

Ruth Nettles

From: Trina Collins [TCollins@RSBAttorneys.com]
Sent: Friday, June 20, 2008 4:50 PM
To: Filings@psc.state.fl.us
Cc: adaniels@trgjax.com; aburnham@burtonandassociates.com; Patti Daniel; Pat Brady; Martin Friedman; Christian W. Marcelli; Trina Collins
Subject: Filing in Docket No.: 080113-WS; Application of Regency Utilities, Inc., for Certificates of Authorization for its Water and Wastewater Operations in Duval County, Florida
Importance: High
Attachments: PSC Clerk 07 (NOF Revised Special Report).ltr.06-20-2008(5).pdf

Martin S. Friedman, Esquire

Rose, Sundstrom & Bentley, LLP

(407) 830-6331 Work

MFriedman@RSBAttorneys.com

Sanlando Center

2180 W. State Road 434

Suite 2118

Longwood, Florida 32779

- a.
- b. Docket No.: 080113-WS; Application of Regency Utilities, Inc., for Certificates of Authorization for its Water and Wastewater Operations in Duval County, Florida – Filing the Notice of Filing of the Revised Special Report, dated June 19, 2008.
- c. Regency Utilities, Inc.
- d. 28 pages.
- e. Letter to Commission Clerk – 1 page; Notice of Filing – 1 page; Regency Utilities, Inc. Revised Special Report, dated June 19, 2008- 26 pages.

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY, LLP
25-48 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
F. MARSHALL DETERDING
JOHN R. JENKINS, P.A.
KYLE L. KEMPER
STEVEN T. MINDLIN, P.A.
CHASDY H. O'SHEEN
DAREN L. SHIPPY
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON
ROBERT M. C. ROSE (1924-2006)

(850) 877-6555
FAX (850) 656-4029
www.rsbllloftheys.com

REPLY TO CENTRAL FLORIDA OFFICE

June 20, 2008

VIA E-FILING

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

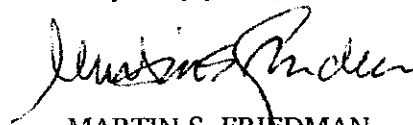
RE: Docket No.: 080113-WS; Application of Regency Utilities, Inc., for Certificates of Authorization for its Water and Wastewater Operations in Duval County, Florida
Our File No.: 42003.02

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is a Notice of Filing of the Revised Special Report, dated June 19, 2008.

Should you or the Staff have any questions regarding this matter, please do not hesitate to give me a call.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/tlc

cc: Ms. Alexa Daniels (via email)
Andrew J. Burnham, Vice President (via email)
Ms. Patti Daniel, Division of Economic Regulation (via email)
Ms. Pat Brady, Division of Economic Regulation (via email)

M:\J ALTAMONTE\REGENCY UTILITIES, INC.\(02) PSC Certificate Application\PSC Clerk 07 (NOF Revised Special Report).ltr.doc

DOCUMENT NUMBER-DATE

05336 JUN 20 08

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of
REGENCY UTILITIES, INC.,
for certificates of authorization for its
water and wastewater operations
in Duval County, Florida

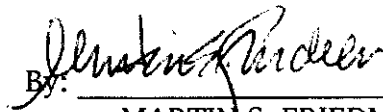
DOCKET NO.: 080113-WS

NOTICE OF FILING

Applicant, REGENCY UTILITIES, INC., by and through its undersigned attorneys,
hereby gives notice of filing in the above-referenced docket a Revised Special Report, dated
June 19, 2008.

Respectfully submitted this 20th day of
June, 2008, by:

ROSE, SUNDSTROM & BENTLEY, LLP
Sanlando Center
2180 W. State Road 434
Suite 2118
Longwood, Florida 32779
(407) 830-6331 Telephone
(407) 830-8522 Facsimile
Email: mfriedman@rsbatttoneys.com

By: 

MARTIN S. FRIEDMAN

Regency Utilities, Inc.
Revised Special Report
Original Certificate Application
June 19, 2008

DOCUMENT NUMBER-DATE

05336 JUN 20 8

FPSC-COMMISSION CLERK

Regency Utilities, Inc.
Original Certificate Application
Revised Special Report

Index

<u>Schedule No.</u>	<u>Page</u>	<u>Description</u>
A-1	1	Proposed Rates and Service Availability Charges
A-2	2	Proforma Capital Structure and Cost of Capital
B-1	3	Water System Proforma Rate Base, Rate of Return and Operating Income
B-2	4	Water System Summary of Utility Plant Cost, Capacities, Accumulated Depreciation and Expense
B-3	5	Water System Estimated Cost of Water Utility Plant in Service By Primary Accounts
B-4	6	Water System Calculation of AFUDC Excluding Meters
B-5	7	Water System Projected Accumulated Depreciation and Expense
B-6	8	Water System Calculation of Proposed Service Availability Charges, CIAC Level at Build-out and Statement Regarding Proposed Service Availability Policy
B-7	9	Water System CIAC, Accumulated Amortization of CIAC and Annual Amortization
B-8	10	Water System Constructed Statement of Operations
B-9	11	Water System Detail of Proforma O&M Expenses
B-10	12	Water System Projected Taxes Other Than Income Taxes
B-11	13	Water System Rate Computation
C-1	14	Wastewater System Proforma Rate Base, Rate of Return and Operating Income
C-2	15	Wastewater System Summary of Utility Plant Cost, Capacities, Accumulated Depreciation and Expense
C-3	16	Wastewater System Estimated Cost of Wastewater Utility Plant in Service By Primary Accounts
C-4	17	Wastewater System Calculation of AFUDC Excluding Meters
C-5	18	Wastewater System Projected Accumulated Depreciation and Expense
C-6	19	Wastewater System Calculation of Proposed Service Availability Charges, CIAC Level at Build-out and Statement Regarding Proposed Service Availability Policy
C-7	20	Wastewater System CIAC, Accumulated Amortization of CIAC and Annual Amortization
C-8	21	Wastewater System Constructed Statement of Operations
C-9	22	Wastewater System Detail of Proforma O&M Expenses
C-10	23	Wastewater System Projected Taxes Other Than Income Taxes
C-11	24	Wastewater System Rate Computation

DOCUMENT NUMBER - DATE

05336 JUN 20 8

FPSC-COMMISSION CLERK

Regency Utilities, Inc.
Original Certificate Application
Total System
Proposed Rates and Service Availability Charges

Line No.		Proposed Monthly Rates	
		Water	Wastewater
1	<u>Residential</u>		
2	Base Facility Charges:		
3	5/8" X 3/4"		
4	1"		
5	1.5"		
6	2"		
7	3"		
8	4"		
9	6"		
10	Gallage Charge per 1,000 Gallons		
11	<u>General Service</u>		
12	Base Facility Charges:		
13	5/8" X 3/4"	\$ 15.79	\$ 17.36
14	3/4"	23.69	26.04
15	1"	39.48	43.40
16	1.5"	78.95	86.80
17	2"	126.32	138.88
18	3"	252.64	277.76
19	4"	394.75	434.00
20	6"	789.50	868.00
21	Gallage Charge per 1,000 Gallons	1.49	3.24
22	<u>Service Availability Charges</u>		
23	System Capacity Charge:		
24	Per ERC - 250 GPD	<u>N/A</u>	<u>N/A</u>
25	General Service/Bulk per gallon of daily demand	<u>N/A</u>	<u>N/A</u>
26	Meter Fee:		
27	All Meter Sizes	<u>Actual Cost</u>	<u>Actual Cost</u>

Regency Utilities, Inc.
Original Certificate Application
Total System
Proforma Capital Structure and Cost of Capital

Line No.	Estimated Amount	Percent Ratio	Cost of Each Percent (3)	Weighted Cost
1 Equity (1)	\$ 252,111	100%	9.07%	9.07%
2 Debt (2)	-	0%	7.50%	0.00%
3 Total	<u>\$ 252,111</u>	<u>100%</u>		<u>9.07%</u>

4 Notes:

5 (1) Equity contributions or advances from Related Entities will be made as required by the Utility
6 ownership to finance the Utility operations.

7 (2) A Proforma capital structure of 100% equity and 0% debt is proposed so that the initial rates
8 established in this proceeding will provide adequate financial resources to the Company.

9 (3) The cost of equity is based on the current PSC leverage formula. The cost of debt is based on
10 the current Prime Rate (6.50%) plus 1.00%.

Regency Utilities, Inc.
Original Certificate Application
Water System
Proforma Rate Base, Rate of Return and Operating Income

<u>Line No.</u>		<u>Schedule Reference</u>	<u>Balance</u>
1	Utility Plant in Service	B-2	242,409
2	Accumulated Depreciation	B-2	(106,954)
3	Contributions in Aid of Construction (CIAC)	B-6	(21,980)
4	Accumulated Amortization of CIAC	B-6	<u>18,883</u>
5			132,358
6	Allowance for Working Capital (1)		20,302
7	Proforma Rate Base		<u>152,660</u>
8	Proforma Rate of Return	A-2	<u>9.07%</u>
9	Proforma Operating Income	B-8	<u>13,846</u>
10	Note (1): Based on 12.5% of O&M Expenses per Schedule No. B-9		

Regency Utilities, Inc.
Original Certificate Application
Water System
Summary of Utility Plant Cost, Capacities, Accumulated Depreciation and Expense

Line No.	NARUC Acct. No.	Description	Estimated Original Cost	PSC Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Capacities (2)	
							ERC's	Gallons
<u>Original System Costs</u>								
1	301	Organization (1)	\$ 25,000	2.50%	\$ 625	\$ 625	554	177,800
2	304	Structures and Improvements	-	3.13%	-	-	554	177,800
3	307	Wells and Springs	-	3.33%	-	-	554	177,800
4	309	Supply Mains	-	2.86%	-	-	554	177,800
5	310	Power Generation Equipment	-	5.00%	-	-	554	177,800
6	311	Water Pumping Equipment	-	5.00%	-	-	554	177,800
7	320	Water Treatment Equipment	-	4.55%	-	-	554	177,800
8	330	Distribution Reservoirs and Standpipes	-	2.70%	-	-	554	177,800
9	331	Transmission and Distribution Mains (Fire Mains)	21,980	3.03%	666	18,883	554	177,800
10	333	Services	148,540	2.50%	3,714	52,995	554	177,800
11	334	Meters and Meter Installations	46,889	5.00%	2,344	34,451	554	177,800
12		Total	<u>\$ 242,409</u>		<u>\$ 7,349</u>	<u>\$ 106,954</u>	<u>554</u>	<u>177,800</u>

12 Notes: (1) Organization costs are based on 50% of the total estimated legal, accounting and engineering costs incurred to
13 obtain an original PSC certificate. Such costs have been allocated equally to the two types of service to be provided.

14 (2) Capacities are based upon buildout ERC's and average day demand per ERC per Schedule B-11

Regency Utilities, Inc.
 Original Certificate Application
 Water System
 Estimated Cost of Water Utility Plant in Service By Primary Accounts

Line No.	Plant	Plant Costs Excl. AFUDC	Percent	Permitting/ Contingency/ Engineering	Total Costs Before AFUDC	Percent	AFUDC	Total Plant Costs
1	<u>Original Potable Water Systems Costs</u>							
2	Structures and Improvements	\$ -		\$ -	\$ -		\$ -	\$ -
3	Wells and Springs	-		-	-		-	-
4	Supply Mains	-		-	-		-	-
5	Power Generation Equipment	-		-	-		-	-
6	Water Pumping Equipment	-		-	-		-	-
7	Water Treatment Equipment	-		-	-		-	-
8	Distribution Reservoirs and Standpipes	-		-	-		-	-
9	Transmission and Distribution Mains (Fire Mains)	21,980			21,980		-	21,980
10	Services	148,540		-	148,540		-	148,540
11	Meters and Meter Installations	46,889		-	46,889		-	46,889
12	Total Original Potable Water System Plant Costs	<u>\$ 217,409</u>		<u>\$ -</u>	<u>\$ 217,409</u>		<u>\$ -</u>	<u>\$ 217,409</u>

Regency Utilities, Inc.
Original Certificate Application
Water System
Calculation of AFUDC Excluding Meters

Line No.	<u>Month</u>	Estimated Monthly CWIP Increase	Accumulated CWIP Beginning of Month	Accumulated CWIP End of Month	Average CWIP Balance	Monthly AFUDC	Total Capitalized
-------------	--------------	--	--	--	----------------------------	------------------	----------------------

- 1 No AFUDC or interest during construction was charged in the construction of the original sites or
- 2 distribution systems.

Regency Utilities, Inc.
Original Certificate Application
Water System
Projected Accumulated Depreciation and Expense

Line No.	NARUC Acct. No.	Description	Estimated Cost	PSC Depreciation Rate	Accumulated Depreciation (1)	Depreciation Expense
1	301	Organization	\$ 25,000	2.50%	\$ 625	\$ 625
2	304	Structures and Improvements	-	3.13%	-	-
3	307	Wells and Springs	-	3.33%	-	-
4	309	Supply Mains	-	2.86%	-	-
5	310	Power Generation Equipment	-	5.00%	-	-
6	311	Water Pumping Equipment	-	5.00%	-	-
7	320	Water Treatment Equipment	-	4.55%	-	-
8	330	Distribution Reservoirs and Standpipes	-	2.70%	-	-
9	331	Transmission and Distribution Mains (Fire Mains)	21,980	3.03%	18,883	666
10	333	Services	148,540	2.50%	52,995	3,714
11	334	Meters and Meter Installations	46,889	5.00%	34,451	2,344
12		Total	<u>\$ 242,409</u>		<u>\$ 106,954</u>	<u>\$ 7,349</u>

13 Note (1): Accumulated depreciation through December 31, 2007 was calculated using PSC guideline rates, estimated original
14 costs and the age of each plant facility as provided by the Company.

Regency Utilities, Inc.
Original Certificate Application
Water System
Calculation of Proposed Service Availability Charges, CIAC Level at Build-out and
Statement Regarding Proposed Service Availability Policy

<u>Line No.</u>	<u>T&D Cost</u>	<u>Accumulated Amortization</u>	<u>Annual Amortization</u>	<u>Net CIAC</u>
1	<u>Property CIAC</u>			
2	\$ 21,980	\$ 18,883	\$ 666	\$3,097
3	The cost of the transmission and distribution system has been classified as CIAC to meet the minimum guideline			
4	requirements of Rule 25-30.580. Future additions to the transmission and distribution system (if any) will be contributed.			

Regency Utilities, Inc.
Original Certificate Application
Water System
CIAC, Accumulated Amortization of CIAC and Annual Amortization

<u>Line No.</u>	<u>Year</u>	<u>Description</u>	<u>No. of New ERC's</u>	<u>Proposed Charge per ERC</u>	<u>Total CIAC</u>	<u>Amortization Rate</u>	<u>Accumulated Amortization</u>	<u>Annual Amortization</u>
1		The potable water system is built out; therefore, no future collections are projected and this schedule is not applicable						

Regency Utilities, Inc.
Original Certificate Application
Water System
Constructed Statement of Operations

Line No.		Estimated Amount	Proforma Adjustments	Proforma Amount	Schedule Reference
1	Operating Revenue		<u>\$ 200,689</u> (A)	<u>\$ 200,689</u>	
2	Operating Expenses				
3	O&M Expense	\$ 161,390		161,390	B-9
4	Depreciation	7,349		7,349	B-5
5	Amortization of CIAC	(666)		(666)	B-6
6	Taxes other than Income	9,739	9,031 (B)	18,770	B-10
7		<u>177,812</u>	<u>9,031</u>	<u>186,843</u>	
8	Operating Income (loss)	<u>\$ (177,812)</u>	<u>\$ 191,658</u>	<u>\$ 13,846</u>	B-1
9	Rate Base	<u>\$ 152,660</u>		<u>\$ 152,660</u>	B-1
10	Rate of Return	<u>-116.48%</u>		<u>9.07%</u>	A-2
11	Proforma Adjustments:				
12	(A) Total revenue requested to realize a 9.07% rate of return.			<u>\$ 200,689</u>	
13	(B) Regulatory assessment fees (RAF's)				
14	Total Revenue Requested			\$ 200,689	
15	RAF Rate			4.50%	
16	Regulatory Assessment Fees			<u>\$ 9,031</u>	

Regency Utilities, Inc.
Original Certificate Application
Water System
Detail of Proforma O&M Expenses

Line No.	NARUC Acct. No.	Description	Estimated Amount
1	610	Purchased Water (1)	\$ 63,159
2	615	Purchased Power	382
3	620	Materials & Supplies (equipment & building repairs)	10,398
4	633	Contractual Services: Legal	865
5	634	Contractual Services: Management Fees (Billing/collection, customer accounts, accounting, management costs)	55,361
6	636	Contractual Services: Other (Meter reading, fire protection, monitoring)	10,221
7	641	Rental of Building & Real Property	5,109
8	657	Insurance: General Liability	1,781
9	670	Bad Debt Expense (2)	2,007
10	675	Miscellaneous (Alarm system, bank charges, licenses & permits, postage, telephone, admin., etc.)	<u>12,107</u>
11		Total Estimated O&M Expense	<u>\$ 161,390</u>
12		(1) Costs were estimated by Burton & Associates based on current wholesale rates and estimated annual water sold per Schedule B-11.	
13			
14		(2) Estimated at 1% of requested revenues per Schedule B-8	

Regency Utilities, Inc.
Original Certificate Application
Water System
Projected Taxes Other Than Income Taxes

Line No.	Description	Cost	Millage Rate	Projected Tax
1	<u>Tangible Personal Property (Excludes Organization)</u>			
2	Total Projected Cost	\$ 1,152,902		
3	Accumulated Depreciation	<u>(569,351)</u>		
4	Estimated Taxable Value	<u>\$ 583,551</u>	1.66894%	\$9,739
5	<u>Payroll Taxes</u>			
6	Total Salaries & Wages	<u>\$ -</u>	7.65%	<u>-</u>
7	Total Taxes other than Income			<u>\$ 9,739</u>

Regency Utilities, Inc.
Original Certificate Application
Water System
Rate Computation

Line No.		Total	Percent Allocation		Rate Component	
			BFC	Gallorage	BFC	Gallorage
1	<u>Operation & Maintenance (O&M)</u>					
2	Purchased Water	\$ 63,159		100.00%	\$ -	\$ 63,159
3	Purchased Power	382	50.00%	50.00%	191	191
4	Materials & Supplies	10,398	50.00%	50.00%	5,199	5,199
5	Contractual Services: Legal	865	100.00%		865	-
6	Contractual Services: Management Fees (Billing, customer accounts, acctg., mgmt. costs)	55,361	100.00%		55,361	-
7	Contractual Services: Other (Meter reading, fire protection, monitoring)	10,221	100.00%		10,221	-
8	Rental of Building & Real Property	5,109	50.00%	50.00%	2,555	2,555
9	Insurance - General Liability	1,781	50.00%	50.00%	891	891
10	Bad Debt Expense	3,036	50.00%	50.00%	1,518	1,518
11	Miscellaneous (Alarm system, bank charges, licenses & permits, postage, telephone, admin., etc.)	12,107	100.00%		12,107	-
12	Total Estimated O&M Expense	<u>162,419</u>				
13	Depreciation Expense - Net	<u>6,683</u>	100.00%	0.00%	6,683	-
14	<u>Taxes Other Than Income</u>					
15	Real Estate & Property Taxes	9,739	50.00%	50.00%	4,870	4,870
16	Regulatory Assessment Fees	9,031	50.00%	50.00%	4,516	4,516
17		<u>18,770</u>				
18	Operating Income	<u>13,846</u>	0.00%	100.00%	-	13,846
19	Total Revenue Requested	<u>\$ 201,718</u>			<u>\$ 104,975</u>	<u>\$ 96,743</u>
20	No. of ERC's at buildout level of operation				554	554
21	No. of Months				12	
22	Annual No. of monthly ERC's				6,648	
23	Average daily demand per ERC (gpd)					321
24	Daily demand					177,800
25	Days in year					365
26	Estimated annual gallons sold - thousands					<u>64,897</u>
27	Rates - Base Facility Charge/Gallorage Charge per 1,000 Gallons				<u>\$ 15.79</u>	<u>\$ 1.49</u>

Regency Utilities, Inc.
Original Certificate Application
Wastewater System
Proforma Rate Base, Rate of Return and Operating Income

<u>Line No.</u>		<u>Schedule Reference</u>	<u>Balance</u>
1	Utility Plant in Service	C-2	61,942
2	Accumulated Depreciation	C-2	(26,371)
3	Contributions in Aid of Construction (CIAC)	C-6	(30,260)
4	Accumulated Amortization of CIAC	C-6	<u>24,221</u>
5			29,532
6	Allowance for Working Capital (1)		27,159
7	Proforma Rate Base		<u>56,692</u>
8	Proforma Rate of Return	A-2	<u>9.07%</u>
9	Proforma Operating Income	C-8	<u>5,142</u>
10	Note (1): Based on 12.5% of O&M Expenses per Schedule No. C-9		

Regency Utilities, Inc.
Original Certificate Application
Wastewater System
Summary of Utility Plant Cost, Capacities, Accumulated Depreciation and Expense

Line No.	NARUC Acct. No.	Description	Estimated	PSC	Depreciation Expense	Accumulated Depreciation	Capacities (2)	
			Original Cost	Depreciation Rate			ERC's	Gallons
<u>Original System Costs</u>								
1	351	Organization (1)	\$ 25,000	2.50%	\$ 625	\$ 625	443	120,175
2	361	Collection Sewers - Gravity	30,260	2.22%	672	24,221	443	120,175
3	363	Services to Customers	6,682	2.63%	176	1,525	443	120,175
4		Total	<u>\$ 61,942</u>		<u>\$ 1,473</u>	<u>\$ 26,371</u>	<u>443</u>	<u>120,175</u>

5 Notes: (1) Organization costs are based on 50% of the total estimated legal, accounting and engineering costs incurred to
6 obtain an original PSC certificate. Such costs have been allocated equally to the two types of service to be provided.

7 (2) Capacities are based upon buildout ERC's and average day demand per ERC per Schedule C-11

Regency Utilities, Inc.
Original Certificate Application
Wastewater System
Estimated Cost of Wastewater Utility Plant in Service By Primary Accounts

Line No.	Plant	Plant Costs Excl. AFUDC	Percent	Permitting/ Contingency/ Engineering	Total Costs Before AFUDC	Percent	AFUDC	Total Plant Costs
1	<u>Original Wastewater System Costs</u>							
2	Collection Sewers - Gravity	\$ 30,260		\$ -	\$ 30,260		\$ -	\$ 30,260
3	Services to Customers	6,682		-	6,682		-	6,682
12	Total Original Wastewater System Plant Costs	<u>\$ 36,942</u>		<u>\$ -</u>	<u>\$ 36,942</u>		<u>\$ -</u>	<u>\$ 36,942</u>

Regency Utilities, Inc.
Original Certificate Application
Wastewater System
Calculation of AFUDC Excluding Meters

Line No.	<u>Month</u>	Estimated Monthly CWIP <u>Increase</u>	Accumulated CWIP Beginning of Month	Accumulated CWIP End of Month	Average CWIP <u>Balance</u>	Monthly <u>AFUDC</u>	Total <u>Capitalized</u>
-------------	--------------	---	--	--	-----------------------------------	-------------------------	-----------------------------

- 1 No AFUDC or interest during construction was charged in the construction of the original sites or
- 2 collection systems.

Regency Utilities, Inc.
Original Certificate Application
Wastewater System
Projected Accumulated Depreciation and Expense

Line No.	NARUC Acct. No.	Description	Estimated Cost	PSC Depreciation Rate	Accumulated Depreciation (1)	Depreciation Expense
1	351	Organization	\$ 25,000	2.50%	\$ 625	\$ 625
2	361	Collection Sewers - Gravity	30,260	2.22%	24,221	672
3	363	Services to Customers	<u>6,682</u>	2.63%	<u>1,525</u>	<u>176</u>
12		Total	<u>\$ 61,942</u>		<u>\$ 26,371</u>	<u>\$ 1,473</u>

13 Note (1): Accumulated depreciation through December 31, 2007 was calculated using PSC guideline rates, estimated original
14 costs and the age of each plant facility as provided by the Company.

Regency Utilities, Inc.
 Original Certificate Application
 Wastewater System
 Calculation of Proposed Service Availability Charges, CIAC Level at Build-out and
 Statement Regarding Proposed Service Availability Policy

<u>Line No.</u>	<u>Collection Cost</u>	<u>Accumulated Amortization</u>	<u>Annual Amortization</u>	<u>Net CIAC</u>
1	<u>Property CIAC</u>			
2	\$ 30,260	\$ 24,221	\$ 672	\$6,039
3	The cost of collection sewers has been classified as CIAC to meet the minimum guideline			
4	requirements of Rule 25-30.580. Future additions to the collection system (if any) will be contributed.			

Regency Utilities, Inc.
Original Certificate Application
Wastewater System
CIAC, Accumulated Amortization of CIAC and Annual Amortization

Line No.	Year	Description	No. of New ERC's	Proposed Charge per ERC	Total CIAC	Amortization Rate	Accumulated Amortization	Annual Amortization
1		The wastewater system is built out; therefore, no future collections are projected and this schedule is not applicable						

Regency Utilities, Inc.
Original Certificate Application
Wastewater System
Constructed Statement of Operations

Line No		Estimated Amount	Proforma Adjustments	Proforma Amount	Schedule Reference
1	Operating Revenue		<u>\$ 234,096</u>	(A) <u>\$ 234,096</u>	
2	Operating Expenses				
3	O&M Expense	\$ 217,025		217,025	C-9
4	Depreciation	1,473		1,473	C-5
5	Amortization of CIAC	(672)		(672)	C-6
6	Taxes other than Income	594	10,534	(B) 11,128	C-10
7		<u>218,420</u>	<u>10,534</u>	<u>228,954</u>	
8	Operating Income (loss)	<u>\$ (218,420)</u>	<u>\$ 223,562</u>	<u>\$ 5,142</u>	C-1
9	Rate Base	<u>\$ 56,692</u>		<u>\$ 56,692</u>	C-1
10	Rate of Return	<u>-385.28%</u>		<u>9.07%</u>	A-2
11	Proforma Adjustments:				
12	(A) Total revenue requested to realize a 9.07% rate of return.			<u>\$ 234,096</u>	
13	(B) Regulatory assessment fees (RAF's)				
14	Total Revenue Requested			\$ 234,096	
15	RAF Rate			4.50%	
16	Regulatory Assessment Fees			<u>\$ 10,534</u>	

Regency Utilities, Inc.
Original Certificate Application
Wastewater System
Detail of Proforma O&M Expenses

Line No.	NARUC Acct. No.	Description	Estimated Amount
1	710	Purchased Wastewater Treatment (1)	\$ 125,012
2	715	Purchased Power	495
3	720	Materials & Supplies (equipment & building repairs)	634
4	733	Contractual Services: Legal	865
5	734	Contractual Services: Management Fees (Billing/collection, customer accounts, accounting, management costs)	50,801
6	736	Contractual Services: Other (Meter reading, fire protection, monitoring)	12,272
7	741	Rental of Building & Real Property	6,617
8	757	Insurance: General Liability	2,307
9	770	Bad Debt Expense (2)	2,341
10	775	Miscellaneous (Alarm system, bank charges, licenses & permits, postage, telephone, admin., etc.)	<u>15,681</u>
11		Total Estimated O&M Expense	<u>\$ 217,025</u>
12		(1) Costs were estimated by Burton & Associates based on current wholesale rates and	
13		estimated annual water sold per Schedule C-11.	
14		(2) Estimated at 1% of requested revenues per Schedule C-8	

Regency Utilities, Inc.
Original Certificate Application
Wastewater System
Projected Taxes Other Than Income Taxes

Line No.	<u>Description</u>	<u>Cost</u>	<u>Millage Rate</u>	<u>Projected Tax</u>
1	<u>Tangible Personal Property (Excludes Organization)</u>			
2	Total Projected Cost	\$ 61,942		
3	Accumulated Depreciation	<u>(26,371)</u>		
4	Estimated Taxable Value	<u>\$ 35,571</u>	1.66894%	\$594
5	<u>Payroll Taxes</u>			
6	Total Salaries & Wages	<u>\$ -</u>	7.65%	<u>-</u>
7	Total Taxes other than Income			<u>\$ 594</u>

Regency Utilities, Inc.
Original Certificate Application
Wastewater System
Rate Computation

Line No.		Total	Percent Allocation		Rate Component	
			BFC	Gallorage	BFC	Gallorage
1	<u>Operation & Maintenance (O&M)</u>					
2	Purchased Wastewater Treatment	\$ 125,012		100.00%	\$ -	\$125,012
3	Purchased Power	495	50.00%	50.00%	248	248
4	Materials & Supplies (equipment & building repairs)	634	50.00%	50.00%	317	317
5	Contractual Services: Legal	865	100.00%		865	-
6	Contractual Services: Management Fees (Billing, customer accounts, acctg., mgmf. costs)	50,801	100.00%		50,801	-
7	Contractual Services: Other (Meter reading, fire protection, monitoring)	12,272	100.00%		12,272	-
8	Rental of Building & Real Property	6,617	50.00%	50.00%	3,309	3,309
9	Insurance - General Liability	2,307	50.00%	50.00%	1,154	1,154
10	Bad Debt Expense	2,591	50.00%	50.00%	1,296	1,296
11	Miscellaneous (Alarm system, bank charges, licenses & permits, political contributions, admin.)	15,681	100.00%		15,681	-
12	Total Estimated O&M Expense	<u>217,275</u>				
13	Depreciation Expense - Net	<u>801</u>	100.00%	0.00%	801	-
14	<u>Taxes Other Than Income</u>					
15	Real Estate & Property Taxes	594	50.00%	50.00%	297	297
16	Regulatory Assessment Fees	10,534	50.00%	50.00%	5,267	5,267
17		<u>11,128</u>				
18	Operating Income	<u>5,142</u>	0.00%	100.00%	-	5,142
19	Total Revenue Requested	<u>\$ 234,346</u>			<u>\$ 92,306</u>	<u>\$ 142,040</u>
20	No. of ERC's at buildout level of operation				443	443
21	No. of Months				<u>12</u>	
22	Annual No. of monthly ERC's				5,316	
23	Average daily demand per ERC (gpd)					<u>271</u>
24	Daily demand					<u>120,175</u>
25	Days in year					<u>365</u>
26	Estimated annual gallons sold - thousands					<u>43,864</u>
27	Rates - Base Facility Charge/Gallorage Charge per 1,000 Gallons				<u>\$ 17.36</u>	<u>\$ 3.24</u>