

REQUEST TO ESTABLISH DOCKET
(Please Type)

Date	May 1, 2003	Docket No.	080423 - WU
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1. Division Name/Staff Name:	ECR/Merta
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2. OPR:	T. Rendell, S. Merta, M. Willis 
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3. OCR:	R. Jaeger
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4. Suggested Docket Title:	Investigation into 2002 Earnings of Residential Water Systems, Inc.
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5. Suggested Docket Mailing List (attach separate sheet if necessary)

A. Provide NAMES OR ACRONYMS ONLY if a regulated company.

B. Provide COMPLETE NAME AND ADDRESS for all others. (Match representatives to companies.)

1. Parties and their representatives (if any):

Charles deMenzes Residential Water Systems, Inc. 1410 NE Eighth Avenue Ocala, FL 34470-4250	
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2. Interested persons and their representatives (if any):

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6. Check one:

Documentation is attached.

Documentation will be provided with recommendation.

**2002 ANNUAL REPORT REVIEW
CLASS C" - RATE OF RETURN CALCULATION**

UTILITY NAME: Residential Water Systems, Inc.
 COMPANY CODE: WU 370
 ANALYST ASSIGNED: Kathy Kaproth
 DATE PREPARED: February 14, 2003

RATE BASE	WATER	WASTEWATER	TOTAL
PLANT IN SERVICE (F-4)	\$699,963	\$0	\$699,963
LESS: NON-USED AND USEFUL PLANT (F-4)	0	0	0
LESS: ACCUMULATED DEPRECIATION (F-4)	(184,483)	0	(184,483)
PLUS or MINUS: ACQUISITION ADJUSTMENT (F-4)	0	0	0
ACCUM. AMORT. ACQ. ADJ. (Contra acct to Acq Adj)	0	0	0
LESS: CONTRIBUTIONS IN AID OF CONSTRUCTION (F-4)	(508,358)	0	(508,358)
PLUS: ACCUMULATED AMORT. OF CIAC (F-4)	197,513	0	197,513
PLUS: PREPAID CIAC (if stated on company's rate base)	0	0	0
LESS: ADVANCES FOR CONSTRUCTION (F-4)	0	0	0
WORKING CAPITAL (1/8 O&M-Class B)	19,860	0	19,860
OTHER (EXPLAIN)	0	0	0
OTHER (EXPLAIN)	0	0	0
RATE BASE	\$224,495	\$0	\$224,495

Ratio: Net CIAC / Net Plant

60.30%	N/A	60.30%
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(Note: If net CIAC IS >= 75% of net Plant, Accounting Section should be advised about potential problem)

NET OPERATING INCOME	WATER	WASTEWATER	TOTAL
OPERATING REVENUES (F-3)	\$198,018	\$0	\$198,018
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	\$158,876	\$0	\$158,876
PURCHASED WATER	0	0	0
DEPRECIATION	22,448	0	22,448
LESS: CIAC AMORTIZATION	(16,303)	0	(16,303)
TAXES OTHER THAN INCOME	12,129	0	12,129
INCOME TAXES	0	0	0
DEFERRED FIT	0	0	0
DEFERRED SIT	0	0	0
PROVISION FOR DEFERRED INCOME TAX - CREDIT	0	0	0
AMORT. OF UTIL PLANT ACQ. ADJ.	0	0	0
TOTAL OPERATING EXPENSES	\$177,150	\$0	\$177,150
NET OPERATING INCOME	\$20,868	\$0	\$20,868
RATE OF RETURN	9.30%	N/A	9.30%

**2002 ANNUAL REPORT REVIEW
CLASS C" - CAPITAL STRUCTURE CALCULATION**

UTILITY NAME: Residential Water Systems, Inc.
 COMPANY CODE: WU 370
 ANALYST ASSIGNED: Kathy Kaproth
 DATE PREPARED: February 14, 2003

	AMOUNT	% OF CAPITAL	ACTUAL RATES	WEIGHTED COST
COMMON EQUITY (F-2a)	\$0	0.00 %	11.10 %	0.00 %
PREFERRED STOCK (F-2a)	0	0.00	0.00	0.00
NOTES PAYABLE (F-2A, F-13)	0	0.00	0.00	0.00
NOTES PAYABLE or ADVANCES - ASSOC. CO. (F-13, F-16)	0	0.00	0.00	0.00
SHORT-TERM DEBT	0	0.00	0.00	0.00
LONG-TERM DEBT &/or BONDS (F-14, F-16)	290,939	98.97	5.08	5.02
CUSTOMER DEPOSITS (F-2A)	3,015	1.03	6.00	0.06
ITCs-WTD COST	0	0.00	5.08	0.00
INVESTMENT TAX CREDITS - 0 COST	0	0.00	0.00	0.00
ACCUMULATED DEFERRED INCOME TAXES - CREDIT	0	0.00	0.00	0.00
OTHER (EXPLAIN):	0	0.00	0.00	0.00
OTHER DEF. CR. NOT INCLUDED IN CAP. STRUC.				
TOTAL CAPITAL	\$293,954	100.00 %		5.09 %

LAST AUTHORIZED RETURN ON EQUITY: ORDER NO:
 RANGE AUTHORIZED: + or - DOCKET NO:

UTILITY W/O AUTHORIZED ROE: Equity for leverage calc.:
 USE LEVERAGE GRAPH PER ORDER NO. PSC-02-0898-PAA-WS

ACHIEVED RETURN ON EQUITY: WATER

WATER 9.30% - (5.09% -0.00%) = ROR - Above
 N/A

ACHIEVED RETURN ON EQUITY: WASTEWATER

SEWER N/A - (5.09% -0.00%) =
 N/A

ACHIEVED RETURN ON EQUITY: COMBINED

TOTAL 9.30% - (5.09% -0.00%) = ROR - Above
 N/A

(ROR actually earned - (Allowed Cost of Capital - Allowed ROE)) / Equity Fraction = ROE actually earned

	Water	Wastewater
W-9 & S-9(b)		
Residential Customers	632	0
General Service Customers	0	0
Unmetered/other Customers	0	0
Total Customers	632	N/A

W-11 Schedule: Pumping and Purchased Water Statistics (Totals in 000's)

Put 'x' in box if using operating ratio method:

Water Purchased	0
Finished Water From Wells	82,467
Water Used for Line Flushing, etc	2,221
Water Pumped and Purchased	80,246
Water Sold to Customers	80,246
Water Loss Matrix	100%

(Note: If the Water Loss Matrix is >110%, place this in the comments section)

Total Gallons of Treated Wastewater (not in 000's)