

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: April 24, 2008

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Johnson, Rieger)
Office of the General Counsel (Bennett)

Handwritten initials and signatures: PR, JSB, RB, and a large signature with '198' below it.

RE: Docket No. 070548-WS – Application for certificates to provide water and wastewater service in Marion County by Century - Fairfield Village, Ltd.

AGENDA: 05/06/08 – Regular Agenda – Proposed Agency Action, Issues 2, 3, 4, and 5 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Skop

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\070548.RCM.DOC

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COMMISSION
CLERK

Case Background

On July 30, 2007, Century-Fairfield Village, Ltd. (Century-Fairfield) filed an application for original water and wastewater certificates in Marion County. By Order No. PSC-08-0067-FOF-WS, issued January 29, 2008, in this docket, the Commission granted Century-Fairfield Certificate Nos. 636-W and 546-S. Century-Fairfield is a limited partnership in Florida which owns and operates an existing 293 unit mobile home rental park. The park is completely developed. As part of the rent for the mobile home lots, Century-Fairfield has been providing water and wastewater services to the tenants since 1988. Accordingly, Century-Fairfield has been exempt from Public Service Commission regulation.

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FPSC-COMMISSION CLERK

Century-Fairfield is located in the Southwest Florida Water Management District (SWFWMD). Because of drought conditions, the SWFWMD enacted district-wide water use restrictions. Because Century-Fairfield was making water withdrawals in excess of its water use permit, the SWFWMD found Century-Fairfield in violation of its water use permit and directed the utility to take all necessary steps to reduce usage. As a result, the utility implemented a plan to curb its excessive water usage by charging for water and wastewater service.

Approximately 150 customers attended a customer meeting on April 14, 2008, at the Century-Fairfield Village Clubhouse. In addition, a separate meeting was held with the officers of the homeowners' association. The customers were generally satisfied with the utility's quality of service, although a few customers commented on the water pressure. The utility recently constructed a new, second well and is working to get the well permitted for use. During the meetings, staff explained that, as a result of a consent order from the SWFWMD, the utility had applied for water and wastewater certificates and authority to charge for those services in order to encourage water conservation. A representative of the SWFWMD attended the meetings and explained the District's concerns with the amount of water being used in the development. The main customer concern related to how much the customer's monthly lot rent would be reduced as a result of their being billed for water and wastewater service. Staff explained that issue would have to be addressed with the park owners and the Department of Business and Professional Regulation. The officers of the homeowners' association indicated that they would pursue a meeting with the park owners on behalf of the customers.

This recommendation addresses Century-Fairfield's application for initial rates and charges, whether the utility should be required to show cause as to why it should not be fined for charging unauthorized rates from May 2007 to September 2007, and whether the unauthorized collection of water rates should be refunded. The Commission has jurisdiction pursuant to Sections 367.031, 367.081, 367.091, and 367.161, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should Century-Fairfield Village, Ltd. (Century-Fairfield) be ordered to show cause, in writing, within 21 days, why it should not be fined for charging rates and charges that are not contained in its tariff, in apparent violation of Sections 367.081(1) and 367.091(4), F.S.?

Recommendation: No, a show cause proceeding should not be initiated. The utility should, however, be put on notice that, pursuant to Sections 367.081(1) and 367.091(4), F.S., it must charge only those rates and charges approved by the Commission in its tariff. (Bennett, Johnson, Rieger)

Staff Analysis: Century-Fairfield is a mobile home park that provided water and wastewater to its residents without specific compensation for its service. Therefore, the utility was exempt from Commission jurisdiction pursuant to Section 367.022(5), F.S. On November 30, 2006, Century-Fairfield was notified by the SWFWMD that the utility was in violation of its water use permit. The SWFWMD advised the utility that the utility would face penalties if it did not take action to reduce its water usage. Upon notification by the SWFWMD, Century-Fairfield implemented a plan to curb its excessive water usage by charging customers if the customer used more than 7000 gallons in a month. The utility charged its customers for excess water usage for the period of May 2007 to September 2007. During that time, the utility billed and collected \$7,186.20 in revenues.

By charging customers for excessive water use, Century-Fairfield lost its statutory exemption from Commission jurisdiction. Once the Commission obtains jurisdiction, a utility may not charge water or wastewater rates until the Commission has approved those rates, Section 367.081(1) and 367.091(4), F.S. Therefore, the \$7,186.20 in revenues collected for the period of May 2007 to September 2007 was unauthorized. When it realized that charging rates made it a non-exempt utility, Century-Fairfield filed its application with the Public Service Commission. Upon notification from staff that the rates the utility was charging were unauthorized, the utility ceased collecting those revenues.

Section 367.161, F.S., authorizes the Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or have willfully violated any Commission rule, order, or provision of Chapter 367, F.S. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code (F.A.C.), Relating To Tax Savings Refund for 1988 and 1989 for GTE Florida, Inc., the Commission having found that a company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that “in our view, ‘willful’ implies an intent to do an act, and this is distinct from an intent to violate a statute or rule.” Additionally, “it is a common maxim, familiar to all minds that ‘ignorance of the law’ will not excuse any person, either civilly or criminally.” Barlow v. United States, 32 U.S. 404, 411 (1833).

Staff does not believe a show cause proceeding is appropriate within these factual circumstances. The utility has indicated its willingness to comply with all statutes and rules of the state of Florida. When it was notified by the SWFWMD that it violated the water use permit,

the utility took quick action to remedy the violation. Unfortunately, the remedy the utility chose was an inadvertent violation of another statute. The utility believed it was exempt from the Commission's statutes because it was a landlord providing water and wastewater services to its tenants. Upon learning that it was no longer exempt, the utility took steps to remedy that violation by filing its application for water and wastewater certificates with the Commission. Upon learning from Commission staff that it could not lawfully collect the revenues until the Commission established rates, the utility ceased collecting those revenues.

Based on the foregoing, staff does not believe that the apparent violations of Sections 367.081(1) and 367.091(4), F.S. rise to the level that would warrant the initiation of a show cause proceeding in these circumstances. The utility should, however, be put on notice that, pursuant to Sections 367.081(1) and 367.091(4), F.S., it must only charge those rates and charges approved by the Commission in its tariff.

Issue 2: Should Century-Fairfield be ordered to refund the revenues collected from its unauthorized charges for water service and if so, what is the amount and how should it be distributed?

Recommendation: Yes, the utility should be required to refund the unauthorized revenues collected for water service for the period of May 2007 to September 2007, within 90 days of the Consummating Order pursuant to Rule 25-30.360, F.A.C. The refunds should be made with interest in accordance with Rule 25-30.360(4), F.A.C., to those water customers who paid the unauthorized charge (qualified customers). The utility should be allowed to make the refund by providing a credit to qualified customers' bills. The utility should provide monthly refund reports pursuant to Rule 25-30.360(7), F.A.C., until all refunds are completed. The utility should treat any unclaimed refunds in accordance with Rule 25-30.360(8), F.A.C.

Staff Analysis: As discussed in Issue 1, Century-Fairfield billed and collected unauthorized revenues for water service for the period of May 2007 to September 2007, which totaled \$7,186.20. This amount should be refunded with interest in accordance with Rule 25-30.360(4), F.A.C. The refund and the accrued interest should be refunded to qualified customers. In no instance should maintenance and administrative costs associated with the refund be borne by the customers; the costs are the responsibility of, and should be borne by, the utility. The utility should provide monthly refund reports pursuant to Rule 25-30.360(7), F.A.C., until all refunds are completed. The utility should treat any unclaimed refunds as CIAC in accordance with Rule 25-30.360(8), F.A.C. Pursuant to Rule 25-30.360(2), F.A.C., the refunds should be made within 90 days of the Consummating Order. The utility has requested that it be allowed to make the refund by providing a credit to qualified customers' bills. Staff recommends that the utility be allowed to credit the bill of each qualified customer.

Issue 3: What are the appropriate initial water and wastewater rates and return on investment for Century-Fairfield Village, Ltd?

Recommendation: Staff's recommended water and wastewater rates, as shown on Schedule 4, should be approved. The utility should be authorized to bill on a quarterly basis. Century-Fairfield should charge the approved rates until authorized to change them by this Commission in a subsequent proceeding. The utility should file a proposed customer notice to reflect the Commission-approved rates. The water and wastewater rates should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notice and tariff sheets. The utility should distribute the notice to the customers no later than with the first bill containing the rates and should provide proof of the date the notice was given no less than ten days after the date of the notice. A return on equity of 12.01% with a range of plus or minus 100 basis points should be approved. (Johnson, Rieger, Bennett)

Staff Analysis: In its original certificate application, the utility proposed rates based on a rate structure that had been used in other similar homeowner association owned developments that were exempt from Commission regulation. The proposed water and wastewater rates do not include a base facility charge, as shown on Schedule No. 4, nor do the proposed rates produce the utility's proposed revenues. The analysis below describes the utility's proposed and staff's recommended water and wastewater revenues and rates.

Rate Base

The books and records of the prior owner and the original source documents were not available. Subsequent to filing the application, the owner hired a consultant to prepare an original cost study for the water and wastewater systems which was filed on February 15, 2008. Staff reviewed the original cost study and the methodology used to estimate the original cost of the water and wastewater systems. Based on the requirement in Rule 25-30.570, F.A.C., the utility imputed the cost of the water and wastewater lines as contributions-in-aid-of-construction (CIAC). The proposed accumulated depreciation and amortization of CIAC balances are calculated using the guidelines for average service lives as set forth in Rule 25-30.140, F.A.C. The utility's proposed working capital allowances are based on one-eighth of operating and maintenance expenses for the respective systems. The utility's proposed rate bases are \$165,265 for water and \$124,737 for wastewater as shown on Schedule Nos. 1A and 1B. The rate base schedules are for informational purposes to establish initial rates and charges, and are not intended to formally establish rate base. This is consistent with Commission practice in original certificate applications.

Water System. The utility's proposed Utility Plant in Service (UPIS) cost is \$331,950 for water facilities designed to serve the existing development which is at build out. The proposed water UPIS of \$331,950 includes structures and improvements, power generation equipment, wells and springs, pumping equipment, treatment and distribution facilities, transmission and distribution lines, services, and meters. The treatment processes used are chlorination and ion exchange for disinfection and control of sulfides. The utility did not include a provision for land in determining rate base.

The utility's original cost study includes an accumulated depreciation balance of (\$114,425), a CIAC balance of (\$141,607) based on contributed plant, an accumulated amortization of CIAC balance of \$85,941, and a working capital allowance of \$3,406. The utility's proposed rate base for the water system is \$165,265, as shown on Schedule 1A.

Wastewater System. The utility's proposed UPIS cost of \$598,588 for the wastewater system includes items such as structures and improvements, force and gravity collection mains, pumping equipment, treatment and disposal equipment, and services. The utility did not include a provision for land in determining rate base.

The utility's original cost study includes an accumulated depreciation balance of (\$289,113), a CIAC balance of (\$485,112) based on contributed plant, an accumulated amortization of CIAC balance of \$294,414, and a working capital allowance of \$5,960. The utility's proposed rate base for the wastewater system is \$124,737, as shown on Schedule 1B.

Summary of Rate Base. Staff recommends that for purposes of setting initial rates and charges, the utility's proposed rate base of \$165,265 for water and \$124,737 for wastewater is reasonable for setting initial rates and charges. The rate base schedules, as shown on Schedules 1A and 1B, are for informational purposes to establish initial rates and are not intended to formally establish rate base.

Cost of Capital

As required by Rule 25-30.033(1)(w), F.A.C., a schedule of the utility's capital structure was included in the application. As shown on Schedule 2, the utility's capital structure consists of 100% debt which is financed at 5.62%. Therefore, staff recommends that 5.62% should be used as the overall cost of capital for calculating Century-Fairfield's return on investment. Staff further recommends that, in the event the utility obtains equity funding in the future, the Commission set the utility's authorized return on equity at 12.01% with a range of plus or minus 100 basis points which is consistent with the Commission's current leverage formula.¹

Return on Investment

The utility's proposed return on investment, based on a cost of capital of 5.62%, is \$9,288 for water and \$7,010 for the wastewater system as shown on Schedules No. 3A and 3B. Based on the utility's proposed rate base and overall return on investment for Century-Fairfield, a return on investment of \$9,288 for water and \$7,010 for wastewater should be included in the utility's revenue requirements for setting initial rates.

¹ 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

Century-Fairfield's proposed revenue requirements are \$43,221 and \$55,433 for water and wastewater, respectively. The proposed revenue requirements are based on its rate base, cost of capital, operating and maintenance (O&M) expenses, amortization expense, depreciation, and taxes. Included in O&M expenses are operating costs such as salaries and benefits, chemicals, purchased power, insurance, and contractual services. Taxes other than income include proposed regulatory assessment fees of 4.5% of gross revenues. The following analysis describes the utility's proposed and staff recommended revenue requirements.

Water System. The utility's proposed revenue requirement for the water system of \$43,221 includes \$27,249 for O&M, \$9,794 for depreciation, (\$5,055) for amortization of CIAC, \$1,945 for taxes other than income, and a net operating income of \$9,288. Staff recommends that the proposed revenue requirement for the water system of \$43,221 is reasonable and should be used to set initial water rates for Century-Fairfield.

Wastewater System. The utility's proposed revenue requirement for the wastewater system of \$55,433 includes \$47,678 for O&M, \$15,568 for depreciation, (\$17,318) for amortization of CIAC, \$2,495 for taxes other than income, and a net operating income of \$7,010. Staff recommends that the proposed revenue requirement for the wastewater system of \$55,433 is reasonable and should be used to set initial wastewater rates.

Rates and Rate Structure

The utility installed meters in early 2007 and has been reading the meters on a quarterly basis. The customer usage has decreased significantly since the meters were installed and the utility is no longer exceeding the water withdrawal limits set by the SWFWMD. In addition, the customer usage patterns have been relatively consistent over the last three quarters. Approximately 82% of the customers used an average of 7,000 gallons of water per month or less from July 2007 through March 2008. At the customer meeting, several customers expressed the desire to have a rate structure that included at least 7,000 gallons in the first tier. Therefore, staff recommends that water rates be set using the base facility charge rate structure, with 7,000 gallons of water included in the first tier. The staff recommended base facility charges shown on Schedule No. 4 will produce approximately 40% of the recommended water revenue requirement and approximately 54% of the recommended wastewater revenue requirement.

Conclusion

The staff recommended monthly water and wastewater rates, as shown on Schedule No. 4, should be approved. The utility should be authorized to bill on a quarterly basis. Century-Fairfield should charge the approved rates until authorized to change them by this Commission in a subsequent proceeding. The utility should file a proposed customer notice to reflect the Commission-approved rates. The water and wastewater rates should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notice and tariff sheets. The utility should distribute the notice to the customers no

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later than with the first bill containing the rates and should provide proof of the date the notice was given no less than ten days after the date of the notice. A return on equity of 12.01% with a range of plus or minus 100 basis points should be approved.

Issue 4: Should the utility's request for miscellaneous service charges and a late fee be approved?

Recommendation: Yes. The utility's request for miscellaneous service charges and a late fee should be approved. The charges should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. (Johnson, Rieger)

Staff Analysis: 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, F.S. The utility's proposed miscellaneous service charges and late payment charge are also shown on Schedule No. 5. Pursuant to Rule 25-30.460, F.A.C., 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 cost justification provided by the utility appears reasonable and is consistent with recent Commission decisions. Therefore, staff recommends that the utility's proposed miscellaneous service charges, as shown on Schedule No. 5, 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.

In addition to the standard miscellaneous service charges, the utility proposed a \$5.00 late fee. The utility indicated that the justification for a late fee is two-fold. First, to encourage current and future customers to pay their bills on time. Second, if the payment is not made on time, 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 15 minutes of employee labor to research, review, and verify that payment has not been received and the costs of stationary and postage to print and mail the bill. These costs are consistent with prior Commission decisions. Therefore, staff recommends that the utility's proposed late fee of \$5.00 is reasonable and should be approved.

Conclusion

Staff recommends that Century-Fairfield's proposed miscellaneous service charges and late fee, shown on Schedule 5, are consistent with Commission rules and should be approved. The charges should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C.

Issue 5: In the event of a timely protest of the Proposed Agency Action (PAA) Order, should any recommended rates be approved for the utility on a temporary basis, subject to refund?

Recommendation: Yes. In the event of a protest of the PAA Order, the utility should be allowed to continue collecting the rates set forth in this schedule as temporary rates. However, in order to protect utility customers from potential overearnings, the utility should hold \$57,548 of annual service revenues subject to refund. Prior to implementation of any temporary rates, the utility should provide appropriate security. In the event of a protest, the security should be in the form of a bond or letter of credit. Alternatively, the utility could establish an escrow agreement with an independent financial institution. If security is provided by an escrow agreement, the utility should escrow all revenues collected during the pendency of the case. In addition, after the rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the utility should file reports with the Commission's Division of Economic Regulation no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund. (Johnson)

Staff Analysis: Issues 3 and 4 of this recommendation establish water and wastewater rates and miscellaneous fees and charges. A timely protest might delay what may eventually be considered reasonable and justified rates and charges potentially resulting in an unrecoverable loss of revenue to the utility. Therefore, in the event of a protest filed, staff recommends that the recommended rates be approved as temporary rates. The recommended rates collected by the utility should be subject to the refund provisions discussed below.

The utility should be authorized to collect the temporary rates upon the staff's approval of both the appropriate security for the potential refund and the proposed customer notice. Security should be in the form of a bond or letter of credit in the amount of \$57,548 or the utility may establish an escrow agreement with an independent financial institution. The \$57,548 is based upon the estimated water and wastewater revenues for seven months. Using the Commission's current schedule, it could take about seven months to process the case.

If the utility chooses a bond as security, the bond should contain wording to the effect that it will be terminated only under the following conditions:

- 1) The Commission approves the rate increase; or
- 2) If the Commission denies the increase, the utility shall refund the amount collected that is attributable to the increase.

If the utility chooses a letter of credit as a security, it should contain the following conditions:

- 1) The letter of credit is irrevocable for the period it is in effect, and.
- 2) The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions should be part of the agreement:

- 1) No refunds in the escrow account may be withdrawn by the utility without the express approval of the Commission;
- 2) The escrow account shall be an interest bearing account;
- 3) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers;
- 4) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the utility;
- 5) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times;
- 6) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt;
- 7) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments; and
- 8) The Commission Clerk must be a signatory to the escrow agreement.
- 9) The account must specify by whom and on whose behalf such monies were paid.

In no instance should the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and should be borne by, the utility. Irrespective of the form of security chosen by the utility, an accounting of all monies received as a result of the rate increase should be maintained by the utility. If a refund is ultimately required, it should be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

The utility should maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the utility should file reports with the Commission Division of Economic Regulation no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

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Issue 6: Should this docket be closed?

Recommendation: No. If no timely protest to proposed agency action order is filed by a substantially affected person within 21 days, a Consummating Order should be issued. However, the docket should remain open for staff to verify that the utility has completed the required refunds and has filed its tariff sheets and staff has administratively approved them. Once these actions are complete, the dockets may be closed administratively. In the event there is a timely protest, this docket should remain open pending resolution of the protest. (Bennett)

Staff Analysis: No. If no timely protest to proposed agency action order is filed by a substantially affected person within 21 days, a Consummating Order should be issued and the docket should remain open for staff to verify that the utility has completed the required refunds and has filed its tariff sheets and staff has administratively approved them. Once these actions are complete, the dockets may be closed administratively. In the event there is a timely protest, this docket should remain open pending resolution of the protest.

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CENTURY-FAIRFIELD VILLAGE, LTD
Schedule of Water Rate Base

Schedule No. 1A

DESCRIPTION	BALANCE PER UTILITY AND STAFF RECOMMENDED
Utility Plant in Service and Land	\$331,950
Accumulated Depreciation	(114,425)
CIAC	(141,607)
Amortization CIAC	85,941
Working Capital Allowance	<u>3,406</u>
RATE BASE	\$165,265

Schedule of Wastewater Rate Base

Schedule No. 1B

DESCRIPTION	BALANCE PER UTILITY AND STAFF RECOMMENDED
Utility Plant in Service and Land	\$598,588
Accumulated Depreciation	(289,113)
CIAC	(485,112)
Amortization CIAC	294,414
Working Capital Allowance	<u>5,960</u>
RATE BASE	\$124,737

CENTURY-FAIRFIELD VILLAGE, LTD
SCHEDULE OF COST OF CAPITAL

Schedule No. 2

Description	Utility Capital	Weight	Cost Rate	Weighted Cost
Common Equity	\$0	00.0%	12.01%	0.00%
Debt	\$290,002	100.0%	5.62%	5.62%
Total	\$290,002	100.0%		5.62%

Range of Reasonableness	High	Low
Common Equity	13.01%	11.01%

CENTURY-FAIRFIELD VILLAGE, LTD
Statement of Water Operations

Schedule No. 3A

DESCRIPTION	UTILITY REQUESTED AND STAFF RECOMMENDED
Operating Revenues	<u>\$ 43,221</u>
Operating and Maintenance	27,249
Depreciation Expense	9,794
Amortization Expense	(5,055)
Taxes Other Than Income	<u>1,945</u>
Total Operating Expense	<u>33,933</u>
Net Operating Income(Loss)	<u>\$9,288</u>
Rate Base	\$ 165,265
Rate of Return	5.62%

CENTURY-FAIRFIELD VILLAGE, LTD
Statement of Wastewater Operations

Schedule No. 3B

DESCRIPTION	UTILITY REQUESTED AND STAFF RECOMMENDED
Operating Revenues	<u>\$ 55,433</u>
Operating and Maintenance	47,678
Depreciation Expense	15,568
Amortization Expense	(17,318)
Taxes Other Than Income	<u>2,495</u>
Total Operating Expense	<u>48,423</u>
Net Operating Income(Loss)	<u>\$7,010</u>
Rate Base	\$ 124,737
Rate of Return	5.62%

Recommended Monthly Rates
 Residential and General Service Water

	Utility Proposed Rates	Staff Recommended Rates
Base Facility Charge		
5/8" x 3/4"	No Charge	\$ 5.00
3/4"		\$ 7.50
1"		\$ 12.50
1 1/2"		\$ 25.00
2"		\$ 40.00
3"		\$ 80.00
4		\$125.00
Charge per 1,000 gallons		
0 - 7000 gallons	No Charge	\$ 1.30
7,001 + gallons		\$ 1.95
7,001 -12,000 gallons	\$3.00	
12,001 + gallons	\$5.00	

	Residential Wastewater Utility Proposed Rates	Staff Recommended Rates
Base Facility Charge		
All Meter Sizes	No Charge	\$8.50
Charge per 1,000 gallons		
12,000+ gallons	\$4.00	
0 - 7,000 gallons		\$2.40

	General Service Wastewater	
Base Facility Charge		
5/8" x 3/4"	No Charge	\$ 8.50
3/4"		\$ 12.75
1"		\$ 21.25
1 1/2"		\$ 42.50
2"		\$ 68.00
3"		\$136.00
4		\$212.50
Charge per 1,000 gallons		
12,001+ gallons	\$4.00	\$ 2.40

Typical Residential Bills

5/8" x 3/4" meter	Water	Wastewater	Total
3,000 gallons	\$8.90	\$15.70	\$24.60
5,000 gallons	\$11.50	\$20.50	\$32.00
7,000 gallons	\$14.10	\$25.30	\$39.40
10,000 gallons	\$19.95	\$25.30	\$45.25
15,000 gallons	\$29.70	\$25.30	\$55.00

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	\$ 5.00	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	\$ 5.00	Not Applicable