

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: September 13, 2007

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Fletcher, Bulecza-Banks, Edwards, Rendell, Roberts, Springer) *BS* *CRBA* *YS* *ALM*
Office of the General Counsel (Jaeger) *S.M.C.*

RE: Docket No. 070293-SU – Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.

AGENDA: 09/25/07 – Regular Agenda – Decision on Suspension of Rates and Interim Rates – Participation is at the Discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Argenziano

CRITICAL DATES: 10/02/07 (60-Day Suspension Date)
04/03/08 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\070293.RCM.DOC

RECEIVED-FPSC
SEP 13 AM 10:51
COMMISSION CLERK

Case Background

K W Resort Utilities Corp. (KW Resort or utility) is a Class A utility providing wastewater service to approximately 1,556 customers in Monroe County. Water service is provided by the Florida Keys Aqueduct Authority. Wastewater rates were last established for this utility in its 1983 rate proceeding.¹

¹ See Orders Nos. 14620 and 13862, issued July 23, 1985 and November 19, 1984, respectively, in Docket No. 830388-S, In re: Petition of Stock Island Utility Company, Inc. for increased sewer rates in Monroe County, Florida.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

On August 3, 2007, KW Resort filed an application for the rate increase at issue in the instant docket. The utility had a few deficiencies in the Minimum Filing Requirements (MFRs). As of the filing of this recommendation, those deficiencies remain outstanding. The utility requested that the application proceed directly to hearing for the establishment of rates as provided under Section 367.081(6), Florida Statutes (F.S.). KW Resort also requested interim rates. The test year established for interim and final rates is the period ending December 31, 2006.

KW Resort requested interim rates designed to generate annual revenues of \$1,326,943. This represents a revenue increase on an annual basis of \$280,632 (or 26.82%). The utility requested final rates designed to generate annual revenues of \$1,647,998. This represents a revenue increase of \$601,684 (or 57.51%).

The 60-day statutory deadline for the Commission to suspend the utility's requested final rates is October 2, 2007. This recommendation addresses the suspension of KW Resort's requested final rates and the utility's requested interim rates. The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, F.S.

Discussion of Issues

Issue 1: Should the utility's proposed final wastewater rates be suspended?

Recommendation: Yes. KW Resort's proposed final wastewater rates should be suspended.
(Fletcher, Roberts)

Staff Analysis: Section 367.081(6), F.S., provides that the 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, the above referenced statute permits the proposed final rates to go into effect, under bond, escrow or corporate undertaking, eight months after filing unless final action has been taken by the Commission.

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

Issue 2: Should any interim revenue increase be approved?

Recommendation: Yes, the utility should be authorized to collect annual wastewater revenues as indicated below:

	<u>Adjusted Test Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Wastewater	\$1,023,714	\$204,008	\$1,227,722	19.93%

(Fletcher, Edwards, Roberts)

Staff Analysis: The utility has filed rate base, cost of capital, and operating statements to support its requested wastewater rate increase. Pursuant to Section 367.082(5)(b)1., F.S., 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. 13862, 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 schedule is labeled as Schedule No. 1-A, with the adjustments shown on Schedule No. 1-B. The capital structure schedule is No. 2, and the operating income schedule is labeled as Schedule No. 3-A, with the adjustments shown on Schedule No. 3-B.

RATE BASE

Based on a review of the MFRs and Order No. 13862 from the utility's last rate proceeding, staff believes that two adjustments are necessary to the utility's requested interim rate base. First, in its last rate case, the Commission found that land was approximately 30% used and useful, which resulted in a used and useful amount of \$127,500. On MFR Schedule A-2(a), KW Resort reflected a land balance of \$375,000, which is the same balance reflected in its last rate case.

The utility has almost doubled its wastewater treatment plant capacity from 250,000 gallons per day (gpd) to 499,000 gpd since its last rate case. However, staff cannot determine from the information provided in the utility's filing if any additional land has been utilized with the expansion of the wastewater treatment plant capacity. The burden of proof in a Commission proceeding is always on a utility seeking a rate change.² Staff does not believe the utility has met its burden of proof that the same non-used and useful adjustment to land should not be made. Thus, for interim purposes, staff recommends that land be reduced by \$247,500 (\$375,000 less \$127,500).

Second, in the last rate case, the Commission found that the wastewater treatment plant was 49% used and useful. On MFR Schedule A-2(a), KW Resort requested that the wastewater treatment plant be considered 100% used and useful. Pursuant to Section 367.082(5)(b)1., F.S.,

² See Florida Power Corp. v. Cresse, 413 So. 2d 1187, 1191 (Fla. 1982).

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. Consistent with the last rate case, staff calculated a used and useful percentage of 65.33%. For interim purposes, staff recommends that the non-used and useful component should be \$484,575. Accordingly, rate base and depreciation expense should be reduced by \$484,575 and \$30,641, respectively.

With the above adjustments, staff calculated a negative interim rate base of \$276,484. Consistent with Commission practice, staff recommends that the rate base should be adjusted to zero for interim purposes.³

COST OF CAPITAL

In its interim request, KW Resort used a 12.50% return on equity (ROE). Because the utility's capital structure consisted of 100% long-term debt in its last rate case, a ROE has never been established for KW Resort. Section 367.082(5)(b)3., F.S., provides that the "last authorized rate of return on equity" means the minimum of the range of the last authorized rate of return on equity established in the most recent individual rate proceeding of the utility. Further, Section 367.082(6), F.S., states that the Commission is allowed to establish interim rates for a utility which does not have an authorized rate of return previously established by the Commission. Staff calculated the minimum of the required rate of return on equity of 11.00%, using the leverage formula approved in Order No. PSC-07-0472-PAA-WS, issued on June 1, 2007.⁴ The Commission has consistently applied this treatment in interim rate proceedings for utilities with no previously established ROE.⁵ Based on the above, staff recommends that the interim weighted average cost of capital is 7.75%.

NET OPERATING INCOME

Staff also recommends two adjustments to net operating income. First, pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by annualizing any rate changes during the interim test year. On MFR Schedule E-2(a), KW Resort annualized revenues using its present rates which became effective June 30, 2007. On MFR Schedule B-2(a), the utility made an annualized revenue adjustment of \$33,616. As stated previously, the test year established for interim and final rates is the historical period ending December 31, 2006. The rates in effect as of December 31, 2006, should be used to annualize interim revenues. Staff calculated an annualized revenue adjustment of \$11,022. Therefore, staff recommends that the test year revenues should be reduced by \$22,597 (\$33,616 less \$11,022).

³ See Order No. 16238, issued on June 6, 1986, in Docket No. 840247-WU, In re: Application of Placid Lakes Utilities, inc. for staff assistance on a rate increase in Highlands County, Florida.; Order No. PSC-94-0245-FOF-WS, issued on March 4, 1994, in Docket No. 930524-WS, In re: Application for a Staff-Assisted Rate Case in Marion County by Tradewinds Utilities, Inc.; and by Order No. PSC-97-0540-FOF-WS, issued May 12, 1997, in Docket No. 960799-WS, In re: Application for staff-assisted rate case in DeSoto County by Lake Suzy Utilities, Inc.

⁴ In Docket No. 070006-WS, In re: Water and Wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to section 367.081(4)(f), F.S.

⁵ See Order No. PSC-96-1187-FOF-WU, issued September 23, 1996, in Docket No. 960444-WU, In re: Application for rate increase and for increase in service availability charges in Lake County by Lake Utility Services, Inc.

Second, in the utility's last rate case, the Commission reduced purchased power and chemicals by 15% due to KW Resort's excessive infiltration and inflow (I&I). On MFR Schedule B-6, the utility has reflected \$141,282 in purchased power and \$50,763 in chemicals. In its filings, KW Resort did not provide the necessary information to determine if it has any excessive I&I, and, if so, what the amount is. As such, staff does not believe the utility has met its burden of proof that the same 15% reduction to purchased power and chemicals should not be made. Thus, consistent with the last rate case, staff recommends that purchased power be reduced by \$21,192 (\$141,282 multiplied 15%) and chemicals be reduced by \$7,615 (\$50,763 multiplied by 15%). These adjustments represent a total operation and maintenance expense reduction of \$28,807.

Based on the above, staff recommends that the appropriate test year operating loss, before any revenue increase, is \$194,828.

REVENUE REQUIREMENT

Based on the above adjustments, staff recommends a revenue requirement of \$1,227,722 which represents an interim increase in annual revenues of \$204,008 (or 19.93%). This will allow the utility the opportunity to recover its wastewater operating expenses, but earn no return due to its negative wastewater rate base set at zero.

Issue 3: What are the appropriate interim wastewater rates?

Recommendation: The wastewater service rates for KW Resort in effect as of December 31, 2006, should be increased by 21.44% to generate the recommended revenue increase for the interim period. The approved rates should be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1)(a), Florida Administrative Code (F.A.C.), provided customers have received notice. The rates should not be implemented until staff verifies that the tariff sheets are consistent with the Commission decision, the proposed customer notice is adequate, and the required security has been filed. The utility should provide proof of the date notice was given within 10 days after the date of notice. (Fletcher, Roberts)

Staff Analysis: In Issue 2, staff recommends that interim wastewater service rates for KW Resort be designed to allow the utility the opportunity to generate annual operating revenues of \$1,227,722. To determine the appropriate percentage increase to apply to the service rates, miscellaneous service revenues should be removed from the test year revenues. The calculation is as follows:

	<u>Wastewater</u>
1 Total Test Year Revenues	\$1,023,714
2 Less: Miscellaneous Revenues	<u>72,285</u>
3 Test Year Revenues from Service Rates	\$951,429
4 Revenue Increase	<u>\$204,008</u>
5 % Service Rate Increase (Line 4/Line3)	<u>21.44%</u>

The interim rate increase of 21.44% should be applied as an across-the-board increase to the service rates in effect as of December 31, 2006. The approved rates should be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C., provided customers have received notice. The rates should not be implemented until staff verifies that the tariff sheets are consistent with the Commission decision, the proposed customer notice is adequate, and the required security has been filed. The utility should provide proof of the date notice was given within 10 days after the date of notice.

The utility's test year, present, proposed interim and final rates, and staff's recommended interim rates are shown on Schedule No. 4.

Issue 4: What is the appropriate security to guarantee the interim increase?

Recommendation: The utility should be required to open an escrow account, or file a surety bond or a letter of credit to guarantee any potential refunds of revenues collected under interim conditions. If the utility chooses to open an escrow account, it should deposit 21.44% of interim revenues collected each month. The surety bond or letter of credit should be in the amount of \$173,904. Pursuant to Rule 25-30.360(6), F.A.C., the utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C. (Fletcher, Roberts, Springer)

Staff Analysis: Pursuant to Section 367.082(2)(a), F.S., 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 the Commission. As recommended in Issue 2, the total annual interim increase is \$204,008. In accordance with Rule 25-30.360, F.A.C., staff has calculated the potential refund of revenues and interest collected, under interim conditions to be \$173,904. This amount is based on an estimated ten months of revenue being collected from staff's recommended interim rates over the utility's authorized rates as of December 31, 2006, shown on Schedule No. 4.

The criteria for a corporate undertaking includes sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff has reviewed KW Resort's financial statements from 2004 to 2006 to determine the financial condition of the parent company. Staff's analysis shows that KW Resort's average equity ratio and relative level of liquidity over the most recent three-year period are within acceptable parameters. However, both of these measures have steadily declined over the same period. Net losses have steadily increased and have averaged over \$210,000 per year. Based upon this analysis, staff recommends that KW Resort cannot support a corporate undertaking in the amount of \$173,904. Therefore, staff recommends that the utility provide a letter of credit, bond, or escrow agreement to guarantee the funds collected subject to refund.

If the security provided is an escrow account, the account should be established between the utility and an independent financial institution pursuant to a written escrow agreement. The Commission should be a party to the written escrow agreement and a signatory to the escrow account. The written escrow agreement should 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 Office of Commission Clerk; 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 should deposit 21.44% of interim revenues collected each month into the escrow account each month to secure for possible refund. The escrow agreement should also state 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 bond or a letter of credit, the instrument should be in the amount of \$173,904. If the utility chooses a bond as security, the bond should state that it will be released or should terminate only upon subsequent order of the Commission. If the utility chooses to provide a letter of credit as security, the letter of credit should 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.

Regardless of the type of security provided, the utility should keep an accurate and detailed account of all monies it receives. Pursuant to Rule 25-30.360(6), F.A.C., 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 should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

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

Docket No. 070293-SU
Date: September 13, 2007

Issue 5: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission's final action on the utility's requested rate increase. (Fletcher, Jaeger, Roberts)

Staff Analysis: The docket should remain open pending the Commission's final action on the utility's requested rate increase.

KW Resort Utilities Corp. Schedule of Wastewater Rate Base Test Year Ended 12/31/06			Schedule No. 1-A Docket No. 070293-SU		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$9,371,002	\$0	\$9,371,002	\$0	\$9,371,002
2 Land and Land Rights	222,745	152,255	375,000	(247,500)	127,500
3 Non-used and Useful Components	0	0	0	(484,575)	(484,575)
4 Accumulated Depreciation	(2,740,042)	0	(2,740,042)	0	(2,740,042)
5 CIAC	(4,856,429)	0	(4,856,429)	0	(4,856,429)
6 Amortization of CIAC	686,844	0	686,844	0	686,844
7 CWIP	265,413	(265,413)	0	0	0
8 Advances for Construction	(2,777,630)	0	(2,777,630)	0	(2,777,630)
9 Working Capital Allowance	<u>0</u>	<u>396,846</u>	<u>396,846</u>	<u>0</u>	<u>396,846</u>
# Rate Base	<u>\$171,903</u>	<u>\$283,688</u>	<u>\$455,591</u>	<u>(\$732,075)</u>	<u>(\$276,484)</u>

KW Resort Utilities Corp. Adjustments to Rate Base Test Year Ended 12/31/06	Schedule No. 1-B Docket No. 070293-SU
Explanation	Wastewater
<u>Land</u> To adjust land consistent with the last rate case.	<u>(\$247,500)</u>
<u>Non-used and Useful</u> To reflect net non-used and useful adjustment to WWTP.	<u>(\$484,575)</u>

KW Resort Utilities Corp. Capital Structure-Simple Average Test Year Ended 12/31/06						Schedule No. 2 Docket No. 070293-SU			
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1 Long-term Debt	\$1,475,869	\$0	\$1,475,869	(\$1,179,330)	\$296,539	65.09%	6.26%	4.07%	
2 Short-term Debt	38,462	0	38,462	(30,727)	7,735	1.70%	6.00%	0.10%	
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
4 Common Equity	555,435	0	555,435	(443,864)	111,571	24.49%	12.50%	3.06%	
5 Customer Deposits	39,746	0	39,746	0	39,746	8.72%	6.00%	0.52%	
6 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%	
7 Total Capital	<u>\$2,109,512</u>	<u>\$0</u>	<u>\$2,109,512</u>	<u>(\$1,653,921)</u>	<u>\$455,591</u>	<u>100.00%</u>		<u>7.76%</u>	
Per Staff									
8 Long-term Debt	\$1,475,869	\$0	\$1,475,869	(\$1,701,359)	(\$225,490)	81.56%	6.26%	5.11%	
9 Short-term Debt	38,462	0	38,462	(44,338)	(5,876)	2.13%	6.00%	0.13%	
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
11 Common Equity	555,435	0	555,435	(640,297)	(84,862)	30.69%	11.00%	3.38%	
12 Customer Deposits	39,746	0	39,746	0	39,746	-14.38%	6.00%	-0.86%	
13 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%	
14 Total Capital	<u>\$2,109,512</u>	<u>\$0</u>	<u>\$2,109,512</u>	<u>(\$2,385,995)</u>	<u>(\$276,483)</u>	<u>100.00%</u>		<u>7.75%</u>	
						LOW	HIGH		
RETURN ON EQUITY						<u>11.00%</u>	<u>13.00%</u>		
OVERALL RATE OF RETURN						<u>7.75%</u>	<u>8.36%</u>		

KW Resort Utilities Corp. Statement of Wastewater Operations Test Year Ended 12/31/06						Schedule No. 3-A Docket No. 070293-SU	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$1,012,695</u>	<u>\$314,248</u>	<u>\$1,326,943</u>	<u>(\$303,229)</u>	<u>\$1,023,714</u>	<u>\$204,008</u> 19.93%	<u>\$1,227,722</u>
Operating Expenses							
2 Operation & Maintenance	\$1,017,156	(\$5,429)	\$1,011,727	(\$28,807)	\$982,920		\$982,920
3 Depreciation	181,844	0	181,844	(30,641)	151,203		151,203
4 Amortization	5,297	(968)	4,329	0	4,329		4,329
5 Taxes Other Than Income	79,594	14,141	93,735	(13,645)	80,090	9,180	89,270
6 Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7 Total Operating Expense	<u>1,283,891</u>	<u>7,744</u>	<u>1,291,635</u>	<u>(73,093)</u>	<u>1,218,542</u>	<u>9,180</u>	<u>1,227,722</u>
8 Operating Income	<u>(\$271,196)</u>	<u>\$306,504</u>	<u>\$35,308</u>	<u>(\$230,136)</u>	<u>(\$194,828)</u>	<u>\$194,828</u>	<u>\$0</u>
9 Rate Base	<u>\$171,903</u>		<u>\$455,591</u>		<u>(\$276,484)</u>		<u>(\$276,484)</u>
10 Rate of Return	<u>-157.76%</u>		<u>7.75%</u>		<u>70.47%</u>		<u>0.00%</u>

KW Resort Utilities Corp. Adjustment to Operating Income Test Year Ended 12/31/06	Schedule 3-B Docket No. 070293-SU
Explanation	Wastewater
<u>Operating Revenues</u>	
Remove requested interim revenue increase	(\$280,632)
To reflect the appropriate amount of annualized revenues.	(22,597)
Total	<u>(\$303,229)</u>
<u>Operation and Maintenance Expense</u>	
To reduce purchased power and chemicals by 15% due to excess I&I.	<u>(\$28,807)</u>
-	
<u>Depreciation Expense - Net</u>	
To reflect net non-used and useful adjustment.	<u>(\$30,641)</u>
<u>Taxes Other Than Income</u>	
RAFs on revenue adjustments above	<u>(\$13,645)</u>

KW Resort Utilities Corp.			Schedule No. 4		
Wastewater Monthly Service Rates			Page 1 of 2		
Test Year Ended 12/31/06					
	Rates Effective 12/31/2006	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential</u>					
Flat Rates	\$39.20	\$40.39	\$51.22		\$47.61
Base Facility Charge All Meter Sizes:				\$35.08	
Gallage Charge - Per 1,000 gallons (10,000 gallon cap)				\$4.49	
<u>General Service</u>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$29.82	\$30.73	\$38.97	\$35.08	\$36.21
1"	\$72.51	\$74.72	\$94.76	\$87.70	\$88.06
1-1/2"				\$175.40	
2"	\$222.74	\$229.52	\$291.08	\$280.64	\$270.50
3"	\$441.20	\$454.63	\$576.57	\$526.20	\$535.80
4"	\$687.03	\$707.94	\$897.81	\$877.00	\$834.35
6"				\$1,754.00	
8"				\$2,806.40	
8" Turbo				\$3,157.20	
Gallage Charge, per 1,000 Gallons	\$3.30	\$3.40	\$4.31	\$5.27	\$4.01
<u>Multi-Residential and Commercial</u>					
Flat Rate	\$39.20	\$40.39	\$51.22		\$47.61
Base Facility Charge by Meter Size:					
5/8" x 3/4"				\$35.08	
1"				\$87.70	
1-1/2"				\$175.40	
2"				\$280.64	
3"				\$526.20	
4"				\$877.00	
Gallage Charge, per 1,000 Gallons				\$5.27	
<u>Reclaimed Water</u>					
Gallage Charge, per 1,000 Gallons	\$0.44	\$0.45	\$0.57	\$0.69	\$0.53

KW Resort Utilities Corp.			Schedule No. 4		
Wastewater Monthly Service Rates			Page 2 of 2		
Test Year Ended 12/31/06					
	Rates Effective 12/31/2006	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
Private Lift Station Owners					
5/8" x 3/4"	\$31.55	\$32.55	\$41.23	\$35.08	\$38.32
1"	\$72.51	\$74.72	\$94.76	\$87.70	\$88.06
2"	\$222.74	\$229.52	\$291.08	\$280.64	\$270.50
Gallonge Charge, per 1,000 Gallons	\$2.66	\$2.74	\$3.47	\$5.27	\$3.23
Bulk Wastewater Rates					
Safe Harbor Marina					
13 Residential Units @ 1 ERC each	\$509.60	\$525.11	\$665.95	\$456.04	\$618.87
18 Live Aboard Boats @ .6 ERC each	\$423.32	\$436.20	\$553.19	\$378.86	\$514.09
27 Non-Live Aboard Boats @ .2 ERC each	\$211.66	\$218.10	\$276.60	\$189.43	\$257.04
6 Vacant Slips @ .2 ERC each	\$47.03	\$48.46	\$61.46	\$42.10	\$57.11
2 Bathhouses @ 1 ERC each	\$78.40	\$80.79	\$102.46	\$70.16	\$95.21
2 Commercial Businesses @ .5 ERC each	\$39.20	\$40.39	\$51.22	\$35.08	\$47.61
1 Commercial Bar	\$50.01	\$51.53	\$65.35	\$44.90	\$60.73
Total	\$1,359.22	\$1,400.58	\$1,776.23	\$1,216.57	\$1,650.67
South Stock Island Marinas (Peninsular Marina)					
13 Residential Units @ 1 ERC each	\$509.60	\$525.11	\$665.95	\$456.04	\$618.87
16 Live Aboard Boats @ .6 ERC each	\$376.28	\$387.73	\$491.72	\$336.77	\$456.96
26 Non-Live Aboard Boats @ .2 ERC each	\$203.84	\$210.04	\$266.37	\$182.42	\$247.55
Bathhouse @ 1 ERC	\$39.20	\$40.39	\$51.22	\$35.08	\$47.61
3 Commercial Businesses @ .5 ERC each	\$58.80	\$60.59	\$76.84	\$52.62	\$71.41
Total	\$1,187.72	\$1,223.86	\$1,552.10	\$1,062.93	\$1,442.39
General Service Multiple Agreement					
Large Swimming Pool (4 ERCs)	\$156.80	\$161.57	\$204.90	\$140.32	\$190.42
Small Swimming Pool (1.18 ERCs)	\$46.26	\$47.67	\$60.46	\$41.39	\$56.18
Temporary Service Agreement (Sweetwater Environmental, Inc.)					
Minimum Charge on 127,100 gallons	\$706.68	\$728.28	\$924.02	\$669.82	\$858.21
Gallonge Charge, per 1,000 Gallons	\$5.56	\$5.73	\$7.27	\$5.27	\$6.75
Typical Residential Bills 5/8" x 3/4" Meter					
3,000 Gallons	\$39.20	\$40.39	\$51.22	\$48.55	\$47.61
5,000 Gallons	\$39.20	\$40.39	\$51.22	\$57.53	\$47.61
10,000 Gallons	\$39.20	\$40.39	\$51.22	\$79.98	\$47.61
(Wastewater Gallonge Cap - 10,000 Gallons)					