATE BASE	<u>\$228,808</u>		<u>\$461,765</u>		<u>\$461,765</u>
10. RATE OF RETURN	<u>5.59%</u>		<u>5.60%</u>		<u>11.17%</u>

DOCKET NO. 011451-WS

DATE: September 19, 2002

PLANTATION BAY UTILITY CO. TEST YEAR ENDING 12/31/01-Interim Period SCHEDULE OF WASTEWATER OPERATING INCOME			SCHEDULE NO. 3-F DOCKET NO. 011451-WS		
	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$157,273</u>	<u>\$2,148</u>	<u>\$159,421</u>	<u>\$31,496</u> 19.76%	<u>\$190,917</u>
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	98,374	0	98,374	0	98,374
3. DEPRECIATION (NET)	13,509	9,202	22,711	0	22,711
4. AMORTIZATION	0	0	0	0	0
5. TAXES OTHER THAN INCOME	22,997	(1,607)	21,390	1,417	22,808
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7. TOTAL OPERATING EXPENSES	<u>\$134,880</u>	<u>\$7,595</u>	<u>\$142,475</u>	<u>\$1,417</u>	<u>\$143,893</u>
8. OPERATING INCOME/(LOSS)	<u>\$22,393</u>		<u>\$16,946</u>		<u>\$47,024</u>
9. WASTEWATER RATE BASE	<u>\$89,944</u>		<u>\$420,989</u>		<u>\$420,989</u>
10. RATE OF RETURN	<u>24.90%</u>		<u>4.03%</u>		<u>11.17%</u>

DOCKET NO. 011451-WS
 DATE: September 19, 2002

**PLANTATION BAY UTILITY CO.
 TEST YEAR ENDING 12/31/01-Interim Period
 ADJUSTMENTS TO OPERATING INCOME**

**SCHEDULE NO. 3-G
 DOCKET NO. 011451-WS**

	<u>WATER</u>	<u>WASTEWATER</u>
<u>OPERATING REVENUES</u>		
To adjust per audit	<u>\$1,223</u>	<u>\$2,148</u>
<u>DEPRECIATION EXPENSE</u>		
1.Proforma Plant Depreciation Expense	\$10,723	\$7,775
2.To reflect Depreciation Expense per 25-30.140 FAC.	0	826
3.Depreciation Expense on Non-used and useful plant	(20,477)	(19,598)
4.Amort Expense on Non-used and useful plant	0	<u>20,199</u>
Net Depreciation Expense Adjustment	<u>(\$9,754)</u>	<u>\$9,202</u>
<u>TAXES OTHER THAN INCOME</u>		
1.Record Raf's on increase in Revenues	\$55	\$97
2.Non-Used & useful Property Taxes	<u>(\$2,139)</u>	<u>(\$1,703)</u>
Total	<u>(\$2,084)</u>	<u>(\$1,607)</u>

DOCKET NO. 011451-WS
 DATE: September 19, 2002

SERVICE AVAILABILITY CHARGE ANALYSIS		
Plantation Bay Utility Co.	SCHEDULE NO. 4	
Docket No. 011451-WS	<u>Water</u>	<u>Wastewater</u>
GROSS BOOK VALUE-Includes Proforma Plant	\$ 2,838,879	\$ 2,790,023
LAND	33,754	50,631
DEPRECIABLE ASSETS	2,805,125	2,739,392
ACCUMULATED DEPRECIATION TO DATE	1,282,832	1,102,630
ACCUMULATED DEPRECIATION AT DESIGN CAPACITY	1,419,540	1,219,817
NET PLANT AT DESIGN CAPACITY	<u>\$ 1,419,339</u>	<u>\$ 1,570,206</u>
TRANSMISSION & DISTRIBUTION/COLLECTION LINES	1,281,237	1,784,836
MINIMUM LEVEL OF C.I.A.C.	45.13%	63.97%
C.I.A.C. TO DATE	\$ 1,552,136	\$ 2,200,264
ACCUMULATED AMORTIZATION OF C.I.A.C. TO DATE	396,858	784,374
NET C.I.A.C. TO DATE	<u>1,155,278</u>	<u>1,415,890</u>
LEVEL OF C.I.A.C. TO DATE	74.24%	83.91%
ACCUMULATED AMORTIZATION OF C.I.A.C. AT DESIGN CAPACITY	\$ 441,521	\$ 853,240
FUTURE CUSTOMERS (ERC) TO BE CONNECTED	96	96
COMPOSITE DEPRECIATION RATE	4.50%	3.95%
COMPOSITE C.I.A.C. AMORTIZATION RATE	2.66%	2.89%
NUMBER OF YEARS TO DESIGN CAPACITY (1 yr 2 Mths)	1.08	1.08
EXISTING SERVICE AVAILABILITY CHARGE PER ERC (System Capacity Charge)	\$ 636	\$ 531
LEVEL OF C.I.A.C. AT DESIGN CAPACITY	82.48%	88.98%
NET C.I.A.C. AT DESIGN CAPACITY	\$ 1,170,725	\$ 1,397,141
REQUESTED SERVICE AVAILABILITY CHARGE PER ERC	\$ 636	\$ 531
LEVEL OF C.I.A.C. AT DESIGN CAPACITY	82.48%	88.98%
NET C.I.A.C. AT DESIGN CAPACITY	\$ 1,170,725	\$ 1,397,141
MINIMUM SERVICE AVAILABILITY CHARGE PER ERC	\$ 0	\$ 0
LEVEL OF C.I.A.C. AT DESIGN CAPACITY	45.13%	63.97%
NET C.I.A.C. AT DESIGN CAPACITY	\$ 1,110,615	\$ 1,347,024
MAXIMUM SERVICE AVAILABILITY CHARGE PER ERC	\$ 0	\$ 0
LEVEL OF C.I.A.C. AT DESIGN CAPACITY	75.00%	75.00%
NET C.I.A.C. AT DESIGN CAPACITY	\$ 1,110,615	\$ 1,347,024
C.I.A.C. COLLECTED AT CAPACITY AT EXISTING CHARGE	\$ 1,613,192	\$ 2,251,240
TRANSMISSION & DISTRIBUTION/COLLECTION AT CAPACITY	\$ 1,281,237	\$ 1,784,836
LEVEL OF C.I.A.C./T & D OR COLL AT CAPACITY	125.91%	126.13%
C.I.A.C. COLLECTED AT CAPACITY AT REQUESTED CHARGE	\$ 1,613,192	\$ 2,251,240
TRANSMISSION & DISTRIBUTION/COLLECTION AT CAPACITY	\$ 1,281,237	\$ 1,784,836
LEVEL OF C.I.A.C./T & D OR COLL AT CAPACITY	<u>125.91%</u>	<u>126.13%</u>