

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for increase in water and wastewater rates in Volusia County by Plantation Bay Utility Company. | DOCKET NO. 050281-WS
ORDER NO. PSC-05-1039-PCO-WS
ISSUED: October 24, 2005

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
LISA POLAK EDGAR

ORDER SUSPENDING PROPOSED FINAL RATE INCREASE, DENYING INTERIM WATER RATE INCREASE, AND GRANTING INTERIM WASTEWATER RATE INCREASE SUBJECT TO REFUND

BY THE COMMISSION:

BACKGROUND

Plantation Bay Utility Company (Plantation or utility) is a Class B utility providing water and wastewater service to approximately 1,251 water and 1,210 wastewater customers in Volusia County. Water and wastewater rates were last established for this utility by Order No. PSC-02-1449-PAA-WS, issued October 21, 2002, in Docket No. 011451-WS.¹ Consummating Order No. PSC-02-1565-CO-WS, issued November 14, 2002, made Order No. PSC-02-1449-PAA-WS effective and final.

On August 8, 2005, Plantation filed the Application for Rate Increase at issue in the instant docket. The utility had a few deficiencies in the Minimum Filing Requirements (MFRs). However, Plantation corrected those deficiencies, and the official filing date was established as September 1, 2005. The utility requested that the application be processed using the Proposed Agency Action (PAA) procedure and requested interim rates. The test year approved for interim and final rates is the historical twelve-month period ended December 31, 2004.

Plantation requested interim rates designed to generate annual water revenues of \$409,138 and wastewater revenues of \$557,994. This represents a revenue increase on an annual basis of \$62,900 (18.17%) for water and \$333,074 (148.09%) for wastewater. The utility requested final rates designed to generate annual water revenues of \$453,391 and wastewater

¹ In re: Investigation of water and wastewater rates for possible overearnings by Plantation Bay Utility Co. in Volusia County.

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revenues of \$628,669. This represents a revenue increase of \$107,153 (30.95%) for water and \$403,749 (179.50%) for wastewater.

By this Order, we address the suspension of Plantation's requested final rates and the utility's requested interim rates. We have jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes.

SUSPENSION OF FINAL RATES

Section 367.081(6), Florida Statutes, provides that this Commission may, for good cause, withhold consent to the implementation of the requested rates by a vote to that effect within 60 days after the date the rate request is filed. Further, Section 367.081(8), Florida Statutes, permits the proposed rates to go into effect, secured and subject to refund, at the expiration of five months if: (1) we have not acted upon the requested rate increase; or (2) if our PAA action is protested by a party other than the utility.

We have reviewed the filing and have considered the information filed in support of the rate application and the proposed final rates. We find that it is necessary to require further investigation of this information, including on-site investigations by our staff accountants and engineers. Based on the foregoing, we find it appropriate to suspend the utility's proposed rate increase.

INTERIM RATES

The utility has filed rate base, cost of capital, and operating statements to support its requested water and wastewater increases. Pursuant to Section 367.082(5)(b)1., Florida Statutes, the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those used in the utility's most recent rate proceeding and annualizing any rate changes. Staff has reviewed the utility's interim request, as well as Order No. PSC-02-1449-PAA-WS, in which the Commission last established rate base. Staff's recommended adjustments are discussed below. Staff has attached accounting schedules to illustrate staff's recommended rate base, capital structure, and test year operating income amounts. The rate base schedules are labeled as Nos. 1-A and 1-B, with adjustments shown on No. 1-C. The capital structure schedule is No. 2, and the operating income schedules for water and wastewater, respectively, are labeled as Nos. 3-A and 3-B, with the adjustments shown on No. 3-C.

Rate Base

Based on an analysis of the MFRs and on Order No. PSC-02-1449-PAA-WS (the utility's last rate proceeding), we find that adjustments are necessary to the utility's rate base.

Non-Used and Useful Component

In its filing, Plantation calculated a used and useful (U&U) percentage of 77.47% for its water treatment plant. The utility's water treatment plant has a Florida Department of Environmental Protection permitted capacity of 750,000 gallons per day (gpd). However, the

plant cannot operate at that level without additional filtration, acid injection to control the pH after softening, and additional pumping capacity. The firm reliable capacity with storage is 579,250 gpd. In its U&U calculation, Plantation utilized the maximum day demand of 263,000 gpd.

In its last rate proceeding, this Commission determined that the utility's water treatment plant was 62% U&U. We utilized the average of the five highest days from the maximum month. As such, the utility's U&U calculation is inconsistent with the methodology used in Plantation's last rate proceeding. In addition, the utility failed to remove non-U&U depreciation expense on structures and improvements for its water treatment plant.

Thus, we find it appropriate to increase the non-U&U water component for interim purposes by \$32,553. Accordingly, depreciation expense and property taxes shall be reduced by (\$4,725), and (\$2,525), respectively.

Deferred Income Taxes

Rule 25-30.433(3), Florida Administrative Code, states:

Used and useful debit deferred taxes shall be offset against used and useful credit deferred taxes in capital structure. Any resulting net debit deferred taxes shall be included as a separate line item in the rate base calculation. Any resulting net credit deferred taxes shall be included in the capital structure calculation. No other deferred debits shall be considered in rate base when the formula method of working capital is used.

By Order No. PSC-02-1449-PAA-WS at 41-44, this Commission did not reflect any accumulated deferred income taxes (ADITs) in rate base or capital structure for Plantation. On the interim and final rate base schedules, Plantation reflected a net deferred taxes balance of \$242,729 for water and \$455,267 for wastewater. However, on MFR Schedules A-18 and A-19, the utility's balance sheet does not reflect any debit or credit ADITs. We note that Plantation's balance sheet in its MFRs ties to its balance sheet in the utility's 2004 Annual Report, which also reflects no debit or credit ADITs. We find that the balance sheet represents the utility's books for which rate base and capital structure are determined. Based on the above, we have removed the net debit deferred tax balance from Plantation's water and wastewater rate base for interim purposes.

Working Capital

The utility used the formula approach (1/8 of operation and maintenance (O&M) expenses) to calculate working capital. Based on our approved adjustment to O&M expenses, we find that the working capital is \$23,169 for water and \$24,235 for wastewater. Our approved working capital amounts represent reductions of (\$238) for water and (\$239) for wastewater.

Based on the above adjustments, we find that Plantation's interim water rate base is \$718,734. The utility's wastewater rate base is \$1,453,689.

Cost of Capital

In its interim request, Plantation used a 10.27% return on equity (ROE), which is the minimum of the range of its last authorized ROE from Order No. PSC-02-1449-PAA-WS. Consistent with the utility's last rate proceeding, the utility made an adjustment to treat affiliate long-term debt as equity. Based on the above and on our adjustments to rate base, we find that the interim weighted average cost of capital is 10.11%.

Net Operating Income

Based on our review, we find it appropriate to make two adjustments to operating expenses. For interim purposes, Plantation reflected annual rate case expense of \$1,904 for water and \$1,905 for wastewater. The utility stated that these amounts represent rate case expense not in its last rate proceeding. According to MFR Schedules B-7 and B-8, the utility did not reflect any rate case or regulatory commission expense in the December 31, 2001 test year for its last rate proceeding. Before this Commission's 2001 earnings investigation, Plantation's last rate proceeding was in 1995 for which the four-year rate reduction occurred on September 1, 2000. Thus, we find it appropriate to remove the rate case expense, which represents O&M expense reductions of \$1,904 for water and \$1,905 for wastewater.

Our second adjustment concerns income taxes. In the MFRs, Plantation made interim adjustments to include income taxes of \$34,071 for water and \$65,423 for wastewater. We note that in the utility's last rate proceeding, we did not reflect any income taxes to determine Plantation's earnings level. The utility did not meet its prima facie burden to show that it paid income taxes during the test year. Therefore, we find it appropriate to remove income taxes for interim purposes consistent with the utility's last rate proceeding.

Based on the above, the appropriate test year operating income for water is a profit of \$83,775, which represents a return of 11.66%. This results in a return that is 155 basis points greater than the 10.11% interim weighted average cost of capital approved herein. As such, we find that Plantation is not entitled to an interim water revenue increase. Further, we find that the appropriate test year operating income before any revenue increase for wastewater is actually a loss of \$57,548.

Revenue Requirement

Based on the above adjustments, the wastewater revenue requirement is \$439,017. This represents an interim increase in annual revenues of \$214,097 (or 95.19%) for wastewater. We find that this interim increase will allow the utility the opportunity to recover its operating expenses and earn a 10.11% return on its rate base.

Interim Wastewater Rates

Interim wastewater service rates for Plantation are designed to allow the utility the opportunity to generate annual operating revenues of \$224,920 for wastewater operations. This reflects an increase of \$214,097 for wastewater, or 95.19%, before removal of miscellaneous revenues. To determine the appropriate percentage increase to apply to the service rates, miscellaneous service revenues shall be removed from the test year revenues. The calculation is as follows:

	<u>Wastewater</u>
1 Total Test Year Revenues	\$224,920
2 Less: Miscellaneous Revenues	<u>0</u>
3 Test Year Revenues from Service Rates	\$224,920
4 Revenue Increase	<u>\$214,097</u>
5 % Service Rate Increase (Line 4/Line3)	<u>95.19%</u>

The interim rate increase of 95.19% for wastewater shall be applied as an across-the-board increase to the service rates in effect as of December 31, 2004. The approved rates shall be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code. The rates shall not be implemented until our staff verifies that the tariff sheets are consistent with our decision herein, the proposed customer notice is adequate, and the required security has been filed. The utility shall provide proof of the date notice was given within 10 days after the date of notice.

The utility's test year, proposed interim and final wastewater rates, and the approved interim wastewater rates are shown on Schedule No. 4.

SECURITY FOR REFUND

Pursuant to Section 367.082, Florida Statutes, revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by this Commission. As approved herein, the total wastewater annual interim increase is \$214,097. We have calculated the potential refund of wastewater revenues and interest collected, in accordance with Rule 25-30.360, Florida Administrative Code, under interim conditions, to be \$126,184. This amount is based on an estimated seven months of revenue being collected from the interim rates approved herein over the previously authorized rates shown on Schedule No. 4.

We have reviewed the financial data of the utility in order to determine whether Plantation can support a corporate undertaking of \$126,184. The criteria for a corporate

undertaking includes sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. The 2001, 2002, and 2003 annual reports of Plantation were used to determine the financial condition of the utility. Based upon our analysis, the utility has inadequate liquidity, profitability, ownership equity, and interest coverage. As such, we find that Plantation cannot support a corporate undertaking in the amount of \$126,184. Therefore, the utility shall provide a letter of credit, bond, or escrow agreement to guarantee the funds collected subject to refund. We note that this brief financial analysis is only appropriate for deciding whether the utility can support a corporate undertaking in the amount proposed and should not be considered a finding regarding other issues in the rate case.

If the security provided is an escrow account, said account shall be established between the utility and an independent financial institution pursuant to a written escrow agreement. This Commission shall be a party to the written escrow agreement and a signatory to the escrow account. The written escrow agreement shall state the following: that the account is established at the direction of this Commission for the purpose set forth above; that no withdrawals of funds shall occur without the prior approval of the Commission through the Director of the Division of the Commission Clerk and Administrative Services; that the account shall be interest bearing; that information concerning that escrow account shall be available from the institution to the Commission or its representative at all times; that the amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt; and that pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla 3d DCA 1972), escrow accounts are not subject to garnishments.

The utility shall deposit \$17,841 into the escrow account each month for possible refund. The escrow agreement shall also state the following: that if a refund to the customers is required, all interest earned on the escrow account shall be distributed to the customers; and if a refund to the customers is not required, the interest earned on the escrow account shall revert to the utility.

If the security provided is a surety bond or a letter of credit, said instrument shall be in the amount of \$126,184. If the utility chooses a surety bond as security, the surety bond shall state that it will be released or shall terminate only upon subsequent order of this Commission. If the utility chooses to provide a letter of credit as security, the letter of credit shall state that it is irrevocable for the period it is in effect and that it will be in effect until a final Commission order is rendered releasing the funds to the utility or requiring a refund.

Irrespective of the type of security provided, the utility shall keep an accurate and detailed account of all monies it receives. Pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code.

In no instance shall maintenance and administrative costs associated with any refund be borne by the customers. The costs are the responsibility of, and shall be borne by, the utility.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Plantation Bay Utility Company's request for a final rate increase shall be suspended pending further investigation. It is further

ORDERED that Plantation Bay Utility Company's request for an interim water rate increase is denied. It is further

ORDERED that Plantation Bay Utility Company's request for an interim wastewater rate increase is granted to the extent set forth in the body of this Order. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

ORDERED that all matters contained in the schedules attached hereto are incorporated herein by reference. It is further

ORDERED that the approved wastewater interim rates shall become effective for service rendered on or after the stamped approval date on the tariff sheets, provided customers have received notice. It is further

ORDERED that Plantation Bay Utility Company shall provide proof of the date notice was given within ten days after the date of the notice. It is further

ORDERED that the difference between the interim rates granted herein and Plantation Bay Utility Company's previously authorized rates shall be collected subject to refund, with interest. It is further

ORDERED that Plantation Bay Utility Company shall open an escrow account, file a surety bond, or obtain a letter of credit to guarantee any potential refund of revenues collected under interim conditions. If the security provided is an escrow account, the utility shall deposit \$17,841 into the escrow account each month. If the security provided is a surety bond or letter of credit, the surety bond or letter of credit shall be in the amount of \$126,184. It is further

ORDERED that prior to the implementation of the interim rates approved herein, Plantation Bay Utility Company shall file and have approved tariff pages revised in accordance with the provisions of this Order, appropriate security for the refund, a proposed customer notice, and proof that the customers have received notice of the interim rate increase. It is further

ORDERED that the tariff sheets will be stamped approved upon verification that they are consistent with our decision herein, that the proposed customer notice is adequate, and that the appropriate security is provided. It is further

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ORDERED that during the time the interim rates are in effect, Plantation Bay Utility Company shall file a report by the twentieth day of each month indicating the monthly and total revenue collected subject to refund, pursuant to Rule 25-30.360(6), Florida Administrative Code. It is further

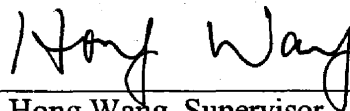
ORDERED that should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission this 24th day of October, 2005.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By:



Hong Wang, Supervisor
Case Management Review Section

(SEAL)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is non-final in nature, may request (1) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Citizens of the State of Florida v. Mayo, 316 So.2d 262 (Fla. 1975), states that an order on interim rates is not final or reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

Plantation Bay Utility Company Schedule of Water Rate Base Test Year Ended 12/31/04				Schedule No. 1-A Docket No. 050281-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$3,530,574	\$0	\$3,530,574	\$0	\$3,530,574
2 Land and Land Rights	58,949	0	58,949	0	58,949
3 Non-used and Useful Components	(101,168)	0	(101,168)	(32,553)	(133,721)
4 Accumulated Depreciation	(1,517,433)	380	(1,517,053)	0	(1,517,053)
5 CIAC	(1,778,771)	0	(1,778,771)	0	(1,778,771)
6 Amortization of CIAC	541,501	(5,914)	535,587	0	535,587
7 Deferred Income Taxes	0	242,729	242,729	(242,729)	0
8 Working Capital Allowance	<u>23,821</u>	<u>(414)</u>	<u>23,407</u>	<u>(238)</u>	<u>23,169</u>
9 Rate Base	<u>\$757,473</u>	<u>\$236,781</u>	<u>\$994,254</u>	<u>(\$275,520)</u>	<u>\$718,734</u>

Plantation Bay Utility Company Schedule of Wastewater Rate Base Test Year Ended 12/31/04				Schedule No. 1-B Docket No. 050281-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$4,163,818	\$0	\$4,163,818	\$0	\$4,163,818
2 Land and Land Rights	50,631	0	50,631	0	50,631
3 Non-used and Useful Components	(109,086)	0	(109,086)	0	(109,086)
4 Accumulated Depreciation	(1,378,580)	7,166	(1,371,414)	0	(1,371,414)
5 CIAC	(2,274,871)	0	(2,274,871)	0	(2,274,871)
6 Amortization of CIAC	782,352	188,024	970,376	0	970,376
7 Deferred Income Taxes	0	455,267	455,267	(455,267)	0
8 Working Capital Allowance	<u>24,059</u>	<u>414</u>	<u>24,473</u>	<u>(239)</u>	<u>24,235</u>
9 Rate Base	<u>\$1,258,323</u>	<u>\$650,871</u>	<u>\$1,909,194</u>	<u>(\$455,506)</u>	<u>\$1,453,689</u>

Plantation Bay Utility Company Adjustments to Rate Base Test Year Ended 12/31/04		Schedule No. 1-C Docket No. 050281-WS	
Explanation	Water	Wastewater	
<u>Non-used and Useful</u>			
To reflect the appropriate net non-used and useful adjustment	<u>(\$32,553)</u>		<u>\$0</u>
<u>Deferred Income Taxes</u>			
To remove deferred income taxes from rate base.	<u>(\$242,729)</u>		<u>(\$455,267)</u>
<u>Working Capital</u>			
To reflect the appropriate working capital.	<u>(\$238)</u>		<u>(\$239)</u>

Plantation Bay Utility Company Capital Structure-Simple Average Test Year Ended 12/31/04						Schedule No. 2 Docket No. 050281-WS		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Utility								
1 Long-term Debt	\$4,334,088	(\$3,571,367)	\$762,721	\$507,449	\$1,270,170	43.75%	10.00%	4.38%
2 Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	(2,607,825)	3,571,367	963,542	641,276	1,604,818	55.27%	10.27%	5.68%
5 Customer Deposits	28,460	0	28,460	0	28,460	0.98%	6.00%	0.06%
6 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
7 Total Capital	<u>\$1,754,723</u>	<u>\$0</u>	<u>\$1,754,723</u>	<u>\$1,148,725</u>	<u>\$2,903,448</u>	<u>100.00%</u>		<u>10.12%</u>
Per Commission								
8 Long-term Debt	\$762,721	\$0	\$762,721	\$184,554	\$947,275	43.60%	10.00%	4.36%
9 Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11 Common Equity	963,542	0	963,542	233,146	1,196,688	55.09%	10.27%	5.66%
12 Customer Deposits	28,460	0	28,460	0	28,460	1.31%	6.00%	0.08%
13 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
14 Total Capital	<u>\$1,754,723</u>	<u>\$0</u>	<u>\$1,754,723</u>	<u>\$417,700</u>	<u>\$2,172,423</u>	<u>100.00%</u>		<u>10.11%</u>
						LOW	HIGH	
RETURN ON EQUITY						<u>10.27%</u>	<u>12.27%</u>	
OVERALL RATE OF RETURN						<u>10.11%</u>	<u>11.21%</u>	

Plantation Bay Utility Company Statement of Water Operations Test Year Ended 12/31/04						Schedule No. 3-A Docket No. 050281-WS	
Description	Test Year Per Utility	Utility Adjustments	Adjusted Test Year Per Utility	Commission Adjustments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$346,238</u>	<u>62,900</u>	<u>\$409,138</u>	<u>(62,900)</u>	<u>\$346,238</u>	<u>-\$11,662</u> -3.37%	<u>\$334,576</u>
Operating Expenses							
2 Operation & Maintenance	\$190,567	(\$3,312)	\$187,255	(\$1,904)	\$185,351		\$185,351
3 Depreciation	49,731	(12,392)	37,339	(4,725)	32,614		32,614
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	50,399	(545)	49,854	(5,355)	44,499	(525)	43,974
6 Income Taxes	0	<u>34,071</u>	<u>34,071</u>	<u>(34,071)</u>	0	0	0
7 Total Operating Expense	<u>\$290,697</u>	<u>\$17,822</u>	<u>\$308,519</u>	<u>(\$46,056)</u>	<u>\$262,463</u>	<u>(\$525)</u>	<u>\$261,939</u>
8 Operating Income	<u>\$55,541</u>	<u>\$45,078</u>	<u>\$100,619</u>	<u>(\$16,844)</u>	<u>\$83,775</u>	<u>(\$11,137)</u>	<u>\$72,638</u>
9 Rate Base	<u>\$757,473</u>		<u>\$994,254</u>		<u>\$718,734</u>		<u>\$718,734</u>
10 Rate of Return	<u>7.33%</u>		<u>10.12%</u>		<u>11.66%</u>		<u>10.11%</u>

Plantation Bay Utility Company Statement of Wastewater Operations Test Year Ended 12/31/04						Schedule No. 3-B Docket No. 050281-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$224,920</u>	<u>333,074</u>	<u>\$557,994</u>	<u>(\$333,074)</u>	<u>\$224,920</u>	<u>\$214,097</u> 95.19%	<u>\$439,017</u>
Operating Expenses							
2 Operation & Maintenance	\$192,469	\$3,312	\$195,781	(\$1,905)	\$193,876		\$193,876
3 Depreciation	89,955	(28,624)	61,331	0	61,331		61,331
4 Amortization	0		0	0	0		0
5 Taxes Other Than Income	33,334	8,915	42,249	(14,988)	27,261	9,634	36,895
6 Income Taxes	0	65,423	65,423	(65,423)	0	0	0
7 Total Operating Expense	<u>\$315,758</u>	<u>\$49,026</u>	<u>\$364,784</u>	<u>(\$82,316)</u>	<u>\$282,468</u>	<u>\$9,634</u>	<u>\$292,102</u>
8 Operating Income	<u>(\$90,838)</u>	<u>\$284,048</u>	<u>\$193,210</u>	<u>(\$250,758)</u>	<u>(\$57,548)</u>	<u>\$204,462</u>	<u>\$146,915</u>
9 Rate Base	<u>\$1,258,323</u>		<u>\$1,909,194</u>		<u>\$1,453,689</u>		<u>\$1,453,689</u>
10 Rate of Return	<u>-7.22%</u>		<u>10.12%</u>		<u>-3.96%</u>		<u>10.11%</u>

Plantation Bay Utility Company Adjustment to Operating Income Test Year Ended 12/31/04		Schedule 3-C Docket No. 050281-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
Remove requested interim revenue increase.	<u>(\$62,900)</u>	<u>(\$333,074)</u>	
<u>Operation and Maintenance Expense</u>			
To remove rate case expense not in last rate case.	<u>(\$1,904)</u>	<u>(\$1,905)</u>	
<u>Depreciation Expense - Net</u>			
To reflect appropriate net depreciation on non-U&U adjustment above.	<u>(\$4,725)</u>	<u>\$0</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above	<u>(\$2,831)</u>	<u>(\$14,988)</u>	
2 To reflect appropriate property taxes on non-U&U adjustment above.	<u>(2,525)</u>	<u>0</u>	
Total	<u>(\$5,355)</u>	<u>(\$14,988)</u>	
<u>Income Taxes</u>			
To reflect no taxes consistent with the last rate proceeding.	<u>(\$34,071)</u>	<u>(\$65,423)</u>	

Plantation Bay Utility Company Wastewater Monthly Service Rates Test Year Ended 12/31/04		SCHEDULE NO. 4 Docket No. 050281-WS		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Commission Approved Interim
<u>Residential</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$12.70	\$31.50	\$33.94	\$24.79
3/4"	\$19.05	\$47.24	\$50.91	\$37.18
1"	\$31.76	\$78.76	\$84.85	\$61.99
1-1/2"	\$63.02	\$156.29	\$169.70	\$123.01
2"	\$101.61	\$251.99	\$271.52	\$198.33
3"	\$203.22	\$503.99	\$509.10	\$396.66
4"	\$317.53	\$787.47	\$848.50	\$619.78
6"	\$635.02	\$1,574.85	\$1,697.00	\$1,239.48
Gallonge Charge - Per 1,000 gallons (10,000 gallon cap)	\$1.79	\$4.44	\$5.47	\$3.49
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$12.70	\$31.50	\$33.94	\$24.79
3/4"	\$19.05	\$47.24	\$50.91	\$37.18
1"	\$31.76	\$78.76	\$84.85	\$61.99
1-1/2"	\$63.02	\$156.29	\$169.70	\$123.01
2"	\$101.61	\$251.99	\$271.52	\$198.33
3"	\$203.22	\$503.99	\$509.10	\$396.66
4"	\$317.53	\$787.47	\$848.50	\$619.78
6"	\$635.02	\$1,574.85	\$1,697.00	\$1,239.48
Gallonge Charge, per 1,000 Gallons	\$2.14	\$5.31	\$6.43	\$4.18
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$18.07	\$44.82	\$50.35	\$35.26
5,000 Gallons	\$21.65	\$53.70	\$61.29	\$42.24
10,000 Gallons	\$30.60	\$75.90	\$88.64	\$59.69
(Wastewater Gallonge Cap - 10,000 Gallons)				