

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke. | DOCKET NO. 090392-WS  
| ORDER NO. PSC-09-0844-PCO-WS  
| ISSUED: December 22, 2009

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman  
LISA POLAK EDGAR  
NANCY ARGENZIANO  
NATHAN A. SKOP  
DAVID E. KLEMENT

ORDER SUSPENDING PROPOSED FINAL RATES AND  
APPROVING INTERIM RATES

BY THE COMMISSION:

Utilities Inc. of Pennbrooke (Pennbrooke or Utility) is a Class B utility providing water and wastewater service to approximately 1,468 water and 1,251 wastewater customers in Lake County. Water and wastewater rates were last established for this Utility in its 2006 rate case.<sup>1</sup>

On September 28, 2009, Pennbrooke 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). As of the 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 December 31, 2008.

Pennbrooke requested interim revenue increases of \$188,663 (53.08 percent) for water and \$201,514 (53.09 percent) for wastewater. The Utility requested final revenue increases of \$265,505 for water and \$209,874 for wastewater.

The original 60-day statutory deadline for us to suspend Pennbrooke's requested final rates was November 27, 2009. However, by letter dated October 8, 2009, Pennbrooke agreed to extend the statutory time frame through December 1, 2009. This Order addresses the suspension of Pennbrooke's requested final rates and the Utility's requested interim rates. We have jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes (F.S.).

<sup>1</sup> See Order No. PSC-07-0088-PAA-WS, issued January 31, 2007, in Docket No. 060261-WS, In re: Application for increase in water and wastewater rates in Lake County by Utilities, Inc. of Pennbrooke.

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SUSPENSION OF RATES

Section 367.081(6), F.S., provides that we may, for good cause, withhold consent to the implementation of the requested rates within 60 days after the date the rate request is filed. 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 from the official date of filing if we have not acted upon the requested rate increase or if the proposed agency action (PAA) is protested by a party other than the Utility.

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

INTERIM REVENUES

On an interim basis, the Utility is authorized to collect annual water and wastewater revenues as indicated below:

	<u>Adjusted Test Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Water	\$355,422	\$169,676	\$525,098	47.74%
Wastewater	\$379,591	\$189,766	\$569,357	49.99%

Pennbrooke 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. We have reviewed Pennbrooke's interim request, as well as Order No. PSC-07-0088-PAA-WS, in which we last established rate base. The adjustments are discussed below. We have attached accounting schedules to illustrate the approved 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

Pursuant to Rule 25-30.433(2) Florida Administrative Code (F.A.C.), working capital for class B utilities shall be calculated using the formula method which is one-eighth of operation and maintenance expenses (O&M). Based on our \$884 adjustment to wastewater O&M expenses discussed below, an adjustment has been made to wastewater working capital of \$111.

Therefore, based on the above adjustments, we find that Pennbrooke's interim water rate bases shall be \$808,850 for water and \$1,184,751 for wastewater.

#### COST OF CAPITAL

The Utility recorded its return on equity (ROE) as 11.13 percent. However, based on Order No. PSC-07-0088-PAA-WS, Pennbrooke was allowed a ROE of 10.45 percent. Therefore, based on this adjustment, we find that an interim weighted average cost of capital of 7.82 percent is appropriate. This represents a sixty-eight basis points reduction of the Utility's requested ROE.

#### NET OPERATING INCOME

Based on our review, we find that an adjustment to operating expenses is appropriate. Pennbrooke included adjustments to increase wastewater expenses by \$884 for a non-used and useful adjustment. In accordance with Order No. PSC-07-0088-PAA-WS, we have determined that Pennbrooke is 100 percent used and useful; therefore, the Utility's proposed adjustment is unnecessary. As such, we find that Pennbrooke's non-used and useful adjustment for wastewater shall be removed from the interim net operating income calculation.

Based on the above, we find that the appropriate test year operating loss, before any revenue increase, is \$37,817 for water and \$20,391 for wastewater.

#### REVENUE REQUIREMENT

Based on the above adjustments, we find that revenue requirements of \$525,098 for water and \$569,357 for wastewater are appropriate. This represents interim increases in annual revenues of \$169,676 (or 47.74 percent) for water and \$189,766 (or 49.99 percent) for wastewater. These increases will allow the Utility the opportunity to recover its water and wastewater operating expenses and earn a 7.82 percent return on its water and wastewater rate bases.

#### INTERIM RATES

We find it appropriate to design interim water and wastewater rates for Pennbrooke to allow the Utility the opportunity to generate annual operating revenues of \$525,098 for water operations and \$569,357 for wastewater operations. Before removal of miscellaneous revenues, this would result in increases of \$169,676 or 47.74 percent for water and \$189,766 or 49.99 percent for wastewater. To determine the appropriate percentage increase to apply to the service rates, miscellaneous service revenues shall be removed from the test year revenues. The calculation is as follows:

	<u>Water</u>	<u>Wastewater</u>
1 Total Test Year Revenues	\$355,422	\$379,591
2 Less: Miscellaneous Revenues	<u>782</u>	<u>666</u>
3 Test Year Revenues from Service Rates	\$354,640	\$378,925
4 Revenue Increase	<u>\$169,676</u>	<u>\$189,766</u>
5 % Service Rate Increase (Line 4/Linc3)	<u>47.84%</u>	<u>50.08%</u>

The interim rate increase of 47.84 percent for water and 50.08 percent for wastewater shall be applied as an across-the-board increase to the service rates in effect as of December 31, 2008. The approved rates shall 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 shall not be implemented until our staff verifies that the tariff sheets are consistent with our decision, the proposed customer notice is adequate, and the required security has been filed. The Utility shall 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 approved interim rates are shown on Schedule No. 4-A for water and Schedule No. 4-B for wastewater, attached hereto and incorporated herein by reference.

#### SECURITY

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 this Commission. The total annual interim increase is \$359,442 for water and wastewater. In accordance with Rule 25-30.360, F.A.C., we have calculated the potential refund of revenues and interest collected under interim conditions to be \$209,818. This amount is based on an estimated seven months of revenue being collected from the approved interim rates over the Utility's current authorized rates shown on Schedules Nos. 4-A and 4-B.

Pennbrooke is a wholly-owned subsidiary of Utilities, Inc. (UI), which provides all investor capital to its subsidiaries. We approved a corporate undertaking in the amount of \$75,165 to secure interim increases granted in Docket No. 080249-WS for UI's Labrador Utilities, Inc. subsidiary.<sup>2</sup> As such, we reviewed the financial statements of UI. As a result of the decisions in this docket and Docket Nos. 090381-WS<sup>3</sup> and 090402-WS,<sup>4</sup> the total requested

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<sup>2</sup> See Order No. PSC-08-0751-PCO-WS, issued November 13, 2008, In re: Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

<sup>3</sup> In re: Application for increase in Water and Wastewater rates in Seminole County by Utilities Inc. of Longwood.

cumulative corporate undertaking amount is \$683,154, of which \$209,818 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. We have the financial statements of the parent company to determine if UI can support a corporate undertaking on behalf of its subsidiaries. UI's 2006, 2007, and 2008 financial statements were used to determine the financial condition of the company. Net income has been on average two times greater than the requested cumulative corporate undertaking amount over the three year period. However, UI experienced a net loss in 2008. The company has also experienced a steady decline in its interest coverage ratio and relative level of net income over the three year review period. In addition, UI's average equity ratio has decreased to 40.7 percent from 44.8 percent in 2007.

We believe UI has inadequate liquidity, profitability, and interest coverage to support a corporate undertaking in the amount requested. While the existing corporate undertaking amount of \$75,165 secured on behalf of Labrador Utilities, Inc. is still appropriate, we require that UI secure a surety bond, letter of credit, or escrow agreement to guarantee any new monies collected subject to refund.

If the security provided is an escrow account, said account shall be established between the Utility and an independent financial institution pursuant to a written escrow agreement. This Commission shall be a party to the written escrow agreement and a signatory to the escrow account. The written escrow agreement shall state the following: that the account is established at the direction of this Commission for the purpose set forth above; that no withdrawals of funds shall occur without the prior approval of the Commission through the Commission Clerk, of Office of Commission Clerk; the account shall be interest bearing; information concerning that escrow account shall be available from the institution to the Commission or its representative at all times; the amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt; and, pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla 3d DCA 1972), escrow accounts are not subject to garnishments.

The Utility shall deposit \$29,954 into the escrow account each month for possible refund. The escrow agreement shall also state that if a refund to the customers is required, all interest earned on the escrow account shall be distributed to the customers; and, if a refund to the customers is not required, the interest earned on the escrow account shall revert to the Utility.

If the security provided is a surety bond or a letter of credit, said instrument shall be in the amount of \$209,818. If the Utility chooses a surety bond as security, the surety bond shall state that it will be released or terminated only upon subsequent order of this Commission. If the Utility chooses to provide a letter of credit as security, the letter of credit shall state that it is irrevocable for the period it is in effect and that it will be in effect until a final Commission order is rendered releasing the funds to the Utility or requiring a refund.

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<sup>4</sup> In re: Application for increase in Water and Wastewater rates in Seminole County by Sanlando Utilities Corporation.

Regardless of the type of security provided, the Utility shall keep an accurate and detailed account of all monies it receives. Pursuant to Rule 25-30.360(6), F.A.C., the Utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

In no instance shall maintenance and administrative costs associated with any refund be borne by the customers. Such costs are the responsibility of, and shall be borne by, the Utility.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the water and wastewater rates proposed by Utilities Inc. of Pennbrooke are hereby suspended. It is further

ORDERED that the request for an interim rate increase for water and wastewater rates by Utilities Inc. of Pennbrooke is hereby granted as set forth in the body of this Order. It is further

ORDERED that all matters contained in the schedules attached hereto are incorporated herein by reference. It is further

ORDERED that the approved interim rates shall become effective for service rendered as of the stamped approval date on the tariff sheets. It is further

ORDERED that the tariff sheets shall be approved upon verification that they are consistent with our decision herein, that the proposed customer notice is adequate, and that the appropriate security is provided. It is further

ORDERED that Utilities Inc. of Pennbrooke shall provide proof that notice has been provided within 10 days after the notice was given. It is further

ORDERED that Utilities Inc. of Pennbrooke shall open an escrow account, or file a surety bond or letter of credit to guarantee any potential refund of revenues collected under interim rates. It is further

ORDERED that if the security provided is an escrow account, Utilities Inc. of Pennbrooke shall deposit. shall deposit \$29,954 into the escrow account each month. It is further

ORDERED that if the security provided is a surety bond or a letter of credit, said instrument shall be in the amount of \$209,818. It is further

ORDERED that during the time the interim rates are in effect, Utilities Inc. of Pennbrooke shall file a report by the 20th of each month indicating the monthly and total revenue collected subject to refund pursuant to Rule 25-30.360(6), F.A.C. It is further

ORDERED that this docket shall remain open pending the Commission's final action on the utility's requested rate increase.

By ORDER of the Florida Public Service Commission this 22nd day of December, 2009.

ANN COLE  
Commission Clerk

By:   
Dorothy E. Menasco  
Chief Deputy Commission Clerk

(SEAL)

JSB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is non-final in nature, may request (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Citizens of the State of Florida v. Mayo, 316 So.2d 262 (Fla. 1975), states that an order on interim rates is not final or reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

Utilities, Inc. of Pennbrooke Schedule of Water Rate Base Test Year Ended 12/31/08				Schedule No. 1-A Docket No. 090392-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$2,134,960	\$55,348	\$2,190,308	\$0	\$2,190,308
2 Land and Land Rights	21,972	263	22,235	0	22,235
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(906,138)	24,962	(881,176)	0	(881,176)
5 CIAC	(772,606)	(122,479)	(895,085)	0	(895,085)
6 Amortization of CIAC	315,164	16,315	331,479	0	331,479
7 Acquisition Adjustment	476,560	(476,560)	0	0	0
8 Working Capital Allowance	<u>41,486</u>	<u>(397)</u>	<u>41,089</u>	<u>0</u>	<u>41,089</u>
9 <b>Rate Base</b>	<u>\$1,311,398</u>	<u>(\$502,548)</u>	<u>\$808,850</u>	<u>\$0</u>	<u>\$808,850</u>



Utilities, Inc. of Pennbrooke Schedule of Wastewater Rate Base Test Year Ended 12/31/08			Schedule No. 1-B Docket No. 090392-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$2,759,918	\$74,001	\$2,833,919	\$0	\$2,833,919
2 Land and Land Rights	57,035	223	57,258	0	57,258
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(998,974)	(19,911)	(1,018,885)	0	(1,018,885)
5 CIAC	(1,312,363)	95,603	(1,216,760)	0	(1,216,760)
6 Amortization of CIAC	455,023	33,273	488,296	0	488,296
7 Acquisition Adjustment	0	0	0	0	0
8 Working Capital Allowance	<u>41,372</u>	<u>(338)</u>	<u>41,034</u>	<u>(111)</u>	<u>40,923</u>
9 <b>Rate Base</b>	<u>\$1,002,011</u>	<u>\$182,851</u>	<u>\$1,184,862</u>	<u>(\$111)</u>	<u>\$1,184,751</u>

<b>Utilities, Inc. of Pennbrooke</b>		<b>Schedule 1-C</b>	
<b>Adjustments to Rate Base</b>		<b>Docket No. 090392-WS</b>	
<b>Test Year Ended 12/31/08</b>			
<b>Explanation</b>	<b>Water</b>	<b>Wastewater</b>	
<u>Working Capital</u>	<u>\$0</u>	<u>(\$111)</u>	

**Utilities, Inc. of Pennbrooke  
 Capital Structure - 13-Month Average  
 Test Year Ended 12/31/08**

**Schedule No. 2  
 Docket No. 090392-WS**

Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
<b>Per Utility</b>									
1 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,072,491)	\$927,509	42.42%	6.65%	2.82%	
2 Short-term Debt	32,637,500	0	32,637,500	(32,469,325)	168,175	7.69%	5.23%	0.40%	
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
4 Common Equity	158,054,717	0	158,054,717	(157,047,736)	1,006,981	46.06%	11.13%	5.13%	
5 Customer Deposits	5,233	0	5,233	0	5,233	0.24%	6.00%	0.01%	
6 Tax Credits-Zero Cost	0	0	0	0	0	0.00%	0.00%	0.00%	
7 Deferred Income Taxes	<u>78,365</u>	<u>0</u>	<u>78,365</u>	<u>0</u>	<u>78,365</u>	<u>3.58%</u>	0.00%	<u>0.00%</u>	
8 <b>Total Capital</b>	<b><u>\$370,775,815</u></b>	<b><u>\$0</u></b>	<b><u>\$370,775,815</u></b>	<b><u>(\$368,589,552)</u></b>	<b><u>\$2,186,263</u></b>	<b><u>100.00%</u></b>		<b><u>8.36%</u></b>	
<b>Per Commission</b>									
9 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,072,544)	\$927,456	46.52%	6.65%	3.09%	
10 Short-term Debt	32,637,500	0	32,637,500	(32,469,334)	168,166	8.44%	5.23%	0.44%	
11 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
12 Common Equity	158,054,717	0	158,054,717	(157,240,335)	814,382	40.85%	10.45%	4.27%	
13 Customer Deposits	5,233	0	5,233	0	5,233	0.26%	6.00%	0.02%	
14 Tax Credits-Zero Cost	0	0	0	0	0	0.00%	0.00%	0.00%	
15 Deferred Income Taxes	<u>78,365</u>	<u>0</u>	<u>78,365</u>	<u>0</u>	<u>78,365</u>	<u>3.93%</u>	0.00%	<u>0.00%</u>	
16 <b>Total Capital</b>	<b><u>\$370,775,815</u></b>	<b><u>\$0</u></b>	<b><u>\$370,775,815</u></b>	<b><u>(\$368,782,214)</u></b>	<b><u>\$1,993,601</u></b>	<b><u>100.00%</u></b>		<b><u>7.82%</u></b>	
						<b>LOW</b>	<b>HIGH</b>		
RETURN ON EQUITY						<u>10.45%</u>	<u>12.45%</u>		
OVERALL RATE OF RETURN						<u>7.82%</u>	<u>8.64%</u>		

Utilities, Inc. of Pennbrooke Statement of Water Operations Test Year Ended 12/31/08							Schedule No. 3-A Docket No. 090392-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement	
1 <b>Operating Revenues:</b>	<u>\$391,699</u>	<u>\$152,386</u>	<u>\$544,085</u>	<u>(\$188,663)</u>	<u>\$355,422</u>	<u>\$169,676</u> 47.74%	<u>\$525,098</u>	
<b>Operating Expenses</b>								
2 Operation & Maintenance	\$331,885	(\$3,175)	\$328,710	\$0	\$328,710	\$0	\$328,710	
3 Depreciation	54,404	7,606	62,010	0	62,010	0	62,010	
4 Amortization	0	0	0	0	0	0	0	
5 Taxes Other Than Income	45,721	5,432	51,153	(8,490)	42,663	7,635	50,299	
6 Income Taxes	<u>(32,463)</u>	<u>67,036</u>	<u>34,573</u>	<u>(74,717)</u>	<u>(40,144)</u>	<u>60,976</u>	<u>20,832</u>	
7 <b>Total Operating Expense</b>	<u>\$399,547</u>	<u>\$76,899</u>	<u>\$476,446</u>	<u>(\$83,207)</u>	<u>\$393,239</u>	<u>\$68,611</u>	<u>\$461,851</u>	
8 <b>Operating Income</b>	<u>(\$7,848)</u>	<u>\$75,487</u>	<u>\$67,639</u>	<u>(\$105,456)</u>	<u>\$(37,817)</u>	<u>\$101,065</u>	<u>\$63,247</u>	
9 <b>Rate Base</b>	<u>\$1,311,398</u>		<u>\$808,850</u>		<u>\$808,850</u>		<u>\$808,850</u>	
10 <b>Rate of Return</b>	<u>(0.60%)</u>		<u>8.36%</u>		<u>(4.68%)</u>		<u>7.82%</u>	

Utilities, Inc. of Pennbrooke Statement of Wastewater Operations Test Year Ended 12/31/08						Schedule No. 3-B Docket No. 090392-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$417,902</u>	<u>\$163,203</u>	<u>\$581,105</u>	<u>(\$201,514)</u>	<u>\$379,591</u>	<u>\$189,766</u> 49.99%	<u>\$569,357</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	\$330,973	(\$2,703)	\$328,270	(\$884)	\$327,386	\$0	\$327,386
3 Depreciation	54,860	15,635	70,495	0	70,495	0	70,495
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	38,918	9,933	48,851	(9,068)	39,783	8,539	48,322
6 Income Taxes	<u>(27,633)</u>	<u>62,040</u>	<u>34,407</u>	<u>(72,089)</u>	<u>(37,682)</u>	<u>68,196</u>	<u>30,513</u>
7 <b>Total Operating Expense</b>	<u>\$397,118</u>	<u>\$84,905</u>	<u>\$482,023</u>	<u>(\$82,041)</u>	<u>\$399,982</u>	<u>\$76,735</u>	<u>\$476,717</u>
8 <b>Operating Income</b>	<u>\$20,784</u>	<u>\$78,298</u>	<u>\$99,082</u>	<u>(\$119,473)</u>	<u>(\$20,391)</u>	<u>\$113,031</u>	<u>\$92,640</u>
9 <b>Rate Base</b>	<u>\$1,002,011</u>		<u>\$1,184,862</u>		<u>\$1,184,751</u>		<u>\$1,184,751</u>
10 <b>Rate of Return</b>	<u>2.07%</u>		<u>8.36%</u>		<u>(1.72)%</u>		<u>7.82%</u>

<b>Utilities, Inc. of Pennbrooke Adjustments to Operating Income Test Year Ended 12/31/08</b>		<b>Schedule 3-C Docket No. 090392-WS</b>	
<b>Explanation</b>	<b>Water</b>	<b>Wastewater</b>	
<u>Operating Revenues</u>			
Remove requested final revenue increase.	<u>(\$188,663)</u>	<u>(\$201,514)</u>	
<u>Operation and Maintenance Expense</u>			
To remove non-used and useful adjustment.	<u>\$0</u>	<u>(\$884)</u>	
<u>Taxes Other Than Income</u>			
RAFs on revenue adjustments above.	<u>(\$8,490)</u>	<u>(\$9,068)</u>	
<u>Income Taxes</u>			
To reflect the appropriate income taxes.	<u>(\$74,717)</u>	<u>(\$72,089)</u>	

Utilities, Inc. of Pennbrooke Water Monthly Service Rates Test Year Ended 12/31/08			Schedule No. 4-A Docket No. 090392-WS		
	Test Year Rates	Present Rates	Utility Requested Interim	Utility Requested Final	Comm. Approved Interim
<b>Residential, General Service, Bulk Sales, and Multi-Family</b>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$5.08	\$5.20	\$7.82	\$8.87	\$7.51
1"	\$12.70	\$12.99	\$19.55	\$22.15	\$18.78
1-1/2"	\$25.39	\$25.97	\$39.08	\$44.29	\$37.54
2"	\$40.62	\$41.55	\$62.52	\$70.86	\$60.05
3"	\$81.24	\$83.10	\$125.03	\$141.72	\$120.11
4"	\$126.93	\$129.84	\$195.36	\$221.43	\$187.66
<b><u>Gallonage Charge, per 1,000 Gallons</u></b>					
GS-Gallonage Charge	\$1.83	\$1.87	\$2.81	\$3.19	\$2.71
RS-Gallonage Charge, 0-10,000 gallons	\$1.72	\$1.76	\$2.65	\$3.00	\$2.54
RS-Gallonage Charge, over 10,000 gallons	\$2.15	\$2.20	\$3.31	\$3.75	\$3.18
<b><u>Irrigation</u></b>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$5.08	\$5.20	\$7.82	\$8.87	\$7.51
2"	\$40.62	\$41.55	\$62.52	\$70.86	\$60.05
3"	\$81.24	\$83.10	\$125.03	\$141.72	\$120.11
4"	\$126.93	\$129.84	\$195.36	\$221.43	\$187.66
<b><u>Gallonage Charge, per 1,000 Gallons</u></b>					
GS-Gallonage Charge	\$1.83	\$1.87	\$2.81	\$3.19	\$2.71
RS-Gallonage Charge, 0-10,000 gallons	\$1.72	\$1.76	\$2.65	\$3.00	\$2.54
RS-Gallonage Charge, over 10,000 gallons	\$2.15	\$2.20	\$3.31	\$3.75	\$3.18
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>					
3,000 Gallons	\$10.24	\$10.48	\$15.77	\$17.87	\$15.14
5,000 Gallons	\$13.68	\$14.00	\$21.07	\$23.87	\$20.23
10,000 Gallons	\$22.28	\$22.80	\$34.32	\$38.87	\$32.94

<b>Utilities, Inc. of Pennbrooke Wastewater Monthly Service Rates Test Year Ended 12/31/08</b>			<b>SCHEDULE NO. 4-B Docket No. 090392-WS</b>		
	<b>Test Year Rates</b>	<b>Present Rates</b>	<b>Utility Requested Interim</b>	<b>Utility Requested Final</b>	<b>Comm. Approved Interim</b>
<b><u>Residential</u></b>					
Base Facility Charge All Meter Sizes:	\$11.21	\$11.47	\$17.02	\$17.25	\$16.82
Gallorage Charge - Per 1,000 gallons (6,000 gallon cap)	\$3.49	\$3.57	\$5.30	\$5.37	\$5.24
<b><u>General Service</u></b>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$11.21	\$11.47	\$17.02	\$17.25	\$16.82
1"	\$28.04	\$28.69	\$42.56	\$43.14	\$42.08
1-1/2"	\$56.07	\$57.37	\$85.11	\$86.26	\$84.15
2"	\$89.70	\$91.77	\$136.14	\$137.98	\$134.62
3"	\$179.41	\$183.55	\$272.30	\$275.98	\$269.26
4"	\$280.33	\$286.81	\$425.48	\$431.24	\$420.72
Gallorage Charge, per 1,000 Gallons	\$4.19	\$4.29	\$6.36	\$6.45	\$6.29
<b><u>Reuse</u></b>					
Gallorage Charge, per 1,000 Gallons	\$0.09	\$0.09	\$0.09	\$0.09	\$0.14
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>					
3,000 Gallons	\$21.68	\$22.18	\$32.92	\$33.36	\$32.54
5,000 Gallons	\$28.66	\$29.32	\$43.52	\$44.10	\$43.01
10,000 Gallons (Wastewater Gallorage Cap - 6,000 Gallons)	\$32.15	\$32.89	\$48.82	\$49.47	\$48.25