

State of Florida



# Public Service Commission

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

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COMMISSION CLERK

**DATE:** April 24, 2008

**TO:** Office of Commission Clerk (Cole)

**FROM:** Division of Economic Regulation (Bulecza-Banks, Deason, Fletcher)  
Office of the General Counsel (Hartman)

*CRB* *BF* *19/08*

**RE:** Docket No. 070695-WS – Application for increase in water and wastewater rates in Martin County by Miles Grant Water and Sewer Company.

**AGENDA:** 05/06/08 – Regular Agenda – Decision on Suspension of Rates and on Interim Rates – Participation is at the Discretion of the Commission

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** McMurrian

**CRITICAL DATES:** 60-Day Suspension Date Waived by Company to 05/06/08

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\070695.RCM.DOC

### Case Background

Miles Grant Water and Sewer Company (Miles Grant or Utility) is a Class B utility providing water and wastewater service to approximately 1,142 water and 1,058 wastewater customers in Martin County. Water and wastewater rates were last established for this Utility in its 1987 rate case.<sup>1</sup>

On February 29, 2008, Miles Grant filed its application for a rate increase at issue in the instant docket. The Utility's application did not meet the minimum filing requirements (MFRs).

<sup>1</sup> See Order No. 20066, issued September 26, 1988, in Dockets No. 870981-WS, In re: Application of MILES GRANT WATER AND SEWER COMPANY for an Increase in Water and Sewer Rates in Martin County.

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filing of this recommendation, those deficiencies remain outstanding. The Utility requested that the application be processed using the Proposed Agency Action (PAA) procedure and requested interim rates. The test year established for interim and final rates is the 13-month average period ending June 30, 2007.

Miles Grant requested revenue increases of \$160,803 (56.55%) for water and \$261,820 (76.66%) for wastewater. The Utility requested final revenue increases of \$217,662 for water and \$300,568 for wastewater.

The original 60-day statutory deadline for the Commission to suspend Miles Grant's requested final rates was April 29, 2008. However, by letter dated March 26, 2008, Miles Grant agreed to extend the statutory time frame by which the Commission is required to address Miles Grant's interim rate request to May 6, 2008. This recommendation addresses the suspension of Miles Grant's requested final rates and the utility's requested interim rates. The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes (F.S.).

**Discussion of Issues**

**Issue 1:** Should the Utility's proposed final water and wastewater rates be suspended?

**Recommendation:** Yes. Miles Grant's proposed final water and wastewater rates should be suspended. (Deason)

**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. However, by letter dated March 26, 2008, the Utility agreed to extend the statutory time frame by which the Commission is required to address Miles Grant's interim rate request. Further, Section 367.081(8), F.S., permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months if: (1) the Commission has not acted upon the requested rate increase; or (2) if the Commission's PAA action is protested by a party other than the Utility.

Staff has reviewed the filing and has considered the information filed in support of the rate application and the proposed final rates. Staff recommends that 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 increases be approved?

**Recommendation:** Yes, Miles Grant should be authorized to collect annual water and wastewater revenues as indicated below: (Deason)

	<u>Adjusted Test Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Water	\$284,338	\$116,412	\$400,750	40.94%
Wastewater	\$341,541	\$219,137	\$560,678	64.16%

**Staff Analysis:** Miles Grant has filed rate base, cost of capital, and operating statements to support its requested water and wastewater increases. Pursuant to Section 367.082(5)(b)1, 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 Miles Grant's interim request, as well as Order No. 20066, 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. Rate base is labeled as schedule Nos. 1-A and 1-B; capital structure is labeled as schedule No. 2, and operating income for water and wastewater, respectively, is labeled as schedule Nos. 3-A and 3-B, with the adjustments shown on schedule No. 3-C.

#### RATE BASE

Based on an analysis of the MFRs and Order No. 20066, staff believes that no adjustments are necessary to be consistent with the Utility's last rate case. However, as discussed later in this issue, staff has recommended the removal of pro forma expenses which results in a corresponding reduction in working capital allowance of \$5,100 for water and \$4,803 for wastewater. Pursuant to Rule 25-30.433(2), working capital for class B utilities shall be calculated using the formula method which is one-eighth of operation and maintenance expenses. Therefore, staff recommends that Miles Grant's interim water rate base should be \$921,944 and a wastewater rate base should be \$1,459,912.

#### COST OF CAPITAL

Based on an analysis of the MFRs and Order No. 20066 from Miles Grant's last rate proceeding, staff believes that no adjustments are necessary to the Utility's capital structure. Therefore, staff recommends an interim weighted average cost of capital of 7.19%.

#### NET OPERATING INCOME

Based on its review, staff recommends an adjustment to operating expenses. Miles Grant included adjustments to increase water and wastewater expenses by \$40,802 and \$38,426, respectively, for salary and wages, and employees' benefits. Also, the Utility made

corresponding adjustments to increase payroll taxes by \$3,534 for water and \$3,329 for wastewater. Pursuant to Section 367.082(5)(b)1, F.S., the only adjustments that should be made to the interim test year are those consistent with the most recent individual rate proceeding or adjustments to annualize rate changes occurring during the interim test year. Staff believes the company's proposed adjustments are pro forma in nature because they are beyond the interim test year. As such, staff recommends that Miles Grant's pro forma expense and payroll tax adjustments above be removed from the interim net operating income calculation.

Based on the above, staff recommends that the appropriate test year operating loss, before any revenue increase, is \$3,012 for water and \$25,496 for wastewater.

#### REVENUE REQUIREMENT

Based on the above adjustments, staff recommends revenue requirements of \$400,750 for water and \$560,678 for wastewater. This represents interim increases in annual revenues of \$116,412 (or 40.94%) for water and \$219,137 (or 64.16%) for wastewater. This will allow the Utility the opportunity to recover its water and wastewater operating expenses and earn a 7.19% return on its water and wastewater rate bases.

**Issue 3:** What are the appropriate interim water and wastewater rates?

**Recommendation:** The water and wastewater service rates for Miles Grant in effect as of June 30, 2007, should be increased by 41.17% and 65.40%, respectively,<sup>2</sup> 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.). 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. (Deason)

**Staff Analysis:** Staff recommends that interim water and wastewater service rates for Miles Grant be designed to allow the Utility the opportunity to generate annual operating revenues of \$400,750 for water operations and \$560,678 for wastewater operations. Before removal of miscellaneous revenues, this would result in increases of \$116,412 or 40.94% for water and \$219,137 or 64.16% for wastewater. 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>Water</u>	<u>Wastewater</u>
1 Total Test Year Revenues	\$284,338	\$341,541
2 Less: Miscellaneous Revenues	<u>1,609</u>	<u>6,455</u>
3 Test Year Revenues from Service Rates	\$282,729	\$335,086
4 Revenue Increase	<u>\$116,412</u>	<u>\$219,137</u>
5 % Service Rate Increase (Line 4/Line3)	<u>41.17%</u>	<u>65.40%</u>

The interim rate increase of 41.17% for water and 65.40% for wastewater should be applied as an across-the-board increase to the service rates in effect as of June 30, 2007. 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. The rates should not be implemented until staff verifies that the tariff sheets are consistent with the Commission's 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, proposed interim and final rates, and staff's recommended interim rates are shown on Schedule No. 4-A for water and Schedule No. 4-B for wastewater.

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<sup>2</sup> The 41.17% and 65.40% represent the percentage rate increases based on rates charged in the historical test year through June 30, 2007. However, in accordance with Section 367.081(4)(a), Florida Statutes, the Utility was granted index increases in August 2007. As a result, the customer will actually experience increases of 37.81% for water and 60.57% for wastewater based on the rates currently in effect.

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

**Recommendation:** A corporate undertaking is acceptable contingent upon receipt of the written guarantee of the parent company, Utilities, Inc. (UI), and written confirmation of UI's continued attestation that it does not have any outstanding guarantees on behalf of UI-owned utilities in other states. UI should be required to file a corporate undertaking on behalf of its subsidiaries to guarantee any potential refunds of revenues collected under interim conditions. UI's total guarantee should be a cumulative amount of \$528,209, which includes an amount of \$197,245 subject to refund in this docket. 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 in accordance with Rule 25-30.360, F.A.C. (Deason, Springer)

**Staff Analysis:** Pursuant to Section 367.082, 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 \$335,549 for water and wastewater. 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 \$197,245. This amount is based on an estimated seven months of revenue being collected from staff's recommended interim rates over the Utility's current authorized rates shown on Schedules Nos. 4A and 4B.

Miles Grant is a wholly-owned subsidiary of UI, which provides all investor capital to its subsidiaries. The Commission approved a corporate undertaking in the amount of \$330,964 to secure interim increases granted in Docket No. 070693-WS for UI's Lake Utility Services, Inc. subsidiary. As such, staff reviewed the financial statements of UI. As a result of staff's interim recommendation in the above referenced docket, the total requested cumulative corporate undertaking amount is \$528,209 of which \$197,245 is subject to refund for this docket.

The criteria for a corporate undertaking includes sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff has reviewed UI's financial statements from 2004 to 2006 to determine the financial condition of the parent company. Staff's analysis shows that UI has experienced a significant decline in liquidity and interest coverage during 2005 compared to prior years. However, UI's average equity ratio over the three-year period has been 40%. UI's financial performance has demonstrated adequate levels of both profitability and equity capitalization to offset the recent decline in liquidity and interest coverage. Based upon this analysis, staff recommends that a cumulative corporate undertaking of \$528,209 is acceptable contingent upon the receipt of the written guarantee of UI and written confirmation that UI does not have any outstanding guarantees on behalf of UI-owned utilities in other states.

Pursuant to Rule 25-30.360(6), 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.

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**Issue 5:** Should the docket be closed?

**Recommendation:** No. The docket should remain open pending the Commission's final action on the Utility's requested rate increase. (Hartman, Deason)

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



Miles Grant Water and Sewer Company Schedule of Water Rate Base Test Year Ended 6/30/07				Schedule No. 1-A Docket No. 070695-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$1,721,034	(\$60,311)	\$1,660,723	\$0	\$1,660,723
2 Land and Land Rights	33,863	0	33,863	0	33,863
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(568,165)	38,175	(529,990)	0	(529,990)
5 CIAC	(457,173)	0	(457,173)	0	(457,173)
6 Amortization of CIAC	187,483	0	187,483	0	187,483
7 Construction Work in Progress	117,904	(117,904)			
8 Working Capital Allowance	<u>0</u>	<u>32,138</u>	<u>32,138</u>	<u>(5,100)</u>	<u>27,038</u>
9 <b>Rate Base</b>	<u>\$1,034,946</u>	<u>(\$107,901)</u>	<u>\$927,044</u>	<u>(\$5,100)</u>	<u>\$921,944</u>

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Miles Grant Water and Sewer Company			Schedule No. 1-B		
Schedule of Wastewater Rate Base			Docket No. 070695-WS		
Test Year Ended 6/30/07			Interim		
Description	Test Year Per Utility	Utility Adjustments	Adjusted Test Year Per Utility	Staff Adjustments	Staff Adjusted Test Year
1 Plant in Service	\$2,175,149	\$43,040	\$2,218,189	\$0	\$2,218,189
2 Land and Land Rights	35,303	0	35,303	0	35,303
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(630,257)	(27,966)	(658,223)	0	(658,223)
5 CIAC	(294,822)	0	(294,822)	0	(294,822)
6 Amortization of CIAC	122,488	0	122,488	0	122,488
7 Construction Work in Progress	148,759	(148,759)	0	0	0
8 Working Capital Allowance	<u>0</u>	<u>41,780</u>	<u>41,780</u>	<u>(4,803)</u>	<u>36,977</u>
9 <b>Rate Base</b>	<u>\$1,556,620</u>	<u>\$(91,905)</u>	<u>\$1,464,715</u>	<u>\$(4,803)</u>	<u>\$1,459,912</u>

Miles Grant Water and Sewer Company Capital Structure - 13-Month Average Test Year Ended 6/30/07						Schedule No. 2 Docket No. 070695-WS Interim			
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
<b>Per Utility</b>									
1 Long-term Debt	\$138,637,760	\$0	\$138,637,760	(\$137,720,807)	\$916,953	38.34%	6.63%	2.54%	
2 Short-term Debt	33,158,500	0	33,158,500	(32,939,164)	219,336	9.17%	0.25%	0.02%	
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
4 Common Equity	126,158,164	0	126,158,164	(125,323,782)	834,382	34.89%	13.16%	4.59%	
5 Customer Deposits	17,763	0	17,763	0	17,763	0.74%	6.00%	0.04%	
6 Tax Credits-Zero Cost	23,297	0	23,297	0	23,297	0.97%	0.00%	0.00%	
7 Deferred Income Taxes	<u>380,029</u>	<u>0</u>	<u>380,029</u>	<u>0</u>	<u>380,029</u>	<u>15.89%</u>	0.00%	<u>0.00%</u>	
8 <b>Total Capital</b>	<u>\$298,375,513</u>	<u>\$0</u>	<u>\$298,375,513</u>	<u>(\$295,983,753)</u>	<u>\$2,391,760</u>	<u>100.00%</u>		<u>7.20%</u>	
<b>Per Staff</b>									
9 Long-term Debt	\$138,637,760	\$0	\$138,637,760	(\$137,725,418)	\$912,342	38.30%	6.63%	2.54%	
10 Short-term Debt	33,158,500	0	33,158,500	(32,940,292)	218,208	9.16%	0.25%	0.02%	
11 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
12 Common Equity	126,158,164	0	126,158,164	(125,327,947)	830,217	34.86%	13.16%	4.59%	
13 Customer Deposits	17,763	0	17,763	0	17,763	0.75%	6.00%	0.04%	
14 Tax Credits-Zero Cost	23,297	0	23,297	0	23,297	0.98%	0.00%	0.00%	
15 Deferred Income Taxes	<u>380,029</u>	<u>0</u>	<u>380,029</u>	<u>0</u>	<u>380,029</u>	<u>15.96%</u>	0.00%	<u>0.00%</u>	
16 <b>Total Capital</b>	<u>\$298,375,513</u>	<u>\$0</u>	<u>\$298,375,513</u>	<u>(\$295,933,657)</u>	<u>\$2,381,856</u>	<u>100.00%</u>		<u>7.19%</u>	
						<b>LOW</b>	<b>HIGH</b>		
RETURN ON EQUITY						<u>13.16%</u>	<u>15.16%</u>		
OVERALL RATE OF RETURN						<u>7.19%</u>	<u>7.89%</u>		

Miles Grant Water and Sewer Company Statement of Water Operations Test Year Ended 6/30/07						Schedule No. 3-A Docket No. 070695-WS Interim	
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 <b>Operating Revenues:</b>	<u>\$272,800</u>	<u>\$172,341</u>	<u>\$445,141</u>	<u>(\$160,803)</u>	<u>\$284,338</u>	<u>\$116,412</u> 40.94%	<u>\$400,750</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	\$209,477	\$47,629	\$257,106	(\$40,802)	\$216,304		\$216,304
3 Depreciation	151,703	(101,149)	50,554	0	50,554		50,554
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	37,118	10,464	47,582	(10,770)	36,812	5,239	42,050
6 Income Taxes	<u>(76,862)</u>	<u>100,106</u>	<u>23,244</u>	<u>(39,564)</u>	<u>(16,320)</u>	<u>41,835</u>	<u>25,515</u>
7 <b>Total Operating Expense</b>	<u>\$321,436</u>	<u>\$57,050</u>	<u>\$378,486</u>	<u>(\$91,136)</u>	<u>\$287,350</u>	<u>\$47,073</u>	<u>\$334,423</u>
8 <b>Operating Income</b>	<u>(\$48,636)</u>	<u>\$115,291</u>	<u>\$66,655</u>	<u>(\$69,667)</u>	<u>\$(3,012)</u>	<u>\$69,339</u>	<u>\$66,327</u>
9 <b>Rate Base</b>	<u>\$1,034,946</u>		<u>\$927,044</u>		<u>\$921,944</u>		<u>\$921,944</u>
10 <b>Rate of Return</b>	<u>(4.70%)</u>		<u>7.19%</u>		<u>(0.33%)</u>		<u>7.19%</u>

Miles Grant Water and Sewer Company Statement of Wastewater Operations Test Year Ended 6/30/07						Schedule No. 3-B Docket No. 070695-WS Interim	
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 <b>Operating Revenues:</b>	<u>\$337,176</u>	<u>\$266,185</u>	<u>\$603,361</u>	<u>(\$261,820)</u>	<u>\$341,541</u>	<u>\$219,137</u> 64.16%	<u>\$560,678</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	\$289,385	\$44,854	\$334,239	(\$38,426)	\$295,813		\$295,813
3 Depreciation	56,172	8,359	64,531	0	64,531		64,531
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	45,184	14,967	60,151	(15,111)	45,040	9,861	54,901
6 Income Taxes	<u>(51,241)</u>	<u>90,369</u>	<u>39,128</u>	<u>(77,475)</u>	<u>(38,347)</u>	<u>78,750</u>	<u>40,403</u>
7 <b>Total Operating Expense</b>	<u>\$339,500</u>	<u>\$158,549</u>	<u>\$498,049</u>	<u>(\$131,012)</u>	<u>\$367,037</u>	<u>\$88,612</u>	<u>\$455,649</u>
8 <b>Operating Income</b>	<u>(\$2,324)</u>	<u>\$107,636</u>	<u>\$105,312</u>	<u>(\$130,808)</u>	<u>(\$25,496)</u>	<u>\$130,525</u>	<u>\$105,029</u>
9 <b>Rate Base</b>	<u>\$1,556,620</u>		<u>\$1,464,715</u>		<u>\$1,459,912</u>		<u>\$1,459,912</u>
10 <b>Rate of Return</b>	<u>(0.15)%</u>		<u>7.19%</u>		<u>(1.75)%</u>		<u>7.19%</u>

<b>Miles Grant Water and Sewer Company</b>		<b>Schedule 3-C</b>	
<b>Adjustment to Operating Income</b>		<b>Docket No. 070695-WS</b>	
<b>Test Year Ended 6/30/07</b>			
<b>Explanation</b>	<b>Water</b>	<b>Wastewater</b>	
<u>Operating Revenues</u>			
Remove requested final revenue increase	<u>(\$160,803)</u>	<u>(\$261,820)</u>	
<u>Operation and Maintenance Expense</u>			
To remove Pro Forma Salary & Wages and Benefits	<u>(\$40,802)</u>	<u>(\$38,426)</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above	(\$7,236)	(\$11,782)	
2 To remove Pro Forma Payroll Taxes	<u>(3,534)</u>	<u>(3,329)</u>	
Total	<u>(\$10,770)</u>	<u>(\$15,111)</u>	
<u>Income Taxes</u>			
To reflect the appropriate income taxes	<u>(\$39,564)</u>	<u>(\$77,475)</u>	

Miles Grant Water and Sewer Company Water Monthly Service Rates Test Year Ended 6/30/07			Schedule No. 4-A Docket No. 070695-WS Interim		
	Test Year Rates	Present Rates	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<b>Residential, General Service, Bulk Sales, and Multi-Family</b>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$21.29	\$21.81	\$33.94	\$37.49	\$30.06
1"	\$53.00	\$54.28	\$84.84	\$93.73	\$74.82
1-1/2"	\$105.84	\$108.40	\$169.68	\$187.45	\$149.42
2"	\$169.32	\$173.42	\$271.49	\$299.92	\$239.04
3"	\$338.47	\$346.66	\$542.98	\$599.84	\$477.83
4"	\$528.79	\$541.59	\$848.41	\$937.25	\$746.52
6"	\$1,057.47	\$1,083.06	\$1,696.82	\$1,874.50	\$1,492.88
Gallonage Charge, per 1,000 Gallons	\$2.60	\$2.66	\$4.14	\$4.82	\$3.67
<b>Irrigation-General Service</b>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$21.29	\$21.81	\$33.94	\$37.49	\$30.06
Gallonage Charge	\$2.60	\$2.66	\$4.14	\$4.82	\$3.67
<b>Irrigation-Bulk Rate</b>					
Gallonage Charge	\$0.53	\$0.54	\$0.00	\$0.00	\$0.54
<b>Typical Residential Bills 5/8" x 3/4" Meter</b>					
3,000 Gallons	\$29.09	\$29.79	\$46.36	\$51.95	\$41.07
5,000 Gallons	\$34.29	\$35.11	\$54.64	\$61.59	\$48.41
10,000 Gallons	\$47.29	\$48.41	\$75.34	\$85.69	\$66.76

<b>Miles Grant Water and Sewer Company</b>			<b>SCHEDULE NO. 4-B</b>		
<b>Wastewater Monthly Service Rates</b>			<b>Docket No. 070695-WS</b>		
<b>Test Year Ended 6/30/07</b>			<b>Interim</b>		
	<b>Test Year Rates</b>	<b>Present Rates</b>	<b>Utility Requested Interim</b>	<b>Utility Requested Final</b>	<b>Staff Recomm. Interim</b>
<b><u>Residential</u></b>					
Base Facility Charge All Meter Sizes:	\$27.95	\$28.79	\$50.96	\$54.82	\$46.23
Gallonge Charge - Per 1,000 gallons (10,000 gallon cap)	\$3.95	\$4.06	\$7.19	\$7.56	\$6.53
<b><u>General Service</u></b>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$27.98	\$28.79	\$50.96	\$54.82	\$46.28
1"	\$70.00	\$72.02	\$127.40	\$0.00	\$115.78
1-1/2"	\$139.96	\$144.00	\$254.79	\$274.10	\$231.49
2"	\$223.94	\$230.41	\$407.67	\$438.56	\$370.39
3"	\$447.94	\$460.89	\$815.33	\$877.12	\$740.88
4"	\$699.88	\$720.11	\$1,273.96	\$1,370.50	\$1,157.58
6"	\$1,399.73	\$1,440.18	\$2,547.92	\$2,741.00	\$2,315.11
Gallonge Charge, per 1,000 Gallons	\$3.95	\$4.06	\$7.19	\$7.56	\$6.53
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>					
3,000 Gallons	\$39.80	\$40.97	\$72.53	\$77.50	\$65.82
5,000 Gallons	\$47.70	\$49.09	\$86.91	\$92.62	\$78.88
10,000 Gallons	\$67.45	\$69.39	\$122.86	\$130.42	\$111.53
(Wastewater Gallonge Cap - 10,000 Gallons)					