

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: March 27, 2008

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Clapp, Walden)
Office of the General Counsel (Jaeger)

Handwritten initials and signatures: "C", "PR", "AW", "JA", "W" in a circle.

RE: Docket No. 070391-WS – Application for certificates to provide water and wastewater service in Sumter County by Orange Blossom Utilities, Inc.
County: Sumter

AGENDA: 04/08/08 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: McMurrin

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\070391.RCM.DOC

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Case Background

On June 29, 2007, Orange Blossom Utilities, Inc. (OBU or utility) filed its application for original water and wastewater certificates in Sumter County. The requested territory includes 52 acres. The area is in the Southwest Florida Water Management District (SWFWMD) but is not in a water use caution area. The utility anticipates providing water and wastewater service to a total of approximately 174 residential and 36 general service customers when it reaches build out.

Original Certificates Nos. 639-W and 548-S were approved by Order No. PSC-07-0951-FOF-WS, issued November 29, 2007, in this docket, pursuant to Section 367.031, Florida

DOCUMENT NUMBER-DATE

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Statutes. However, the initial rates were not addressed at that time because the utility's consultant wanted additional time to provide staff with information in support of the utility's proposed rates. One requirement of the order granting certificates was that the utility file an executed and recorded copy of the warranty deed for the land for the water and wastewater facilities by December 20, 2007. The utility satisfied this requirement on December 20, 2007.

OBU was established in 2004 and has been providing water and wastewater service since December 2005. The first phase of the service area includes 11 general service customers (a hotel, an office building, two restaurants, and seven stores), all owned by affiliated developers. The utility was exempt from Commission regulation because it did not charge for service. The related land owners and developers are developing a second phase which will include an additional 174 residential and 25 general service customers. The utility wants to start charging for service, which would make it subject to Commission regulation pursuant to Sections 367.011 and 367.021(12), Florida Statutes.

The utility facilities consist of a well and pump house, a 15,000 gallon hydropneumatic tank, water distribution lines for potable water service, and fire protection in the project known as Village Park Center. The well has a tested flow capacity of 1,000 gallons per minute. The system is adding a second well, identical in flow to the existing well.

A 99,000 gallons per day central wastewater treatment plant will provide the customers with sewer service in Village Park Center. Treated effluent will be disposed of by ground water recharge through absorption fields. The utility will not have sufficient flows to provide reuse water.

This recommendation addresses the appropriate initial rates and charges for OBU. The Commission has jurisdiction pursuant to Sections 367.031, 367.045, and 367.081, Florida Statutes.

Discussion of Issues

Issue 1: What are the appropriate initial water and wastewater rates and return on equity for this utility?

Recommendation: Staff recommends that the water and wastewater rates described in the staff analysis and shown on Schedule No. 4 should be approved. OBU should charge these rates until authorized to change them by this Commission in a subsequent proceeding. The rates should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code. A return on equity of 12.01% with a range of plus or minus 100 basis points should be approved. Should the utility propose to provide reuse in the future, the utility should return to the Commission for an approved reuse rate. (Clapp, Walden, Jaeger)

Staff Analysis: In setting initial rates and charges for a new utility, Commission practice has been to set rates so that the utility will have an opportunity to earn a fair return on its investment when approximately 80% of its projected customers are being served. Since the utility projects reaching 80% and 100% of buildout in the same year, the proposed rates are based upon 100% of buildout. The utility is already serving the first phase of the development and the second phase is expected to be completed in 2011.

OBU's proposed rates are based on its projected rate base, cost of capital, operating and maintenance expenses, and customer growth. In reviewing the utility's projections and the resulting proposed rates and charges, staff verified that the utility's methodologies are consistent with those normally used by the Commission in setting initial rates and charges. The following analysis describes the utility's projected rate base, return on investment, revenue requirement, and rates for water and wastewater service.

PROJECTED RATE BASE

The utility's projected rate base at 100% of design capacity is \$383,928 for water and \$1,181,554 for wastewater. Staff has reviewed the utility's projections and believes they are reasonable. The utility's proposed water and wastewater rate bases appear on Schedule No. 1. The rate base schedule is for informational purposes to establish initial rates and is not intended to formally establish rate base. This is consistent with Commission practice in original certificate applications.¹

Utility Plant in Service (UPIS)

The utility's projected water UPIS costs of \$914,236 include structures and improvements, wells, supply mains, power generation and pumping equipment, water treatment equipment, distribution reservoirs, transmission and distribution mains, service lines, and meters. The projected wastewater UPIS costs of \$1,859,305 include structures and improvements,

¹ See Order No. PSC-07-0983-PAA-WS, issued December 10, 2007, in Docket No. 060726-WS, In re: Application for certificates to provide water and wastewater service in Glades County and water service in Highlands County by Silver Lake Utilities, Inc.

absorption fields, gravity collection mains, lift stations, power generation and pumping equipment, treatment and disposal equipment, plant sewers, and services.

Staff has reviewed the utility's proposed costs and, based on the supporting documentation provided, the projections appear reasonable. Therefore, staff recommends that the utility's projected balances of \$914,236 for water and \$1,859,305 for wastewater be included in the projected UPIS.

Land

The utility's projected costs for land for treatment facilities are \$2,313 and \$510,956 for water and wastewater, respectively. The utility provided documentation supporting these costs and staff believes the costs are reasonable. Therefore, staff recommends that the costs of \$2,313 and \$510,956 for land for water and wastewater, respectively, are reasonable and should be included in the projected rate base.

Accumulated Depreciation

The utility's projected accumulated depreciation balances for water and wastewater are \$157,613 and \$341,762, respectively. These balances reflect the projected accumulated depreciation balances at 100% of design capacity, which were calculated using the guidelines for average service lives as set forth in Rule 25-30.140, Florida Administrative Code.

Contributions-in-aid-of-Construction (CIAC)

The utility's projected CIAC balance of \$424,000 for water is based on a proposed main extension charge of \$1,440 and a plant capacity charge of \$560 per equivalent residential connection (ERC). As discussed in Issue 2, the utility's projected contribution level at design capacity is expected to be approximately 50.24%.

The projected CIAC balance of \$1,166,000 for wastewater is based on a proposed main extension charge of \$4,450 and a plant capacity charge of \$1,050 per ERC. As discussed in Issue 2, the utility's projected contribution level at design capacity is expected to be approximately 42.03%.

Staff has reviewed the utility's proposed charges and projected CIAC balances and they appear to be reasonable. The projected CIAC balances are based on the utility collecting the proposed service availability charges from new customers connecting to the system after the proposed charges have been approved. Therefore, staff recommends CIAC of \$424,000 and \$1,166,000, for water and wastewater, respectively, be included in the projected rate base.

Accumulated Amortization of CIAC

The projected accumulated amortization of CIAC balances for water and wastewater of \$42,720 and \$313,500, respectively, reflect the projected balances at 100% of design capacity. Staff has reviewed the utility's projections and they appear reasonable. Staff recommends

accumulated amortization of CIAC for water and wastewater of \$42,720 and \$313,500, respectively, be included in the projected rate base.

Working Capital

Working capital allowances of \$6,272 and \$5,555 for water and wastewater, respectively, are included in the projected rate base calculations based on one-eighth of operating and maintenance expenses for each system. Staff recommends that these amounts appear reasonable, and, therefore, working capital allowances of \$6,272 and \$5,555 should be included in rate base.

Summary of Projected Rate Base

In summary, staff recommends that for purposes of setting initial rates and charges, the utility's projected rate base balances of \$383,928 for water and \$1,181,554 for wastewater should be used. The schedules of projected rate base are for informational purposes to establish initial rates and are not intended to formally establish rate base.

COST OF CAPITAL

The utility's projected capital structure appears on Schedule No. 2. As required by Rule 25-30.033(1)(w), Florida Administrative Code, the application contained a schedule of the projected capital structure including the methods of financing the construction and operation of the utility. The pro forma capital structure consists of 40% equity and 60% debt. Equity contributions will be made as required by the current utility president and majority stock holder to finance the operations of the utility in the initial years of development. The utility's proposed cost of equity of 12.01% is consistent with the Commission's current leverage formula.² The utility's proposed debt is anticipated to be financed at 5.00%.

Staff recommends an overall cost of capital for calculating OBU's return on investment of 7.80% is reasonable based on a capital structure consisting of 40% equity and 60% debt, a cost of equity of 12.01%, and a cost of debt of 5.00%. Staff further recommends that the Commission set OBU's authorized return on equity at 12.01% with a range of plus or minus 100 basis points.

RETURN ON INVESTMENT

The utility's projected return on investment based on a cost of capital of 7.80% is \$29,961 and \$92,209 for water and wastewater, respectively, as shown on Schedule No. 3. Based on the utility's projected rate base and overall return on investment for OBU of 7.80%, staff recommends that a projected return on investment of \$29,961 for water and \$92,209 for wastewater be included in the calculation of the revenue requirements.

² Order No. PSC-07-0472-PAA-WS, issued June 1, 2007, 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.

REVENUE REQUIREMENT

OBU's proposed revenue requirements are \$108,931 and \$189,582 for water and wastewater, respectively. The utility's proposed revenue requirements are based on its projected rate base, the cost of capital, operating and maintenance expenses, depreciation, amortization of CIAC, taxes other than income, and customer growth. The following analysis describes the utility's proposed revenue requirements.

Operating and Maintenance Expenses

The utility's projected operating and maintenance expenses at 100% of design capacity for water and wastewater are \$50,173 and \$44,439, respectively. Included in these expenses are operating costs such as salaries and benefits, chemicals, materials and supplies, purchased power, insurance, contractual services, and rents. Staff recommends that the projected amounts appear to be reasonable and, therefore, \$50,173 for water and \$44,439 for wastewater should be included in the revenue requirement for operating and maintenance expenses.

Depreciation and Amortization of CIAC

The utility projected depreciation expense at 100% of design capacity of \$34,607 and \$76,252 for water and wastewater, respectively. Projected amortization of CIAC is \$12,720 and \$34,980 for water and wastewater, respectively. Staff recommends that the utility's projected net depreciation and amortization expenses of \$21,887 and \$41,272 are reasonable and should be included in the projected revenue requirement.

Taxes Other Than Income

The projected balances for taxes other than income for OBU of \$6,910 and \$11,662 for water and wastewater, respectively, include projected property taxes and regulatory assessment fees (RAFs) of 4.5% of gross revenues. The utility proposed no other taxes or licenses. Since the utility is a subchapter S corporation, no income tax expense is included. Therefore, staff recommends that taxes other than income of \$6,910 for water and \$11,662 for wastewater should be included in the projected revenue requirement.

Summary of Revenue Requirement

In summary, based on staff's analysis of the utility's proposed operating and maintenance expenses, depreciation and amortization of CIAC, taxes other than income, and return on investment, staff recommends that the utility's projected revenue requirements of \$108,931 and \$189,582 for water and wastewater, respectively, should be used in setting initial rates for OBU.

RATES

Water and Wastewater Rates

The utility's proposed residential and general service rates for water and wastewater are based on revenue requirements of \$108,931 and \$189,582 for water and wastewater,

respectively. The requested water and wastewater rates include a base facility charge (BFC) and gallonage charge.

OBU proposed a BFC of \$14.19 and a single gallonage rate of \$1.31 per 1,000 gallons for water and a BFC of \$24.62 and a single gallonage rate of \$2.91 per 1,000 gallons capped at 10,000 gallons for residential wastewater customers. The Commission has historically considered the BFC and gallonage charge to be an effective conservation rate structure. As proposed by the utility, the BFC would generate approximately 40% of the total water and wastewater revenue requested.

Based upon the above factors, staff recommends that the utility's requested rates and rate structure for water and wastewater services appear reasonable and should be approved. The utility's requested monthly water and wastewater rates, along with a comparison of typical monthly bills, are shown on Schedule No. 4.

Reuse Rates

Due to growing concerns over water conservation, reclaimed water is increasingly being viewed as an alternative source of water for irrigation of golf courses and, in some cases, residential communities. Consequently, it has become Commission practice to recognize reclaimed water service (sometimes referred to as effluent service) as a class of service which should be included in the utility's tariff, even if the utility is not currently assessing a charge for the service. However, since the utility's plant capacity is less than 100,000 GPD, using public access reuse as a method of effluent disposal is not currently feasible. Should the utility propose to provide reuse in the future, the utility should return to the Commission for an approved reuse rate.

SUMMARY

Staff recommends that the water and wastewater rates described in the staff analysis and shown on Schedule No. 4 should be approved. OBU should charge these rates until authorized to change them by this Commission in a subsequent proceeding. The rates should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code. A return on equity of 12.01% with a range of plus or minus 100 basis points should be approved. Should the utility propose to provide reuse in the future, the utility should return to the Commission for an approved reuse rate.

Issue 2: What are the appropriate service availability policy and charges for Orange Blossom Utilities, Inc?

Recommendation: Staff recommends that the utility's proposed service availability policy and charges set forth within the staff analysis are appropriate and should be approved. The charges should be effective for connections made on or after the stamped approval date on the tariff sheets. (Clapp, Walden, Jaeger)

Staff Analysis: Rule 25-30.580(1)(a), Florida Administrative Code, provides that the maximum amount of contributions-in-aid-of-construction (CIAC), net of amortization, should not exceed 75% of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their design capacity. The maximum guideline is designed to ensure the utility has a significant investment in the system. Rule 25-30.580(1)(b), Florida Administrative Code, provides that the minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution systems and the wastewater collection system.

The utility's requested service availability policy requires payment of a plant capacity charge and a main extension charge for all new connections. The utility's proposed service availability policy provides that the utility may require the donation of on-site and off-site water distribution and wastewater collection lines in lieu of charging the main extension charges.

The utility's requested service availability policy and charges are designed in accordance with the guidelines in Rule 25-30.580, Florida Administrative Code. Specifically, the utility is requesting approval of main extension charges of \$1,440 and \$4,450 for water and wastewater, respectively, and plant capacity charges of \$560 and \$1,050 for water and wastewater, respectively. In addition, OBU is requesting a 5/8"x3/4" meter installation fee of \$150. All other meters will be installed at the utility's actual cost.

The utility's projected contribution levels are 50.24% and 42.03% for water and wastewater, respectively, as shown on Schedule No. 5. The utility did not file for a certificate and rates prior to constructing the system and providing service to 45 ERCs; therefore, the utility may not collect service availability charges from those existing customers. The projected contribution levels are based on the utility collecting plant capacity and main extension charges from all future customers. It should be noted that the utility provided the depreciation schedules from its 2006 tax return showing that the transmission, distribution, and collection lines in Phase I of the development were not written off to cost of goods sold, but are being depreciated. Therefore, the cost of the lines were not imputed as CIAC pursuant to Rule 25-30.570, Florida Administrative Code.

Staff recommends that the utility's proposed service availability policy and charges set forth within the staff analysis are consistent with the guidelines contained in Rule 25-30.580, Florida Administrative Code, and should be approved. The charges should be effective for connections made on or after the stamped approval date on the tariff sheets.

Issue 3: Should the utility's requested customer deposits, miscellaneous service charges, and late fee be approved?

Recommendation: Yes. The utility's requested customer deposits, miscellaneous service charges, and late fee should be approved. The deposits and charges should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code. (Clapp, Walden, Jaeger)

Staff Analysis: The utility requested customer deposits, miscellaneous service charges, and a late fee pursuant to Section 367.091, Florida Statutes. This statute authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges.

CUSTOMER DEPOSITS

The utility requested initial customer deposits for 5/8" x 3/4" meters of \$52.00 for water service and \$102.00 for wastewater service. These proposed deposits are based on two times the projected average monthly use of 9,000 gallons of water. Rule 25-30.311, Florida Administrative Code, contains the criteria for collecting, administering, and refunding customer deposits.

As its justification for customer deposits, OBU indicated that, if utilities do not collect adequate deposits to recover the cost of providing service, the result would be an increase in its bad debt expense. Ultimately, bad debt expense is included in the utility's revenue requirement and, therefore, included in the cost of service charged to the general body of ratepayers. The utility also notes that collecting customer deposits is consistent with one of the fundamental principles of rate making: ensuring that the cost of providing service is recovered from the cost-causer.

Staff recommends that the utility's proposed initial customer deposits shown on Schedule No. 7 of \$52.00 for water service and \$102.00 for wastewater service for 5/8" x 3/4" meters are consistent with Commission rules and should be approved.

MISCELLANEOUS SERVICE CHARGES AND LATE PAYMENT FEE

The utility's request for miscellaneous service charges and a late payment fee was accompanied by its reason for requesting the charges, as well as the cost justification required by Section 367.091, Florida Statutes. The utility's proposed miscellaneous service charges and late payment charge are also shown on Schedule No. 7. Pursuant to Rule 25-30.460, Florida Administrative Code, all water and wastewater utilities may apply for miscellaneous service charges. These charges include initial connections, normal reconnections, violation reconnections, and premises visit charges.

Since the utility has not started charging for service, the miscellaneous service charges are based on projected expenses. The utility will only be charging miscellaneous service charges when a specific customer requests the service or is responsible for the service. The utility's justification for the miscellaneous service charges is to place the burden of these charges on the cost-causer rather than the general body of rate payers.

The utility stated that the proposed miscellaneous service charges are based on hourly rates of \$28.81 per hour for clerical and administrative labor and \$25.00 per hour for field labor during regular business hours and \$43.22 and \$37.50 per hour, respectively, for after business hours. The utility's requested 1/4 hour per service for clerical and administrative labor of \$7.20 appears to be reasonable. Field labor of 35 minutes per visit for initial connection/normal reconnection and after hours reconnection appear to be reasonable at \$14.50 and \$21.75, respectively. The utility added transportation cost of \$8.90 at 44.5 cents per mile with an average of 20 miles round trip from the office. The proposed levels of miscellaneous service charges appear to be reasonable. Therefore, staff recommends that the utility's proposed miscellaneous service charges, as shown on Schedule No. 7, are reasonable and should be approved. It should be noted that if both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the utility require multiple actions.

Cost Basis for Miscellaneous Service Charges

Costs	Regular Hours	After Hours
Clerical and Administrative Labor	\$7.20	\$10.80
Field Labor	14.50	21.75
Transportation Cost	<u>8.90</u>	<u>8.90</u>
Total	\$30.60	\$41.45
Total Requested and Recommended	\$30.00	\$40.00

In addition to the miscellaneous service charges, the utility proposed a \$6.00 late payment fee. The utility indicated that the justification for a late payment fee is two-fold. First, the charge is designed to encourage customers to pay their bills on time. Second, if the payment is not made on time, the charge is designed to ensure that the cost associated with late payment is not passed onto customers who do pay on time. The cost basis provided by the utility is that it takes approximately 12 minutes of clerical and administrative labor to research, review, and verify that payment has not been received and the costs of computer and copier time, stationery, and postage to print and mail the bill. The proposed cost equals \$5.76 for labor, \$0.25 for supplies and computer usage, and \$0.41 for postage for a total of \$6.42. The utility has rounded the request down to \$6.00. The proposed costs are consistent with prior Commission decisions.³ Therefore, staff recommends that the utility's requested late fee of \$6.00 is reasonable and should be approved.

Cost Basis for Late Payment Fee

Costs	
Labor	\$5.76
Office Supplies/Computer	.25
Postage	<u>.41</u>
Total	\$6.42
Total Requested and Recommended	\$6.00

³ Order No. PSC-08-0009-TRF-WU, issued January 2, 2008, in Docket No. 070377-WU, In Re: Request for approval of change in meter installation customer deposits tariff and proposed changes in miscellaneous service charges in Marion County by Windstream Utilities Company.

CONCLUSION

Staff recommends that OBU's proposed initial customer deposits, miscellaneous service charges, and late fee, shown on Schedule No. 7, are consistent with Commission rules and should be approved. The deposits and charges should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code.

Issue 4: Should an Allowance for Funds Used During Construction (AFUDC) rate be approved for OBU?

Recommendation: Yes. An annual AFUDC rate of 7.80% and a discounted monthly rate of 0.649868% should be approved. (Clapp)

Staff Analysis: OBU has requested that the Commission establish an AFUDC rate for future construction. Rule 25-30.033, Florida Administrative Code, authorizes utilities obtaining initial certificates to accrue AFUDC for projects found eligible pursuant to Rule 25-30.116(1), Florida Administrative Code. Rule 25-30.033, Florida Administrative Code, specifies that the AFUDC rate be determined to be the utility's projected weighted cost of capital in its application for initial rates and charges. To ensure that the annual AFUDC rate charged by the utility does not exceed the authorized level, Rule 25-30.033 requires that a discounted monthly AFUDC rate be calculated in accordance with Rule 25-30.116(3), Florida Administrative Code.

As discussed in Issue 1 and shown on Schedule 2, the utility's projected weighted cost of capital is 7.80%, making that the utility's authorized annual AFUDC rate. Based on the annual AFUDC rate and Rule 25-30.116(1), Florida Administrative Code, the utility's discounted monthly AFUDC rate is 0.649768%. Staff recommends that an annual AFUDC rate of 7.80% and a discounted monthly rate of 0.649768% be approved.

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Issue 5: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, the docket should be closed upon the issuance of a consummating order. (Jaeger)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, the docket should be closed upon the issuance of a consummating order.

Docket No. 070391-WS
Date: March 27, 2008

ORANGE BLOSSOM UTILITIES, INC.
Schedule of Water Rate Base

Schedule No. 1A

At 100% of Design Capacity

DESCRIPTION	UTILITY PROPOSED AND STAFF RECOMMENDED
Utility Plant in Service	\$914,236
Land	\$2,313
Accumulated Depreciation	(157,613)
Contributions in Aid of Construction (CIAC)	(424,000)
Accumulated Amortization of CIAC	42,720
Working Capital Allowance	<u>6,272</u>
WATER RATE BASE	<u>\$383,928</u>

Schedule of Wastewater Rate Base
At 100% of Design Capacity

Schedule No. 1B

DESCRIPTION	UTILITY PROPOSED AND STAFF RECOMMENDED
Utility Plant in Service	\$1,859,305
Land	\$510,956
Accumulated Depreciation	(341,762)
Contributions in Aid of Construction (CIAC)	(1,166,000)
Accumulated Amortization of CIAC	313,500
Working Capital Allowance	<u>5,555</u>
WASTEWATER RATE BASE	<u>\$1,181,554</u>

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ORANGE BLOSSOM UTILITIES, INC.
Schedule of Cost of Capital
At 100% of Design Capacity

Schedule No. 2

DESCRIPTION	UTILITY PROPOSED	WEIGHT	COST RATE	WEIGHTED COST
Common Equity	\$626,193	40.0%	12.01%	4.80%
Long & Short-Term Debt	939,289	60.0%	5.00%	3.00%
Total	\$1,565,481	100.0%		7.80%

Range of Reasonableness	High	Low
Return on Equity	13.01%	11.01%

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ORANGE BLOSSOM UTILITIES, INC.
Schedule of Water Operating Revenues
At 100% of Design Capacity

Schedule No. 3A

DESCRIPTION	UTILITY PROPOSED AND STAFF RECOMMENDED
Operating Revenues	<u>\$108,931</u>
Operating and Maintenance	50,173
Net Depreciation Expense	21,887
Taxes Other Than Income	6,910
Income Taxes	<u>0</u>
Total Operating Expense	<u>\$78,970</u>
Net Operating Income (Loss)	<u>\$29,961</u>
Water Rate Base	\$383,928
Rate of Return	7.80%

Schedule of Wastewater Operating Revenues
At 100% of Design Capacity

Schedule No. 3B

DESCRIPTION	UTILITY PROPOSED AND STAFF RECOMMENDED
Operating Revenues	<u>\$189,582</u>
Operating and Maintenance	44,439
Net Depreciation Expense	41,272
Taxes Other Than Income	11,662
Income Taxes	<u>0</u>
Total Operating Expense	<u>\$97,373</u>
Net Operating Income (Loss)	<u>\$92,209</u>
Wastewater Rate Base	\$1,181,554
Rate of Return	7.80%

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ORANGE BLOSSOM UTILITIES, INC.
 Schedule of Monthly Rates and Charges

Schedule No. 4

Monthly Service Rates
 Residential Service

Base Facility Charge Meter Size:	WATER	WASTEWATER
	UTILITY PROPOSED AND STAFF RECOMMENDED	UTILITY PROPOSED AND STAFF RECOMMENDED
5/8" x 3/4"	\$ 14.19	\$ 24.62
3/4"	21.29	
1"	35.48	
1.5"	70.95	
2.0"	113.52	
3.0"	248.33	
4.0"	425.70	
6.0"	886.88	
8.0"	1,277.10	
Charge per 1,000 gallons	\$1.31	\$2.91*

*Residential wastewater capped at 10,000 gallons

General Service

Base Facility Charge Meter Size:	WATER	WASTEWATER
	UTILITY PROPOSED AND STAFF RECOMMENDED	UTILITY PROPOSED AND STAFF RECOMMENDED
5/8" x 3/4"	\$ 14.19	\$ 24.62*
3/4"	21.29	36.93
1"	35.48	61.55
1.5"	70.95	123.10
2.0"	113.52	196.96
3.0"	248.33	430.85
4.0"	425.70	738.60
6.0"	886.88	1,538.75
8.0"	1,277.10	2,215.80
Charge per 1,000 gallons	\$1.31	\$2.91**

Typical Residential Bills

5/8" x 3/4" meter		
5,000 gallons	\$20.74	\$39.17
10,000 gallons	\$27.29	\$53.72
20,000 gallons	\$40.39	\$53.72

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ORANGE BLOSSOM UTILITIES, INC.
Schedule of Net CIAC to Net Plant
At 100% of Design Capacity - Water

Schedule No. 5A

DESCRIPTION	UTILITY PROPOSED AND STAFF RECOMMENDED
Utility Plant in Service	\$916,549
Accumulated Depreciation	<u>(157,613)</u>
Net Plant	<u>\$758,936</u>
CIAC	\$424,000
Accum. Amortization of CIAC	<u>(42,720)</u>
Net CIAC	<u>\$381,280</u>
Net CIAC/Net Plant	50.24%

Schedule of Net CIAC to Net Plant
At 100% of Design Capacity – Wastewater

Schedule No. 5B

DESCRIPTION	UTILITY PROPOSED AND STAFF RECOMMENDED
Utility Plant in Service	\$2,370,261
Accumulated Depreciation	<u>(341,762)</u>
Net Plant	<u>\$2,028,499</u>
CIAC	\$1,166,000
Accum. Amortization of CIAC	<u>(313,500)</u>
Net CIAC	<u>\$852,500</u>
Net CIAC/Net Plant	42.03%

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ORANGE BLOSSOM UTILITIES, INC.
Schedule of Service Availability Charges
Water and Wastewater

Schedule No. 6

DESCRIPTION	UTILITY PROPOSED AND STAFF RECOMMENDED	
	Water	Wastewater
Main Extension Charge (per ERC)	\$1,440.00	\$4,450.00
Main Extension Charge (per gallon)	\$4.80	\$14.83
Plant Capacity Charge (per ERC)	\$560.00	\$1,050.00
Plant Capacity Charge (per gallon)	\$1.87	\$3.50
Meter Installation Charge – 5/8" x 3/4"	\$150.00	
Meter Installation Charge – over 5/8" x 3/4"	Actual Cost	

ERC = 300 gpd

ORANGE BLOSSOM UTILITIES, INC.

Schedule No. 7

INITIAL CUSTOMER DEPOSITS

DESCRIPTION	UTILITY PROPOSED AND STAFF RECOMMENDED	
	WATER	WASTEWATER
Residential and General Service 5/8" x 3/4" Meter	\$ 52.00	\$102.00

MISCELLANEOUS SERVICE CHARGES

DESCRIPTION	NORMAL HOURS	AFTER HOURS
Water Service		
Initial Connection	\$ 30.00	\$ 40.00
Normal Reconnection	\$ 30.00	\$ 40.00
Violation Reconnection	\$ 30.00	\$ 40.00
Premises Visit Charge	\$ 30.00	\$ 40.00
Late Payment Charge	\$ 6.00	Not Applicable
Wastewater Service		
Initial Connection	\$ 30.00	\$ 40.00
Normal Reconnection	\$ 30.00	\$ 40.00
Violation Reconnection	Actual Cost	Actual Cost
Premises Visit Charge	\$ 30.00	\$ 40.00
Late Payment Charge	\$ 6.00	Not Applicable