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REPLY TO ALTAMONTE SPRINGS

MARTIN S. FRIEDMAN, P.A.  
VALERIE L. LORD, OF COUNSEL  
(LICENSED IN TEXAS ONLY)

January 16, 2004

**HAND DELIVERY**

Ms. Blanca Bayo  
Commission Clerk and Administrative Services Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

RECEIVED-FPSC  
04 JAN 16 AM 11:55  
COMMISSION  
CLERK

Re: Docket No. 030444-WS; Application by Bayside Utility Services, Inc., for Rate Increase in Bay County, Florida  
Our File No.: 30057.57

Dear Ms. Bayo:

In response to Mr. Tim Devlin's letter dated December 16, 2003, regarding the above-referenced file, we provide the following responses on behalf of Bayside Utility Services, Inc. (the "Utility"):

**Deficiency No. 1**

Rule 25-30.436(4)(h), Florida Administrative Code, requires that any system that has costs allocated or charged to it from a parent, in addition to those reported on Schedule B-12 of Commission Form PSC/WAW 20, shall file three copies of additional schedules showing additional information as detailed in the rule. The document that the utility submitted did not reflect all of the information that is required by this rule. The utility has failed to include the following items of this rule:

AUS \_\_\_\_\_  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM \_\_\_\_\_  
CTR \_\_\_\_\_  
ECR \_\_\_\_\_  
GCL \_\_\_\_\_  
OPC \_\_\_\_\_  
MMS \_\_\_\_\_  
SEC  \_\_\_\_\_  
OTH \_\_\_\_\_

- 3) The allocation or direct charging method used and the basis for using that method; and
- (4) The workpapers used to develop the allocation method, including but not limited to the numerator and denominator of each allocation factor.

Response:  
See attachment "A"

RECEIVED & FILED  
*dh*  
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE  
00676 JAN 16 3  
FPSC-COMMISSION CLERK

**Deficiency No. 2**

Pursuant to Order No. PSC-00-2388-AS-WU, issued December 13, 2000, Utilities, Inc. ("UI") agreed to provide a cross-reference for its general ledger account numbers to the National Association of Regulated Utility Commission Uniform System of Accounts primary account numbers. Staff notes that we have received a cross reference in Docket No. 020407-WS in connection with the Staff's discussion with UI regarding its books and records. However, that document did not include references for all operation and maintenance expense accounts, particularly materials and supplies and miscellaneous expenses. Please submit a complete copy which cross-references all accounts for this docket.

**Response:**

Attachment "B" provides the cross reference of all accounts in this docket. It consists of (1) a two-page general cross reference chart of accounts that was provided in Docket No. 020407-WS and referenced in the deficiency above, and (2) a four-page chart titled "Bayside Utility Services, Inc. Detailed General Ledger 2002, Reconciled to Trial Balance and Annual Report Spreadsheets." This chart specifically reconciles the UI accounts to the NARUC O&M accounts for the Utility.

Rule 25-30.43 7, Florida Administrative Code, requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ERC 20 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." Numbers 3-15 of the following list are deficiencies pursuant to this rule.

**Deficiency No. 3**

Schedule A-3, Schedule of Adjustment to Rate Base  
Schedule A-5, Schedule of Water Plant in Service By Primary Account  
Schedule A-6, Schedule of Wastewater Plant in Service By Primary Account.  
Schedule A-9, Schedule of Water Accum. Depreciation By Primary Account  
Schedule A-10, Schedule of Wastewater Accum. Depreciation By Primary Account  
Schedule B-13, Net Depreciation Expense - Water  
Schedule B-14, Net Depreciation Expense - Wastewater

Pro forma adjustments have to be reflected by primary account on these schedules. The Utility has not done this.

**Response:**

The Utility has reviewed the referenced Form PSC/ECR 20 (11/93), the referenced schedules in the form, the format of each schedule, the instructions on each schedule and the Commission Rules and has found no requirement that the pro forma adjustments have

to be reflected by primary account on Schedules A-5, A-6, A-9 or A-10. The place indicated in the form for adjustments to these schedules is A-1, A-2 and A-3, and the Utility has properly shown its adjustments on these schedules. Schedules A-5, A-6, A-9 and A-10 were not revised because that would require major reconstruction of the schedules not required by the Rules. Rather, the Utility has revised Schedule A-3 to show the primary accounts of the pro forma adjustments and has added a supplemental page that develops the accumulated depreciation and depreciation expense associated with each line item. In addition, the Utility has applied the non-used & useful percentage where considered appropriate, or has explained why such percentage is not applied. A revision to the other schedules would not provide any information not shown on Schedule A-3 as supplemented. The form does require that adjustments be shown on Schedules B-13 and B-14 and the Utility has revised these schedules to include the pro forma adjustments. In addition, the Utility has revised Schedule B-3 to show the primary accounts of those pro forma adjustments and, as with Schedule A-3, has added a supplemental page that develops the accumulated depreciation and depreciation expense associated with each line item. In addition the non-used & useful percentage has been applied where considered appropriate or an explanation has been provided when such percentage is not applied.

**Deficiency No. 4**

Schedule A-15, Schedule of Annual AFUDC Rates Used

The explanation for this schedule requires that the Utility state the authority for any AFUDC rates used. The Utility has not provided this information.

**Response:**

The Utility had not stated the authority because there has been no order issued authorizing the charges. The Utility has revised the schedule to so indicate.

**Deficiency No. 5**

Schedule B-7 Operation and Maintenance Expense Comparison - Water  
Schedule B-8 Operation and Maintenance Expense Comparison Wastewater

Please provide an explanation for Bad Debt, Miscellaneous, and Material and Supplies Expenses on Schedule B-7, and Materials and Supplies, Sludge Removal, and Bad Debt Expense on Schedule B-8.

**Response:**

As stated on Schedules B-7 and B-8, as filed, the Utility assumed operation in 1999 and has no knowledge of the basis of the prior owner/developer expenses. The Utility can only offer the following observations by comparing current expenses to those analyzed by the

Commission in Docket No. 971401-WS, the prior staff assisted rate case under the previous owner. Schedules B-7 and B-8 have been revised to include these observations.

a. Bad debt expense: The bad debt expense for the test year are actual expenses incurred and represents approximately 3.4% of annual revenues. The bad debt expense for the 1997 test year are Commission Staff adjusted expenses representing approximately 1.4% of annual revenues. The actual bad debt expense in 1997, according to the annual reports were approximately 8.6% of annual revenues. The order in the previous docket explained that the recorded bad debt expense included the write-off of several years of compiled bad debt. No basis was given for the amount of the adjustment. The Commission did acknowledge that the Utility does experience a high rate of bad debt because of the transient nature of its customers, and was, in recent years affected by hurricanes. In the past three years, 2000-2002, bad debt has been approximately 3.1%, 2.64% and 3.2%, respectively of annual revenue. It has been fairly consistent and appears reasonable for the type of customer base.

b. Misc. expense: The Utility has no insight into the difference in the amount of misc. expense between 1997 and 2002. In total, water and wastewater combined, they represent approximately 2.1% of all test year expenses. In 1997, they were 3.3% of expenses. On that basis, they have been reduced, although they are allocated differently in the test year versus 1997, between water and wastewater.

c. Materials & Supplies: Since assuming ownership, the Utility's management has observed improper design, installation and maintenance of the distribution and collection systems under previous management that has resulted in a greater need for current maintenance. The Utility associates the increase in materials & supplies to a greater attention to maintenance of the systems. Water system: During the test year, the Utility made 15 repairs to service lines, hydrants, meters and valves at a cost of over \$2,200, and repaired 8 breaks in mains greater than 2" in diameter at a cost of \$4550. Without this maintenance, the total expense for this account would have been less than the amount incurred by the previous owner in 1997, but the system would have remained in the deteriorating condition it was in under the previous owner. Wastewater system: During the test year, the Utility made 8 repairs to such items as mains, laterals, wet wells, manholes and lids at a cost of \$2,900. In addition there were 24 occasions in which rodding activities was required at a cost of \$21,100. Rodding activities includes, in addition to rodding, jet cleaning, root removal and even the removal of a power pole guy wire anchor that was installed through a main. As with the water system, without this maintenance, the total expense for this account would have been less than the amount incurred by the previous owner in 1997, but the system would have remained in the deteriorating condition it was in under the previous owner.

d. Sludge removal: The prior owners recorded no sludge removal expense. In Docket No. 971401-WS, the Commission indicated odor problems and the need for sludge removal from the lift stations. It included an estimated cost of \$275 based on a cleanout need every three years. For the collection system, sludge removal includes the removal of debris and cleaning of manholes and wet wells and the hauling and disposal of sludge, including dumping fees. When the Utility took over operations, it determined that there was considerable sludge build up in the mains and manholes. It was necessary to pump sludge on an emergency basis. As a result, the Utility incurred sludge removal costs of \$3,364 and \$6,130 in 2000 and 2001. A capital project was initiated in 2001 to bring the lines up to a satisfactory condition. During the test year, the Utility incurred a sludge removal expense of \$2,860 related to the removal of accumulated solids from the lift stations and wet wells.

Line 28 of these schedules [B-7 and B-8] require the use of Equivalent Residential Connections (ERCs) not Customer Equivalents (CEs). Please provide a statement that the Utility has in fact used ERCs. If the Utility has used CEs, provide the appropriate comparison of ERCs as required.

Response:

The Utility has reviewed Schedules B-7 and B-8 in Commission Form PSC/ECR 20-W, 11/93 and those forms state Customers and not ERCs. It is the Utility's position that this request is not a basis for a deficiency. Nevertheless, the Utility will respond. The Utility does have 4 general service meters, but they are all 5/8". For purposes of comparison, ERCs and Customers are equivalent for this Utility. The schedule will be changed to so indicate. The Utility has shown zero growth and that is unchanged whether it is measured by customers or ERCs.

**Deficiency No. 6**

**Schedule B-11 Analysis of Major Maintenance Projects-Water & Sewer**

Schedule B-11 is inconsistent with explanations on Schedule B-7 & Schedule B-8 regarding Materials and Supplies on Maintenance, Provide an explanation for expense projected in excess of \$1,300 for water and \$1,800 for wastewater.

Response:

The Utility disagrees that Schedule B-11 is inconsistent with explanations on Schedules B-7 and B-8. The instruction on Schedule B-11 is to "provide an analysis of all maintenance projects greater than 2% of test year revenues...". It does not ask for an analysis of expenses projected in excess of 2% of test year revenues. As further indication that the instructions for Schedule B-11 contemplated single projects, additional instructions ask "how often the "project" should be repeated." The Utility did incur expenses in excess

of \$1,300 or \$1,800 annually, or even monthly. But, after review of the expenses incurred, there is no indication that those expenses represented a single maintenance project as contemplated in the instructions for Schedule B-11. It is the Utility's position that Schedule B-11 is correct and that this request is not a basis for a deficiency. Nevertheless, the Utility offers an explanation of the major expenses and has revised Schedule B-11 for this purpose. The Utility made 15 repairs to water services and related plant at an average cost of \$149, the largest single incident costing \$360. The Utility worked on 8 water main breaks at an average cost of \$569. One repair did cost \$2,700 but that was a single incident, not a "project". There were a total of 8 sewer main repairs at an average cost of \$364, with the highest being \$650. There were also 24 incidents requiring sewer rodding at an average cost of \$882, the highest single incident being \$3,600 related to an emergency response to extreme weather conditions that caused flooding in the mobile home park which, in turn, inundated the collection system. Again, this was a single incident and not a "project".

**Deficiency No. 7**

**Schedule B-15, Taxes Other Than Income**

Gross Revenues, including miscellaneous Service Charges are subject to regulatory assessment fees; therefore, the amount reflected on B-15 should reflect 4.5% of total revenues.

**Response:**

The amount shown on B-15 does reflect 4.5% of total revenues for the total increased revenues (at col. 2, lines 9 and 18). With regard to annualized test year revenue, before any increase, the amounts (at col. 2, lines 7 and 16) show booked test year RAF plus the amount associated with annualization. After review, it was determined that the booked RAF was associated with the prior year total revenue. The schedule will be changed to properly reflect current year RAF plus the effect of annualization.

**Deficiency No. 8**

**Schedule C-6, Accumulated Deferred Income Taxes - Summary**

Please provide an explanation stating whether the negative numbers are debit or credit balances. Also, the balances shown on the summary schedule, page 1 of 3, do not match the balances reflected on the balance sheet or the capital structure.

**Response:**

Negative numbers are credits balances. The Utility is aware that the 2002 balance of \$9,531 on Schedule C-6 does not match the 2002 balance of \$9,063 on the balance sheet, Schedule A-19. The difference of \$468 is the result of a \$234 true up to Account

190.1031, Deferred Federal Taxes - Depreciation being inadvertently booked as a debit instead of a credit. The Utility chose to show the balance on Schedule C-6 as it should be, even though it would not be corrected until the coming year. Schedule C-6 has been changed to reflect the 2002 books.

**Deficiency No. 9**

Schedule D-2, Reconciliation of Capital Structure to Requested Rate Base

Schedule D-4, Simple Average Cost of Short Term Debt

Schedule D-5, Cost of Long-Term Debt

Schedule D-2, line 1, Long Term Debt does not tie to the total on Schedule D-5, column 4.

Schedule D-2 line 2, Short Term Debt does not tie to the total on Schedule D.4, column 3.

**Response:**

Schedule D-5 is incorrect. The amount in line 2, col. 4 inadvertently shows the 13 month average rather than the beginning/ending year average. When that correction is made, Schedules D-2 and D-5 are in agreement with regard to long term debt.

Schedule D-4 is correct, but Schedule D-2 is not. When the beginning/ending year balances for short term debt were carried forward to Schedule D-2, the last three zeroes were inadvertently dropped. Therefore, on Schedule D-2, line 2, the prior year balance in col. 2 should be \$23,649,000, not \$23,649 and the average balance in col. 4 should be \$11,824,500, not \$11,825. The affected schedules have been revised.

**Deficiency No. 10**

Schedule E-2 Revenue Schedule at Present and Proposed Rates

The explanation for this schedule requires that the utility provide a calculation of revenues at present and proposed rates.

Schedule E-2, 2 of 4, 3 of 4, and 4 of 4 for water are missing.

Schedule E-2, 1 of 4, and 2 of 4, of wastewater are missing.

**Response:**

As a matter of clarification, Schedule E-2 consists of four pages total for water and wastewater, not four pages each, water and wastewater. Pages 1 and 2 are for water. Pages 3 and 4 are for wastewater. However, it is acknowledged that page 2 of Schedule E-2 is missing. Inadvertently, Schedule E-2 Interim appears in its place. That has been corrected. Pages 1, 3 and 4 are properly included.

**Deficiency No. 11**

**Schedule E-2 Revenue Schedule at Present and Interim Rates**

This schedule should provide the revenue schedule at present and interim rates. Schedule E-2 Interim, 1 of 2, for wastewater is missing. Schedule E-2 Interim, 2 of 2, column [2] - [14] should be totaled.

**Response:**

As a matter of clarification, Schedule E-2 - Interim consists of two pages total for water and wastewater, not two pages each, water and wastewater. Page 1 is for water. Page 2 is for wastewater. There appears to be a misunderstanding of the setup of Schedule E-2. Interim. Col. [2]-[14] refers the reader back to those columns contained in Schedule E-2. To make matters clearer, the reference for water should be to Sch. E-2 at page 58 of the MFR and the reference for wastewater should be to Sch. E-2 at page 58c of the MFR. It is there that the revenues at present rates can be found and totaled. The columns were not repeated to avoid duplication - the same approach that was used in formatting Schedule E-2. However, in the interest of not delaying the acceptance of the filing, Schedule E-2 Interim has been reformatted to include a page showing these columns. This results in Schedule E-2 Interim increasing from 2 pages to 4 pages.

**Deficiency No. 12**

**Schedule E-3 Customer Monthly Billing Schedule**

The explanation for this schedule requires the utility to provide a schedule of monthly customers billed or served by class. Schedule E-3 total customers do not match Schedule E-2 total bills.

**Response:**

Schedule E-3 has been changed to match Schedule E-2. Schedule E-3 now reflect the bills rendered per month.

**Deficiency No. 13**

Schedule F-1 on page 72 of Volume I (Financial, Rate and Engineering Filing Requirements) is deficient in its explanation as to why unaccounted for water is greater than 10%. The utility needs to provide staff with a clear explanation why unaccounted for water exceeds 10%.

Also on Schedule F-1, the utility is deficient in its explanation of the two different unaccounted for water percentages. The utility needs to provide staff with a clear and detailed explanation why there are two unaccounted for water percentages, what specific



monthly data makes up the basis for the two different percentages, and how each were calculated.

Response:

Schedule F-1 has been revised to provide an explanation of why, to the best of the Utility's knowledge, the unaccounted for water percentage is greater than 10%.

With regard to the explanation of the two different unaccounted for water percentages, the Utility does not agree that the explanation is deficient. A note was provided that clearly explains that the number of gallons totaled in the billing analysis is different from the number of gallons recorded and, to the best of the Utility's knowledge, the reason for that difference. So that the Commission could have all of the information available, the Utility calculated an unaccounted for water percentages for each case. In addition, the note explains that the unaccounted for water percentage was calculated on an annual basis rather than on a monthly basis and the reason for so doing. As a matter of clarity Schedule F-1 has been revised such that the gallons sold agrees with the billed gallons in Schedules E-2 and E-14 and only one unaccounted for water percentage, based on billed gallons is shown. A more detailed explanation of the situation that led to the initial display of percentages follows.

The Utility purchases water from the city of Panama City Beach and is billed bi-monthly. The Utility then bills its customers on a monthly basis. Readings for both purchases and sales are made in mid month. For the test year, the meter reading periods for input data were as follows:

<u>Purchases</u>	<u>Sales</u>
11/17/01 - 01/25/02	12/16/01 - 01/15/02
01/26/02 - 03/18/02	01/16/02 - 02/15/02
03/19/02 - 05/08/02	02/16/02 - 03/15/02
05/09/02 - 07/08/02	03/16/02 - 04/15/02
07/09/02 - 09/17/02	04/16/02 - 05/15/02
09/18/02 - 11/18/02	05/16/02 - 06/15/02
11/19/02 - 01/21/03	06/16/02 - 07/15/02
	07/16/02 - 08/15/02
	08/16/02 - 09/15/02
	09/16/02 - 10/15/02
	10/16/02 - 11/15/02
	11/16/02 - 12/15/02
	12/16/02 - 01/15/03

Based on this input, the operations department of the Utility estimated test year purchases and sales by prorating beginning and ending readings. These were the source of bi-monthly purchase and monthly sales numbers that appeared on the initially filed Schedule F-1. Since the estimated sales shown on Schedule F-1 differed from billed sales as determined in the billing analysis, both amounts were shown. Unfortunately, that was confusing. In the revised Schedule F-1, the monthly sales figures reflect the monthly sales as determined in the input to billing analysis Schedule E-14. With this change, Schedules F-1, E-2 and E-14 now match.

**Deficiency No. 14**

Schedule F-9 on page 80 of Volume I (Financial, Rate and Engineering Filing Requirements) is deficient in its breakdown of water gallons sold for previous years. The utility needs to provide staff with a breakdown of water gallons sold for years 1998, 1999, 2000, and 2001.

**Response:**

The stated purpose of the schedule is "to calculate the average growth in ERCs". The Utility has indicated that there has been no growth and is not requesting an adjustment for growth. In addition, there are neither water nor wastewater treatment facilities that would be affected by growth. Under the circumstances it was concluded that the schedule was not necessary and therefore, not applicable. The information regarding historic gallons by class was not readily available, and since the Utility has indicated no growth, and has no facilities affected by growth in gallons, it was concluded that it was not worth the cost to research the data. Rule 25-30.437(2), Florida Administrative Code states, "If information requested in the form described is not applicable to the applicant, so state and provide an explanation of the specific schedule." The Utility believes it has done that on Schedule F-9. It is the Utility's position that this request is, therefore, not a basis for a deficiency. The utility has revised Schedules F-9 and F-10 to express its position. In addition, the Utility indicates that should the PSC determine that the distribution and collection systems are less than 100% used & useful, the Utility will not base any rebuttal argument on information that was requested, but not provided in Schedule F-9.

**Deficiency No. 15**

Schedule F-10 on page 81 of Volume I (Financial, Rate and Engineering Filing Requirements) is deficient in its breakdown of wastewater gallons sold for previous years. The utility needs to provide staff with a breakdown of wastewater gallons sold for years 1998, 1999, 2000, and 2001.

**Response:**

See response to Deficiency No. 14.

Ms. Blanca Bayo  
January 16, 2004  
Page 11

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**Note:**

Attachment "C" contains all schedules that required revisions as a result of responses to the above deficiencies.

Should the Staff have any additional questions regarding this Application, they should not hesitate to give me a call.

Very truly yours,



VALERIE L. LORD  
Of Counsel

VLL/mp  
Enclosures

cc: Mr. Steven M. Lubertozzi (w/enclosure)  
Mr. Patrick C. Flynn (w/enclosure)  
Mr. Frank Seidman (w/enclosure)

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MARTIN S. FRIEDMAN, P.A.  
VALERIE L. LORD, OF COUNSEL  
(LICENSED IN TEXAS ONLY)

January 16, 2004

**HAND DELIVERY**

Ms. Blanca Bayo  
Commission Clerk and Administrative Services Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

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Our File No.: 30057.57

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- 3) The allocation or direct charging method used and the basis for using that method; and
- (4) The workpapers used to develop the allocation method, including but not limited to the numerator and denominator of each allocation factor.

**Response:**

See attachment "A"

**Deficiency No. 2**

Pursuant to Order No. PSC-00-2388-AS-WU, issued December 13, 2000, Utilities, Inc. ("UI") agreed to provide a cross-reference for its general ledger account numbers to the National Association of Regulated Utility Commission Uniform System of Accounts primary account numbers. Staff notes that we have received a cross reference in Docket No. 020407-WS in connection with the Staff's discussion with UI regarding its books and records. However, that document did not include references for all operation and maintenance expense accounts, particularly materials and supplies and miscellaneous expenses. Please submit a complete copy which cross-references all accounts for this docket.

**Response:**

Attachment "B" provides the cross reference of all accounts in this docket. It consists of (1) a two-page general cross reference chart of accounts that was provided in Docket No. 020407-WS and referenced in the deficiency above, and (2) a four-page chart titled "Bayside Utility Services, Inc. Detailed General Ledger 2002, Reconciled to Trial Balance and Annual Report Spreadsheets." This chart specifically reconciles the UI accounts to the NARUC O&M accounts for the Utility.

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**Response:**

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As stated on Schedules B-7 and B-8, as filed, the Utility assumed operation in 1999 and has no knowledge of the basis of the prior owner/developer expenses. The Utility can only offer the following observations by comparing current expenses to those analyzed by the

Commission in Docket No. 971401-WS, the prior staff assisted rate case under the previous owner. Schedules B-7 and B-8 have been revised to include these observations.

a. Bad debt expense: The bad debt expense for the test year are actual expenses incurred and represents approximately 3.4% of annual revenues. The bad debt expense for the 1997 test year are Commission Staff adjusted expenses representing approximately 1.4% of annual revenues. The actual bad debt expense in 1997, according to the annual reports were approximately 8.6% of annual revenues. The order in the previous docket explained that the recorded bad debt expense included the write-off of several years of compiled bad debt. No basis was given for the amount of the adjustment. The Commission did acknowledge that the Utility does experience a high rate of bad debt because of the transient nature of its customers, and was, in recent years affected by hurricanes. In the past three years, 2000-2002, bad debt has been approximately 3.1%, 2.64% and 3.2%, respectively of annual revenue. It has been fairly consistent and appears reasonable for the type of customer base.

b. Misc. expense: The Utility has no insight into the difference in the amount of misc. expense between 1997 and 2002. In total, water and wastewater combined, they represent approximately 2.1% of all test year expenses. In 1997, they were 3.3% of expenses. On that basis, they have been reduced, although they are allocated differently in the test year versus 1997, between water and wastewater.

c. Materials & Supplies: Since assuming ownership, the Utility's management has observed improper design, installation and maintenance of the distribution and collection systems under previous management that has resulted in a greater need for current maintenance. The Utility associates the increase in materials & supplies to a greater attention to maintenance of the systems. Water system: During the test year, the Utility made 15 repairs to service lines, hydrants, meters and valves at a cost of over \$2,200, and repaired 8 breaks in mains greater than 2" in diameter at a cost of \$4550. Without this maintenance, the total expense for this account would have been less than the amount incurred by the previous owner in 1997, but the system would have remained in the deteriorating condition it was in under the previous owner. Wastewater system: During the test year, the Utility made 8 repairs to such items as mains, laterals, wet wells, manholes and lids at a cost of \$2,900. In addition there were 24 occasions in which rodding activities was required at a cost of \$21,100. Rodding activities includes, in addition to rodding, jet cleaning, root removal and even the removal of a power pole guy wire anchor that was installed through a main. As with the water system, without this maintenance, the total expense for this account would have been less than the amount incurred by the previous owner in 1997, but the system would have remained in the deteriorating condition it was in under the previous owner.

d. Sludge removal: The prior owners recorded no sludge removal expense. In Docket No. 971401-WS, the Commission indicated odor problems and the need for sludge removal from the lift stations. It included an estimated cost of \$275 based on a cleanout need every three years. For the collection system, sludge removal includes the removal of debris and cleaning of manholes and wet wells and the hauling and disposal of sludge, including dumping fees. When the Utility took over operations, it determined that there was considerable sludge build up in the mains and manholes. It was necessary to pump sludge on an emergency basis. As a result, the Utility incurred sludge removal costs of \$3,364 and \$6,130 in 2000 and 2001. A capital project was initiated in 2001 to bring the lines up to a satisfactory condition. During the test year, the Utility incurred a sludge removal expense of \$2,860 related to the removal of accumulated solids from the lift stations and wet wells.

Line 28 of these schedules [B-7 and B-8] require the use of Equivalent Residential Connections (ERCs) not Customer Equivalents (CEs). Please provide a statement that the Utility has in fact used ERCs. If the Utility has used CEs, provide the appropriate comparison of ERCs as required.

Response:

The Utility has reviewed Schedules B-7 and B-8 in Commission Form PSC/ECR 20-W, 11/93 and those forms state Customers and not ERCs. It is the Utility's position that this request is not a basis for a deficiency. Nevertheless, the Utility will respond. The Utility does have 4 general service meters, but they are all 5/8". For purposes of comparison, ERCs and Customers are equivalent for this Utility. The schedule will be changed to so indicate. The Utility has shown zero growth and that is unchanged whether it is measured by customers or ERCs.

**Deficiency No. 6**

**Schedule B-11 Analysis of Major Maintenance Projects-Water & Sewer**

Schedule B-11 is inconsistent with explanations on Schedule B-7 & Schedule B-8 regarding Materials and Supplies on Maintenance, Provide an explanation for expense projected in excess of \$1,300 for water and \$1,800 for wastewater.

Response:

The Utility disagrees that Schedule B-11 is inconsistent with explanations on Schedules B-7 and B-8. The instruction on Schedule B-11 is to "provide an analysis of all maintenance projects greater than 2% of test year revenues...". It does not ask for an analysis of expenses projected in excess of 2% of test year revenues. As further indication that the instructions for Schedule B-11 contemplated single projects, additional instructions ask "how often the "project" should be repeated." The Utility did incur expenses in excess



of \$1,300 or \$1,800 annually, or even monthly. But, after review of the expenses incurred, there is no indication that those expenses represented a single maintenance project as contemplated in the instructions for Schedule B-11. It is the Utility's position that Schedule B-11 is correct and that this request is not a basis for a deficiency. Nevertheless, the Utility offers an explanation of the major expenses and has revised Schedule B-11 for this purpose. The Utility made 15 repairs to water services and related plant at an average cost of \$149, the largest single incident costing \$360. The Utility worked on 8 water main breaks at an average cost of \$569. One repair did cost \$2,700 but that was a single incident, not a "project". There were a total of 8 sewer main repairs at an average cost of \$364, with the highest being \$650. There were also 24 incidents requiring sewer rodding at an average cost of \$882, the highest single incident being \$3,600 related to an emergency response to extreme weather conditions that caused flooding in the mobile home park which, in turn, inundated the collection system. Again, this was a single incident and not a "project".

**Deficiency No. 7**

Schedule B-15, Taxes Other Than Income

Gross Revenues, including miscellaneous Service Charges are subject to regulatory assessment fees; therefore, the amount reflected on B-15 should reflect 4.5% of total revenues.

**Response:**

The amount shown on B-15 does reflect 4.5% of total revenues for the total increased revenues (at col. 2, lines 9 and 18). With regard to annualized test year revenue, before any increase, the amounts (at col. 2, lines 7 and 16) show booked test year RAF plus the amount associated with annualization. After review, it was determined that the booked RAF was associated with the prior year total revenue. The schedule will be changed to properly reflect current year RAF plus the effect of annualization.

**Deficiency No. 8**

Schedule C-6, Accumulated Deferred Income Taxes - Summary

Please provide an explanation stating whether the negative numbers are debit or credit balances. Also, the balances shown on the summary schedule, page 1 of 3, do not match the balances reflected on the balance sheet or the capital structure.

**Response:**

Negative numbers are credits balances. The Utility is aware that the 2002 balance of \$9,531 on Schedule C-6 does not match the 2002 balance of \$9,063 on the balance sheet, Schedule A-19. The difference of \$468 is the result of a \$234 true up to Account

190.1031, Deferred Federal Taxes - Depreciation being inadvertently booked as a debit instead of a credit. The Utility chose to show the balance on Schedule C-6 as it should be, even though it would not be corrected until the coming year. Schedule C-6 has been changed to reflect the 2002 books.

**Deficiency No. 9**

Schedule D-2, Reconciliation of Capital Structure to Requested Rate Base

Schedule D-4, Simple Average Cost of Short Term Debt

Schedule D-5, Cost of Long-Term Debt

Schedule D-2, line 1, Long Term Debt does not tie to the total on Schedule D-5, column 4.

Schedule D-2 line 2, Short Term Debt does not tie to the total on Schedule D.4, column 3.

**Response:**

Schedule D-5 is incorrect. The amount in line 2, col. 4 inadvertently shows the 13 month average rather than the beginning/ending year average. When that correction is made, Schedules D-2 and D-5 are in agreement with regard to long term debt.

Schedule D-4 is correct, but Schedule D-2 is not. When the beginning/ending year balances for short term debt were carried forward to Schedule D-2, the last three zeroes were inadvertently dropped. Therefore, on Schedule D-2, line 2, the prior year balance in col. 2 should be \$23,649,000, not \$23,649 and the average balance in col. 4 should be \$11,824,500, not \$11,825. The affected schedules have been revised.

**Deficiency No. 10**

Schedule E-2 Revenue Schedule at Present and Proposed Rates

The explanation for this schedule requires that the utility provide a calculation of revenues at present and proposed rates.

Schedule E-2, 2 of 4, 3 of 4, and 4 of 4 for water are missing.

Schedule E-2, 1 of 4, and 2 of 4, of wastewater are missing.

**Response:**

As a matter of clarification, Schedule E-2 consists of four pages total for water and wastewater, not four pages each, water and wastewater. Pages 1 and 2 are for water. Pages 3 and 4 are for wastewater. However, it is acknowledged that page 2 of Schedule E-2 is missing. Inadvertently, Schedule E-2 Interim appears in its place. That has been corrected. Pages 1, 3 and 4 are properly included.

**Deficiency No. 11**

**Schedule E-2 Revenue Schedule at Present and Interim Rates**

This schedule should provide the revenue schedule at present and interim rates. Schedule E-2 Interim, 1 of 2, for wastewater is missing. Schedule E-2 Interim, 2 of 2, column [2] - [14] should be totaled.

**Response:**

As a matter of clarification, Schedule E-2 - Interim consists of two pages total for water and wastewater, not two pages each, water and wastewater. Page 1 is for water. Page 2 is for wastewater. There appears to be a misunderstanding of the setup of Schedule E-2. Interim. Col. [2]-[14] refers the reader back to those columns contained in Schedule E-2. To make matters clearer, the reference for water should be to Sch. E-2 at page 58 of the MFR and the reference for wastewater should be to Sch. E-2 at page 58c of the MFR. It is there that the revenues at present rates can be found and totaled. The columns were not repeated to avoid duplication - the same approach that was used in formatting Schedule E-2. However, in the interest of not delaying the acceptance of the filing, Schedule E-2 Interim has been reformatted to include a page showing these columns. This results in Schedule E-2 Interim increasing from 2 pages to 4 pages.

**Deficiency No. 12**

**Schedule E-3 Customer Monthly Billing Schedule**

The explanation for this schedule requires the utility to provide a schedule of monthly customers billed or served by class. Schedule E-3 total customers do not match Schedule E-2 total bills.

**Response:**

Schedule E-3 has been changed to match Schedule E-2. Schedule E-3 now reflect the bills rendered per month.

**Deficiency No. 13**

Schedule F-1 on page 72 of Volume I (Financial, Rate and Engineering Filing Requirements) is deficient in its explanation as to why unaccounted for water is greater than 10%. The utility needs to provide staff with a clear explanation why unaccounted for water exceeds 10%.

Also on Schedule F-1, the utility is deficient in its explanation of the two different unaccounted for water percentages. The utility needs to provide staff with a clear and detailed explanation why there are two unaccounted for water percentages, what specific

monthly data makes up the basis for the two different percentages, and how each were calculated.

Response:

Schedule F-1 has been revised to provide an explanation of why, to the best of the Utility's knowledge, the unaccounted for water percentage is greater than 10%.

With regard to the explanation of the two different unaccounted for water percentages, the Utility does not agree that the explanation is deficient. A note was provided that clearly explains that the number of gallons totaled in the billing analysis is different from the number of gallons recorded and, to the best of the Utility's knowledge, the reason for that difference. So that the Commission could have all of the information available, the Utility calculated an unaccounted for water percentages for each case. In addition, the note explains that the unaccounted for water percentage was calculated on an annual basis rather than on a monthly basis and the reason for so doing. As a matter of clarity Schedule F-1 has been revised such that the gallons sold agrees with the billed gallons in Schedules E-2 and E-14 and only one unaccounted for water percentage, based on billed gallons is shown. A more detailed explanation of the situation that led to the initial display of percentages follows.

The Utility purchases water from the city of Panama City Beach and is billed bi-monthly. The Utility then bills its customers on a monthly basis. Readings for both purchases and sales are made in mid month. For the test year, the meter reading periods for input data were as follows:

<u>Purchases</u>	<u>Sales</u>
11/17/01 - 01/25/02	12/16/01 - 01/15/02
01/26/02 - 03/18/02	01/16/02 - 02/15/02
03/19/02 - 05/08/02	02/16/02 - 03/15/02
05/09/02 - 07/08/02	03/16/02 - 04/15/02
07/09/02 - 09/17/02	04/16/02 - 05/15/02
09/18/02 - 11/18/02	05/16/02 - 06/15/02
11/19/02 - 01/21/03	06/16/02 - 07/15/02
	07/16/02 - 08/15/02
	08/16/02 - 09/15/02
	09/16/02 - 10/15/02
	10/16/02 - 11/15/02
	11/16/02 - 12/15/02
	12/16/02 - 01/15/03

Based on this input, the operations department of the Utility estimated test year purchases and sales by prorating beginning and ending readings. These were the source of bi-monthly purchase and monthly sales numbers that appeared on the initially filed Schedule F-1. Since the estimated sales shown on Schedule F-1 differed from billed sales as determined in the billing analysis, both amounts were shown. Unfortunately, that was confusing. In the revised Schedule F-1, the monthly sales figures reflect the monthly sales as determined in the input to billing analysis Schedule E-14. With this change, Schedules F-1, E-2 and E-14 now match.

**Deficiency No. 14**

Schedule F-9 on page 80 of Volume I (Financial, Rate and Engineering Filing Requirements) is deficient in its breakdown of water gallons sold for previous years. The utility needs to provide staff with a breakdown of water gallons sold for years 1998, 1999, 2000, and 2001.

**Response:**

The stated purpose of the schedule is "to calculate the average growth in ERCs". The Utility has indicated that there has been no growth and is not requesting an adjustment for growth. In addition, there are neither water nor wastewater treatment facilities that would be affected by growth. Under the circumstances it was concluded that the schedule was not necessary and therefore, not applicable. The information regarding historic gallons by class was not readily available, and since the Utility has indicated no growth, and has no facilities affected by growth in gallons, it was concluded that it was not worth the cost to research the data. Rule 25-30.437(2), Florida Administrative Code states, "If information requested in the form described is not applicable to the applicant, so state and provide an explanation of the specific schedule." The Utility believes it has done that on Schedule F-9. It is the Utility's position that this request is, therefore, not a basis for a deficiency. The utility has revised Schedules F-9 and F-10 to express its position. In addition, the Utility indicates that should the PSC determine that the distribution and collection systems are less than 100% used & useful, the Utility will not base any rebuttal argument on information that was requested, but not provided in Schedule F-9.

**Deficiency No. 15**

Schedule F-10 on page 81 of Volume I (Financial, Rate and Engineering Filing Requirements) is deficient in its breakdown of wastewater gallons sold for previous years. The utility needs to provide staff with a breakdown of wastewater gallons sold for years 1998, 1999, 2000, and 2001.

**Response:**

See response to Deficiency No. 14.

Ms. Blanca Bayo  
January 16, 2004  
Page 11

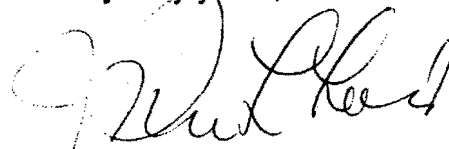
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**Note:**

Attachment "C" contains all schedules that required revisions as a result of responses to the above deficiencies.

Should the Staff have any additional questions regarding this Application, they should not hesitate to give me a call.

Very truly yours,



VALERIE L. LORD  
Of Counsel

VLL/mp  
Enclosures

cc: Mr. Steven M. Lubertozi (w/enclosure)  
Mr. Patrick C. Flynn (w/enclosure)  
Mr. Frank Seidman (w/enclosure)

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ATTACHMENT "A"

Response to Deficiencies

Docket No. 030444-WS

Bayside Utility Services, Inc.

Response to Deficiency No. 1 Regarding Rule 25-30.436(4)(h)3 and 4.

The responses regarding each rule section are shown below. The UI Staff in Northbrook is available to the Audit Staff of the Commission to further explain or clarify the allocation factors and the workpapers.

Rule 25-30.436(4)(h)3.

The allocation method used can be found in the Water Service Corporation Distribution of Expenses book under the "CODES" tab. Water Service Corporation's allocations are based on customer equivalents, which can be calculated by using the following method:

Water = 1 x no. of customers  
Sewer = 1 x no. of customers  
Water & Sewer = 1.5 x no. of customers  
Availability = .25 x no. of customers  
Distribution = .5 x no. of customers  
Collection = .5 x no. of customers

**Code 1** calculates customer equivalent % by taking customer equivalents of a UI subsidiary and dividing by the total customer equivalents of UI.

**Code 2** is a customer equivalent percentage based on total customer equivalents in Illinois, Indiana, and Ohio. For example, Apple Canyon is calculated by taking 1,202 divided by total Illinois, Indiana, and Ohio customers(20,630).

**Code 3** is customer equivalent % based on total customer equivalents in Illinois only. For example, Apple canyon equals 1,202 divided by total Illinois customers(13,444).

**Code 4** allocation percentage is based on the total number of invoices and bills. Code 4 is used for SE.51 distribution of computer costs. This is simply calculated by taking the total number of invoices and bills of a UI subsidiary and divide by total number of invoices and bills of UI.

**Code 5** allocation percentage is a weighted average of codes 1,2 and 4. Code 5 is used for allocation of office expense.

**Code 6** allocation percentage is an average of allocated IL-salaries divided by total IL salaries. For example, Apple Canyon is calculated by taking 20,864 divided by 1,761,832.

**Code 7** is found in SE.52 pg. 2. It is based on property values of elevated tanks. For example, Apple canyon can be calculated by taking 258,218 and dividing it by 20,421,000.

**Code 8** is found in SE.52 pg. 3 and is calculated using excess liability insurance and taking the weighted average of # miles of sewer mains, gallons of water sold, and operations payroll.

**Code 9** is found in SE.52 pg.4 and is calculated by taking operators payroll and dividing by total operators payroll. For example, Apple Canyon is calculated by taking 50,477 divided by 9,275,778.

**Code 10** is found in SE.52 on pg.5 and is calculated by taking # of vehicles owned and dividing it by total UI vehicles owned. For Example, Apple Canyon is calculated by taking 1.97 divided by 350.

**Code 11** is a weighted average of codes 7,8,9, and 10.

Utilities, Inc. has historically calculated allocation factors this way.

Rule 25-30.436(4)(h)4.

The workpapers used to develop the allocation method are located in the "CODES" tab in the WSC Distribution of Expenses book. These workpapers include the numerator as well as the denominator of each allocation factor. See response to deficiency 1.3) above for explanations on numerators and denominators.



ATTACHMENT "B"

Response to Deficiencies

Docket No. 030444-WS

Bayside Utility Services, Inc.

UTILITIES, INC. GENERAL CROSS REFERENCE CHART  
GENERAL LEDGER TO NARUC ACCOUNTS

**WASTEWATER**

<u>A/R Account</u>	<u>Annual Report Description</u>	<u>G/L Account</u>	<u>Allocation Method</u>
701	Salaries and Wages - Employees	6019020	Customers
		6019040	Customers
		6019045	Customers
		6019050	Customers
		6019054	Customers
704	Employee Pensions and Benefits	6049010	Customers
711	Sludge Removal Expense	7754008	Actual
715	Purchased Power	7151020	Actual
718	Chemicals	6181010	Revenues
		6181090	Revenues
720	Materials and Supplies	7754003	Actual
		6205003	Gross Plant
		6355030	Revenues
		7352020	Actual
732	Contractual Services - Accounting	6329002	Customers
		6329014	Customers
733	Contractual Services - Legal	6338001	Customers
736	Contractual Services - Other	6369003	Customers
		6369005	Customers
		6369006	Customers
		6369007	Customers
		6369008	Customers
		6369009	Customers
		6369090	Customers
750	Transportation Expenses	6501020	Customers
759	Insurance - Other	6599090	Revenues
766	Regulatory Commission Expenses - Amortization of Rate Case Expense	7668010	Customers
770	Bad Debt Expense	6708000	Revenues
775	Miscellaneous Expenses	6759001	Customers
		6759002	Customers
		6759003	Customers
		6759004	Customers
		6759005	Customers
		6759006	Customers
		9759008	Customers
		9759009	Customers
		6759010	Customers
		6759013	Customers
		6759014	Customers
		6759015	Customers
		6759016	Customers
		6759090	Customers
		6759110	Customers
		6759210	Customers
		6759330	Customers

Bayside Utility Services, Inc. Detailed General Ledger 2002  
 Reconciled to Trial Balance and Annual Report Spreadsheets

	Allocated 12/31/02	Water Accts. Subtotal	Sewer Accts. Subtotal	Total	Annl. Rpt Water Accts. Subtotal	Annl. Rpt Sewer Accts. Subtotal	Total	W/S Alloc. Method	W - Pct	S - Pct
6019020 Salaries - WSC - Capitalized	(51.00)	(51.00)	(1,763.00)	(1,814.00)				Dist of Exp. Handbook - SE70		
6019040 Salaries - FL Op.	18,638.50	18,638.50	18,638.50	37,277.00				Customers	50.00%	50.00%
6019045 Salaries - Computers (SE51)	201.00	201.00	201.00	402.00				Customers	50.00%	50.00%
6019050 Salaries - Office Distrib.	1,714.50	1,714.50	1,714.50	3,429.00				Customers	50.00%	50.00%
6019054 Salaries - WSC (SE60)	1,455.79	1,455.79	1,455.79	2,911.57				Customers	50.00%	50.00%
<b>Total Account 601</b>	<b>21,958.79</b>	<b>21,958.79</b>	<b>20,246.79</b>	<b>42,205.57</b>	<b>21,960.00</b>	<b>20,246.00</b>	<b>42,206.00</b>			
6049010 Health Ins. - FL op., Office Dist., SE60	4,988.86	4,988.86	4,988.86	9,977.71				Customers	50.00%	50.00%
6049011 Employee Ins. Ded. (SE60)	(28.01)	(28.01)	(28.01)	(56.01)				Customers	50.00%	50.00%
6049012 Health Costs (SE60)	3.61	3.61	3.61	7.21				Customers	50.00%	50.00%
6049015 Dental Ins. (SE60)	9.58	9.58	9.58	19.15				Customers	50.00%	50.00%
6049020 Pension Contribs. - FL op, Off. Dist., SE60	542.05	542.05	542.05	1,084.10				Customers	50.00%	50.00%
6049050 Health Ins. Premiums (SE60)	23.13	23.13	23.13	46.26				Customers	50.00%	50.00%
6049055 Dental Premiums (SE60)	1.10	1.10	1.10	2.20				Customers	50.00%	50.00%
6049060 Term Life (SE60)	4.23	4.23	4.23	8.45				Customers	50.00%	50.00%
6049070 ESOP - FL op, Off. Dist., SE60	731.36	731.36	731.36	1,462.71				Customers	50.00%	50.00%
6049080 Disability Ins. (SE60)	1.98	1.98	1.98	3.96				Customers	50.00%	50.00%
6049090 Other Benefits - FL op, Off. Dist., SE60	267.01	267.01	267.01	534.02				Customers	50.00%	50.00%
<b>Total Account 604</b>	<b>6,544.88</b>	<b>6,544.88</b>	<b>6,544.88</b>	<b>13,089.76</b>	<b>6,545.00</b>	<b>6,545.00</b>	<b>13,090.00</b>			
<b>6101010 Total Account 610</b>	<b>48,111.68</b>	<b>48,111.68</b>		<b>48,111.68</b>	<b>48,112.00</b>		<b>48,112.00</b>	Water		
6759503 Water - Maint. - Supplies	32.23	32.23		32.23				Water	100.00%	0.00%
6759506 Water - Maint. Repairs	2,228.27	2,228.27		2,228.27				Water	100.00%	0.00%
6759507 Water - Main - Breaks	4,551.68	4,551.68		4,551.68				Water	100.00%	0.00%
6205003 Operators Exp. SE90	2.70	2.70	4.30	7.00				Gross Plant	38.55%	61.45%
6759017 Operators - Cleaning Supplies	9.70	9.70	15.45	25.15				Gross Plant	38.55%	61.45%
6759018 Operators - Other Office Exp. SE90	3.86	3.86	6.15	10.00				Gross Plant	38.55%	61.45%
6759019 Operators - Pubs & Sbscr. SE90	2.31	2.31	3.69	6.00				Gross Plant	38.55%	61.45%
6759413 Operators - Postage	120.80	120.80	192.55	313.35				Gross Plant	38.55%	61.45%
6759416 Operators - Memberships & SE90	31.03	31.03	49.45	80.48				Gross Plant	38.55%	61.45%
6759430 Sales/Use Tax SE90	13.11	13.11	20.89	34.00				Gross Plant	38.55%	61.45%
6355010 Water Tests	860.00	860.00		860.00				Water	100.00%	
<b>Total Account 620</b>	<b>7,855.67</b>	<b>7,855.67</b>	<b>292.49</b>	<b>8,148.16</b>	<b>7,856.00</b>	<b>25,343.00</b>	<b>33,199.00</b>			
6329002 Audit Fees SE60	156.87	156.87	156.87	313.73				Customers	50.00%	50.00%
6329014 Tax Return Review SE60	99.34	99.34	99.34	198.68				Customers	50.00%	50.00%
<b>Total Account 632</b>	<b>256.21</b>	<b>256.21</b>	<b>256.21</b>	<b>512.41</b>	<b>256.00</b>	<b>255.00</b>	<b>511.00</b>			
<b>6338001 Total Account 633</b>	<b>261.25</b>	<b>261.25</b>	<b>261.25</b>	<b>522.50</b>	<b>262.00</b>	<b>261.00</b>	<b>523.00</b>			
6369003 Temp. Employee SE60	16.53	16.53	16.53	33.05				Customers	50.00%	50.00%
6369005 Outside Computer Service SE51	30.50	30.50	30.50	61.00				Customers	50.00%	50.00%
6369006 Employee Finder Fees SE60	86.07	86.07	86.07	172.13				Customers	50.00%	50.00%
6369007 Computer Maint. SE51	67.00	67.00	67.00	134.00				Customers	50.00%	50.00%
6369008 Directors Fees SE60	18.82	18.82	18.82	37.63				Customers	50.00%	50.00%
6369009 Computer Amort & Program Cost SE51	39.50	39.50	39.50	79.00				Customers	50.00%	50.00%
6369090 Other Dir. Outside Services SE60	10.73	10.73	10.73	21.45				Customers	50.00%	50.00%
<b>Total Account 636</b>	<b>269.13</b>	<b>269.13</b>	<b>269.13</b>	<b>538.26</b>	<b>271.00</b>	<b>267.00</b>	<b>538.00</b>			
6501020 Gasoline SE90	330.00	330.00	0.00	330.00				Water	100.00%	0.00%
6501030 Auto Repairs SE90	163.61	163.61	229.39	393.00				Revenue	41.63%	58.37%
6501040 Auto Licenses Seminole SE90	27.93	27.93	39.17	67.10				Revenue	41.63%	58.37%
6509090 Other Transp. Exp. SE90	1.25	1.25	1.75	3.00				Revenue	41.63%	58.37%
<b>Total Account 650</b>	<b>522.79</b>	<b>522.79</b>	<b>270.31</b>	<b>793.10</b>	<b>523.00</b>	<b>270.00</b>	<b>793.00</b>			

Bayside Utility Services, Inc. Detailed General Ledger 2002  
 Reconciled to Trial Balance and Annual Report Spreadsheet

	Allocated 12/31/02	Water Accts. Subtotal	Sewer Accts. Subtotal	Total	Annl. Rpt Water Accts. Subtotal	Annl. Rpt Sewer Accts. Subtotal	Total	W/S Alloc. Method	W - Pct	S - Pct
<b>6599090 Acct 659 Other Insurance SE90</b>	<b>1,448.72</b>	1,448.72	2,031.28	3,480.00	1,449.00	2,031.00	3,480.00	Revenue	41.63%	58.37%
<b>7668010 Acct 666 Rate Case Expense</b>	<b>213.75</b>	213.75	213.75	427.50	214.00	214.00	428.00	Customers	50.00%	50.00%
6708000 Uncollectible Accounts	2,210.34	2,210.34	3,099.15	5,309.49				Revenue	41.63%	58.37%
6708001 Agency Exp. & SE60	9.06	9.06	12.70	21.76				Revenue	41.63%	58.37%
<b>Total Account 670</b>	<b>2,219.40</b>	2,219.40	3,111.85	5,331.25	2,219.00	3,112.00	5,331.00			
6759001 Publ., Tapes SE90	24.70	24.70	24.70	49.40				Customers	50.00%	50.00%
6759002 Answering Service SE90	26.50	26.50	26.50	53.00				Customers	50.00%	50.00%
6759003 Computer Supplies & SE90	196.50	196.50	196.50	393.00				Customers	50.00%	50.00%
6759004 Printing & Blueprints & SE60	58.26	58.26	58.26	116.51				Customers	50.00%	50.00%
7659005 Postage & Postage Meter & SE90	616.00	616.00	616.00	1,232.00				Customers	50.00%	50.00%
6759006 Air Freight & UPS & SE90	105.46	105.46	105.46	210.92				Customers	50.00%	50.00%
6759008 Xerox SE90	17.02	17.02	17.02	34.04				Customers	50.00%	50.00%
6759009 Office Supplies SE90	92.15	92.15	92.15	184.30				Customers	50.00%	50.00%
6759010 Reimb. Office Empl. Exp. SE60	2.11	2.11	2.11	4.22				Customers	50.00%	50.00%
6759013 Cleaning Supplies SE90	4.51	4.51	4.51	9.01				Customers	50.00%	50.00%
6759014 Memberships SE90	1.91	1.91	1.91	3.81				Customers	50.00%	50.00%
6759016 Microfilming SE51	10.00	10.00	10.00	20.00				Customers	50.00%	50.00%
6759090 Other Office Exp. SE90	22.84	22.84	22.84	45.68				Customers	50.00%	50.00%
6759110 Office Telephone SE90	44.80	44.80	44.80	89.59				Customers	50.00%	50.00%
6759120 Office Electric SE60	23.79	23.79	23.79	47.57				Customers	50.00%	50.00%
6759130 Office Gas SE60	3.83	3.83	3.83	7.65				Customers	50.00%	50.00%
6759135 Operations Telephones	216.50	216.50	216.50	433.00				Customers	50.00%	50.00%
6759136 Operations Telephones LD SE90	3.00	3.00	3.00	6.00				Customers	50.00%	50.00%
6759190 Other Office Utilities SE60	2.39	2.39	2.39	4.78				Customers	50.00%	50.00%
6759210 Office Cleaning Service SE90	60.79	60.79	60.79	121.58				Customers	50.00%	50.00%
6759220 Landscaping, etc. SE90	23.07	23.07	23.07	46.13				Customers	50.00%	50.00%
6759230 Office Garbage Removal SE60	1.25	1.25	1.25	2.50				Customers	50.00%	50.00%
6759260 Repair Off. Machinery SE60	4.61	4.61	4.61	9.21				Customers	50.00%	50.00%
6759290 Other Office Maint. SE90	73.49	73.49	73.49	146.98				Customers	50.00%	50.00%
7048055 Office Ed./Training SE60, 90	8.49	8.49	8.49	16.98				Customers	50.00%	50.00%
7758370 Meals & Related Exp. SE60, 90	29.76	29.76	29.76	59.52				Customers	50.00%	50.00%
7758380 Bank Serv. Chgs. SE60	195.37	195.37	195.37	390.74				Customers	50.00%	50.00%
7758390 Other - Misc. & SE60, 90	166.26	166.26	166.26	332.52				Customers	50.00%	50.00%
<b>Total Account 675</b>	<b>2,035.32</b>				2,040.00	2,028.00	4,068.00			

Bayside Utility Services, Inc. Detailed General Ledger 2002  
 Reconciled to Trial Balance and Annual Report Spreadsheet

	Allocated 12/31/02	Water Accts. Subtotal	Sewer Accts. Subtotal	Total	Annl. Rpt Water Accts. Subtotal	Annl. Rpt Sewer Accts. Subtotal	Total	W/S Alloc. Method	W - Pct	S - Pct
6019020 Salaries - WSC - Capitalized	(1,763.00)	(51.00)	(1,763.00)	(1,814.00)				Dist of Exp. Handbook - SE70		
6019040 Salaries - FL. Op.	18,638.50	18,638.50	18,638.50	37,277.00				Customers	50.00%	50.00%
6019045 Salaries - Computers (SE51)	201.00	201.00	201.00	402.00				Customers	50.00%	50.00%
6019050 Salaries - Office Distrib	1,714.50	1,714.50	1,714.50	3,429.00				Customers	50.00%	50.00%
6019054 Salaries - WSC (SE60)	1,455.79	1,455.79	1,455.79	2,911.57				Customers	50.00%	50.00%
<b>Total Account 701</b>	<b>20,246.79</b>	<b>21,958.79</b>	<b>20,246.79</b>	<b>42,205.57</b>	<b>21,960.00</b>	<b>20,246.00</b>	<b>42,206.00</b>			
6049010 Health Ins. - FL op., Office Dist., SE60	4,988.86	4,988.86	4,988.86	9,977.71				Customers	50.00%	50.00%
6049011 Employee Ins. Ded. (SE60)	(28.01)	(28.01)	(28.01)	(56.01)				Customers	50.00%	50.00%
6049012 Health Costs (SE60)	3.61	3.61	3.61	7.21				Customers	50.00%	50.00%
6049015 Dental Ins. (SE60)	9.58	9.58	9.58	19.15				Customers	50.00%	50.00%
6049020 Pension Contribs.- FL op., Off. Dist., SE60	542.05	542.05	542.05	1,084.10				Customers	50.00%	50.00%
6049050 Health Ins. Premiums (SE60)	23.13	23.13	23.13	46.26				Customers	50.00%	50.00%
6049055 Dental Premiums (SE60)	1.10	1.10	1.10	2.20				Customers	50.00%	50.00%
6049060 Term Life (SE60)	4.23	4.23	4.23	8.45				Customers	50.00%	50.00%
6049070 ESOP - FL op, Off. Dist., SE60	731.36	731.36	731.36	1,462.71				Customers	50.00%	50.00%
6049080 Disability Ins. (SE60)	1.98	1.98	1.98	3.96				Customers	50.00%	50.00%
6049090 Other Benefits - FL op, Off. Dist., SE60	267.01	267.01	267.01	534.02				Customers	50.00%	50.00%
<b>Total Account 704</b>	<b>6,544.88</b>	<b>6,544.88</b>	<b>6,544.88</b>	<b>13,089.76</b>	<b>6,545.00</b>	<b>6,545.00</b>	<b>13,090.00</b>			
<b>7105000 Acct 710 - Purch. Sewage Treatment</b>	<b>39,689.00</b>		<b>39,689.00</b>	<b>39,689.00</b>	<b>39,689.00</b>		<b>39,689.00</b>	Wastewater	0.00%	100.00%
7754008 Acct 711 - Sewer - Sludge Hauling	2,860.00		2,860.00	2,860.00	2,860.00		2,860.00	Wastewater	0.00%	100.00%
<b>7151020 Acct 715 - Electric Power - Sewer</b>	<b>1,398.19</b>		<b>1,398.19</b>	<b>1,398.19</b>	<b>1,398.00</b>		<b>1,398.00</b>	Wastewater	0.00%	100.00%
7754003 Sewer - Maint. - Supplies	21.40		21.40	21.40				Wastewater	0.00%	100.00%
7754006 Sewer - Maint. Repairs	2,909.37		2,909.37	2,909.37				Wastewater	0.00%	100.00%
7754007 Sewer - Main - Breaks	160.20		160.20	160.20				Wastewater	0.00%	100.00%
7754009 Sewer - Elect. Equip Repair	772.65		772.65	772.65				Wastewater	0.00%	100.00%
7754011 Sewer - Rodding	21,182.50		21,182.50	21,182.50				Wastewater	0.00%	100.00%
7758490 Sewer - Other Maint. Exp	6.45		6.45	6.45				Wastewater	0.00%	100.00%
6205003 Operators Exp. SE90	4.30	2.70	4.30	7.00				Gross Plant	38.55%	61.45%
6759017 Operators - Cleaning Supplies	15.45	9.70	15.45	25.15				Gross Plant	38.55%	61.45%
6759018 Operators - Other Office Exp. SE90	6.15	3.86	6.15	10.00				Gross Plant	38.55%	61.45%
6759019 Operators - Pubs & Sbscr. SE90	3.69	2.31	3.69	6.00				Gross Plant	38.55%	61.45%
6759413 Operators - Postage	192.55	120.80	192.55	313.35				Gross Plant	38.55%	61.45%
6759416 Operators - Memberships & SE90	49.45	31.03	49.45	80.48				Gross Plant	38.55%	61.45%
6759430 Sales/Use Tax SE90	20.89	13.11	20.89	34.00				Gross Plant	38.55%	61.45%
<b>Total Account 720</b>	<b>25,345.06</b>	<b>183.49</b>	<b>25,345.06</b>	<b>25,528.55</b>	<b>7,856.00</b>	<b>25,343.00</b>	<b>33,199.00</b>			
6329002 Audit Fees SE60	156.87	156.87	156.87	313.73				Customers	50.00%	50.00%
6329014 Tax Return Review SE60	99.34	99.34	99.34	198.68				Customers	50.00%	50.00%
<b>Total Account 732</b>	<b>256.21</b>	<b>256.21</b>	<b>256.21</b>	<b>512.41</b>	<b>256.00</b>	<b>255.00</b>	<b>511.00</b>			
<b>6338001 Acct 733 - Legal Fees</b>	<b>261.25</b>	<b>261.25</b>	<b>261.25</b>	<b>522.50</b>	<b>262.00</b>	<b>261.00</b>	<b>523.00</b>	Customers	50.00%	50.00%
6369003 Temp. Employee SE60	16.53	16.53	16.53	33.05				Customers	50.00%	50.00%
6369005 Outside Computer Service SE51	30.50	30.50	30.50	61.00				Customers	50.00%	50.00%
6369006 Employee Finder Fees SE60	86.07	86.07	86.07	172.13				Customers	50.00%	50.00%
6369007 Computer Maint. SE51	67.00	67.00	67.00	134.00				Customers	50.00%	50.00%
6369008 Directors Fees SE60	18.82	18.82	18.82	37.63				Customers	50.00%	50.00%
6369009 Computer Amort & Program Cost SE51	39.50	39.50	39.50	79.00				Customers	50.00%	50.00%
6369090 Other Dir. Outside Services SE60	10.73	10.73	10.73	21.45				Customers	50.00%	50.00%
<b>Total Account 736</b>	<b>269.13</b>	<b>269.13</b>	<b>269.13</b>	<b>538.26</b>	<b>271.00</b>	<b>267.00</b>	<b>538.00</b>			

Bayside Utility Services, Inc. Detailed General Ledger 2002  
 Reconciled to Trial Balance and Annual Report Spreadsheet

	Allocated 12/31/02	Water Accts. Subtotal	Sewer Accts. Subtotal	Total	Annl. Rpt Water Accts. Subtotal	Annl. Rpt Sewer Accts. Subtotal	Total	W/S Alloc. Method	W - Pct	S - Pct
6501020 Gasoline SE90		330.00	0.00	330.00				Water	100.00%	0.00%
6501030 Auto Repairs SE90	229.39	163.61	229.39	393.00				Revenue	41.63%	58.37%
6501040 Auto Licenses Seminole SE90	39.17	27.93	39.17	67.10				Revenue	41.63%	58.37%
6509090 Other Transp. Exp. SE90	1.75	1.25	1.75	3.00				Revenue	41.63%	58.37%
<b>Total Account 750</b>	<b>270.31</b>	<b>522.79</b>	<b>270.31</b>	<b>793.10</b>	<b>523.00</b>	<b>270.00</b>	<b>793.00</b>			
<b>6599090 Acct. 759 - Other Insurance SE90</b>	<b>2,031.28</b>	<b>1,448.72</b>	<b>2,031.28</b>	<b>3,480.00</b>	<b>1,449.00</b>	<b>2,031.00</b>	<b>3,480.00</b>	Revenue	41.63%	58.37%
<b>7668010 Acct. 766 - Rate Case Expense</b>	<b>213.75</b>	<b>213.75</b>	<b>213.75</b>	<b>427.50</b>	<b>214.00</b>	<b>214.00</b>	<b>428.00</b>	Customers	50.00%	50.00%
6708000 Uncollectible Accounts	3,099.15	2,210.34	3,099.15	5,309.49				Revenue	41.63%	58.37%
6708001 Agency Exp. & SE60	12.70	9.06	12.70	21.76				Revenue	41.63%	58.37%
<b>Total Account 770</b>	<b>3,111.85</b>	<b>2,219.40</b>	<b>3,111.85</b>	<b>5,331.25</b>	<b>2,219.00</b>	<b>3,112.00</b>	<b>5,331.00</b>			
6759001 Publ., Tapes SE90	24.70	24.70	24.70	49.40				Customers	50.00%	50.00%
6759002 Answering Service SE90	26.50	26.50	26.50	53.00				Customers	50.00%	50.00%
6759003 Computer Supplies & SE90	196.50	196.50	196.50	393.00				Customers	50.00%	50.00%
6759004 Printing & Blueprints & SE60	58.26	58.26	58.26	116.51				Customers	50.00%	50.00%
6759005 Postage & Postage Meter & SE90	616.00	616.00	616.00	1,232.00				Customers	50.00%	50.00%
6759006 Air Freight & UPS & SE90	105.46	105.46	105.46	210.92				Customers	50.00%	50.00%
6759008 Xerox SE90	17.02	17.02	17.02	34.04				Customers	50.00%	50.00%
6759009 Office Supplies SE90	92.15	92.15	92.15	184.30				Customers	50.00%	50.00%
6759010 Reimb. Office Empl. Exp. SE60	2.11	2.11	2.11	4.22				Customers	50.00%	50.00%
6759013 Cleaning Supplies SE90	4.51	4.51	4.51	9.01				Customers	50.00%	50.00%
6759014 Memberships SE90	1.91	1.91	1.91	3.81				Customers	50.00%	50.00%
6759016 Microfilming SE51	10.00	10.00	10.00	20.00				Customers	50.00%	50.00%
6759090 Other Office Exp. SE90	22.84	22.84	22.84	45.68				Customers	50.00%	50.00%
6759110 Office Telephone SE90	44.80	44.80	44.80	89.59				Customers	50.00%	50.00%
6759120 Office Electric SE60	23.79	23.79	23.79	47.57				Customers	50.00%	50.00%
6759130 Office Gas SE60	3.83	3.83	3.83	7.65				Customers	50.00%	50.00%
6759135 Operations Telephones	216.50	216.50	216.50	433.00				Customers	50.00%	50.00%
6759136 Operations Telephones LD SE90	3.00	3.00	3.00	6.00				Customers	50.00%	50.00%
6759190 Other Office Utilities SE60	2.39	2.39	2.39	4.78				Customers	50.00%	50.00%
6759210 Office Cleaning Service SE90	60.79	60.79	60.79	121.58				Customers	50.00%	50.00%
6759220 Landscaping, etc SE90	23.07	23.07	23.07	46.13				Customers	50.00%	50.00%
6759230 Office Garbage Removal SE60	1.25	1.25	1.25	2.50				Customers	50.00%	50.00%
6759260 Repair Off. Machinery SE60	4.61	4.61	4.61	9.21				Customers	50.00%	50.00%
6759290 Other Office Maint. SE90	73.49	73.49	73.49	146.98				Customers	50.00%	50.00%
7048055 Office Ed./Training SE60, 90	8.49	8.49	8.49	16.98				Customers	50.00%	50.00%
7758370 Meals & Related Exp. SE60, 90	29.76	29.76	29.76	59.52				Customers	50.00%	50.00%
7758380 Bank Serv. Chgs. SE60	195.37	195.37	195.37	390.74				Customers	50.00%	50.00%
7758390 Other - Misc. & SE60, 90	166.26	166.26	166.26	332.52				Customers	50.00%	50.00%
<b>Total Account 775</b>	<b>2,035.32</b>				<b>2,040.00</b>	<b>2,028.00</b>	<b>4,068.00</b>			

ATTACHMENT "C"

Response to Deficiencies

Docket No. 030444-WS

Bayside Utility Services, Inc.

The following are the revised schedules for the MFR for Bayside Utility Services, Inc.:

A-3	3, 3a	Adjustments to Rate Base
A-15	15	Schedule of AFUDC Rates Used
B-1	20	Net Operating Income Statement - Water
B-2	21	Net Operating Income Statement - Sewer
B-3	22, 22a	Adjustments to Net Operating Income
B-7	26	Comparative O&M Expenses - Water
B-8	27	Comparative O&M Expenses - Sewer
B-11	30	Analysis of Maintenance Expense
B-13	32	Net Depreciation Expense - Water
B-14	33	Net Depreciation Expense - Sewer
B-15	34	Taxes Other than Income
C-1	35	Reconciliation of Total Income Tax Provision
C-2	36	State and Federal Income Tax Calculation - Current
C-6	40, 42	Accumulated Deferred Income Taxes
D-1	50	Requested Cost of Capital
D-2	51	Reconciliation of Capital Structure to Rate Base
D-5	54	Long-Term Debt - Beginning & End of Year Average
E-1	57, 57a	Rate Schedule - Present, Interim, and Final
E-2	58, 58a,b,c	Revenues at Test Year and Proposed Rates
E-3	59	Customer Monthly Billing Schedule
F-1	72	Gallons of Water Pumped, Sold & Unaccounted For
F-9	80	Equivalent Residential Connections - Water
F-10	81	Equivalent Residential Connections - Wastewater
B-1 Interim	85	Net Operating Income Statement - Water
B-2 Interim	86	Net Operating Income Statement - Sewer
B-3 Interim	87	Adjustments to Net Operating Income
C-1 Interim	88	Reconciliation of Total Income Tax Provision
C-2 Interim	89	State and Federal Income Tax Calculation - Current
D-1 Interim	90	Requested Cost of Capital
D-2 Interim	91	Reconciliation of Capital Structure to Rate Base
E-1 Interim	92 - 93	Rate Schedule - Present, Interim, and Final
E-2 Interim	94,94a,95,95a	Revenues at Test Year and Interim Rates

**Supplement to Schedule of Adjustments to Rate Base & Operating Income**  
**Company: Bayside Utility Services, Inc.**  
**Schedule Year Ended: December 31, 2002**  
**Interim [ ] Final [X]**  
**Historic [X] Projected [ ]**

**Florida Public Service Commission**  
**Schedules: A-3/B-3**  
**Page 2 of 2**  
**Docket No.: 030444-WS**  
**Preparer: Seidman, F.**  
**Revision No. 1**

Bayside Proforma Adjustments

	W	Pct U&U	S	Pct U&U	NARUC Acct	Service Life
Plant in Service						
Acct. 334.4 Automatic Meter Reading Equipment	55,000	100%			347	15
Acct. 331.4 Water Main Improvements	25,000	100%			331	43
Acct. 354.2 Lift Station Improvements			25,000	100%	354	25
Acct. 361.2 Gravity Main Improvements			25,000	100%	361	45
Totals-	80,000	100%	50,000	100%		
Accum. Depreciation						
Acct. 334.4 Automatic Meter Reading Equipment	3,667	100%				
Acct. 331.4 Water Main Improvements	581	100%				
Acct. 354.2 Lift Station Improvements			1,000	100%		
Acct. 361.2 Gravity Main Improvements			556	100%		
Totals	4,248	100%	1,556	100%		
Depreciation Expense						
Acct. 334.4 Automatic Meter Reading Equipment	3,667	100%				
Acct. 331.4 Water Main Improvements	581	100%				
Acct. 354.2 Lift Station Improvements			1,000	100%		
Acct. 361.2 Gravity Main Improvements			556	100%		
Totals	4,248	100%	1,556	100%		

NOTE: All improvements are to portions of the distribution and collection systems, which, as explained in Schedule F-7, are 100% used & useful.  
 The improvements are all necessary to maintain adequate and sufficient service to existing customers, and are, therefore, also 100% used & useful.



Schedule of Annual AFUDC Rates Used

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002

Schedule: A-15  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide the annual AFUDC rates used since either rate base was last established by this Commission, or the date of inception of utility service if rate base has not been established previously. Include a description of practices and authority of rate(s) used.

Line No.			Jan - Jun	Jul - Dec
1	AFUDC rates since transfer:	1999	9.74%	9.79%
2		2000	9.96%	10.04%
3		2001	10.11%	9.36%
4		2002	8.96%	8.92%

There is no order authorizing the above AFUDC rates.

5 Per Rule 25-30.116(3)(a), the requested monthly discounted AFUDC rate, going forward is:

6  $M = [(1 + A/100)^{1/12}] \times 100$

7 where:

8  $A = \text{Annual AFUDC rate (see Sch. D-1)} = 9.18\%$

9  $M = 0.734583\%$

Schedule of Water Net Operating Income

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002  
 Interim [ ] Final [X]  
 Historic [X] or Projected [ ]

Schedule: B-1  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	\$ 64,713	\$ 1,181 A	\$ 65,894	\$ 81,669 F	\$ 147,563	B-4, E-2
2	Operation & Maintenance	91,698	2,486 B	94,184	12,864 G	107,048	B-5, B-3
3	Depreciation, net of CIAC Amort.	5,985	4,248 C	10,233		10,233	B-13, B-3
4	Amortization				-	-	B-3
5	Taxes Other Than Income	4,719	201 D	4,919	3,675 H	8,594	B-15, B-3
6	Provision for Income Taxes	(14,723)	14,723 E	-	3,579 I	3,579	C-1, B-3
7	OPERATING EXPENSES	87,678	21,658	109,336	20,118	129,454	
8	NET OPERATING INCOME	\$ (22,965)	\$ (20,477)	\$ (43,442)	\$ 61,551	\$ 18,109	
9	RATE BASE	\$ 101,083		\$ 197,263		\$ 197,263	
10	RATE OF RETURN	-- %		-- %		9.18 %	

Schedule of Wastewater Net Operating Income

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002  
 Interim [ ] Final [X]  
 Historic [X] or Projected [ ]

Schedule: B-2  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	\$ 90,721	\$ 1,892	A \$ 92,613	\$ 81,447	F \$ 174,060	B-4, E-2
2	Operation & Maintenance	104,533	2,650	B 107,183	12,864	G 120,047	B-6, B-3
3	Depreciation, net of CIAC Amort.	10,559	1,556	C 12,114		12,114	B-14, B-3
4	Amortization				0	-	B-3
5	Taxes Other Than Income	5,920	239	D 6,159	3,665	H 9,824	B-15, B-3
6	Provision for Income Taxes	(12,203)	12,203	E -	5,329	I 5,329	C-1, B-3
7	OPERATING EXPENSES	108,809	16,647	125,456	21,858	147,314	
8	NET OPERATING INCOME	\$ (18,088)	\$ (14,755)	\$ (32,843)	\$ 59,589	\$ 26,746	
9	RATE BASE	\$ 200,146		\$ 291,354		\$ 291,354	
10	RATE OF RETURN	--	%	--	%	9.18	%

Schedule of Adjustments to Operating Income

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Schedule Year Ended: December 31, 2002  
 Interim [ ] Final [X]  
 Historic [X] or Projected [ ]

Schedule: B-3  
 Page 1 of 2  
 Docket No.: 030444-WS  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Line No.	Description	Water	Wastewater
1 (A)	<u>Operating Revenues</u>		
2	Adjust for annualized revenues at current rates	\$ 1,181	\$ 1,892
3 (B)	<u>Operations &amp; Maintenance (O&amp;M) Expenses</u>		
4	(1) Adjust salaries for 3% increase over TY expenses	659	607
5	(2) Adjust health cost expense - 25.86% over TY expenses	1,293	1,293
6	(3) Adjust insurance expense - 36.88% over TY expenses	534	749
7	Total O&M adjustments.	\$ 2,486	\$ 2,650
8 (C)	<u>Depreciation Expense (see Page 2 of Schedule)</u>		
9	(1) Depreciation expense for proforma additions		
10	Acct. 334.4 Automatic Meter Reading Equipment	3,667	-
11	Acct. 331.4 Water Main Improvements	581	-
12	Acct. 354.2 Lift Station Improvements	-	1,000
13	Acct. 361.2 Gravity Main Improvements	-	556
14	(2) Non-used and useful depreciation (Page B-13, 14)	-	-
		\$ 4,248	\$ 1,556
15 (D)	<u>Taxes Other Than Income</u>		
16	(1) Payroll taxes		
17	Adjust for salary changes per Adjustmmt (B) above		
18	(Page B-15)	53	53
19	(2) Property Taxes		
20	Adjust for proforma additions to plant and for		
21	non-used & useful plant (Page B-15)	34	17
22	(3) Regulatory Assessment fees		
23	Adjust for actual TY & annualized revenues	114	170
24	Total Taxes Other adjustments.	\$ 201	\$ 239
25 (E)	<u>Provision for Income Taxes</u>		
26	Remove negative income tax expense	14,723	12,203
27 (F)	<u>Revenue Increase</u>		
28	Increase in revenue required by the Utility to realize a		
29	9.18 % rate of return	\$ 81,669	\$ 81,447
30 (G)	<u>Rate Case Expense</u>		
31	1/4 of Rate Case Expense (Page B-10)	\$ 12,864	\$ 12,864
32 (H)	<u>Taxes Other Than Income</u>		
33	Regulatory Assessment Fees (RAFs)		
34	Adjust for requested revenue increase (Page B-15)	\$ 3,675	\$ 3,665
35 (I)	<u>Provision for Income Taxes</u>		
36	Income Taxes (Page C-1)	\$ 3,579	\$ 5,329

**Supplement to Schedule of Adjustments to Rate Base & Operating Income**  
**Company: Bayside Utility Services, Inc.**  
**Schedule Year Ended: December 31, 2002**  
**Interim [ ] Final [X]**  
**Historic [X] Projected [ ]**

**Florida Public Service Commission**  
**Schedules: A-3/B-3**  
**Page 2 of 2**  
**Docket No.: 030444-WS**  
**Preparer: Seidman, F.**  
**Revision No. 1**

Bayside Proforma Adjustments

Plant in Service	W	Pct U&U	S	Pct U&U	NARUC Acct	Service Life
Acct. 334.4 Automatic Meter Reading Equipment	55,000	100%			347	15
Acct. 331.4 Water Main Improvements	25,000	100%			331	43
Acct. 354.2 Lift Station Improvements			25,000	100%	354	25
Acct. 361.2 Gravity Main Improvements			25,000	100%	361	45
Totals	80,000	100%	50,000	100%		
Accum. Depreciation						
Acct. 334.4 Automatic Meter Reading Equipment	3,667	100%				
Acct. 331.4 Water Main Improvements	581	100%				
Acct. 354.2 Lift Station Improvements			1,000	100%		
Acct. 361.2 Gravity Main Improvements			556	100%		
Totals	4,248	100%	1,556	100%		
Depreciation Expense						
Acct. 334.4 Automatic Meter Reading Equipment	3,667	100%				
Acct. 331.4 Water Main Improvements	581	100%				
Acct. 354.2 Lift Station Improvements			1,000	100%		
Acct. 361.2 Gravity Main Improvements			556	100%		
Totals	4,248	100%	1,556	100%		

NOTE: All improvements are to portions of the distribution and collection systems, which, as explained in Schedule F-7, are 100% used & useful.  
 The improvements are all necessary to maintain adequate and sufficient service to existing customers, and are, therefore, also 100% used & useful.

Operation & Maintenance Expense Comparison - Water

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002

Schedule: B-7  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Complete the following comparison of the applicant's current and prior test year O&M expenses before this Commission. Provide an explanation of all differences which are not attributable to the change in customer growth and the CPI-U. If the applicant has not had a previous rate case, use the year 5 years prior to the test year for comparison. Provide an additional schedule, if necessary, to explain differences.

Line No.	(1) Account No. and Name	(2) Prior TY 12/31/97	(3) Adjusted Current TY 12/31/02	(4) \$ Difference	(5) % Difference	(6) Explanation
1	601 Salaries & Wages - Employees	\$ 5,729	\$ 22,618	16,889	294.79 %	<p>General Explanation:</p> <p>Current owners assumed operation in 1999 and have no knowledge of the basis of prior owner/developers operations and expenses. From a cursory review, it appears that of the \$46,893 increase, \$24,727 is for salaries and benefits and \$18,134 is for purchased water. Without these two items, the overall increase in O&amp;M for the 5 year period is only 8.44% versus the 12.09% that would be associated with changes in customers and the CPI. The \$18,134 increase is an increase in purchased water cost and beyond the control of the utility. The increase in salaries, although large in appearance, still only results in less than \$23,000/yr in total salaries, for all operating and administrative services - less than the cost for one full time employee. The associated benefit cost of \$7,838 is new to this utility, the previous owner recorded no employees benefits of any kind. Such benefits are necessary and proper to maintain quality employees.</p> <p>Materials &amp; Supplies</p> <p>As with wastewater, this is indicative of greater attention to maintenance of a system that was acknowledged to be old and have problems in the last case, under prior owner. Current management confirms problems with the design and maintenance under prior management. Current expenses reflect 15 repairs to services and 8 repairs to main breaks, which account for \$6,700 of the \$7,856 annual M&amp;S expense. These were reasonable and necessary to bring the system back to a higher level of repair.</p> <p>Bad debt expense</p> <p>Actual 1997 bad debt expense was 8.6% of revenues. PSC adjusted it to the amount show which is 1.4%, although acknowledging that with transient nature of customer base, it experienced high levels of bad debt. The expense has fluctuated between 2.64% and 3.2% over the past 3 years and is 3.2% for TY, which appears reasonable for the type of customer base.</p> <p>Misc expense</p> <p>Utility has no insight into level of expense under prior owner. In 1997, it was 3.3% of total W&amp;S O&amp;M. For the test year it was reduced to 2.1% of total W&amp;S O&amp;M, although allocated differently between W&amp;S. This appears to be a reasonable level.</p>
2	603 Salaries & Wages - Officers, Etc.		-	-		
3	604 Employee Pensions & Benefits		7,838	7,838	New	
4	610 Purchased Water	29,978	48,112	18,134	60.49	
5	615 Purchased Power	-	-	-		
6	616 Fuel for Power Purchased	-	-	-		
7	618 Chemicals	-	-	-		
8	620 Materials & Supplies	2,073	7,856	5,783	278.95	
9	631 Contractual Services - Engr.	450	-	(450)		
10	632 Contractual Services - Acct		256	256	New	
11	633 Contractual Services - Legal		261	261	New	
12	634 Contractual Services - Mgmt. Fees		-	-		
13	635 Contractual Services - Testing	450	-	(450)		
14	636 Contractual Services - Other	3,245	269	(2,976)	(91.71)	
15	641 Rental of Building/Real Prop	1,919	-	(1,919)	(100.00)	
16	642 Rental of Equipment		-	-		
17	650 Transportation Expenses	1,000	523	(477)	(47.72)	
18	656 Insurance - Vehicle		-	-		
19	657 Insurance - General Liability		-	-		
20	658 Insurance - Workman's Comp		-	-		
21	659 Insurance - Other	839	1,983	1,144	136.35	
22	660 Advertising Expense		-	-		
23	666 Reg. Comm. Exp. - Rate Case Amort.		-	-		
24	667 Reg. Comm. Exp. - Other		-	-		
25	670 Bad Debt Expense	745	2,219	1,474	197.91	
26	675 Miscellaneous Expenses	649	2,035	1,386	213.61	
27	TOTAL	\$ 47,077	\$ 93,970	\$ 46,893	99.61 %	
28	Total Customers (ERC's)	287	287	-	%	
28a	Note. Customers and ERCs are the same for this system					
29	Consumer Price Index - U	160.50	179.90	19	12.09 %	
30	Benchmark Index			1,000		
31	Change in Customer ERC's			1,209		
32	Increase in CPI			1,209		
33	* - Rate Case expense excluded, as it is set by the PSC					

Operation & Maintenance Expense Comparison - Wastewater

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002

Schedule: B-8  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Complete the following comparison of the applicant's current and prior test year O&M expenses before this Commission. Provide an explanation of all differences which are not attributable to the change in customer growth and the CPI-U. If the applicant has not had a previous rate case, use the year 5 years prior to the test year for comparison. Provide an additional schedule, if necessary, to explain differences.

Line No.	(1) Account No. and Name	(2) Prior TY 12/31/97	(3) Adjusted Current TY 12/31/02	(6) \$ Difference	(7) % Difference	(8) Explanation
1	701 Salaries & Wages - Employees	\$ 5,729	\$ 20,985	\$ 15,256	266.30 %	<p>General Explanation:                      Current owners assumed operation in 1999 and have no knowledge of the basis of prior owner/developers operations and expenses. From a cursory review, it appears that of the \$59,615 increase, \$23,094 is for salaries and benefits and \$14,707 is for purchased treatment services. An additional \$21,125 is for an increase in materials and supplies. Without these three items, the overall increase in O&amp;M is only 1.50% versus the 12.09% that would be associated with changes in customers and the CPI. The \$14,707 increase is an increase in purchased sewage treatment cost and is beyond the control of the utility. The increase in salaries, although large in appearance, still results in only less than \$21,000/yr in total salaries, for all operating and administrative services. - less than the cost for one full time employee. The associated benefit cost of \$7,838 is new to this utility; the previous owner recorded no employees benefits of any kind. Such benefits are necessary and proper to maintain quality employees. The \$19,368 increase in materials &amp; supplies is indicative of greater attention to maintenance of the collection system. The system as purchased showed a general lack of attention by the prior owner, poor design and construction and difficulty of access to mains and services.</p> <p>Materials &amp; Supplies:                      As indicated above, the increase in M&amp;S is indicative of greater attention to maintenance of a system that was acknowledged to be old and have problems in the last case, under prior owner. Current expenses reflect 8 repairs to mains and associated plant and 24 incidents requiring sewer rodding. These account for \$24,000 of the \$25,345 annual M&amp;S expense. These expenses were reasonable and necessary to bring the system back to a higher level of repair.</p> <p>Sludge removal:                      The prior owners recorded no sludge removal expense, although the PSC, in previous case indicated there were odor problems and a need for sludge removal. The PSC estimated a cost of \$25 every 3 years, but actual experience indicates this is severely understated. The expense has been \$3,364, \$6,130 and \$2,860 in 2000, 2001 and 2002, respectively for sludge removal activities which include the removal of debris and the cleaning of manholes and wet wells and the hauling and disposal of sludge, including dumping fees. The TY expense of \$2,860 is reasonable.</p> <p>Bad debt expense:                      Actual 1997 bad debt expense was 8.6% of revenues. PSC adjusted it to the amount show which is 1.4%, although acknowledging that with transient nature of customer base, it experienced high levels of bad debt. Actual expense in 1998 was 3.2%. It has fluctuated between 2.65% and 3.43% over past 3 years and is 3.43% for TY, which appears reasonable.</p>
2	703 Salaries & Wages - Officers, Etc		-	-		
3	704 Employee Pensions & Benefits		7,838	7,838	New	
4	710 Purchased Sewage Treatment	24,982	39,689	14,707	58.87	
5	711 Sludge Removal Expense	275	2,860	2,585	940.00	
6	715 Purchased Power	1,037	1,398	361	34.83	
7	716 Fuel for Power Purchased		-	-		
8	718 Chemicals	120	-	(120)	(100.00)	
9	720 Materials & Supplies	4,220	25,345	21,125	500.59	
10	731 Contractual Services - Engr.	1,520	-	(1,520)	(100.00)	
11	732 Contractual Services - Acct.		256	256	New	
12	733 Contractual Services - Legal		261	261	New	
13	734 Contractual Services - Mgmt Fees		-	-		
14	735 Contractual Services - Other	2,467	305	(2,162)	(87.63)	
15	741 Rental of Building/Real Prop.	1,385	-	(1,385)	(100.00)	
16	742 Rental of Equipment		-	-		
17	750 Transportation Expenses	1,000	270	(730)	(72.97)	
18	756 Insurance - Vehicle		-	-		
19	757 Insurance - General Liability		-	-		
20	758 Insurance - Workman's Comp.		-	-		
21	759 Insurance - Other	839	1,278	439	52.36	
22	760 Advertising Expense		-	-		
23	766 Reg. Comm. Exp. - Rate Case Amort.	*	*	-		
24	767 Reg. Comm. Exp. - Other		-	-		
25	770 Bad Debt Expense	745	3,112	2,367	317.70	
26	775 Miscellaneous Expenses	1,719	2,054	335	19.51	
27	TOTAL	\$ 46,038	\$ 105,653	\$ 59,615	129.49 %	
28	Total Customers (ERC's)	287	287	-		
28a	Note: Customers and ERCs are the same for this system					
29	Consumer Price Index - U	160.50	179.90	19	12.09 %	
30	Benchmark Index: Increase in Customer ERC's			1.0000		
31	Increase in CPI			1.1209		
32				1.1209		
33	* - Rate Case expense excluded, as it is set by the PSC.					

**Analysis of Major Maintenance Projects - Water & Sewer  
For the Test Year and 2 Years Prior and 1 Year Subsequent**

**Florida Public Service Commission**

**Company: Bayside Utility Services, Inc.  
Docket No.: 030444-WS  
Test Year Ended: December 31, 2002**

**Schedule: B-11  
Page 1 of 1  
Preparer: Seidman, F.  
Revision No. 1**

**Explanation: Provide an analysis of all maintenance projects greater than 2% of test year revenues per system which occurred during the 2 years prior to the test year, the test year, and the budgeted amount for 1 year subsequent to the test year. For each project, provide a description, the total cost or budgeted amount and how often the project should be repeated.**

---

**Line  
No.**

- 1** None. There were no maintenance "projects" during these years. Any "project" large enough
- 2** to meet the threshold would have been capitalized. The utility has analyzed its O&M expenses
- 3** and has found that there may have been expenditures for a single incident that met the threshold
- 4** for analysis (\$1,300 water, \$1,800 wastewater), but these were repair incidents and not maintenance
- 5** "projects". For example, the utility incurred a \$2,700 cost to repair a sewer main break, but this is
- 6** not considered a project. Also, the utility incurred a \$3,600 rodding expense. But this was related to
- 7** extreme weather conditions that flooded the mobile home park and inundated the collection system. This was
- 8** not considered a "project". In general, for the test year, water service repairs averaged \$149, water main
- 9** break repairs averaged \$569, sewer main repairs averaged \$364 and sewer rodding incidents averaged
- 10** \$882.



Net Depreciation Expense - Water

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002  
 Historic [X] or Projected [ ]

Schedule: B-13  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Recap Schedules: B-1  
 Revision No. 1

Explanation: Provide a schedule of test year non-used and useful depreciation expense by primary account

No.	(1) Line Account No. and Name	(2) Test Year 12/31/02	(3) Adjustments	(4) Adjusted Balance	(5) Non-Used & Useful %	(6) Non-Used & Amount
1	INTANGIBLE PLANT					
2	301.1 Organization	\$ 530		530		
3	302.1 Franchises	454		454		
4	339.1 Other Plant & Misc. Equipment					
5	SOURCE OF SUPPLY AND PUMPING PLANT					
6	303.2 Land & Land Rights					
7	304.2 Structures & Improvements	27		27		
8	306.2 Collect. & Impound. Reservoirs					
9	306.2 Lake, River & Other Intakes					
10	307.2 Wells & Springs					
11	308.2 Infiltration Galleries & Tunnels					
12	309.2 Supply Mains					
13	310.2 Power Generation Equipment					
14	311.2 Pumping Equipment	49		49		
15	339.2 Other Plant & Misc. Equipment					
16	WATER TREATMENT PLANT					
17	303.3 Land & Land Rights					
18	304.3 Structures & Improvements					
19	320.3 Water Treatment Equipment					
20	339.3 Other Plant & Misc. Equipment					
21	TRANSMISSION & DISTRIBUTION PLANT					
22	303.4 Land & Land Rights					
23	304.4 Structures & Improvements					
24	330.4 Distr. Reservoirs & Standpipes	2		2		
25	331.4 Transm. & Distribution Mains	2,544	581	3,126		
26	333.4 Services	769		769		
27	334.4 Meters & Meter Installations	1,737	3,667	5,403		
28	335.4 Hydrants	42		42		
29	339.4 Other Plant & Misc. Equipment					
30	GENERAL PLANT					
31	303.5 Land & Land Rights					
32	304.5 Structures & Improvements					
33	340.5 Office Furniture & Equipment	352		352		
34	341.5 Transportation Equipment					
35	342.5 Stores Equipment					
36	343.5 Tools, Shop & Garage Equipment	61		61		
37	344.5 Laboratory Equipment	1		1		
38	345.5 Power Operated Equipment					
39	346.5 Communication Equipment	45		45		
40	347.5 Miscellaneous Equipment					
41	348.5 Other Tangible Plant	880		880		-
42	TOTAL	7,493	4,248	11,741		-
43	LESS: AMORTIZATION OF CIAC	(1,509)	-	(1,509)		-
44	NET DEPRECIATION EXPENSE - WATER	\$ 5,985	\$ 4,248	\$ 10,232		\$ -
45						

Net Depreciation Expense - Wastewater

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002  
 Historic [X] or Projected [ ]

Schedule: B-14  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Recap Schedules: B-2  
 Revision No. 1

Explanation: Provide a schedule of test year non-used and useful depreciation expense by primary account

No.	(1) Line Account No. and Name	(2) Test Year 12/31/02	(3) Adjustments	(4) Adjusted Balance	(5) Non-Used & Useful %	(6) Non-Used & Amount
1	INTANGIBLE PLANT					
2	351.1 Organization	237		237		
3	352.1 Franchises	277		277		
4	389.1 Other Plant & Misc. Equipment					
5	COLLECTION PLANT					
6	353.2 Land & Land Rights					
7	354.2 Structures & Improvements	382	1,000	1,382		
8	360.2 Collection Sewers - Force	5,944		5,944		
9	361.2 Collection Sewers - Gravity	1,677	556	2,232		
10	362.2 Special Collecting Structures					
11	363.2 Services to Customers					
12	364.2 Flow Measuring Devices					
13	365.2 Flow Measuring Installations					
14	389.2 Other Plant & Misc. Equipment					
15	SYSTEM PUMPING PLANT					
16	353.3 Land & Land Rights					
17	354.3 Structures & Improvements					
18	370.3 Receiving Wells					
19	371.3 Pumping Equipment					
20	389.3 Other Plant & Misc. Equipment					
21	TREATMENT AND DISPOSAL PLANT					
22	353.4 Land & Land Rights					
23	354.4 Structures & Improvements					
24	380.4 Treatment & Disposal Equipment	2,042		2,042		
25	381.4 Plant Sewers					
26	382.4 Outfall Sewer Lines					
27	389.4 Other Plant & Misc. Equipment					
28	GENERAL PLANT					
29	353.5 Land & Land Rights					
30	354.5 Structures & Improvements					
31	390.5 Office Furniture & Equipment					
32	391.5 Transportation Equipment					
33	392.5 Stores Equipment					
34	393.5 Tools, Shop & Garage Equipment					
35	394.5 Laboratory Equipment					
36	395.5 Power Operated Equipment					
37	396.5 Communication Equipment					
38	397.5 Miscellaneous Equipment					
39	398.5 Other Tangible Plant					
40	TOTAL	10,559	1,556	12,114		
41	LESS: AMORTIZATION OF CIAC					
42	NET DEPRECIATION EXPENSE - SEWER	\$ 10,559	\$ 1,556	\$ 12,114		\$ -

Taxes Other Than Income

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Schedule Year Ended: December 31, 2002  
 Historic [X] or Projected [ ]

Schedule: B-15  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Recap Schedules: B-1, B-2  
 Revision No. 1

Explanation: Complete the following schedule of all taxes other than income. For all allocations, provide description of allocation and calculations.

No.	(1) Line Description	(2) Regulatory Assessment Fees (RAFs)	(3) Payroll Taxes	(4) Real Estate & Personal Property	(5) Other	(6) Total
<b>WATER</b>						
1	Test Year Per Books	\$ 2,851	\$ 1,755	\$ 50	\$ 62	\$ 4,719
Adjustments to Test Year (Explain)						
3	Taxes re adj. To salaries		53			53
4	RAFs re actual TY & annualized rev.	114				114
5	Adj. Prop. Tax for pro-forma & non-used			34		34
6	Total Test Year Adjustments	114	53	34	-	201
7	Adjusted Test Year	2,965	1,808	84	62	4,919
8	RAFs Assoc. with Revenue Increase	3,675	-	-	-	3,675
9	Total Balance	\$ 6,640	\$ 1,808	\$ 84	\$ 62	\$ 8,594
<b>SEWER</b>						
10	Test Year Per Books	\$ 3,998	\$ 1,755	\$ 79	\$ 88	\$ 5,920
Adjustments to Test Year (Explain)						
11	Taxes re adj. To salaries		53			53
12	RAFs re actual TY & annualized rev.	170				170
14	Adj. Prop. Tax for pro-forma & non-used		-	17	-	17
15	Total Test Year Adjustments	170	53	17	-	239
16	Adjusted Test Year	4,168	1,808	96	88	6,159
17	RAFs Assoc. with Revenue Increase	3,665	-	-	-	3,665
18	Total Balance	\$ 7,833	\$ 1,808	\$ 96	\$ 88	\$ 9,824

Reconciliation of Total Income Tax Provision

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002  
 Interim [ ] Final [X]  
 Historic [X] or Projected [ ]

Schedule: C-1  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide a reconciliation between the total operating income tax provision and the currently payable income taxes on operating income for the test year.

Line No.	Description	Ref.	Total Per Books	Utility Adjustments	Utility Adjusted	Water	Sewer	Adjusted for Increase Water	Sewer
1	Current Tax Expense	C-2	\$ (30,677)	\$ 1,052	\$ (29,624)	\$ (16,259)	\$ (13,365)	\$ 3,579	\$ 5,329
2	Deferred Income Tax Expense	C-5	3,750		3,750	1,972	1,779		
3	ITC Realized This Year	C-8							
4	ITC Amortization	C-8							
5	(3% ITC and IRC 46(f)(2))								
6	Parent Debt Adjustment	C-9	-	-	-	-	-	-	-
7	Total Income Tax Expense		\$ (26,927)	\$ 1,052	\$ (25,874)	\$ (14,287)	\$ (11,586)	\$ 3,579	\$ 5,329

Supporting Schedules: C-2, C-5, C-8, C-9  
 Recap Schedules: B-1, B-2

State and Federal Income Tax Calculation - Current

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Schedule Year Ended: December 31, 2002  
 Interim [ ] Final [X]  
 Historic [X] or Projected [ ]

Schedule: C-2  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide the calculation of state and federal income taxes for the test year. Provide detail on adjustments to income taxes and investment tax credits generated.

Line No.		Total Per Books	Utility Adjustments	Utility Adjusted	Water	Sewer	Adjusted for Increase Water	Sewer
1	Net Utility Operating Income (Sch. B-1 & B-2)	\$ (41,053)	\$ (35,232)	\$ (76,285)	\$ (43,442)	\$ (32,843)	\$ 18,109	\$ 26,746
1a	Other Income	(423)	423	-	-	-	-	-
2	Add: Income Tax Expense Per Books (Sch. B-1)	(26,926)	26,926	-	-	-	-	-
3	Subtotal	(68,402)	(7,883)	(76,285)	(43,442)	(32,843)	18,109	26,746
4	Less: Interest Charges (Sch. C-3)	10,846	-	10,846	4,379	6,467	8,358	12,344
5	Taxable Income Per Books	(79,248)	(7,883)	(87,131)	(47,821)	(39,310)	9,751	14,402
Schedule M Adjustments:								
6	Permanent Differences (From Sch. C-4)	-	-	-	-	-	-	-
7	Timing Differences (From Sch. C-5)	(10,978)	10,978	-	-	-	-	-
8	Total Schedule M Adjustments	(10,978)	10,978	-	-	-	-	-
9	Taxable Income Before State Taxes	(90,226)	3,095	(87,131)	(47,821)	(39,310)	9,751	14,402
10	Less: State Income Tax Exemption (\$5,000)	5,000	5,000	5,000	2,500	2,500	2,500	2,500
11	State Taxable Income	(95,226)	(1,905)	(92,131)	(50,321)	(41,810)	7,251	11,902
12	State Income Tax (5.5% of Line 11)*	-	-	-	-	-	399	655
13	Emergency Excise Tax	-	-	-	-	-	-	-
14	Credits	-	-	-	-	-	-	-
15	Current State Income Taxes	-	-	-	-	-	399	655
16	Federal Taxable Income (Line 9 - Line 15)	(90,226)	3,095	(87,131)	(47,821)	(39,310)	9,352	13,747
17	Federal Income Tax Rate	0.34	0.34	0.34	0.34	0.34	0.34	0.34
18	Federal Income Taxes (Line 16 x Line 17)	(30,677)	1,052	(29,624)	(16,259)	(13,365)	3,180	4,674
19	Less: Investment Tax Credit Realized This Year (Sch. C-8)	-	-	-	-	-	-	-
20	Current Federal Inc. Taxes (Line 18 - Line 19)	(30,677)	1,052	(29,624)	(16,259)	(13,365)	3,180	4,674
Summary:								
21	Current State Income Taxes (Line 15)	-	-	-	-	-	399	655
22	Current Federal Income Taxes (Line 20)	(30,677)	1,052	(29,624)	(16,259)	(13,365)	3,180	4,674
23	Total Current Income Tax Expense (To C-1)	\$ (30,677)	\$ 1,052	\$ (29,624)	\$ (16,259)	\$ (13,365)	\$ 3,579	\$ 5,329

24 Note (1). Adjustments zero out negative income tax and Schedule M adjustments so that tax calculated for rate purposes reflects stand alone obligation only

**Accumulated Deferred Income Taxes - Summary**

**Florida Public Service Commission**

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Schedule Year Ended: December 31, 2002  
 Historic [X] Projected [ ]

Schedule: C-6  
 Page 1 of 3  
 Preparer: Seidman, F.  
 Revision No. 1

**Explanation:** For each of the accumulated deferred tax accounts provide a summary of the ending balances as reported on pages 2 & 3 of this schedule. The same annual balances should be shown.

Line No.	Year	Account No. 190.1020			Account No. 190.1031			Net Deferred Income Taxes		
		State	Federal	Total	State	Federal	Total	State	Federal	Total
2			-	-		-	-	-	-	-
3	1999		-	-		-	-	-	(4,150)	(4,150)
4	2000		-	-		-	-	-	(7,564)	(7,564)
5	2001		-	-		-	-	-	(5,547)	(5,547)
6	2002		(156)	(156)		-	-	(27)	(9,036)	(9,063)
		Account No. 190.1024			Account No. 190.1031					
	Year	State	Federal	Total	State	Federal	Total			
7	1999		(1,476)	(1,476)		(2,674)	(2,674)			
8	2000		(3,563)	(3,563)		(4,001)	(4,001)			
9	2001		(5,650)	(5,650)		103	103			
10	2002		(7,737)	(7,737)		(1,143)	(1,143)			
		Account No. 190.2020								
	Year	State	Federal	Total	State	Federal	Total			
	1999		-	-		-	-			
	2000		-	-		-	-			
	2001		-	-		-	-			
	2002		(27)	(27)		-	-			

Supporting Schedules: C-7, Pg 2 & 3  
 Recap Schedules: A-18,A-19,D-2

Accumulated Deferred Income Taxes - Federal

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Schedule Year Ended: December 31, 2002  
 Historic [X] Projected [ ]

Schedule: C-6  
 Page 3 of 3  
 Preparer: Seidman, F.  
 Revision No.1

Explanation: For each of the accumulated deferred tax accounts provide annual balances beginning with the year of the last rate case and ending with the test year.

Account No. 190.1020 Def. Tax Cr - Rate Case											
Line No.	Year	Beginning Balance	Current Year Deferral	Flowback To Curr. Year	Adjust. Debit (Credit)	Ending Balance	Beginning Balance	Current Year Deferral	Flowback To Curr. Year	Adjust. Debit (Credit)	Ending Balance
1											
2		-				-					-
3	1999	-				-	-				-
4	2000	-				-	-				-
5	2001	-	(473)	473		-	-				-
6	2002	-	(156)			(156)	-				-

Account No. 190.1024 Def, Tax Cr - Orgn. Exp.						Account No. 190.1031 Def, Tax Cr - Depr.				
Year	Beginning Balance	Current Year Deferral	Flowback To Curr. Year	Adjust. Debit (Credit)	Ending Balance	Beginning Balance	Current Year Deferral	Flowback To Curr. Year	Adjust. Debit (Credit)	Ending Balance
1999	-	(1,476)			(1,476)	-	(2,674)			(2,674)
2000	(1,476)	(2,087)			(3,563)	(2,674)	(1,327)			(4,001)
2001	(3,563)	(2,087)			(5,650)	(4,001)	-	1,281	2,823	103
2002	(5,650)	(2,087)			(7,737)	103	(11,017)	9,771		(1,143)

Supporting Schedules: None  
 Recap Schedules: C-6

**Schedule of Requested Cost of Capital (Final Rates)  
Beginning and End of Year Average**

**Florida Public Service Commission**

Company: Bayside Utility Services, Inc.  
Docket No.: 030444-WS  
Test Year Ended: December 31, 2002  
Schedule Year Ended: December 31, 2002  
Historic [X] or Projected [ ]

Schedule: D-1  
Page 1 of 2  
Preparer: Seidman, F.  
Revision No. 1  
Subsidiary [ ] or Consolidated [X]

**Explanation: Provide a schedule which calculates the requested Cost of Capital on a beginning and end of year average basis. If a year-end basis is used, submit an additional schedule reflecting year-end calculations.**

Line No.		(1)	(2)	(3)	(4)
		Total Capital	Ratio	Cost Rate	Weighted Cost
1	Long-Term Debt	250,738	51.32 %	7.56 %	3.88 %
2	Short-Term Debt	31,489	6.44	3.93	0.25
3	Preferred Stock				
4	Customer Deposits	8,484	1.74	6.00	0.10
5	Common Equity	205,212	42.00	11.77	4.95
6	Tax Credits - Zero Cost				
7	Accumulated Deferred Income Tax	(7,305)	(1.50)	-	
8	Other (Explain)				
9	<b>Total</b>	<b>488,618</b>	<b>100.00 %</b>		<b>9.18 %</b>

10 Note: Cost of Equity based on Order Nos. PSC-03-0707-PAA-WS and PSC-03-0799-CO-WS



Reconciliation of Capital Structure to Requested Rate Base  
Beginning and End of Year Average

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
Docket No.: 030444-WS  
Test Year Ended: December 31, 2002  
Schedule Year Ended: December 31, 2002  
Historic [X] Projected [ ] Parent [X]

Schedule: D-2  
Page 1 of 1  
Preparer: Seidman, F.  
Revision No. 1

Explanation: Provide a reconciliation of the simple average capital structure to requested rate base. Explain all adjustments. Submit an additional schedule if a year-end basis is used.

Line No.	(1) Class of Capital	(2) Prior Year 12/31/01	(3) Test Year 12/31/02	(4) Average	(6) Reconciliation Adjustments		(8) Reconciled To Requested Rate Base	
					(5) Specific	(7) Prorata Amount		
1	Long-Term Debt	70,345,623	117,834,538	94,090,081		51.44 %	(93,839,343)	250,738
2	Short-Term Debt	23,649,000	-	11,824,500		6.46	(11,793,011)	31,489
3	Preferred Stock							
4	Common Equity	76,392,765	77,650,144	77,021,455		42.10	(76,816,243)	205,212
5	Customer Deposits	7,819	9,149	8,484				8,484
6	Tax Credits - Zero Cost							
7	Tax Credits - Wtd. Cost							
8	Accum. Deferred Income Tax	(5,547)	(9,063)	(7,305)				(7,305)
9	Other (Explain)							
10	Total	\$ 170,389,660	\$ 195,484,768	\$ 182,937,214	\$ -	100.00 %	\$ (182,448,596)	\$ 488,618

11 \* List corresponding adjustments to rate base below:

Description	Amount
-------------	--------

12 Note: Customer Deposits and Accum. Deferred Taxes are actual for Bayside Utility Services, Inc.

Supporting Schedules: A-19,C-7,C-8,D-3,D-4,D-5,D-7  
Recap Schedules: D-1

Cost of Long-Term Debt  
Beginning and End of Year Average

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
Docket No.: 030444-WS  
Test Year Ended: December 31, 2002  
Utility [ ] or Parent [X]  
Historic [X] or Projected [ ]

Explanation: Provide the specified data on long-term debt issues on a simple average basis for the test year. Arrange by type of issue (i.e., first mortgage bonds). If the utility is an operating division or subsidiary, submit an additional schedule which reflects the same information on the parent level.

Schedule: D-5  
Page 1 of 1  
Preparer: Seidman, F.  
Revision No. 1

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Line No.	Description, Coupon Rate, Years of Life	Issue Date-Maturity Date	Principal Amount Sold (Face Value)	B/E yr Avg Principal Amount Outstanding	Amount Outstanding Within One Year	Unamortized Discount (Premium) Associated With Col(4)	Unamortized Issuing Expense Associated With Col(4)	Annual Amortization of Discount (Premium) on Principal Outstanding	Annual Amort. of Issuing Expense on Principal Outstanding	Interest Cost (Coupon Rate) x Col (4)	Total Interest Cost (8)+(9)+(10)	Effective Cost Rate (11)/(4)-(6)-(7)
1	5.41% Note due August 30, 2012		50,000,000	25,000,000			1,291,961		44,550	909,181	953,731	4.020 %
2	9.16%, \$1,000,000 due in annual installments beginning April 30, 1996	5/15/91 - 4/30/06	10,000,000	4,500,000	1,000,000		34,764		10,284	396,933	407,217	9.120 %
3	9.01%, \$1,500,000 due in annual installments beginning November 30, 1998	7/15/92 - 11/30/07	15,000,000	8,250,000	1,500,000		111,661		24,214	799,638	823,852	10.120 %
4	8.421%, \$5,857,143 due in annual installments beginning 2009	6/15/00 - 6/30/15	41,000,000	41,000,000	0		881,396		70,700	3,452,000	3,522,700	8.780 %
5	7.87%, due June 1, 2005	6/1/95 - 6/1/05	15,000,000	15,000,000	0		42,516		15,955	1,180,500	1,196,455	8.000 %
6	Mortgage Notes -											
7	OTHER Long Term Debt -	9/1/97 - 2012-17	400,000	340,081	0		-		0	31,941	31,941	9.390 %
8	<b>Total</b>		<b>\$ 131,400,000</b>	<b>\$ 94,090,081</b>	<b>\$ 2,500,000</b>	<b>-</b>	<b>2,362,298</b>	<b>-</b>	<b>\$ 165,703</b>	<b>\$ 6,770,193</b>	<b>\$ 6,935,896</b>	<b>7.561 %</b>

Supporting Schedules: D-6  
Recap Schedules: A-19,D-2

**Rate Schedule**

**Florida Public Service Commission**

**Company: Bayside Utility Services, Inc.**  
**Docket No.: 030444-WS**  
**Test Year Ended: December 31, 2002**  
**Water [x] or Sewer [ ]**

**Schedule: E-1**  
**Page 1 of 2**  
**Preparer: Seidman, F.**  
**Revision No. 1**

**Explanation: Provide a schedule of present and proposed rates. State residential sewer cap, if one exists.**

Line No	(1) Class/Meter Size	(2)	(3)	(4)	(5)	(6)
		Test Year Rates thru 9/15/02	Test Year Rates eff. 9/16/02	Test Year Rates eff. 10/22/02	Interim Rates	Proposed Rates
1	Residential					
2	5/8" x 3/4"	13.19	13.30	13.25	24.47	29.91
3	3/4"	19.77	19.94	19.86	36.68	44.84
4	1"	32.97	33.26	33.13	61.19	74.80
	Gallonge Charge					
5	(per 1000 gallons)	2.10	2.12	2.11	3.90	4.76
6	General Service & Irrigation					
7	5/8" x 3/4"	13.19	13.30	13.25	24.47	29.91
8	3/4"	19.77	19.94	19.86	36.68	44.84
9	1"	32.97	33.26	33.13	61.19	74.80
10	1 1/2"	65.93	66.50	66.25	122.36	149.57
11	2"	105.47	106.39	105.99	195.76	239.29
12	3"	210.95	212.79	211.99	391.53	478.59
13	4"	326.91	332.48	331.22	611.74	747.77
14	6"	659.20	664.94	662.43	1,223.47	1,495.52
15	Gallonge Charge					
	(per 1000 gallons)	2.10	2.12	2.11	3.90	4.76

Rate Schedule

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002  
 Water [ ] or Sewer [X]

Schedule: E-1  
 Page 2 of 2  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide a schedule of present and proposed rates. State residential sewer cap, if one exists.

Line No	(1) Class/Meter Size	(2) Test Year Rates thru 9/15/02	(3) Test Year Rates eff. 9/16/02	(4) Test Year Rates eff. 10/22/02	(4) Interim Rates	(6) Proposed Rates
1	Residential					
2	All meter sizes	16.81	16.96	16.91	28.18	32.00
3	Gallage Charge (per 1000 gallons)					
4	6,000 gallons maximum	4.15	4.19	4.18	6.97	7.91
5	General Service					
6	5/8" x 3/4"	16.81	16.96	16.91	28.18	32.00
7	3/4"	25.22	25.45	25.38	42.29	48.03
8	1"	42.03	42.41	42.29	70.47	80.03
9	1 1/2"	84.04	84.80	84.56	140.90	160.02
10	2"	134.48	135.69	135.31	225.47	256.06
11	3"	271.12	273.56	272.81	454.58	516.26
12	4"	420.24	424.02	422.84	704.58	800.17
13	6"	840.50	848.06	845.70	1,409.19	1,600.37
14	Gallage Charge					
15	(per 1000 gallons)	4.97	5.01	5.00	8.33	9.46

Revenue Schedule at Present and Proposed Rates

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Schedule Year Ended: December 31, 2002  
 Water  or Sewer

Schedule: E-2  
 Page 1 of 4  
 Preparer: Seldman, F.  
 Revision No. 1

Explanation: Provide a calculation of revenues at present and proposed rates using the billing analysis. Explain any differences between these revenues and booked revenues. If a rate change occurred during the test year, a revenue calculation must be made for each period.

Line No.	(1) Class/Meter Size	(2) Test Year Bills thru 9/15/02	(3) Test Year Gallons thru 9/15/02	(4) Test Year Rates thru 9/15/02	(5) Test Year Revenue thru 9/15/02	(6) Test Year Bills eff. 9/16/02	(7) Test Year Gallons eff. 9/16/02	(8) Test Year Rates eff. 9/16/02	(9) Test Year Revenue eff. 9/16/02	(10) Test Year Bills eff. 10/22/02	(11) Test Year Gallons eff. 10/22/02	(12) Test Year Rates eff. 10/22/02	(13) Test Year Revenue eff. 10/22/02	(14) Total Test Year Revenue
1	Residential													
2	All meter sizes	2,230		\$ 13.19	\$ 29,414	253		\$ 13.30	\$ 3,365	511		\$ 13.25	\$ 6,771	\$ 39,550
3	M Gallons		8,626	2.10	18,115		754	2.12	1,598		1,875	2.11	3,956	23,669
4	Total Residential	2,230	8,626		\$ 47,529	253	754		\$ 4,963	511	1,875		\$ 10,727	\$ 63,219
5	Average Bill				\$ 21.31				\$ 19.62				\$ 20.99	\$ 25.46
6	General Service													
7	5/8" X 3/4"	37		13.19	\$ 488	3		13.30	\$ 40	10		13.25	\$ 133	\$ 661
8	M Gallons 3/4"		317	2.10	666		20	2.12	42		69	2.11	146	854
	M Gallons			19.77	-			19.94	0			19.86	0	-
	M Gallons			2.10	-			2.12	-			2.11	-	-
9	1"	0		32.97	0	0		33.26	0	0		33.13	0	-
10	M Gallons			2.10	-			2.12	-			2.11	-	-
11	1 1/2"	0		65.93	0	0		66.50	0	0		66.25	0	-
12	M Gallons			2.10	-			2.12	-			2.11	-	-
13	2"	0		105.47	0	0		106.39	0	0		105.99	0	-
14	M Gallons			2.10	-			2.12	-			2.11	-	-
15	3"			56.34	0			212.79	0			211.99	0	-
16	M Gallons			2.10	-			2.12	-			2.11	-	-
17	4"			93.89	0			332.48	0			331.22	0	-
18	M Gallons			2.10	-			2.12	-			2.11	-	-
19	6"			187.79	0			664.94	0			662.43	0	-
20	M Gallons			2.10	-			2.12	-			2.11	-	-
21	Total Gen Serv	37	317		\$ 1,154	3	20		\$ 82	10	69		\$ 279	\$ 1,515
22	Average Bill				\$ 31.19				\$ 27.33				\$ 27.90	\$ 37.88
23	Other water revenues				562				121				272	955
24	Total revenue per analysis				\$ 49,245				\$ 5,186				\$ 11,278	\$ 65,689
25	Total revenue per books/required				\$ 43,201				\$ 5,484				\$ 16,029	\$ 64,713
26	Difference				\$ 6,045				\$ (318)				\$ (4,750)	\$ 976
27	The difference, in total, is immaterial, (1.51%) Greater differences in each rate period most likely due to differences in whether analysis compilation period is same as billing period (actual month vs billing month) and using full month breaks at rate changes in preparing billing analysis, while actual rate changes were applied in mid month periods													% difference 1.51%

Revenue Schedule at Present and Proposed Rates

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Schedule Year Ended: December 31, 2002  
 Water [X] or Sewer [ ]

Schedule: E-2  
 Page 2 of 4  
 Preparer: Seidman, F.  
 Revision No. 1

Line No.	(1) Class/Meter Size	(2) - [14] Same as Sch. E-2, page 1	(15) Annualized Test Year Revenue	(16) Proposed Rates	(17) Revenue at Proposed Rates
1	Residential				
2	All meter sizes		\$ 39,671	\$ 29.91	\$ 89,551
6	M Gallons		<u>23,748</u>	4.76	<u>53,574</u>
7	Total Residential		<u>\$ 63,419</u>		<u>\$ 143,125</u>
8	Average Bill		<u>\$ 25.54</u>		<u>\$ 57.64</u>
9	General Service				
10	5/8" X 3/4"		\$ 663	29.91	\$ 1,496
11	M Gallons		857	4.76	1,933
	3/4"		-	44.84	\$ -
	M Gallons		-	4.76	-
12	1"		-	74.80	\$ -
13	M Gallons		-	4.76	-
14	1 1/2"		-	149.57	\$ -
15	M Gallons		-	4.76	-
16	2"		-	239.29	\$ -
17	M Gallons		-	4.76	-
18	3"		-	478.59	\$ -
19	M Gallons		-	4.76	-
20	4"		-	747.77	\$ -
21	M Gallons		-	4.76	-
22	6"		-	1,495.52	\$ -
23	M Gallons		<u>-</u>	4.76	<u>-</u>
24	Total Gen. Serv.		<u>\$ 1,520</u>		<u>\$ 3,429</u>
25	Average Bill		<u>\$ 38.00</u>		<u>\$ 85.73</u>
26	Other water revenues		<u>955</u>		<u>955</u>
27	Total revenue per analysis		<u>\$ 65,894</u>		<u>\$ 147,509</u>
28	Total revenue required				<u>\$ 147,563</u>
29	Difference				<u>\$ (54)</u>

Revenue Schedule at Present and Proposed Rates

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Schedule Year Ended: December 31, 2002  
 Water [ ] or Sewer [X]

Schedule: E-2  
 Page 4 of 4  
 Preparer: Seidman, F.  
 Revision No. 1

Line No.	(1) Class/Meter Size	[2] - [14] Same as Sch. E-2, page 3	(15) Annualized Test Year Revenue	(16) Proposed Rates	(17) Revenue at Proposed Rates
1	Residential				
2	All meter sizes		\$ 50,629	\$ 32.00	\$ 95,808
6	M Gallons (thru 6 MG)		<u>37,816</u>	7.91	<u>71,562</u>
7	Total Residential		<u>\$ 88,445</u>		<u>\$ 167,370</u>
8	Average Bill		<u>\$ 35.62</u>		<u>\$ 67.41</u>
9	General Service				
10	5/8" X 3/4"		\$ 846	32.00	\$ 1,600
11	M Gallons		1,980	9.46	3,746
	3/4"		-	48.03	\$ -
	M Gallons		-	9.46	-
12	1"		-	80.03	\$ -
13	M Gallons		-	9.46	-
14	1 1/2"		-	160.02	\$ -
15	M Gallons		-	9.46	-
16	2"		-	256.06	\$ -
17	M Gallons		-	9.46	-
18	3"		-	516.26	\$ -
19	M Gallons		-	9.46	-
20	4"		-	800.17	\$ -
21	M Gallons		-	9.46	-
22	6"		-	1,600.37	\$ -
23	M Gallons		-	9.46	-
24	Total Gen. Serv.		<u>\$ 2,826</u>		<u>\$ 5,346</u>
25	Average Bill		<u>\$ 70.65</u>		<u>\$ 133.65</u>
26	Other water revenues		<u>1,342</u>		<u>1,342</u>
27	Total revenue per analysis		<u>\$ 92,613</u>		<u>\$ 174,058</u>
28	Total revenue required				<u>\$ 174,060</u>
29	Difference				<u>\$ (2)</u>

Gallons of Water Pumped, Sold and Unaccounted For  
In Thousands of Gallons

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
Docket No.: 030444-WS  
Test Year Ended: December 31, 2002

Schedule F-1  
Page 1 of 1  
Preparer: Seidman, F.  
Revision No. 1

Explanation: Provide a schedule of gallons of water pumped, sold and unaccounted for each month of the test year. The gallons pumped should match the flows shown on the monthly operating reports sent to DER. The other uses may include plant use, flushing of hydrants and water and sewer lines, line breakage's and fire flows. Provide all calculations to substantiate the other uses. If unaccounted for water is greater than 10%, provide an explanation as to the reasons why; if less than 10%, Columns 4 & 5 may be omitted.

Month/ Year	(1) Total Gallons Pumped (000)	(2) Gallons Purchased (000)	(3) Gallons Sold (000)	(4) Other Uses (000) (1)	(5) Unaccounted For Water (1)+(2)-(3)-(4)	(6) % Unaccounted For Water
1/2002		831,000	779,000		-	%
2/2002			1,026,000		-	
3/2002		1,770,000	848,000		-	
4/2002			910,000		-	
5/2002		2,000,000	1,063,000		-	
6/2002			1,136,000		-	
7/2002		2,250,000	1,112,000		-	
8/2002			1,067,000		-	
9/2002		3,135,000	1,007,000		-	
10/2002			781,000		-	
11/2002		2,506,000	1,073,000		-	
12/2002	-	1,525,000	859,000		-	
				see note		
<b>Total</b>	-	14,017,000	11,661,000	375,000	1,981,000	14.13 %

Note:

Unaccounted for Water: During the test year and prior years, other uses of water were not documented. They are being documented now. Based on experience in 2003, and based on estimates for main breaks that occurred in 2002, Other Uses for the test year are estimated to conservatively be 375,000 for the year. The remaining difference of 4.13% is believed to be attributable to meter error and undetected leaks. During 2003, the utility has engaged in more aggressive leak detection and in a meter changeout program. Although final purchased water figures for 2003 are not yet in, it appears that unaccounted for water will be less than 10% for 2003.



Equivalent Residential Connections - Water

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 020071-WS  
 Test Year Ended: December 31, 2001

Schedule F-9  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide the following information in order to calculate the average growth in ERCs for the last five years, including the test year. If the utility does not have single-family residential (SFR) customers, the largest customer class should be used as a substitute.

Line No.	(1) Year	(2) SFR Customers Beginning	(3) Ending	(4) Average	(5) SFR Gallons Sold	(6) Gallons/ SFR (5)/(4)	(7) Total Gallons Sold	(8) Total ERCs (7)/(6)	(9) Annual % Incr. in ERCs
1	1998	283	283	283	N/A	N/A	N/A	#DIV/0!	
2	1999	283	283	283	N/A	N/A	N/A	#DIV/0!	
3	2000	283	283	283	N/A	N/A	N/A	#DIV/0!	
4	2001	283	283	283	N/A	N/A	N/A	#DIV/0!	
5	2002	283	283	283	11,255,000	39,770	11,661,000	293	
					Average Growth Through 4-Year Period (Col. 8)				#DIV/0!

The utility indicates that there is no growth in the system, although there are month to month and year to year variations in actual customers. This is a mobile home community and, as such, is subject to seasonal and year to year variations. Schedule F-7 indicates that there have been 283 connections since 1997 and the PSC has recognized that the existing network of mains is necessary. There have not been any additions to mains since the last case. Also, the utility does not operate any water or wastewater supply, treatment or disposal facilities. Therefore, the utility is not requesting a growth factor. The historic gallons information necessary to complete this schedule is not readily available. However, as no growth factor is being requested, and since there are no supply or treatment facilities that would be affected by growth, it is the utility's position that the information is not applicable, is not worth the cost to research, and need not be provided (see PSC Rule 25-30.437(2)).

The utility also states that should the PSC determine that the distribution and collection facilities are less than 100% used & useful, the utility will not base any rebuttal argument on the information requested, but not provided in this schedule.

Equivalent Residential Connections - Wastewater

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 020071-WS  
 Test Year Ended: December 31, 2001

Schedule F-10  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide the following information in order to calculate the average growth in ERCs for the last five years, including the test year. If the utility does not have single-family residential (SFR) customers, the largest customer class should be used as a substitute.

Line No.	(1) Year	(2) SFR Customers Beginning	(3) Ending	(4) Average	(5) SFR Gallons Sold	(6) Gallons/ SFR (5)/(4)	(7) Total Gallons Sold	(8) Total ERCs (7)/(6)	(9) Annual % Incr. in ERCs
1	1998	283	283	283	N/A	N/A	N/A	#DIV/0!	
2	1999	283	283	283	N/A	N/A	N/A	#DIV/0!	
3	2000	283	283	283	N/A	N/A	N/A	#DIV/0!	
4	2001	283	283	283	N/A	N/A	N/A	#DIV/0!	
5	2002	283	283	283	9,047,000	31,968	9,443,000	295	
					Average Growth Through 5-Year Period (Col. 8)				
								#DIV/0!	
								#DIV/0!	

The utility indicates that there is no growth in the system, although there are month to month and year to year variations in actual customers. This is a mobile home community and, as such, is subject to seasonal and year to year variations. Schedule F-7 indicates that there have been 283 connections since 1997 and the PSC has recognized that the existing network of mains is necessary. There have not been any additions to mains since the last case. Also, the utility does not operate any water or wastewater supply, treatment or disposal facilities. Therefore, the utility is not requesting a growth factor. The historic gallons information necessary to complete this schedule is not readily available. However, as no growth factor is being requested, and since there are no supply or treatment facilities that would be affected by growth, it is the utility's position that the information is not applicable, is not worth the cost to research, and need not be provided (see PSC Rule 25-30.437(2)).

The utility also states that should the PSC determine that the distribution and collection facilities are less than 100% used & useful, the utility will not base any rebuttal argument on the information requested, but not provided in this schedule.

Schedule of Water Net Operating Income

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002  
 Interim  Final   
 Historic  or Projected

Schedule: B-1 Interim  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	\$ 64,713	\$ 1,181	A \$ 65,894	\$ 55,000	F \$ 120,894	B-4, E-13
2	Operation & Maintenance	91,698	2,486	B 94,184		94,184	B-5, B-3(a)
3	Depreciation, net of CIAC Amort.	5,985		C 5,985		5,985	B-13, B-3(a)
4	Amortization						B-3(a)
5	Taxes Other Than Income	4,719	166	D 4,885	2,475	G 7,360	B-15, B-3(a)
6	Provision for Income Taxes	(14,723)	14,723	E -	2,170	H 2,170	C-1(a), B-3(a)
7	OPERATING EXPENSES	87,678	17,376	105,054	4,645	109,699	
8	NET OPERATING INCOME	\$ (22,965)	\$ (16,195)	\$ (39,160)	\$ 50,355	\$ 11,195	
9	RATE BASE	\$ 101,083		\$ 121,512		\$ 121,512	
10	RATE OF RETURN	--	%	--	%	9.21	%

Schedule of Wastewater Net Operating Income

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002  
 Interim [X] Final [ ]  
 Historic [X] or Projected [ ]

Schedule: B-2 Interim  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	\$ 90,721	\$ 1,892	A \$ 92,613	\$ 60,814	F \$ 153,427	B-4, E-13
2	Operation & Maintenance	104,533	2,650	B 107,183		107,183	B-5, B-3(a)
3	Depreciation, net of CIAC Amort.	10,559		C 10,559		10,559	B-13, B-3(a)
4	Amortization						B-3(a)
5	Taxes Other Than Income	5,920	222	D 6,142	2,737	G 8,879	B-15, B-3(a)
6	Provision for Income Taxes	(12,203)	12,203	E -	4,428	H 4,428	C-1, B-3(a)
7	OPERATING EXPENSES	108,809	15,075	123,883	7,165	131,048	
8	NET OPERATING INCOME	\$ (18,088)	\$ (13,183)	\$ (31,270)	\$ 53,649	\$ 22,379	
9	RATE BASE	\$ 200,146		\$ 242,910		\$ 242,910	
10	RATE OF RETURN	--	%	--	%	9.21	%

Schedule of Adjustments to Operating Income

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Schedule Year Ended: December 31, 2002  
 Interim [X] Final [ ]  
 Historic [X] or Projected [ ]

Schedule: B-3 Interim  
 Page 1 of 1  
 Docket No.: 030444-WS  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Line No.	Description	Water	Wastewater
1 (A)	<u>Operating Revenues</u>		
2	Adjust for annualized revenues at current rates	1,181	1,892
3 (B)	<u>Operations &amp; Maintenance (O&amp;M) Expenses</u>		
4	(1) Adjust salaries for difference between year end		
5	and current pay rates.	659	607
6	(2) Adjust pensions and benefits to reflect		
7	salary adjustments.	1,293	1,293
8	(3) Adjustment for revised common expense allocation		
9	(SE 51, 52, 60, 90).	534	749
10	Total O&M adjustments.	\$ 2,486	\$ 2,650
11 (C)	<u>Non-used and useful depreciation</u>		
12	Non-used and useful depreciation (Page B-14, 15)	-	-
13 (D)	<u>Taxes Other Than Income</u>		
14	(1) Payroll taxes		
15	Adjust for salary changes per Adjustment (B) above		
16	(Page B-15)	53	53
17	(2) Property Taxes		
18	Adjust for non-used & useful plant (Page B-15)	-	-
19	(3) Regulatory Assessment fees		
20	Adjust for actual TY & annualized revenues	114	170
21	Total Taxes Other adjustments.	\$ 166	\$ 222
22 (E)	<u>Provision for Income Taxes</u>		
23	Remove negative income tax expense	14,723	12,203
24 (F)	<u>Revenue Increase</u>		
25	Increase in revenue required by the Utility to realize a		
26	9.21 % rate of return	\$ 55,000	\$ 60,814
29 (G)	<u>Taxes Other Than Income</u>		
30	Regulatory Assessment Fees (RAFs)		
27	Adjust for requested revenue increase (Page B-15)	\$ 2,475	\$ 2,737
28 (H)	<u>Provision for Income Taxes</u>		
29	Income Taxes (Page C-1)	\$ 2,170	\$ 4,428

Reconciliation of Total Income Tax Provision

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002  
 Interim  Final   
 Historic  or Projected

Schedule: C-1 Interim  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide a reconciliation between the total operating income tax provision and the currently payable income taxes on operating income for the test year.

Line No.	Description	Ref.	Total Per Books	Utility Adjustments	Utility Adjusted	Water	Sewer	Adjusted for Increase	
								Water	Sewer
1	Current Tax Expense	C-2(a)	\$ (30,677)	\$ 3,043	\$ (27,634)	\$ (14,803)	\$ (12,831)	\$ 2,170	\$ 4,428
2	Deferred Income Tax Expense	C-5(a)	3,750		3,750	1,972	1,778		
3	ITC Realized This Year	C-8							
4	ITC Amortization	C-8							
5	(3% ITC and IRC 46(f)(2))								
6	Parent Debt Adjustment	C-9	-	-	-	-	-	-	-
7	Total Income Tax Expense		\$ (26,927)	\$ 3,043	\$ (23,884)	\$ (12,831)	\$ (11,053)	\$ 2,170	\$ 4,428

Supporting Schedules: C-2, C-5, C-8, C-9  
 Recap Schedules: B-1, B-2

State and Federal Income Tax Calculation - Current

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Schedule Year Ended: December 31, 2002  
 Interim  Final   
 Historic  or Projected

Schedule: C-2 Interim  
 Page 1 of 1  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide the calculation of state and federal income taxes for the test year. Provide detail on adjustments to income taxes and investment tax credits generated.

Line No.		Total Per Books	Utility Adjustments	Utility Adjusted	Water	Sewer	Adjusted for Increase	
							Water	Sewer
1	Net Utility Operating Income (Sch. B-1 & B-2)	\$ (41,053)	\$ (29,377)	\$ (70,430)	\$ (39,160)	\$ (31,270)	\$ 11,195	\$ 22,379
1a	Other Income	\$ (423)	\$ 423	\$ -				
2	Add: Income Tax Expense Per Books (Sch. B-1)	(26,926)	26,926	-	-	-	-	-
3	Subtotal	(68,402)	(2,028)	(70,430)	(39,160)	(31,270)	11,195	22,379
4	Less: Interest Charges (Sch. C-3)	10,846	-	10,846	4,379	6,467	5,187	10,370
5	Taxable Income Per Books	(79,248)	(2,028)	(81,276)	(43,539)	(37,737)	6,008	12,009
	Schedule M Adjustments:							
6	Permanent Differences (From Sch. C-4)	-	-	-	-	-	-	-
7	Timing Differences (From Sch. C-5)	(10,978)	10,978	-	-	-	-	-
8	Total Schedule M Adjustments	(10,978)	10,978	-	-	-	-	-
9	Taxable Income Before State Taxes	(90,226)	8,950	(81,276)	(43,539)	(37,737)	6,008	12,009
10	Less: State Income Tax Exemption (\$5,000)	5,000	5,000	5,000	2,500	2,500	2,500	2,500
11	State Taxable Income	(95,226)	3,950	(86,276)	(46,039)	(40,237)	3,508	9,509
12	State Income Tax (5.5% of Line 11)*	-	-	-	-	-	193	523
13	Emergency Excise Tax							
14	Credits							
15	Current State Income Taxes	-	-	-	-	-	193	523
16	Federal Taxable Income (Line 9 - Line 15)	(90,226)	8,950	(81,276)	(43,539)	(37,737)	5,815	11,486
17	Federal Income Tax Rate	0.34	0.34	0.34	0.34	0.34	0.34	0.34
18	Federal Income Taxes (Line 16 x Line 17)	(30,677)	3,043	(27,634)	(14,803)	(12,831)	1,977	3,905
19	Less: Investment Tax Credit Realized This Year (Sch. C-8)	-	-	-	-	-	-	-
20	Current Federal Inc. Taxes (Line 18 - Line 19)	(30,677)	3,043	(27,634)	(14,803)	(12,831)	1,977	3,905
	Summary:							
21	Current State Income Taxes (Line 15)	-	-	-	-	-	193	523
22	Current Federal Income Taxes (Line 20)	(30,677)	3,043	(27,634)	(14,803)	(12,831)	1,977	3,905
23	Total Current Income Tax Expense (To C-1)	\$ (30,677)	\$ 3,043	\$ (27,634)	\$ (14,803)	\$ (12,831)	\$ 2,170	\$ 4,428

24 Note (1) Adjustments to test year operating income for interim rates are shown on Schedules B-1(a), B-2(a) and B-3(a)

Supporting Schedules: B-1,B-2,C-3,C-4,C-5,C-8  
 Recap Schedules: C-1

Schedule of Requested Cost of Capital (Interim Rates)  
Beginning and End of Year Average

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
Docket No.: 030444-WS  
Test Year Ended: December 31, 2002  
Schedule Year Ended: December 31, 2002  
Historic [X] or Projected [ ]

Schedule: D-1 Interim  
Page 1 of 1  
Preparer: Seidman, F.  
Revision No. 1  
Subsidiary [ ] or Consolidated [X]

Explanation: Provide a schedule which calculates the requested Cost of Capital on a beginning and end of year average basis. If a year-end basis is used, submit an additional schedule reflecting year-end calculations.

Line No.	(1) Total Capital	(2) Ratio	(3) Cost Rate	(4) Weighted Cost	
1	Long-Term Debt	186,853	51.27 %	7.56 %	3.88 %
2	Short-Term Debt	23,465	6.44	3.93	0.25
3	Preferred Stock				
4	Customer Deposits	8,484	2.33	6.00	0.14
5	Common Equity	152,925	41.97	11.77	4.94
6	Tax Credits - Zero Cost				
7	Accumulated Deferred Income Tax	(7,305)	(2.00)		
8	Other (Explain)				
9	<b>Total</b>	<u>\$ 364,422</u>	<u>100.01 %</u>		<u>9.21 %</u>

10 Note: Cost of Equity based on Order Nos. PSC-03-0707-PAA-WS and PSC-03-0799-CO-WS



Reconciliation of Capital Structure to Requested Rate Base  
Beginning and End of Year Average

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
Docket No.: 030444-WS  
Test Year Ended: December 31, 2002  
Schedule Year Ended: December 31, 2002  
Historic [X] Projected [ ]

Schedule: D-2 Interim  
Page 1 of 1  
Preparer: Seidman, F.  
Revision No. 1

Explanation: Provide a reconciliation of the simple average capital structure to requested rate base. Explain all adjustments. Submit an additional schedule if a year-end basis is used.

Line No.	(1) Class of Capital	(2) Prior Year 12/31/00	(3) Test Year 12/31/01	(4) Average	(6) Reconciliation Adjustments			(8) Reconciled To Requested Rate Base
					(5) Specific	(6) Prorata %	(7) Prorata Amount	
1	Long-Term Debt	70,345,623	117,834,538	94,090,081		\$ 51.44 %	(93,903,228)	186,853
2	Short-Term Debt	23,649,000	-	11,824,500		6.46 %	(11,801,035)	23,465
3	Preferred Stock							
4	Common Equity	76,392,765	77,650,144	77,021,455		42.1 %	(76,868,530)	152,925
5	Customer Deposits	7,819	9,149	8,484				8,484
6	Tax Credits - Zero Cost							
7	Tax Credits - Wtd. Cost							
8	Accum. Deferred Income Tax	(5,547.00)	(9,063.00)	(7,305)		0		(7,305)
9	Other (Explain)							
10	<b>Total</b>	<b>\$ 170,389,660</b>	<b>\$ 195,484,768</b>	<b>\$ 182,937,214</b>	<b>\$ -</b>	<b>100.00 %</b>	<b>\$ (182,572,792)</b>	<b>\$ 364,422</b>

11 \* List corresponding adjustments to rate base below:

Description	Amount
-------------	--------

12 Note. Customer Deposits and Accum. Deferred Taxes are actual for Bayside Utility Services, Inc.

Supporting Schedules: A-19,C-7,C-8,D-3,D-4,D-5,D-7  
Recap Schedules: D-1

Rate Schedule

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002  
 Water [x] or Sewer [ ]

Schedule: E-1 Interim  
 Page 1 of 2  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide a schedule of present and proposed rates. State residential sewer cap, if one exists.

Line No	(1) Class/Meter Size	(2) Test Year Rates thru 9/15/02	(3) Test Year Rates eff. 9/16/02	(4) Test Year Rates eff. 10/22/02	(5) Interim Rates	(6) Proposed Rates
1	Residential					
2	5/8" x 3/4"	13.19	13.30	13.25	24.47	29.91
3	3/4"	19.77	19.94	19.86	36.68	44.84
4	1"	32.97	33.26	33.13	61.19	74.80
5	Gallorage Charge (per 1000 gallons)	2.10	2.12	2.11	3.90	4.76
6	General Service & Irrigation					
7	5/8" x 3/4"	13.19	13.30	13.25	24.47	29.91
8	3/4"	19.77	19.94	19.86	36.68	44.84
9	1"	32.97	33.26	33.13	61.19	74.80
10	1 1/2"	65.93	66.50	66.25	122.36	149.57
11	2"	105.47	106.39	105.99	195.76	239.29
12	3"	210.95	212.79	211.99	391.53	478.59
13	4"	326.91	332.48	331.22	611.74	747.77
14	6"	659.20	664.94	662.43	1,223.47	1,495.52
15	Gallorage Charge (per 1000 gallons)	2.10	2.12	2.11	3.90	4.76

Rate Schedule

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Test Year Ended: December 31, 2002  
 Water [ ] or Sewer [X]

Schedule: E-1 Interim  
 Page 2 of 2  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide a schedule of present and proposed rates. State residential sewer cap, if one exists.

Line No	(1) Class/Meter Size	(2) Test Year Rates thru 9/15/02	(3) Test Year Rates eff. 9/16/02	(4) Test Year Rates eff. 10/22/02	(4) Interim Rates	(6) Proposed Rates
1	Residential					
2	All meter sizes	16.81	16.96	16.91	28.18	32.00
3	Gallonge Charge (per 1000 gallons)					
4	6,000 gallons maximum	4.15	4.19	4.18	6.97	7.91
5	General Service					
6	5/8" x 3/4"	16.81	16.96	16.91	28.18	32.00
7	3/4"	25.22	25.45	25.38	42.29	48.03
8	1"	42.03	42.41	42.29	70.47	80.03
9	1 1/2"	84.04	84.80	84.56	140.90	160.02
10	2"	134.48	135.69	135.31	225.47	256.06
11	3"	271.12	273.56	272.81	454.58	516.26
12	4"	420.24	424.02	422.84	704.58	800.17
13	6"	840.50	848.06	845.70	1,409.19	1,600.37
14	Gallonge Charge					
15	(per 1000 gallons)	4.97	5.01	5.00	8.33	9.46

Revenue Schedule at Present and Proposed Rates

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Schedule Year Ended: December 31, 2002  
 Water [X] or Sewer [ ]

Schedule: E-2 Interim  
 Page 1 of 4  
 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide a calculation of revenues at present and proposed rates using the billing analysis. Explain any differences between these revenues and booked revenues. If a rate change occurred during the test year, a revenue calculation must be made for each period.

Line No.	(1) Class/Meter Size	(2) Test Year Bills thru 9/15/02	(3) Test Year Gallons thru 9/15/02	(4) Test Year Rates thru 9/15/02	(5) Test Year Revenue thru 9/15/02	(6) Test Year Bills eff. 9/16/02	(7) Test Year Gallons eff. 9/16/02	(8) Test Year Rates eff. 9/16/02	(9) Test Year Revenue eff. 9/16/02	(10) Test Year Bills eff. 10/22/02	(11) Test Year Gallons eff. 10/22/02	(12) Test Year Rates eff. 10/22/02	(13) Test Year Revenue eff. 10/22/02	(14) Total Test Year Revenue
1	Residential													
2	All meter sizes	2,230		\$ 13.19	\$ 29,414	253		\$ 13.30	\$ 3,365	511		\$ 13.25	\$ 6,771	\$ 39,550
3	M Gallons		8,626	2.10	18,115		754	2.12	1,598		1,875	2.11	3,958	23,669
4	Total Residential	2,230	8,626		\$ 47,529	253	754		\$ 4,963	511	1,875		\$ 10,727	\$ 63,219
5	Average Bill				\$ 21.31				\$ 19.62				\$ 20.99	\$ 25.46
6	General Service													
7	5/8" X 3/4"	37		13.19	\$ 488	3		13.30	\$ 40	10		13.25	\$ 133	\$ 661
8	M Gallons		317	2.10	666		20	2.12	42		69	2.11	146	854
	3/4"			19.77	-			19.94	0			19.86	0	-
	M Gallons			2.10	-			2.12	-			2.11	-	-
9	1"	0		32.97	0	0		33.26	0	0		33.13	0	-
	M Gallons			2.10	-			2.12	-			2.11	-	-
10	1 1/2"	0		65.93	0	0		66.50	0	0		66.25	0	-
	M Gallons			2.10	-			2.12	-			2.11	-	-
12	2"	0		105.47	0	0		106.39	0	0		105.99	0	-
	M Gallons			2.10	-			2.12	-			2.11	-	-
14	3"			56.34	0			212.79	0			211.99	0	-
	M Gallons			2.10	-			2.12	-			2.11	-	-
17	4"			93.89	0			332.48	0			331.22	0	-
	M Gallons			2.10	-			2.12	-			2.11	-	-
19	6"			187.79	0			664.94	0			662.43	0	-
	M Gallons			2.10	-			2.12	-			2.11	-	-
21	Total Gen Serv	37	317		\$ 1,154	3	20		\$ 82	10	69		\$ 279	\$ 1,515
22	Average Bill				\$ 31.19				\$ 27.33				\$ 27.90	\$ 37.88
23	Other water revenues				562				121				272	955
24	Total revenue per analysis				\$ 49,245				\$ 5,166				\$ 11,278	\$ 65,689
25	Total revenue per books/required				\$ 43,201				\$ 5,484				\$ 16,029	\$ 64,713
26	Difference				\$ 6,045				\$ (318)				\$ (4,750)	\$ 976
27	The difference, in total, is immaterial. (1.51%) Greater differences in each rate period most likely due to differences in whether analysis compilation period is same as billing period (actual month vs billing month) and using full month breaks at rate changes in preparing billing analysis, while actual rate changes were applied in mid month periods.													% difference 1.51%

Revenue Schedule at Present and Interim Rates

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Schedule Year Ended: December 31, 2002  
 Water [X] or Sewer [ ]

Schedule: E-2 Interim  
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 Preparer: Seidman, F.  
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Line No.	(1) Class/Meter Size	[2] - [14] Same as Sch. E-2, Interim page 1	(15) Annualized Test Year Revenue	(16) Interim Rates	(17) Revenue at Interim Rates
1	Residential				
2	All meter sizes		\$ 39,671	\$ 24.47	\$ 73,263
6	M Gallons		23,748	3.90	43,895
7	Total Residential		\$ 63,419		\$ 117,158
8	Average Bill		\$ 25.54		\$ 47.18
9	General Service				
10	5/8" X 3/4"		663	24.47	\$ 1,224
11	M Gallons		857	3.90	1,583
	3/4"			36.68	\$ -
	M Gallons			3.90	-
12	1"		-	61.19	\$ -
13	M Gallons		-	3.90	-
14	1 1/2"		-	122.36	\$ -
15	M Gallons		-	3.90	-
16	2"		-	195.76	\$ -
17	M Gallons		-	3.90	-
18	3"		-	391.53	\$ -
19	M Gallons		-	3.90	-
20	4"		-	611.74	\$ -
21	M Gallons		-	3.90	-
22	6"		-	1,223.47	\$ -
23	M Gallons		-	3.90	-
24	Total Gen. Serv.		\$ 1,520		\$ 2,807
25	Average Bill		\$ 38.00		\$ 70.18
26	Other water revenues		955		955
27	Total revenue per analysis		\$ 65,894		\$ 120,920
28	Total revenue required				\$ 120,894
29	Difference				\$ (27)

Revenue Schedule at Present and Proposed Rates

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Schedule Year Ended: December 31, 2002  
 Water [ ] or Sewer [X]

Schedule: E-2 Interim  
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 Preparer: Seidman, F.  
 Revision No. 1

Explanation: Provide a calculation of revenues at present and proposed rates using the billing analysis. Explain any differences between these revenues and booked revenues. If a rate change occurred during the test year, a revenue calculation must

Line No.	(1) Class/Meter Size	(2) Test Year Bills thru 9/15/02	(3) Test Year Gallons thru 9/15/02	(4) Test Year Rates thru 9/15/02	(5) Test Year Revenue thru 9/15/02	(6) Test Year Bills eff. 9/16/02	(7) Test Year Gallons eff. 9/16/02	(8) Test Year Rates eff. 9/16/02	(9) Test Year Revenue eff. 9/16/02	(10) Test Year Bills eff. 10/22/02	(11) Test Year Gallons eff. 10/22/02	(12) Test Year Rates eff. 10/22/02	(13) Test Year Revenue eff. 10/22/02	(14) Total Test Year Revenue
1	Residential													
2	All meter sizes	2,230		\$ 16.81	\$ 37,486	253		\$ 16.96	\$ 4,281	511		\$ 16.91	\$ 8,641	\$ 50,418
3	M Gallons (thru 6 MG)		6,870	4.15	28,511		645	4.19	2,703		1,532	4.18	6,404	37,618
4	Total Residential	2,230	6,870		\$ 65,997	253	645		\$ 6,984	511	1,532		\$ 15,045	\$ 88,036
5	Average Bill				\$ 29.60				\$ 27.64				\$ 29.44	\$ 35.46
6	General Service													
7	5/8" X 3/4"	36		16.81	\$ 605	4		16.96	\$ 68	10		16.91	\$ 169	\$ 842
8	M Gallons		321	4.97	1,595		27	5.01	135		48	5.00	240	1,970
	3/4"			25.22	-			25.45	0			25.38	0	-
	M Gallons			4.97	-			5.01	-			5.00	-	-
9	1"	0		42.03	0	0		42.41	0	0		42.29	0	-
	M Gallons			4.97	-			5.01	-			5.00	-	-
11	1 1/2"	0		84.04	0	0		84.80	0	0		84.56	0	-
12	M Gallons			4.97	-			5.01	-			5.00	-	-
13	2"	0		134.48	0	0		135.69	0	0		135.31	0	-
14	M Gallons			4.97	-			5.01	-			5.00	-	-
15	3"			271.12	0	-		273.56	0	-		272.81	0	-
16	M Gallons			4.97	-			5.01	-			5.00	-	-
17	4"			420.24	0	-		424.02	0	-		422.84	0	-
18	M Gallons			4.97	-			5.01	-			5.00	-	-
19	6"			840.50	0	-		848.06	0	-		845.70	0	-
20	M Gallons			4.97	-			5.01	-			5.00	-	-
21	Total Gen. Serv	36	321		\$ 2,200	4	27		\$ 203	10	48		\$ 409	\$ 2,812
22	Average Bill				\$ 61.11				\$ 50.75				\$ 40.90	\$ 70.30
23	Other wastewater revenues				790				169				383	1,342
24	Total revenue per analysis				\$ 68,987				\$ 7,366				\$ 15,837	\$ 92,190
25	Total revenue per books/required				\$ 60,191				\$ 7,827				\$ 22,702	\$ 90,721
26	Difference				\$ 8,796				\$ (461)				\$ (6,866)	\$ 1,469
27	The difference, in total, is immaterial, (1.62%). Greater differences in each rate period most likely due to differences in whether analysis compilation period is same as billing period (actual month vs. billing month) and using full month breaks at rate changes in preparing billing analysis, while actual rate changes were applied to mid month periods												% difference	1.62%

Revenue Schedule at Present and Interim Rates

Florida Public Service Commission

Company: Bayside Utility Services, Inc.  
 Docket No.: 030444-WS  
 Schedule Year Ended: December 31, 2002  
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Line No.	(1) Class/Meter Size	(2) - [14] Same as Sch. E-2, Interim page 3	(15) Annualized Test Year Revenue	(16) Interim Rates	(17) Revenue at Interim Rates
1	Residential				
2	All meter sizes		\$ 50,629	\$ 28.18	\$ 84,371
6	M Gallons (thru 6 MG)		37,816	6.97	63,058
7	Total Residential		\$ 88,445		\$ 147,429
8	Average Bill		\$ 35.62		\$ 59.38
9	General Service				
10	5/8" X 3/4"		846	28.18	\$ 1,409
11	M Gallons		1,980	8.33	3,299
	3/4"			42.29	\$ -
	M Gallons			8.33	-
12	1"		-	70.47	\$ -
13	M Gallons		-	8.33	-
14	1 1/2"		-	140.90	\$ -
15	M Gallons		-	8.33	-
16	2"		-	225.47	\$ -
17	M Gallons		-	8.33	-
18	3"		-	454.58	\$ -
19	M Gallons		-	8.33	-
20	4"		-	704.58	\$ -
21	M Gallons		-	8.33	-
22	6"		-	1,409.19	\$ -
23	M Gallons		-	8.33	-
24	Total Gen. Serv.		\$ 2,826		\$ 4,708
25	Average Bill		\$ 70.65		\$ 117.70
26	Other water revenues		1,342		1,342
27	Total revenue per analysis		\$ 92,613		\$ 153,479
28	Total revenue required				\$ 153,427
29	Difference				\$ 52