

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for increase in wastewater
rates in Pinellas County by
Mid-County Services, Inc.

DOCKET NO. 060254-SU
ORDER NO. PSC-06-0653-PCO-SU
ISSUED: August 4, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

ORDER SUSPENDING PROPOSED FINAL RATES AND
APPROVING INTERIM RATE INCREASE SUBJECT TO REFUND

BY THE COMMISSION:

BACKGROUND

Mid-County Services, Inc. (Mid-County or utility) is a Class A wastewater utility providing service to 2,144 customers in the City of Dunedin in Pinellas County. The utility is located in a region which has been designated by the Southwest Florida Water Management District as a critical use area. Water services and billing is provided by Pinellas County. The utility's wastewater rates were last established in Mid-County's 2003 rate proceeding.¹

On May 11, 2006, the utility filed its application for approval of final and interim rate increases in this docket and requested that the case be processed under our Proposed Agency Action (PAA) procedure. Our staff has determined that the Minimum Filing Requirements (MFRs) filed by Mid-County contain a number of deficiencies that will require revisions by the utility. These revisions will not be received until after the expiration of the statutory 60-day timeframe to suspend the requested interim rate increase. Therefore, the official filing date has not as yet been established.

The test year for interim and final purposes is the historical test year ended December 31, 2005. Mid-County requested interim wastewater revenues of \$1,561,739. The interim revenue request represents an increase of \$169,622, or 12.18%. The utility has requested final wastewater revenues of \$1,769,847. This represents an increase of \$377,730, or 27.13%.

¹ See Order No. PSC-04-0819-PAA-SU, issued August 23, 2004, in Docket No. 030446-SU, In re: Application for rate increase in Pinellas County by Mid-County Services, Inc. Consummating Order No. PSC-04-0904-CO-SU, issued September 17, 2004, made Order No. PSC-04-0819-PAA-SU final and effective.

DOCUMENT NUMBER-DATE

06974 AUG-4 06

PSC COMMISSION CLERK

The original 60-day statutory deadline for the suspension of the utility's requested final rates was July 10, 2006. However, by letter dated June 5, 2006, the utility agreed to extend the statutory timeframe by which we are required to address the interim rate request. This Order addresses the suspension of Mid-County's final rates and the utility's requested interim rate increase. We have jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes.

SUSPENSION OF PROPOSED FINAL RATES

Section 367.081(6), Florida Statutes, provides that the rates proposed by the utility shall become effective within sixty days after filing unless this Commission votes to withhold consent of implementation of the requested rates. 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) this Commission has 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 proposed rates, the revenues thereby generated, and the information filed in support of the rate application. We find it reasonable and necessary to require further amplification and explanation regarding this data, and to require the utility to produce additional and/or corroborative data. This further examination will include on-site investigations by our staff accountants and engineers. Therefore, we find it appropriate to suspend the utility's proposed final rates.

INTERIM RATE INCREASE

In its MFRs, Mid-County requested interim rates designed to generate annual revenues of \$1,561,739. This represents a wastewater revenue increase of \$169,622 (12.18%). The utility has filed rate base, cost of capital, and operating statements to support its requested wastewater increase.

Pursuant to Section 367.082(5)(b)1., Florida Statutes, the achieved rate of return for interim purposes must be calculated by applying appropriate adjustments consistent with those made in the utility's most recent rate proceeding. We have reviewed the utility's interim request, as well as prior orders concerning the utility's rate base. Our adjustments are discussed below. Accounting schedules are attached to this Order to illustrate rate base, capital structure, and test year operating income amounts. The rate base schedule is Schedule No. 1-A, with adjustments shown on Schedule No. 1-B; the capital structure schedule is Schedule No. 2; and the operating income schedule is Schedule No. 3-A, with adjustments shown on Schedule No. 3-B.

Rate Base

The utility filed a 13-month average wastewater rate base for the calendar year ended December 31, 2005. The utility made adjustments to allocated plant, construction work in progress and working capital. We have reviewed the utility's MFRs for consistency with the last rate proceeding. As a result of this review, we find it appropriate to make several adjustments, as discussed below.

Utility Plant-in-Service

In Mid-County's last rate proceeding, this Commission reduced the land account by \$2,603. That action reduced the account balance from \$21,006 to \$18,403. In the instant case, the 13-month average for land in the MFRs is \$18,603 because the utility inadvertently included the disallowed \$2,603 for one month. This had the effect of increasing the 13-month average by \$200 over the approved balance. Thus, the balance in the land account shall be reduced by \$200.

Non-Used and Useful Plant

We have reviewed the utility's used and useful calculation for interim. The utility's calculation is consistent with the methodology used in its last rate case. The utility calculated the wastewater treatment plant (WWTP) to be 74% used and useful. On Schedule F-6 of its MFRs, the utility stated that the WWTP should be considered 100% for both interim and final for the following reasons:

The treated flows in 2005 are 38 MG [million gallons] or 14% less than they were in 2002, the Test Year of the last case, although the billed wastewater gallons have remained virtually the same. The lack of increase in wastewater billed, in spite of an increase in meter equivalent ERCs [equivalent residential customers] is indicative of the redevelopment of mobile home parks in the service area with less dense housing and commercial developments. The substantial reduction in treated flows is the result of (A) the capital investment made by Mid-County in numerous manhole repairs and replacing or relining of mains to reduce infiltration, (B) the dismantling of the poorly maintained mobile home park collection systems and (C) the replacement of those mains in new developments with materials meeting Mid-County's requirements. In the last case setting U&U, Docket No. 030446-SU, the PSC found the WWTP to be 92% U&U. In this case, the PSC should recognize that the U&U would be approaching 100% were not for the actions of the utility to reduce infiltration as much as practical.

The utility calculated its used and useful percentage for the wastewater treatment plant by taking the sum of the annual average daily flows (AADF) of 662,537 gallon per day (gpd) and a growth allowance of 1,231 gpd. It then divided that total by the plant's permitted capacity of 900,000 gpd AADF. The utility did not make any adjustments for inflow and infiltration (I&I) in its calculations. This resulted in a 74% used and useful percentage for the wastewater treatment plant.

On Schedule F-10 of its MFRs, the utility calculated the linear regression to be negative 10.9 ERCs. The utility stated that a simple average was used in the growth calculation because the regression result was not statistically significant. This resulted in an average growth of 0.72%. It then multiplied the average growth rate by the test year number of ERCs of 2,736. This resulted in an annual growth of 20 ERCs. In this case, since the regression result is not statistically significant, we agree with the utility's growth calculation of 20 ERCs for interim.

On Schedule F-8 of its MFRs, in calculating its 1,231 gpd growth allowance, the utility multiplied the annual growth of 20 ERCs times the five-year statutory growth period and the test year average consumption of 242 gpd/ERC. We do not find the utility's calculation for growth to be correct.

Based on the utility's data, the growth allowance is 24,200 gpd ($20 \times 5 \times 242$), not 1,231 gpd. Applying this adjustment to the used and useful formula and assuming the I&I to be zero for interim, the wastewater treatment plant is 76% used and useful. However, since the flows have decreased due to a reduction in the number of customers since the utility's last rate case, we find that the appropriate used and useful percentage is 92% for interim, as was allowed in the last rate case. For final rates, we will analyze used and useful plant with more accurate data. This used and useful calculation of 92% shall be applied to Account No. 380-Treatment and Disposal Equipment.

Wastewater Collection Systems

In its filing, the utility stated that the collection system should be considered 100% used and useful because it was built by various developers who then contributed the assets to the utility. The master feeders and lift stations that serve the system were built by the utility. The utility also stated that this Commission recognized that the collection system was 100% used and useful in its last rate case. The utility stated that while there is some limited undeveloped land in the service territory, additional collection mains would have to be constructed before new customers could be added.

A review of the utility's analysis shows that there has been no substantial growth or changes in its service territory since the last rate case. Therefore, the collection system shall be considered 100% used and useful for interim purposes.

We have applied the corrected non-used and useful percentage to our adjusted balance of plant, as discussed above. Thus, the net used and useful plant shall be reduced by \$110,409, or 8%. Corresponding adjustments shall be made to reduce depreciation expense by \$9,309, and property tax expense by \$510.

Working Capital

In its MFRs, the utility requested working capital based on the balance sheet approach, which is consistent with the method required by Rule 25-30.433(2), Florida Administrative Code, for Class A utilities. Thus, consistent with the rule, we agree with the utility that the balance sheet approach is appropriate. We make no adjustments to working capital for interim purposes.

Conclusion

Based on the foregoing adjustments, Mid-County's interim rate base is \$2,257,499.

Cost of Capital

In its MFRs, Mid-County used a 13-month average capital structure, which consisted of allocated investor sources of capital from Utilities, Inc. (UI), the parent corporation. The utility included a zero balance in customer deposits. We have reviewed the utility's requested capital structure and find that the utility erred in using the leverage formula in calculating its cost rate for common equity. Section 367.082(5)(b)3, Florida Statutes, states that in calculating an interim increase, the minimum of the range of the last authorized return on equity (ROE) shall be used. In Mid-County's last rate case, the midpoint of the authorized ROE was established as 11.00%, with a range of 10%-12%.² Accordingly, for interim purposes, we hereby approve a cost of equity of 10%. Based on the foregoing, the approved cost of capital for interim purposes is 7.53%. Schedule No. 2 details the approved capital structure.

Net Operating Income

Operating Revenues

Section 367.082(5)(b)1, Florida Statutes, states that the achieved rate of return is calculated by applying adjustments consistent with the utility's last rate proceeding and by annualizing any rate changes occurring during the interim test year. For purposes of the interim application, Mid-County chose the test period ended December 31, 2005. Mid-County implemented a price index rate adjustment on January 14, 2005, and an index and pass through rate increase on December 24, 2005, and annualized its revenues accordingly. In its MFRs, the utility's adjusted test year revenues were \$1,392,117. We have reviewed the utility's revenues and we make no adjustments.

Operating Expenses

Mid-County made several adjustments to operating expenses for interim purposes. Upon review, we find that three adjustments are appropriate, as discussed below.

Mid-County increased interim Taxes Other than Income by \$2,344 resulting from salary changes, and \$98 for property taxes associated with tangible property increases. We find these expenses to be *pro forma* in nature and are not appropriate on an interim basis. Accordingly, Taxes Other than Income shall be reduced by \$2,442. Additionally, based on its reported income, the utility overpaid its regulatory assessment fees (RAFs) by \$7,441. This amount has been removed to reflect the proper expense.

Net Operating Income

Based on these adjustments, we find that the appropriate test year operating income, before any revenue increase, is \$85,233. Schedule 3-A details the approved net operating income, with adjustments reflected on Schedule No. 3-B.

² See Order No. PSC-04-0819-PAA-SU at 12.

REVENUE REQUIREMENT

Based on the foregoing analysis, we find that Mid-County's interim revenue requirement is \$1,534,286. This represents an interim increase of \$142,169, or 10.21%. This will allow the utility the opportunity to recover its operating expenses and earn a 7.53% return on its rate base.

INTERIM WASTEWATER RATES

Interim service rates for Mid-County shall be designed to allow the utility the opportunity to generate additional annual operating revenues of \$142,169, an increase of 10.21% over the adjusted 2005 test year revenues. To determine the appropriate increase to apply to the service rates, miscellaneous service and other revenues shall be removed from the test year revenues. The calculation is as follows:

1	Total Test Year Revenues	\$1,392,117
2	Less: Miscellaneous Revenues	<u>599</u>
3	Test Year Revenues from Service Rates	\$1,391,518
4	Revenue Increase	<u>\$142,169</u>
5	% Service Rate Increase (Line4/Line 3)	<u>10.22%</u>

This rate increase of 10.22% shall be applied as an across-the-board increase to the service rates in effect as of December 31, 2005. 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, provided the customers have received notice. The revised tariff sheets shall be approved upon our staff's verification that the tariff sheets are consistent with our decision herein, that the proposed notice to the customers is adequate, and that the required security discussed below has been filed. The utility shall provide proof of the date notice was given within 10 days after the date of the notice.

The utility's current and proposed interim and final rates, and the interim rates approved herein, are shown on Schedule No. 4.

SECURITY

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 discussed above, the total annual interim increase is \$142,169 for wastewater. In accordance with Rule 25-30.360, Florida Administrative Code, we have calculated the potential refund of revenues and interest collected under interim conditions to be \$84,119. This amount is based on an estimated seven months of revenue being collected from the interim rates approved herein over the utility's current authorized rates as shown on Schedule No. 4.

Mid-County is a wholly-owned subsidiary of UI, which provides all investor capital to its subsidiaries. UI has requested a corporate undertaking to secure any interim increases granted in Dockets Nos. 060254-SU, 060255-SU, 060256-SU, 060257-WS, 060258-WS, 060260-WS, 060261-WS, and 060262-WS. As such, we have reviewed the financial statements of the parent company. As a result of our interim decisions in all of the above-referenced dockets, the total requested cumulative corporate undertaking amount is \$718,575, which includes \$84,119 subject to refund for this docket.

The criteria for a corporate undertaking includes sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. We have reviewed UI's financial statements from 2003 to 2005 to determine the financial condition of the parent company. Our analysis shows that UI has experienced a significant decline in liquidity and interest coverage during 2005 compared to prior years. However, UI's average equity ratio over the three-year period has been 40%. Additionally, net income has been on average six times greater than the requested cumulative corporate undertaking amount. UI's financial performance has demonstrated adequate levels of both profitability and equity capitalization to offset the recent decline in liquidity and interest coverage. Based upon this analysis, we find that a cumulative corporate undertaking of \$718,575 is acceptable, contingent upon the receipt of the written guarantee of UI and written confirmation that UI does not have any outstanding guarantees on behalf of UI-owned utilities in other states.

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 Mid-County Services, Inc.'s proposed final rates and schedules are suspended pending further proceedings in this docket. It is further

ORDERED that Mid-County Services, Inc.'s requested interim rates are approved 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 as security for the revenues collected under interim rates, Utilities, Inc. shall provide a cumulative corporate undertaking of \$718,575, which includes \$84,119 subject to

refund for this docket, contingent upon the receipt of the written guarantee of Utilities, Inc., and written confirmation that Utilities, Inc. does not have any outstanding guarantees on behalf of Utilities, Inc.-owned utilities in other states. It is further

ORDERED that Mid-County Services, Inc., shall keep an accurate and detailed account of all monies it receives. It is further

ORDERED that prior to implementation of the interim rates approved herein, Mid-County Services, Inc. shall file and have approved tariff pages revised in accordance with the provisions of this Order, the appropriate security for the refund and a proposed customer notice. It is further

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

ORDERED that Mid-County Services, Inc. shall provide proof to our staff of the date notice was given within 10 days after the date of the notice. It is further

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

ORDERED that during the time the interim rates are in effect, Mid-County Services, Inc. shall file a report by 20th 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 in the event a refund is 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 pending our final action on Mid-County Services, Inc.'s requested final rate increase.

By ORDER of the Florida Public Service Commission this 4th day of August, 2006.

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

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(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.

Mid-County Services, Inc. Schedule of Wastewater Rate Base Test Year Ended 12/31/05			Schedule No. 1-A Docket No. 050254-SU Interim		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Comm. Adjust- ments	Comm. Adjusted Test Year
1 Plant in Service	\$5,413,941	\$16,581	\$5,430,522	\$0	\$5,430,522
2 Land and Land Rights	\$18,603	\$0	18,603	(200)	18,403
3 Non-used and Useful Components	0	0	0	(110,409)	(110,409)
4 CWIP	144,135	(144,135)	0	0	0
5 Accumulated Depreciation	(1,633,555)	0	(1,633,555)	0	(1,633,555)
6 CIAC	(2,977,668)	0	(2,977,668)	0	(2,977,668)
7 Amortization of CIAC	\$1,444,003	\$0	1,444,003	0	1,444,003
8 Working Capital Allowance	<u>\$0</u>	<u>\$86,203</u>	<u>86,203</u>	<u>0</u>	<u>86,203</u>
9 Total Rate base	<u>\$2,409,459</u>	<u>(\$41,351)</u>	<u>\$2,368,108</u>	<u>(\$110,609)</u>	<u>\$2,257,499</u>

Schedule No. 1-B
 Docket No. 050254-SU
 Interim

Mid-County Services, Inc.
 Adjustments to Rate Base
 Test Year Ended 12/31/05

Explanation	Water	Wastewater
<u>Land</u>		
To reflect proper balance.		<u>(\$200)</u>
<u>Non-used and Useful</u>		
To reflect net non-used and useful adjustment.		<u>(\$110,409)</u>

Mid-County Services, Inc.
Capital Structure
Test Year Ended 12/31/05

Schedule No. 2
Docket No. 050254-SU
Interim

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	\$133,025,102	\$0	\$133,025,102	(131,532,846)	\$1,492,256	55.45%	6.65%	3.69%	
2 Short-term Debt	4,522,923	0	\$4,522,923	(4,472,186)	\$50,737	1.89%	5.01%	0.09%	
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%	
4 Common Equity	91,510,699	0	\$91,510,699	(90,484,146)	\$1,026,553	38.14%	11.87%	4.53%	
5 Customer Deposits	0	0	\$0	0	\$0	0.00%	6.00%	0.00%	
6 Deferred Income Taxes	<u>121,826</u>	<u>0</u>	<u>\$121,826</u>	<u>0</u>	<u>\$121,826</u>	<u>4.53%</u>	0.00%	<u>0.00%</u>	
10 Total Capital	<u>\$229,180,550</u>	<u>\$0</u>	<u>\$229,180,550</u>	<u>(\$226,489,178)</u>	<u>\$2,691,372</u>	<u>100.00%</u>		<u>8.31%</u>	
Per Commission									
11 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$131,784,817)	1,240,285.15	54.94%	6.65%	3.65%	
12 Short-term Debt	4,522,923	0	\$4,522,923	(\$4,480,753)	42,170	1.87%	5.01%	0.09%	
13 Preferred Stock	0	0	\$0	\$0	0	0.00%	0.00%	0.00%	
14 Common Equity	91,510,699	0	\$91,510,699	(\$90,657,481)	853,218	37.79%	10.00%	3.78%	
15 Customer Deposits	0	0	\$0	\$0	0	0.00%	6.00%	0.00%	
16 Deferred Income Taxes	<u>121,826</u>	<u>0</u>	<u>\$121,826</u>	<u>\$0</u>	<u>121,826</u>	<u>5.40%</u>	0.00%	<u>0.00%</u>	
20 Total Capital	<u>\$229,180,550</u>	<u>\$0</u>	<u>\$229,180,550</u>	<u>(\$226,923,051)</u>	<u>\$2,257,499</u>	<u>100.00%</u>		<u>7.53%</u>	
							LOW	HIGH	
							RETURN ON EQUITY	10.00%	12.00%
							OVERALL RATE OF RETURN	7.53%	8.28%

Mid-County Services, Inc.
Statement of Wastewater Operations
Test Year Ended 12/31/05

Schedule No. 3-A
Docket No. 050254-SU
Interim

Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Comm. Adjust- ments	Comm. Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$1,374,712</u>	<u>\$187,027</u>	<u>\$1,561,739</u>	<u>(\$169,622)</u>	<u>\$1,392,117</u>	<u>\$142,169</u> 10.21%	<u>\$1,534,286</u>
Operating Expenses							
2 Operation & Maintenance	\$1,139,821	\$0	\$1,139,821	\$0	\$1,139,821	0	\$1,139,821
3 Depreciation	77,943	0	77,943	(9,309)	68,634	0	68,634
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	105,210	3,417	108,627	(10,585)	98,042	6,398	104,440
6 Income Taxes	<u>(35,478)</u>	<u>75,367</u>	<u>39,889</u>	<u>(39,502)</u>	<u>387</u>	<u>51,091</u>	<u>51,478</u>
7 Total Operating Expense	<u>1,287,496</u>	<u>78,784</u>	<u>1,366,280</u>	<u>(59,396)</u>	<u>1,306,884</u>	<u>57,488</u>	<u>1,364,372</u>
8 Operating Income	<u>87,216</u>	<u>108,243</u>	<u>195,459</u>	<u>(110,226)</u>	<u>85,233</u>	<u>84,681</u>	<u>169,913</u>
9 Rate Base	<u>2,409,459</u>		<u>2,368,108</u>		<u>2,257,499</u>		<u>2,257,499</u>
10 Rate of Return	<u>3.62%</u>		<u>8.25%</u>		<u>3.78%</u>		<u>7.53%</u>

Mid-County Services, Inc. Adjustment to Operating Income Test Year Ended 12/31/05		Schedule No. 3-B Interim
Explanation	Wastewater	
<u>Operating Revenues</u>		
Remove requested final revenue increase.		<u>(169,622)</u>
<u>Depreciation Expense - Net</u>		
To reflect non-used and useful adjustment.		<u>(9,309)</u>
<u>Taxes Other Than Income</u>		
1 RAFs on revenue adjustments above.		(192)
2 To reflect correct historical test year RAFs.		(7,441)
3 To reflect reduced property taxes on NU & U Property.		(510)
4 Remove pro forma taxes on salary increases.		(2,344)
5 Remove pro forma property taxes on tangible plant.		(98)
Total		<u>(10,585)</u>
<u>Income Taxes</u>		
To adjust to test year income tax expense.		<u>(39,502)</u>

Mid-County Services, Inc. Wastewater Bi-Monthly Service Rates Test Year Ended 12/31/05		Schedule 4 Docket No. 050254-SU Interim		
	Test year Rates at 12/31/05	Utility Requested Interim	Utility Requested Final	Comm. Approved Interim
<u>Residential</u>				
Base Facility Charge All Meter Sizes:	\$26.90	\$30.18	\$34.20	\$29.65
Gallonge Charge - Per 1,000 gallons (10,000 gallon cap)	\$2.59	\$2.91	\$3.29	\$2.85
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$25.97	\$30.18	\$34.20	\$28.62
1"	\$66.65	\$77.44	\$87.77	\$73.46
1-1/2"	\$149.95	\$174.23	\$197.46	\$165.27
2"	\$266.59	\$309.76	\$351.05	\$293.83
3"	\$599.98	\$697.13	\$790.06	\$661.28
4"	\$1,066.38	\$1,238.99	\$1,404.16	\$1,175.33
6"	\$2,399.59	\$2,788.11	\$3,159.79	\$2,644.75
Gallonge Charge, per 1,000 Gallons	\$3.00	\$3.49	\$3.95	\$3.31
<u>Multi-Residential-Metered</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$25.97	\$30.18	\$34.20	\$28.62
1"	\$66.65	\$77.44	\$87.77	\$73.46
1-1/2"	\$149.95	\$174.23	\$197.46	\$165.27
2"	\$266.59	\$309.76	\$351.05	\$293.83
3"	\$599.98	\$697.13	\$790.06	\$661.28
4"	\$1,066.38	\$1,238.99	\$1,404.16	\$1,175.33
6"	\$2,399.59	\$2,788.11	\$3,159.79	\$2,644.75
Gallonge Charge, per 1,000 Gallons	\$3.00	\$3.49	\$3.95	\$3.31
<u>Multi-Residential-Flat Rate</u>	\$57.23	\$66.50	\$75.36	\$63.08
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$34.67	\$38.91	\$44.07	\$38.20
5,000 Gallons	\$39.85	\$44.73	\$50.65	\$43.90
10,000 Gallons	\$52.80	\$59.28	\$67.10	\$58.15
(Wastewater Gallonge Cap - 10,000 Gallons)				