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Public Service Commission

March 7, 2012

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River Ranch Water Management, LLC
Attn: Mr. Byron Smith
5601 Windover Drive
Orlando, FL 32819

VIA ELECTRONIC MAIL


Re: Docket No. 110140-WS, Application for staff-assisted rate case in Polk County by River Ranch Water Management, LLC.

Dear Mr. Smith:

Enclosed are two copies of the staff report. Please ensure that a copy of the completed Application for Staff Assistance and the staff report are available for review, pursuant to Rule 25-22.0407 (9)(b), F.A.C., by all interested persons at the following location:

Golf Pro Shop/Flight Aviation Center
3200 River Ranch Boulevard
River Ranch, FL 33867

Should you have any questions about any of the matters contained herein, please do not hesitate to contact me at (850) 413-7021.

Sincerely,

Shannon J. Hudson
Regulatory Analyst IV

Enclosures
/ao

cc: Division of Economic Regulation (Maurey, Fletcher, Daniel, Simpson, Lingo)
Office of General Counsel (Murphy)
Office of Commission Clerk [REDACTED]

DOCUMENT NUMBER: DATE
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State of Florida



Public Service Commission

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

DATE: February 27, 2012

TO: Andrew Maurey, Bureau Chief of Rates and Filings

FROM: Shannon Hudson, Regulatory Analyst IV
Jennie Lingo, Economic Analyst
Robert Simpson, Engineering Specialist

RE: Docket No. 110140-WS – Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

- STAFF REPORT -

This Staff Report is preliminary in nature. The Commission staff's final recommendation will not be filed until after the customer meeting.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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Case Background

River Ranch Water Management, LLC. (River Ranch or Utility) is a Class C water and wastewater Utility located in Polk County. The Utility currently serves 703 water and wastewater customers: 48 single family homes, 119 residential units, 192 condominium units, 367 RV sites, and approximately 25 general service customers. The Utility is located in the South Florida Water Management District and is not located in a water use caution area. According to the Utility's 2010 annual report, River Ranch reported operating revenue for water of \$134,101 and for wastewater of \$164,225. Operating expense for water and wastewater over the same period was \$97,153 and \$105,259, respectively.

River Ranch was granted Certificate Nos. 603-W and 519-S in 2002.¹ The Utility's last staff-assisted rate case was in 2003.²

This Staff Report is a **preliminary** analysis of the Utility prepared by the Florida Public Service Commission (Commission) staff to give utility customers and the Utility an advanced look at what staff may be proposing. The final recommendation to the Commission (currently scheduled to be filed May 10, 2012, for the May 22, 2012, Commission Conference) will be revised as necessary using updated information and results of customer quality of service or other relevant comments received at the customer meeting. The Commission has jurisdiction in this case pursuant to Sections 367.011, 367.0814, 367.101, and 367.121, Florida Statutes (F.S.).

¹ See Order No. PSC-03-0518-FOF-WS, issued April 18, 2003, in Docket No. 010812-WS, In re: Application for transfer of facilities and Certificate Nos. 603-W and 519-S in Polk County from New River Ranch, L.C. d/b/a River Ranch to River Ranch Water Management, LLC.

² See Order No. PSC-03-0740-PAA-WS, issued June 23, 2003, in Docket No. 021067-WS, In re: Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

Discussion of Issues

Issue 1: Is the quality of service provided by River Ranch satisfactory?

Preliminary Recommendation: The staff recommendation regarding customer satisfaction and overall quality of service will not be finalized until after the March 21, 2012 customer meeting. (Simpson)

Staff Analysis: Pursuant to Rule 25-30.433(1), Florida Administrative Code (F.A.C.), the Commission determines the overall quality of service provided by a utility by evaluating three components of water and wastewater operations. These components are the quality of the utility's product, the operating condition of the utility's plant and facilities, and the utility's attempt to address customer satisfaction. Comments or complaints received from customers are reviewed and the Utility's compliance with the Florida Department of Environmental Protection (DEP) and the Polk County Health Department (PCHD) are also considered.

A staff field investigation of the River Ranch water and wastewater facilities was conducted on August 4, 2011. The facilities appeared to be operating normally. The Utility's 2010 PCHD Sanitary Survey indicated that the system was under enforcement pending receipt of an inspection report by a professional engineer for three storage tanks (two ground storage tanks and an elevated storage tank). The tanks were inspected in April and June 2010. As a result of these inspections, the engineer recommended both ground storage tanks be recoated and the roofs over each tank be repaired. One storage tank has been recoated and the other is scheduled for repair in 2012. According to the PCHD, the consent order has been closed. The PCHD conducted a sanitary survey on June 23, 2011, and noted one deficiency which was corrected by the Utility. The Utility's wastewater permit, which was issued on December 2, 2009, will expire on December 1, 2014. DEP conducted a wastewater compliance inspection on January 12, 2012, and noted no deficiencies. Therefore, the quality of the drinking water delivered to the customers, the wastewater effluent quality, and the operating condition of the water and wastewater facilities appear to be satisfactory.

A review of the Commission's Consumer Activity Tracking System for the past three years reflected one billing complaint that was closed. The staff recommendation regarding customer satisfaction and the overall quality of service will not be finalized until after the March 21, 2012 customer meeting.

Issue 2: What are the used and useful percentages for River Ranch?

Preliminary Recommendation: The water treatment plant, storage tanks, water distribution, and wastewater collection systems are 100 percent used and useful and the wastewater treatment plant is 65 percent used and useful. (Simpson)

Staff Analysis: The Utility serves single family homes, condominium units, a mobile home park, an RV park, and approximately 25 general service customers. Records for the test year ended March 31, 2011, were used in analyzing the used and usefulness of the water and wastewater facilities.

Water Treatment Plant (WTP)

Pursuant to Rule 25-30.4325, F.A.C., the used and useful (U&U) calculation of a WTP is determined by dividing the peak demand by the firm reliable capacity of the water treatment plant. Because the system has storage facilities, the calculation is in gallons per day (gpd). Consideration of growth, fire flow requirements, unaccounted for water, and other factors may also be included.

The water treatment plant has two wells rated at 150 and 350 gallons per minute (gpm). The raw water is aerated, chlorinated, discharged into the two ground storage tanks, and channeled into the elevated storage tank for distribution. The firm reliable capacity of the wells is 144,000 gpd. The Utility's peak day of 374,200 gpd occurred on February 4, 2011. It does not appear that there was a fire, line break, or other unusual occurrence on that day. The Utility's fire flow requirement is 120,000 gpd (500 gpm for 4 hours). A review of the Utility's annual reports shows no indication of growth in the service area in the past five years. The Utility bills customers based on flat rates; therefore, there is insufficient information to determine whether there is excessive unaccounted for water. Based on a peak day of 374,200 gpd, a fire flow allowance of 120,000 gpd, and firm reliable capacity of 144,000 gpd, the WTP is 100 percent U&U.

Storage Tanks

Rule 25-30.4325(8) and (9), F.A.C., provides that the U&U percentage for a storage tank is determined by dividing the peak demand by the usable capacity of the tank. An elevated tank is considered 100 percent usable. A ground storage tank is considered 90 percent usable if the bottom of the tank is below the centerline of the pumping unit and 100 percent usable if the tank is constructed with a bottom drain and there is no other limiting factor. A hydropneumatic tank is not considered usable storage.

The Utility has two ground storage tanks each having a capacity of 50,000 gallons. In addition, the Utility has an elevated storage tank with a capacity of 100,000 gallons. Pursuant to Rule 25-30.4325 (9)(a) and (b), the usable capacity of the three tanks is 190,000 gpd (100,000 + 45,000 + 45,000). Based on a peak day of 374,200 gpd, fire flow of 120,000 gpd, and usable capacity of 190,000 gpd, the storage tanks should be considered 100 percent U&U.

Wastewater Treatment Plant (WWTP)

The River Ranch WWTP is an extended aeration, activated sludge plant with six lift stations. The plant is permitted by DEP at 95,000 gpd based on the three-month average daily flow. Liquid disinfection is applied prior to the treated wastewater effluent flowing into the percolation pond. Rule 25-30.432, F.A.C., provides that the U&U percentage for a WWTP should be calculated based on customer demand and the permitted capacity of the plant. The rule also provides that customer demand should be determined using the same basis as the permitted capacity. Consideration is given to growth, infiltration and inflow (I&I), conservation, and other factors.

The customer demand for the test year was 61,911 gpd based on the three-month average daily flow that occurred in January, February, and March 2011. There has been no growth in the service area in the past five years. There is no indication of excessive infiltration and inflow. Therefore, the wastewater treatment plant should be considered 65 percent U&U.

Water Distribution and Wastewater Collection Systems

The Utility's service area contains a significant amount of vacant land, including vacant lots surrounding the single family homes in the western portion of the service area. However, there has been no significant growth in the service area in the past five years. In the last rate case, the Commission found that the distribution and collection systems were fully contributed and no U&U adjustment was made. Therefore, staff recommends that the water distribution and wastewater collection systems be considered 100 percent U&U, as in the last rate case.

Issue 3: What is the appropriate average test year rate base for River Ranch?

Preliminary Recommendation: The appropriate average test year rate base for the Utility is \$165,340 for water and \$510,312 for wastewater. (Hudson)

Staff Analysis: The water and wastewater rate bases for River Ranch were last established by Order No. PSC-03-0740-PAA-WS.³ Staff selected a test year ended March 31, 2011, for this rate case. A summary of each component and the recommended adjustments follows:

Utility Plant in Service (UPIS): The Utility recorded UPIS balances of \$833,579 for water and \$1,761,943 for wastewater. Staff's recommended adjustments relate to removing plant additions for lack of support documentation and recording retirements for replaced plant. Also, in the Utility's last rate case, plant in the amount of \$46,765 was recorded as plant held for future use.⁴ This plant related to the River Ranch's old wastewater plant which had not been retired after a new wastewater plant had been constructed. The old wastewater plant has now been abandoned and the Utility indicated it would be disposed of in the future. Staff believes it no longer qualifies for treatment as plant held for future use. Therefore, staff has removed the abandoned plant from UPIS. Staff recommends the following adjustments to the water and wastewater UPIS amounts

		WATER	WASTEWATER
UTILITY PLANT IN SERVICE			
1.	To remove 2003 plant additions from Acct. No. 304 for lack of support documentation.	(\$18,683)	\$0
2.	To remove 2003 plant additions from Acct. No. 331 for lack of support documentation.	(5,826)	0
3.	To remove 2003 plant additions from Acct. No. 334 for lack of support documentation.	21,191	0
4.	To remove 2003 plant additions from Acct. No. 354 for lack of support documentation.	0	(34,809)
5.	To remove a 2004 journal entry from Acct. No. 354 for lack of support documentation.	0	(148,592)
6.	To remove plant additions in 2003 and 2005 from Acct. No. 370 for lack of support documentation.	0	(6,365)
7.	To reflect retirement in Acct. No. 370 for 2003 lift station pump replacement.	0	(2,123)
8.	To reflect retirement in Acct. No. 370 for 2005 and 2010 replacement and rebuilding of two lift stations.	0	(53,494)
9.	To reflect retirement in Acct. No. 371 for 2005 wastewater plant pump replacements (3 pumps).	0	(7,134)
10.	To reflect retirement in Acct. No. 371 for 2006 wastewater plant pump replacements (2 surge pumps).	0	(2,278)
11.	To reflect retirement in Acct. No. 371 for 2007 wastewater plant pump replacements (2 surge pumps).	0	(7,823)
12.	To remove plant additions from Acct. No. 380 for lack of support documentation.	0	(17,533)
13.	To retire abandoned wastewater treatment plant.	0	(46,765)
14.	To reflect an averaging adjustment.	(4,150)	(5,215)
	Total	(\$7,467)	(\$332,131)

Staff's recommended adjustments to UPIS result in net reductions of \$7,467 for water and \$332,131 for wastewater. Staff recommends UPIS balances of \$826,112 for water and \$1,429,812 for wastewater.

³ See Order No. PSC-03-0740-PAA-WS, issued June 23, 2003, in Docket No. 021067-WS, In re: Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

⁴ See Order No. PSC-03-0740-PAA-WS, issued June 23, 2003, in Docket No. 021067-WS, In re: Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

Non-used and Useful Plant: Consistent with the U&U percentages discussed in Issue 2, staff has applied the non-U&U percentages to the appropriate plant accounts. This results in a non-U&U adjustment of \$121,341 to wastewater plant. The non-U&U accumulated depreciation is \$39,656. Therefore, staff is recommending a net non-U&U reduction of \$81,685 (\$39,656-\$121,341) to wastewater plant.

Accumulated Depreciation: River Ranch recorded balances for accumulated depreciation of \$552,568 for water and \$804,983 for wastewater. Staff has calculated accumulated depreciation using the prescribed rates set forth in Rule 25-30.140, F.A.C. Staff's calculated accumulated depreciation is \$560,896 for water and \$633,763 for wastewater. As a result, accumulated depreciation has been increased by \$8,328 for water and decreased by \$171,220 for wastewater. In addition, staff has decreased accumulated depreciation by \$13,812 for water and \$19,274 for wastewater to reflect averaging adjustments. Staff recommends accumulated depreciation of \$547,085 and \$614,489 for water and wastewater, respectively.

Accumulated Amortization of CIAC: The Utility recorded amortization of CIAC balances of \$399,677 for water and \$432,816 for wastewater. Amortization of CIAC has been recalculated by staff using composite depreciation rates. As a result, accumulated amortization of CIAC should be increased by \$74 for water and \$430 for wastewater. In addition, this account should be decreased by \$5,735 for water and \$7,594 for wastewater to reflect an averaging adjustment. Staff's adjustments to this account result in amortization of CIAC balances of \$394,016 for water and \$425,652 for wastewater.

Working Capital Allowance: River Ranch recorded working capital of \$0 for water and wastewater. Working capital is defined as the investor-supplied funds that are necessary to meet operating expenses or going-concern requirements of the Utility. Consistent with Rule 25-30.433(2), F.A.C., staff used the one-eighth of the operation and maintenance (O&M) expense formula approach for calculating the working capital allowance. Applying this formula, staff recommends a working capital allowance of \$12,183 for water and \$12,137 for wastewater (based on O&M expense of \$97,463/8 for water and \$97,095/8 for wastewater).

Rate Base Summary: Based on the foregoing, staff recommends that the appropriate average test year rate base is \$165,340 for water and \$510,312 for wastewater. Water and wastewater rate base is shown on Schedule Nos. 1-A and 1-B, respectively. The related adjustments are shown on Schedule No. 1-C.

Issue 4: What is the appropriate return on equity and overall rate of return for River Ranch?

Preliminary Recommendation: The appropriate return on equity (ROE) is 8.74 percent with a range of 7.74 percent to 9.74 percent. The appropriate overall rate of return is 8.74 percent. (Hudson)

Staff Analysis: According to staff's audit, the Utility capital structure consists of common equity of \$724,098 and a long-term debt balance of \$244,724. The long-term debt balance is to a related party and the balance has not changed since 2004. Because the loan payments are not being paid and it is from a related party, staff believes this loan should be treated as common equity in accordance with Commission practice.⁵

The Utility's capital structure has been reconciled with staff's recommended rate base. The appropriate ROE is 8.74 percent using the Commission-approved leverage formula currently in effect.⁶ Staff recommends an ROE of 8.74 percent, with a range of 7.74 percent to 9.74 percent, and an overall rate of return of 8.74 percent. The ROE and overall rate of return are shown on Schedule No. 2.

⁵ See Order No. PSC-05-0621-PAA-WU, issued June 6, 2005, in Docket No. 041145-WU, In re: Application for staff-assisted rate case in Pasco County by Holiday Utility Company, Inc.; and PSC-09-0618-PAA-WS, issued September 11, 2009, in Docket No. 080709-WS, In re: Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

⁶ See Order Nos. PSC-11-0287-PAA-WS, issued July 5, 2011, and PSC-11-0326-CO-WS, issued August 2, 2011, in Docket No. 110006-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), Florida Statutes.

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Issue 5: What is the appropriate test year revenue?

Preliminary Recommendation: The appropriate test year revenue for River Ranch is \$134,101 for water and \$164,224 for wastewater. (Lingo, Hudson)

Staff Analysis: The Utility recorded total revenue of \$134,101 for water and \$164,224 for wastewater. Staff has no adjustment to test year revenue. Test year revenue is shown on Schedule Nos. 3-A and 3-B. The related adjustments are shown on Schedule No. 3-C.

Issue 6: What is the appropriate amount of test year operating expenses?

Preliminary Recommendation: The appropriate amount of operating expense for River Ranch is \$124,087 for water and \$149,535 for wastewater. (Hudson)

Staff Analysis: The Utility recorded operating expenses of \$122,100 for water and \$172,427 for wastewater during the test year ended March 31, 2011. The test year O&M expenses have been reviewed and invoices, canceled checks, and other supporting documentation have been examined. Staff made several adjustments to the Utility's operating expenses, as summarized below:

Salaries and Wages – Employees (601/701) – River Ranch recorded employee salaries of \$29,684 each for both water and wastewater. Staff has increased the amount for both water and wastewater by \$1,330 to reflect the actual salaries paid during the test year. For purposes of the Staff Report, staff has included the Utility's total paid salaries. However, for the final recommendation, staff will request additional documentation to further evaluate the appropriate salaries. Also, staff has decreased the amount for both water and wastewater each by \$1,026 to remove salaries related to non-utility employees. Staff recommends salaries and wages – employees of \$29,988 each for both water and wastewater.

Purchased Power (615/715) – River Ranch recorded purchased power expense of \$11,432 for water and \$18,405 for wastewater. Staff has increased water by \$712 and decreased wastewater by \$861 to reflect the actual purchased power expense incurred during the test year. Staff recommends purchased power expense of \$12,144 for water and \$17,544 for wastewater.

Chemicals (618/718) – The Utility recorded \$16,778 for water and \$9,871 for wastewater in this account. Staff's adjustments to this account relate to reversing a journal entry, removing expense for lack of support documentation, and reclassifying expenses to the appropriate account. Staff recommends the following adjustments to chemicals expense.

Table 6-1		
	WATER	WASTEWATER
1. Reverse journal entries recorded by the Utility.	\$1,290	\$1,291
2. Remove chemical expense for lack of support documentation.	(1,405)	0
3. Reclassify chemical expense for wastewater from water.	(780)	780
4. Reclassify testing expenses to Acct. No. 635.	(58)	(58)
5. Reclassify material and supplies expenses to Acct. No. 720.	(246)	(246)
6. Reclassify wastewater testing to Acct. No. 735.	(60)	(60)
Total	(\$1,259)	\$1,707

The result of staff's adjustments to chemicals expense is a net decrease of \$1,259 for water and a net increase of \$1,707 for wastewater. Staff recommends chemicals expense of \$15,519 for water and \$11,578 for wastewater.

Materials and Supplies (620/720) – The Utility recorded material and supplies expense of \$2,551 for water and \$1,855 for wastewater. Staff has increased this account by \$492 for wastewater to reclassify materials and supplies expense from chemicals expense. Staff has increased this account by \$131 each for both water and wastewater to reverse an out-of-period accrual. Also, staff has decreased water and wastewater each by \$28 to remove an out-of-period expense. Staff recommends material and supplies expense of \$2,654 for water and \$2,450 for wastewater.

Contractual Services – Testing (635/735) – River Ranch recorded testing expense of \$1,501 and \$513 for water and wastewater, respectively. Staff has increased this expense for water by \$116 and wastewater by \$120 to reflect testing expense reclassified from chemicals expense. Also, staff has increased the amount for water by \$513 and decreased the amount for wastewater by \$513 to reflect water testing recorded as wastewater testing. Staff recommends testing expense in the amount of \$2,130 for water and \$120 for wastewater.

Contractual Services – Other (636/736) – The Utility recorded contractual services – other of \$21,834 for water and \$26,488 wastewater. Staff has increased this account by \$347 for water and \$348 for wastewater to reverse accruals that were outside of the test year. This expense has been decreased by \$3,500 each for both water and wastewater to remove expenses outside of the test year. Also, staff has increased contractual services – other by \$960 (\$4,800/5) to amortize the costs of a water tank inspection over five years. Staff recommends contractual services – other of \$19,641 for water and \$23,336 for wastewater.

Rents (640/740) – River Ranch recorded rent expense of \$3,117 for water and \$3,281 for wastewater. Staff has decreased this account by \$1,685 for water and \$1,848 for wastewater to reclassify truck lease payments to Account (Acct.) Nos. 650/750 – Transportation Expense. Also, staff has increased water by \$1,432 and decreased wastewater by \$1,432 to reclassify rental equipment from wastewater to water. Staff recommends rent expense in the amount of \$2,864 for water and \$0 for wastewater.

Transportation Expense (650/750) – The Utility recorded \$2,696 for transportation expense for both water and wastewater. Staff has increased transportation expense by \$1,685 for water and \$1,848 for wastewater to reclassify truck lease payments recorded in Acct. Nos. 640/740 – Rents. Also, staff has decreased water by \$211 and wastewater by \$374 to reflect truck lease payments already accounted for in the reclassification from rents expense. Staff recommends transportation expense of \$4,170 each for both water and wastewater.

Insurance Expense (655/755) – The Utility recorded \$544 for insurance expense for both water and wastewater. Staff has increased the amount for both water and wastewater by \$46 to annualize the River Ranch's insurance expense to its current policy. Staff recommends insurance expense of \$590 each for both water and wastewater.

Regulatory Commission Expense (665/765) – The Utility did not record any regulatory commission expense for water or wastewater. River Ranch is required by Rule 25-22.0407, F.A.C., to mail notices of the customer meeting and notices of final rates in this case to its customers. For noticing, staff has estimated \$1,067 for postage expense, \$727 for printing expense, and \$121 for envelopes. This results in \$1,915 for the noticing requirement. The

Utility paid a \$2,000 rate case filing fee. Also, the Utility submitted documentation of its legal rate case expense. The documentation showed legal fees totaling \$8,089 (\$1,331 incurred through August 31, 2011 and an estimate to complete through the Commission Conference of \$6,105). For purposes of the Staff Report, staff has included the Utility's total requested legal rate case expense. However, staff will be requesting documentation for the actual rate case expense incurred up to the filing of the staff recommendation for review for the final recommendation. Pursuant to Section 367.0816, F.S., rate case expense is amortized over a four-year period. Based on the above, staff recommends total rate case expense of \$12,003 (\$1,914 + \$2,000 + \$8,089), which amortized over four years is \$3,000. The rate case expense should be split equally between water and wastewater. Therefore, staff recommends regulatory commission expense of \$1,500 each for both water and wastewater.

Miscellaneous Expense (675/775) – The Utility recorded \$2,738 and \$623 of miscellaneous expense for water and wastewater, respectively. Staff has decreased miscellaneous expense for water by \$940 to remove a fine paid by River Ranch to the PCHD. Also, staff has increased water and wastewater each by \$22 to annualize expense related to cell phone service. Staff recommends miscellaneous expense of \$1,820 for water and \$645 for wastewater.

Operation and Maintenance Expense (O&M Summary) – Based on the above adjustments, O&M expense should be increased by \$146 for water and decreased by \$2,038 for wastewater. Staff's recommended O&M expenses of \$97,463 for water and \$97,095 for wastewater are shown on Schedule Nos. 3-A and 3-B.

Depreciation Expense (Net of Related Amortization of CIAC) – River Ranch recorded \$15,036 for water and \$62,824 for wastewater in this account for net depreciation expense. Staff has calculated depreciation expense using the prescribed rates set forth in Rule 25-30.140, F.A.C. Also, staff has calculated amortization of CIAC based on composite rates. Staff had increased net depreciation for water by \$1,705 and decreased net depreciation by \$22,167 for wastewater. Staff recommended net depreciation expense of \$16,741 for water and \$40,657 for wastewater.

Taxes Other Than Income (TOTI) – The Utility recorded TOTI of \$8,734 for water and \$9,930 for wastewater. The amount in TOTI included payroll taxes of \$2,438 for water and \$2,443 for wastewater. Based on staff's recommended salaries, payroll taxes should be \$2,294 each for water and wastewater. Staff has decreased payroll taxes by \$143 for water and \$149 for wastewater to reflect the appropriate payroll taxes. River Ranch's TOTI amount included property taxes of \$261 and \$103 for water and wastewater, respectively. The appropriate property taxes are \$340 for water and \$219 for wastewater. Staff has increased property taxes by \$79 (\$340-\$261) for water and \$116 (\$219-\$103) for wastewater to reflect the appropriate property taxes.

Based on staff's recommended test year revenues, staff's has no adjustments to the Utility's recorded RAFs. As discussed in Issue 8, revenues have been increased by \$4,425 for water and \$29,901 for wastewater to reflect the change in revenue required to cover expenses and allow an opportunity to earn the recommended return on investment. As a result, TOTI should be increased by \$199 for water and \$1,346 for wastewater to reflect RAFs of 4.5 percent

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on the change in revenue. Accordingly, staff's recommended TOTI is \$8,869 for water and \$11,242 for wastewater.

Income Tax – The Utility recorded \$0 for income tax expense for both water and wastewater. River Ranch is a subsidiary of Central Florida Investment (CFI). The Utility's earnings and losses are consolidated with CFI's federal tax return. CFI files an 1120 S tax return. The tax liability is passed on to the owner's personal tax returns. Therefore, staff did not make an adjustment to this account.

Operating Expenses Summary – The application of staff's recommended adjustments to River Ranch's recorded test year operating expenses results in staff's recommended operating expenses of \$124,087 for water and \$149,535 for wastewater. Operating expenses are shown on Schedule No. 3-A, and adjustments are shown on Schedule No. 3-B.

Issue 7: What is the appropriate revenue requirement?

Preliminary Recommendation: The appropriate revenue requirement is \$138,537 for water and \$194,136 for wastewater. (Hudson)

Staff Analysis: River Ranch should be allowed an annual increase of \$4,436 (3.31 percent) for water and an annual increase of \$29,912 (18.21 percent) for wastewater. This will allow the Utility the opportunity to recover its expenses and earn a return of 8.74 percent on its investment. The calculations are as follows:

Table 7-1

	<u>Water</u>	<u>Wastewater</u>
Adjusted Rate Base	\$165,340	\$510,312
Rate of Return	<u>8.74%</u>	<u>8.74%</u>
Return on Rate Base	\$14,451	\$44,601
Adjusted O & M Expense	\$97,463	\$97,095
Depreciation expense (Net)	16,741	40,657
Amortization	1,013	540
Taxes Other Than Income	8,869	11,243
Income Taxes	<u>0</u>	<u>0</u>
Revenue Requirement	\$138,537	\$194,136
Less Adjusted Test Year Revenues	<u>\$134,101</u>	<u>\$164,224</u>
Annual Increase	<u>\$4,436</u>	<u>\$29,912</u>
Percent Increase/(Decrease)	<u>3.31%</u>	<u>18.21%</u>

Issue 8: What is the appropriate rate structure for River Ranch’s water and wastewater systems?

Preliminary Recommendation: The appropriate rate structure for the Utility’s water system is the base facility charge (BFC)/uniform gallonage charge rate structure, with the BFC cost recovery allocation set at 40 percent. The appropriate rate structure for the Utility’s wastewater system is the BFC/gallonage charge rate structure, with the BFC cost recovery allocation set at 50 percent. Furthermore, the wastewater gallonage cap for residential customers should be set at 10,000 gallons (kgals), and the non-residential gallonage charge should be set at 1.2 times the corresponding residential charge. (Lingo)

Staff Analysis: The Utility’s current rate structure is a flat, nonconsumption-based rate structure. This rate structure was approved in the Utility’s last staff-assisted rate case, in Docket No. 021067-WS. As discussed in the resulting PAA Order in that docket, it is Commission practice to meter all connections for water conservation purposes.⁷ However, due to the lack of metered data in the last case, a flat rate structure was continued. The current monthly rates are shown below in Tables 8-1 and 8-2.

Table 8-1 SCHEDULE OF CURRENT RATES -- WATER	
Customer Class	Current Rate
Residential	
River Ranch Shores/Countryside	\$15.85
Condo (per unit)	\$12.68
General Service	
Long Hammock Phase I/RV Phases II-V (per unit)	\$12.68
Westgate Properties	\$1,141.19
Church	\$39.62
All others (per ERC)	\$15.85
Irrigation Service	
Long Hammock Phase I	\$110.95
RV Area Phase II	\$142.65
RV Area Phase III	\$190.20
RV Area Phase IV	\$95.09
RV Area Phase V	\$95.09

⁷ See Order No. PSC-03-0740-PAA-WS, issued June 23, 2003, in Docket No. 021067-WS, In re: Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

Table 8-2 SCHEDULE OF CURRENT RATES -- WASTEWATER	
Customer Class	Current Rate
Residential	
River Ranch Shores/Countryside	\$17.16
Condo (per unit)	\$17.16
General Service	
Long Hammock Phase I/RV Phases II-V (per unit)	\$17.16
Westgate Properties	\$1,218.42
All others (per ERC)	\$17.16

The Utility has now metered all water connections, and provided staff with test year monthly consumption information for each connection. However, due to an apparent inconsistency in the data provided, staff was unable to appropriately analyze the data in order to calculate metered rates for this preliminary report. In the alternative, staff calculated its preliminary recommended consumption-based rates using the Commission-approved methodology discussed in Table 8-3 on the following page.⁸

The change from unmetered to metered rate structures requires a calculation of both total test year ERCs (for the BFC) and consumption (for the kgal charge) for ratesetting purposes for both the water and wastewater systems. In this recommendation, the ERC data associated with the metered customers is based on the simplifying assumption that each customer listed in the data provided by the Utility, regardless of whether the customer is a residential (RS) or general service (GS) customer, is equivalent to one ERC. Using data contained in the Utility's test year Monthly Operating Reports and Discharge Monitoring Reports, staff calculated consumption for ratesetting purposes.⁹ Staff's recommended test year water and wastewater consumption levels for the RS and GS classes are shown on Table 8-3 on the following page.

⁸ See Order No. PSC-08-0262-PAA-WS, issued April 28, 2008, in Docket No. 070414-WS, In re: Application for staff-assisted rate case in Polk County by Hidden Cove, Ltd.

⁹ Ibid.

Table 8-3 CALCULATION OF KGALS FOR RATESETTING PURPOSES		
Line No.	Description	Results
1	River Ranch's water system kgals treated	71,098.883
2 = 1 x 10%	Less 10% unaccounted-for water	(7,109,888)
3 = 1 + 2	Equals water sold for ratesetting	63,988.995
4 = 1	River Ranch's water system kgals treated	71,098.883
5	Times ratio of River Ranch's wastewater treated vs. water treated (from Monthly Operating Reports and Discharge Monitoring Reports)	24%
6 = 4 x 5	Equals wastewater kgals treated	15,291.000
7	Times ratio of GS wastewater ERCs to total water ERCs ¹	36%
8 = 6 x 7	Equals GS wastewater kgals treated	5,508.048
9	Times percent GS wastewater treated that is billed	100%
10 = 8 x 9	Equals GS wastewater kgals treated and billed for ratesetting	5,508.048
11 = 6	Wastewater kgals treated	15,291.000
12 = 10	Less GS wastewater kgals treated and billed	5,508.048
13 = 11 - 12	Equals RS wastewater kgals treated	9,782.952
14	Times estimated RS consolidated factor at 10 kgal cap	80%
15 = 13 x 14	Equals RS wastewater kgals for ratesetting	7,826.361
16 = 10 + 15	Total wastewater kgals for ratesetting	13,334.410
<p>¹ Assumption: <u>At this point in the calculation only</u>, 1 GS ERC will return water to the wastewater system at the same rate as 1 RS ERC.</p> <p>Sources: River Ranch Water Management, LLC, 2010-2011 Monthly Operating Reports, 2010-2011 Discharge Monitoring Reports.</p>		

Therefore, based on the foregoing, the appropriate rate structure for the Utility's water system is the base facility charge (BFC)/uniform gallonage charge rate structure, with the BFC cost recovery allocation set at 40 percent. The appropriate rate structure for the Utility's wastewater system is the BFC/gallonage charge rate structure, with the BFC cost recovery allocation set at 50 percent. Furthermore, the wastewater gallonage cap for residential customers should be set at 10,000 gallons (kgals), and the non-residential gallonage charge should be set at 1.2 times the corresponding residential charge.

Issue 9: Is a repression adjustment appropriate in this case?

Preliminary Recommendation: No, a repression adjustment is not appropriate for this preliminary recommendation. However, staff will revisit whether a repression adjustment will be appropriate for ratesetting purposes in its recommendation to be filed on May 10, 2012. (Lingo)

Staff Analysis: As discussed in Issue 8, due to an apparent inconsistency in the data provided, staff was unable to appropriately analyze the data in order to calculate metered rates for this preliminary report. The preliminary recommended consumption-based rates were calculated using an alternative Commission-approved methodology. As a result, staff does not recommend that a repression adjustment be made at this time. However, staff will revisit whether a repression adjustment will be appropriate for ratesetting purposes in its recommendation to be filed on May 10, 2012.

Issue 10: What are the appropriate rates for River Ranch?

Preliminary Recommendation: The appropriate monthly water rates are shown on Schedule No. 4-A, and the appropriate monthly wastewater rates are shown on Schedule No. 4-B. The preliminary recommended water rates are designed to produce revenue of \$138,537, while the corresponding wastewater rates are designed to produce revenue of \$194,136. The Utility should file revised water and wastewater tariff sheets and a proposed customer notice that reflects the final Commission-approved rates for the respective water and wastewater systems. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the final approved rates should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. (Lingo, Hudson)

Staff Analysis: As discussed in Issue 8, staff recommends that the appropriate rate structure for the Utility's water system is the base facility charge (BFC)/uniform gallonage charge rate structure, with the BFC cost recovery allocation set at 40 percent. The appropriate rate structure for the Utility's wastewater system is the BFC/gallonage charge rate structure, with the BFC cost recovery allocation set at 50 percent. Furthermore, the wastewater gallonage cap for residential customers should be set at 10,000 gallons (kgals), and the non-residential gallonage charge should be set at 1.2 times the corresponding residential charge. As discussed in Issue 9, a repression adjustment is not appropriate for this preliminary recommendation. Applying these recommendations to staff's preliminary recommended revenue requirement results in the final rates contained in Schedules 4-A and 4-B. These rates are designed to produce revenue for the water and wastewater systems of \$138,537 and \$194,136, respectively.

The Utility should file revised water and wastewater tariff sheets and a proposed customer notice that reflects the final Commission-approved rates for the respective water and wastewater systems. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the final approved rates should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 11: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, F.S.?

Preliminary Recommendation: The water and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The Utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one-month prior to the actual date of the required rate reduction. If River Ranch files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense. (Hudson)

Staff Analysis: Section 367.0816, F.S., requires that the rates be reduced immediately following the expiration of the four-year period by the amount of the rate case expense previously included in the rates. The reduction will reflect the removal of revenue associated with the amortization of rate case expense, the associated return on working capital, and the gross-up for RAFs which is \$1,571 each for water and wastewater. Using the Utility's current revenue, expenses, and customer base, the reduction in revenue will result in the rate decrease shown on Schedule Nos. 4-A and 4-B.

River Ranch should be required to file revised tariff sheets no later than one-month prior to the actual date of the required rate reduction. The Utility also should be required to file a proposed customer notice setting forth the lower rates and the reason for the reduction. If River Ranch files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

Issue 12: Should the recommended rate be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility?

Preliminary Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility. River Ranch should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Prior to implementation of any temporary rates, the Utility should provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed below in the staff analysis. 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 Clerk's office 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. (Hudson)

Staff Analysis: This recommendation proposes an increase in rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the Utility, staff recommends that the recommended rates be approved as temporary rates. River Ranch should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice and the notice has been received by the customers. 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 staff's approval of an 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 \$2,959 for water and \$19,949 for wastewater. Alternatively, the Utility could establish an escrow agreement with an independent financial institution.

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 monies 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;
- 8) The Commission Clerk must be a signatory to the escrow agreement; and
- 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 account 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 Clerk's office no

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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.

Issue 13: What are the appropriate customer deposits for River Ranch?

Preliminary Recommendation: The appropriate customer deposits cannot be calculated at this time. Staff will revisit the appropriate customer deposits issue in its recommendation to be filed on May 10, 2012. The approved customer deposits should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding. (Lingo)

Staff Analysis: The Utility's current customer deposits were approved in the Utility's last staff-assisted rate case, in Docket No. 021067-WS.¹⁰ These charges are listed in the Utility's current water tariff, and are shown in Table 13-1 below:

Customer Class	Current Deposit
Residential	\$30.54
RV / Mobile / Condo	\$24.44
All Others	2 x average bill

As discussed in Issue 8, due to an apparent inconsistency in the data provided, staff was unable to appropriately analyze the data in order to calculate metered rates for this preliminary report. Therefore, the appropriate customer deposits cannot be calculated at this time. Staff will revisit the appropriate customer deposits issue in its recommendation to be filed on May 10, 2012. The approved customer deposits should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

Within five working days of the issuance of the order, staff recommends that the Utility be required to provide a proposed customer notice of the approved charges for staff's review and approval. Once staff has approved the proposed customer notice, the Utility may choose to either mail the notice separately to customers or insert it with the customer's bill in the next billing cycle. Within five days after the notice is given, the Utility should be required to file an affidavit affirming that the notice of the approved charges has been given to customers. The tariff sheet containing the approved miscellaneous service charges and the after hour charges

¹⁰ See Order No. PSC-03-0740-PAA-WS, issued June 23, 2003, in Docket No. 021067-WS, In re: Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

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should become effective for services rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C.

Issue 14: Should the Commission approve the Utility's requested increase in miscellaneous service charges, plus implementation of after hour charges, late fees, and NSF check fees?

Preliminary Recommendation: Yes, the Commission should approve the Utility's requested increase in miscellaneous service charges, plus implementation of after hour charges, late fees, and NSF check fees. Within five working days of the issuance of the order, staff recommends that the Utility be required to provide a proposed customer notice of the approved charges for staff's review and approval. Once staff has approved the proposed customer notice, the Utility may choose to either mail the notice separately to customers or insert it with the customer's bill in the next billing cycle. Within five days after the notice is given, the Utility should be required to file an affidavit affirming that the notice of the approved charges has been given to customers. The tariff sheet containing the approved miscellaneous service charges and the after hour charges should become effective for services rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C. (Lingo)

Staff Analysis: The Utility's request for the above-referenced charges are discussed in detail below.

Miscellaneous Service Charges

The Utility's current miscellaneous service charges were approved in the Utility's last staff-assisted rate case, in Docket No. 021067-WS, and have not been updated since that time.¹¹ The current miscellaneous service charges are listed in the Utility's water and wastewater tariffs, and are shown in Table 14-1 below:

Table 14-1 SCHEDULE OF CURRENT MISCELLANEOUS SERVICE CHARGES		
Miscellaneous Service	Current Charges	
	Water	Wastewater
Initial Connection Fee	\$15.00	\$15.00
Normal Reconnection Fee	\$15.00	\$15.00
Violation Reconnection Fee	\$15.00	\$15.00
Premises Visit Fee (in lieu of disconnection)	\$10.00	\$10.00

Pursuant to Rule 25-30.460, F.A.C., all water and wastewater utilities may apply for miscellaneous service charges. These charges include initial connection, normal connections, violation connections, and premises visit charges. Furthermore, pursuant to Rule 25-30.460(2),

¹¹ See Order No. PSC-03-0740-PAA-WS, issued June 23, 2003, in Docket No. 021067-WS, In re: Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

F.A.C., a utility may request an additional charge (after hours charge) for overtime when a customer requests that the service be performed after normal working hours. The after-hours charge may be at the same rate specified for the existing charge during normal working hours. If the Utility seeks a charge other than the normal working hours charge, the Utility must file cost support.

Staff sent the Utility a letter requesting cost justification for the proposed increase in miscellaneous service charges. The Utility's response to staff's inquiry provided detailed cost breakdowns which supported miscellaneous service charges of \$28.90 during normal business hours, and \$43.35 for services performed outside of normal business hours.¹² However, the Utility requested that miscellaneous service charges be approved at lesser values of \$21 during business hours and \$42 for after hour charges, in order to be consistent with prior Commission decisions.¹³ Based on a review of the supporting cost justification, staff believes the proposed charges are cost-based, reasonable, and consistent with fees the Commission has approved for other utilities.¹⁴ Therefore, staff recommends that the Utility's requested miscellaneous service charges for normal and after hours of \$21 and \$42, respectively, be approved. This will enable the Utility to recover its costs of performing these services.

	Recommended Charges	
	<u>Water</u>	<u>Wastewater</u>
Miscellaneous Services	<u>Normal Hours</u>	<u>After Hours</u>
Initial Connection Fee	\$21.00	\$42.00
Normal Reconnection Fee	\$21.00	\$42.00
Violation Reconnection Fee	\$21.00	\$42.00
Premises Visit Fee (in lieu of disconnection)	\$21.00	\$42.00

¹² River Ranch Water Management, L.L.C., correspondence from Marty Friedman to staff dated November 8, 2011.

¹³ Ibid.

¹⁴ See Order Nos. PSC-10-0735-TRF-WS, issued December 20, 2010, in Docket No. 100381-WS, In re: Request for approval of tariff amendment to include a late payment fee of \$5.25 and establish miscellaneous service charges associated with connection, reconnection, and premises visits for its wastewater operation in Orange County by Pluris Wedgefield, Inc.; PSC-11-0113-PAA-WS, issued February 11, 2011, in Docket No. 050192-WS, In re: Application for certificates to provide water and wastewater service in Sumter County by Central Sumter Utility Company, L.L.C.

Late Payment Charge

The Utility has requested that a late payment fee be approved. Section 367.091, F.S., requires that rates, charges, and customer service policies be approved by the Commission. The purpose of a late payment charge is not only to provide an incentive for customers to make timely payments, thereby reducing the number of delinquent accounts, but also to place the cost burden of processing such delinquencies solely upon those who are the cost causers.

The Utility's request for a late payment fee was accompanied neither by its reason for requesting the fee, nor the cost justification required by Section 367, F.S. As an alternative, the Utility requested that the cost basis be consistent with late payment fees the Commission has approved for other utilities in recent prior cases. The computation which is consistent with prior Commission decisions regarding a late payment fee is shown below.¹⁵

\$2.25	Office personnel time to search accounts to determine that the bill has not been paid
\$2.50	Prepare, print and sort notices for mailing and transport to the post office
\$0.44	Postage
<u>\$0.05</u>	Envelope and supplies
\$5.24	

Staff recommends that River Ranch's request for a late payment charge 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.

Non-Sufficient Funds (NSF) Fees

Section 367.091, F.S., requires that rates, charges, and customer service policies be approved by the Commission. The Commission has authority to establish, increase, or change a rate or charge. River Ranch has requested an NSF fee in accordance with Sections 68.065 and 832.08(5), F.S.

Staff believes that the Utility should be authorized to collect an NSF fee, and that the fee should be established consistent with Section 68.065, F.S., which allows for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Section 832.08(5), the following fees may be assessed:

1. \$25, if the face value does not exceed \$50,
2. \$30, if the face value exceeds \$50 but does not exceed \$300,

¹⁵ See Order Nos. PSC-10-0735-TRF-WS, issued December 20, 2010, in Docket No.100381-WS, In re: Request for approval of tariff amendment to include a late payment fee of \$5.25 and establish miscellaneous service charges associated with connection, reconnection, and premises visits for its wastewater operation in Orange County by Pluris Wedgefield, Inc.; PSC-11-0368-PAA-WU, issued September 1, 2011, in Docket No. 100128-WU, In re: Application for increase in water rates in Gulf County by Lighthouse Utilities Company, Inc.

3. \$40, if the face value exceeds \$300,
4. five percent of the face amount of the check, whichever is greater.

Staff recommends that River Ranch revise its tariffs to reflect the NSF charges set forth in Sections 68.065 and 832.08(5) F.S.

Approval of an NSF fee is consistent with prior Commission decisions.¹⁶ Furthermore, an NSF fee places the cost on the cost-causer, rather than requiring that the costs associated with the return of the NSF checks be spread across the general body of ratepayers. As such, staff recommends that the Utility's proposed NSF fee be approved. The fee should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the fees should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date the notice was given within 10 days of the date of the notice.

Based on the foregoing, the Commission should approve the Utility's requested increase in miscellaneous service charges, plus implementation of after hour charges, late fees, and NSF check fees. Within five working days of the issuance of the order, staff recommends that the Utility be required to provide a proposed customer notice of the approved charges for staff's review and approval. Once staff has approved the proposed customer notice, the Utility may choose to either mail the notice separately to customers or insert it with the customer's bill in the next billing cycle. Within five days after the notice is given, the Utility should be required to file an affidavit affirming that the notice has been given to customers of the approved charges. The tariff sheet containing the approved miscellaneous service charges and the after hour charges should become effective for services rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C.

¹⁶ See Order Nos. PSC-10-0364-TRF-WS, issued June 7, 2010, in Docket No. 100170-WS, In re: Application for authority to collect non-sufficient funds charges, pursuant to Sections 68.065 and 832.08(5), F.S., by Pluris Wedgefield Inc., and PSC-11-0368-PAA-WU, issued September 1, 2011, in Docket No. 100128-WU, In re: Application for increase in Gulf County by Lighthouse Utilities Company, Inc.

Issue 15: Should River Ranch be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all applicable NARUC Uniform System of Accounts (USOA) primary accounts associated with the Commission-approved adjustments?

Preliminary Recommendation: Yes. To ensure that the Utility adjusts its books in accordance with the Commission's decision, River Ranch should provide proof, within 90 days of the final order in this docket, that the adjustments for all applicable NARUC USOA primary accounts have been made. (Hudson)

Staff Analysis: To ensure that the Utility adjusts its books in accordance with the Commission's decision, River Ranch should provide proof, within 90 days of the final order in this docket, that the adjustments for all applicable NARUC USOA primary accounts have been made.

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 1-A	
TEST YEAR ENDED 03/31/2011		DOCKET NO. 110140-WS	
SCHEDULE OF WATER RATE BASE			
DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.	BALANCE PER STAFF
1. UTILITY PLANT IN SERVICE	\$833,579	(\$7,467)	\$826,112
2. LAND & LAND RIGHTS	160	0	160
3. NON-USED AND USEFUL COMPONENTS	0	0	0
4. CIAC	(522,724)	0	(522,724)
5. ACCUMULATED DEPRECIATION	(552,568)	5,483	(547,085)
6. AMORTIZATION OF CIAC	399,677	(5,661)	394,016
7. DEFERRED DEBITS	2,678		2,678
8. WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>12,183</u>	<u>12,183</u>
9. WATER RATE BASE	<u>\$160,802</u>	<u>\$4,538</u>	<u>\$165,340</u>

RIVER RANCH WATER MANAGEMENT, LLC
TEST YEAR ENDED 03/31/2011
SCHEDULE OF WASTEWATER RATE BASE

SCHEDULE NO. 1-B
DOCKET NO. 110140-WS

DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.	BALANCE PER STAFF
1. UTILITY PLANT IN SERVICE	\$1,761,943	(\$332,131)	\$1,429,812
2. LAND & LAND RIGHTS	500	0	500
3. NON-USED AND USEFUL COMPONENTS	0	(81,685)	(81,685)
4. CIAC	(661,614)	0	(661,614)
5. ACCUMULATED DEPRECIATION	(804,983)	190,494	(614,489)
6. AMORTIZATION OF CIAC	432,816	(7,164)	425,652
7. WORKING CAPITAL ALLOWANCE	0	12,137	12,137
8. WASTEWATER RATE BASE	<u>\$728,662</u>	<u>(\$218,350)</u>	<u>\$510,312</u>

RIVER RANCH WATER MANAGEMENT, LLC
TEST YEAR ENDED 03/31/2011
ADJUSTMENTS TO RATE BASE

SCHEDULE NO. 1-C
DOCKET NO. 110140-WS

	<u>WATER</u>	<u>WASTEWATER</u>
<u>UTILITY PLANT IN SERVICE</u>		
1. To remove 2003 plant additions from Acct. No. 304 for lack of support documentation.	(\$18,683)	\$0
2. To remove 2003 plant additions from Acct. No. 331 for lack of support documentation.	(5,826)	0
3. To remove 2003 plant additions from Acct. No. 334 for lack of support documentation.	21,191	0
4. To remove 2003 plant additions from Acct. No. 354 for lack of support documentation.	0	(34,809)
5. To remove a 2004 journal entry from Acct. No. 354 for lack of support documentation.	0	(148,592)
6. To remove plant additions in 2003 and 2005 from Acct. No. 370 for lack of support documentation.	0	(6,365)
7. To reflect retirement in Acct. No. 370 for 2003 lift station pump replacement.	0	(2,123)
8. To reflect retirement in Acct. No. 370 for 2005 and 2010 replacement and rebuilding of two lift stations.	0	(53,494)
9. To reflect retirement in Acct. No. 371 for 2005 wastewater plant pump replacements (3 pumps).	0	(7,134)
10. To reflect retirement in Acct. No. 371 for 2006 wastewater plant pump replacements (2 surge pumps).	0	(2,278)
11. To reflect retirement in Acct. No. 371 for 2007 wastewater plant pump replacements (2 surge pumps).	0	(7,823)
12. To remove plant additions from Acct. No. 380 for lack of support documentation.	0	(17,533)
13. To retire wastewater treatment plant from property held for future use.	0	(46,765)
14. To reflect an averaging adjustment.	<u>(4,150)</u>	<u>(5,215)</u>
Total	<u>(\$7,467)</u>	<u>(\$332,131)</u>
<u>NON-USED AND USEFUL PLANT</u>		
1. To reflect non-used and useful plant.	\$0	(\$121,341)
2. To reflect non-used and useful accumulated depreciation.	0	39,656
Total	<u>\$0</u>	<u>(\$81,685)</u>
<u>ACCUMULATED DEPRECIATION</u>		
1. To reflect accumulated depreciation per Rule 25-30.140 F.A.C.	(\$8,328)	\$171,220
2. To reflect an averaging adjustment.	<u>13,812</u>	<u>19,274</u>
Total	<u>\$5,483</u>	<u>\$190,494</u>
<u>AMORTIZATION OF CIAC</u>		
1. To adjust Amortization of CIAC based on composite rates.	\$74	\$430
2. To reflect an averaging adjustment.	<u>(5,735)</u>	<u>(7,594)</u>
Total	<u>(\$5,661)</u>	<u>(\$7,164)</u>
<u>WORKING CAPITAL ALLOWANCE</u>		
1. To reflect 1/8 of test year O & M expenses.	<u>\$12,183</u>	<u>\$12,137</u>

RIVER RANCH WATER MANAGEMENT, LLC
 TEST YEAR ENDED 03/31/2011
 SCHEDULE OF CAPITAL STRUCTURE

SCHEDULE NO. 2
 DOCKET NO. 110140-WS

CAPITAL COMPONENT	PER UTILITY	SPECIFIC ADJUSTMENTS	BALANCE BEFORE PRO RATA ADJUSTMENTS	PRO RATA ADJUSTMENTS	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
1. TOTAL COMMON EQUITY	\$724,098	\$244,724	968,822	(293,169)	675,653	100.00%	8.74%	8.74%
2. TOTAL LONG TERM DEBT	<u>244,724</u>	<u>(244,724)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>		
9. TOTAL	<u>\$968,822</u>	<u>\$0</u>	<u>\$968,822</u>	<u>(\$293,169)</u>	<u>\$675,653</u>	<u>100.00%</u>		<u>8.74%</u>
RANGE OF REASONABLENESS						LOW	HIGH	
RETURN ON EQUITY						<u>7.74%</u>	<u>9.74%</u>	
OVERALL RATE OF RETURN						<u>7.74%</u>	<u>9.74%</u>	

RIVER RANCH WATER MANAGEMENT, LLC			SCHEDULE NO. 3-A		
TEST YEAR ENDED 03/31/2011			DOCKET NO. 110140-WS		
SCHEDULE OF WATER OPERATING INCOME					
	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$134,101</u>	<u>\$0</u>	<u>\$134,101</u>	<u>\$4,436</u> 3.31%	<u>\$138,537</u>
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	\$97,317	\$146	\$97,463	\$0	\$97,463
3. DEPRECIATION (NET)	15,036	1,705	16,741	0	16,741
4. AMORTIZATION	1,013	0	1,013	0	1,013
5. TAXES OTHER THAN INCOME	8,734	(64)	8,670	200	8,869
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7. TOTAL OPERATING EXPENSES	<u>\$122,100</u>	<u>\$1,787</u>	<u>\$123,887</u>	<u>\$200</u>	<u>\$124,087</u>
8. OPERATING INCOME/(LOSS)	<u>\$12,001</u>		<u>\$10,214</u>		<u>\$14,451</u>
9. WATER RATE BASE	<u>\$160,802</u>		<u>\$165,340</u>		<u>\$165,340</u>
10. RATE OF RETURN	<u>7.46%</u>		<u>6.18%</u>		<u>8.74%</u>

RIVER RANCH WATER MANAGEMENT, LLC			SCHEDULE NO. 3-B		
TEST YEAR ENDED 03/31/2011			DOCKET NO. 110140-WS		
SCHEDULE OF WASTEWATER OPERATING INCOME					
	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$164,224</u>	<u>\$0</u>	<u>\$164,224</u>	<u>\$29,912</u> 18.21%	<u>\$194,136</u>
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	\$99,133	(\$2,038)	\$97,095	\$0	\$97,095
3. DEPRECIATION (NET)	62,824	(22,167)	40,657	0	40,657
4. AMORTIZATION	540	0	540	0	540
5. TAXES OTHER THAN INCOME	9,930	(33)	9,897	1,346	11,243
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7. TOTAL OPERATING EXPENSES	<u>\$172,427</u>	<u>(\$24,238)</u>	<u>\$148,189</u>	<u>\$1,346</u>	<u>\$149,535</u>
8. OPERATING INCOME/(LOSS)	<u>(8,203)</u>		<u>16,035</u>		<u>44,601</u>
9. WASTEWATER RATE BASE	<u>728,662</u>		<u>510,312</u>		<u>510,312</u>
10. RATE OF RETURN	<u>-1.13%</u>		<u>3.14%</u>		<u>8.74%</u>

RIVER RANCH WATER MANAGEMENT, LLC
TEST YEAR ENDED 03/31/2011
ADJUSTMENTS TO OPERATING INCOME

SCHEDULE NO. 3-C
DOCKET NO. 110140-WS
PAGE 1 OF 2

	<u>WATER</u>	<u>WASTEWATER</u>
OPERATION AND MAINTENANCE EXPENSES		
1. Salaries and Wages Employees (601/ 701)		
a. To reflect the appropriate salary paid to employee.	\$1,330	\$1,330
b. To remove compensating salary for salary for nonutility employees.	<u>(1,026)</u>	<u>(1,026)</u>
Subtotal	<u>\$304</u>	<u>\$304</u>
Salaries and Wages Officers (603/ 703)		
2. Purchased Power (615/ 715)		
a. To reflect the actual electric bills for the test year.	<u>\$712</u>	<u>(\$861)</u>
3. Chemicals (618/ 718)		
a. To reverse journal entries recorded by the Utility.	\$1,290	\$1,291
b. To remove chemical expense for lack of support documentation.	(1,405)	0
c. To reclassify chemical expense for wastewater from water.	(780)	780
d. To reclassify testing expenses to Acct. No. 635.	(58)	(58)
e. To reclassify material and supplies expenses to Acct. No. 720.	(246)	(246)
f. To reclassify wastewater testing to Acct. No. 735.	<u>(60)</u>	<u>(60)</u>
Subtotal	<u>(\$1,259)</u>	<u>\$1,707</u>
5. Materials & Supplies (620/ 720)		
a. To reclassify material and supplies from Acct. Nos. 618/718.	\$0	\$492
b. To reverse journal entries recorded by the Utility.	131	131
c. To remove April accrual.	<u>(28)</u>	<u>(28)</u>
Subtotal	<u>\$103</u>	<u>\$595</u>
6. Contractual Services - Testing (635/ 735)		
a. To reclassify testing expense from Acct. Nos. 618/718.	\$116	\$120
b. To reflect water testing recorded as wastewater.	<u>513</u>	<u>(513)</u>
Subtotal	<u>\$629</u>	<u>(\$393)</u>
7. Contractual Services - Other (636/ 736)		
a. To reverse journal entries recorded by the Utility.	\$347	\$348
b. To remove accruals recorded by the Utility.	(3,500)	(3,500)
c. To amortize water storage tank over 5 years (\$4,800/5).	960	0
Subtotal	<u>(\$2,193)</u>	<u>(\$3,152)</u>
8. Rents (640/ 740)		
a. To reclassify truck lease payments to Acct. No. 650/750	(\$1,685)	(\$1,848)
b. To reflect equipment for water recorded for wastewater.	<u>1,432</u>	<u>(1,432)</u>
Subtotal	<u>(\$253)</u>	<u>(\$3,281)</u>

(O & M EXPENSES CONTINUED ON NEXT PAGE)

RIVER RANCH WATER MANAGEMENT, LLC
TEST YEAR ENDED 03/31/2011
ADJUSTMENTS TO OPERATING INCOME

SCHEDULE NO. 3-C
DOCKET NO. 110140-WS
PAGE 2 OF 2

9. Transportation Expense (650/ 750)		
a. To reclassify truck lease payments from Acct. Nos. 640/740	\$1,685	\$1,848
b. To reflect the appropriate transportation expense.	(211)	(374)
Subtotal	<u>\$1,474</u>	<u>\$1,474</u>
10. Insurance Expenses (655/ 755)		
a. To annualize insurance premium.	\$46	\$46
Subtotal	<u>\$46</u>	<u>\$46</u>
11. Regulatory Expense (665/ 765)		
To reflect four-year amortization of rate case expense.	<u>\$1,500</u>	<u>\$1,500</u>
12. Miscellaneous Expense (675/ 775)		
a. To remove Polk County Health Department Fine.	(\$940)	\$0
b. To annualize cell phone expense.	<u>22</u>	<u>22</u>
Subtotal	<u>(\$918)</u>	<u>\$22</u>
TOTAL OPERATION & MAINTENANCE ADJUSTMENTS	<u>\$146</u>	<u>(\$2,039)</u>
DEPRECIATION EXPENSE		
1. To reflect depreciation expense.	\$1,740	(\$14,141)
2. To reflect non-used and useful depreciation expense.	0	(8,093)
3. To reflect CIAC amortization expense.	<u>(35)</u>	<u>67</u>
Total	<u>\$1,705</u>	<u>(\$22,167)</u>
TAXES OTHER THAN INCOME		
1. To reflect the appropriate payroll taxes.	(\$143)	(\$149)
2. To reflect the appropriate property taxes.	<u>\$79</u>	<u>\$116</u>
Total	<u>(\$64)</u>	<u>(\$33)</u>

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 3-D	
TEST YEAR ENDED 03/31/2011		DOCKET NO. 110140-WS	
ANALYSIS OF WATER OPERATION AND MAINTENANCE EXPENSE			
	TOTAL PER PER UTILITY	STAFF PER ADJUST.	TOTAL PER PER STAFF
(601) SALARIES AND WAGES - EMPLOYEES	\$29,684	\$304 [1]	\$29,988
(603) SALARIES AND WAGES - OFFICERS	0	0	0
(604) EMPLOYEE PENSIONS AND BENEFITS	25	0	25
(610) PURCHASED WATER	0	0	0
(615) PURCHASED POWER	11,432	712 [2]	12,144
(616) FUEL FOR POWER PRODUCTION	0	0	0
(618) CHEMICALS	16,778	(1,259) [3]	15,519
(620) MATERIALS AND SUPPLIES	2,551	103 [4]	2,654
(630) CONTRACTUAL SERVICES - BILLING	0	0	0
(631) CONTRACTUAL SERVICES - PROFESSIONAL	4,417	0	4,417
(635) CONTRACTUAL SERVICES - TESTING	1,501	629 [5]	2,130
(636) CONTRACTUAL SERVICES - OTHER	21,834	(2,193) [6]	19,641
(640) RENTS	3,117	(253) [7]	2,864
(650) TRANSPORTATION EXPENSE	2,696	1,474 [8]	4,170
(655) INSURANCE EXPENSE	544	46 [9]	590
(665) REGULATORY COMMISSION EXPENSE	0	1,500 [10]	1,500
(670) BAD DEBT EXPENSE	0	0	0
(675) MISCELLANEOUS EXPENSES	<u>2,738</u>	<u>(918)</u> [11]	<u>1,820</u>
	<u>\$97,317</u>	<u>\$146</u>	<u>\$97,463</u>

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 3-E	
TEST YEAR ENDED 03/31/2011		DOCKET NO. 110140-WS	
ANALYSIS OF WASTEWATER AND MAINTENANCE EXPENSE			
	TOTAL PER UTILITY	STAFF ADJUST- MENT	TOTAL PER STAFF
(701) SALARIES AND WAGES - EMPLOYEES	\$29,684	\$304 [1]	\$29,988
(703) SALARIES AND WAGES - OFFICERS	0	0	0
(704) EMPLOYEE PENSIONS AND BENEFITS	25	0	25
(710) PURCHASED SEWAGE TREATMENT	0	0	0
(711) SLUDGE REMOVAL EXPENSE	731	0	731
(715) PURCHASED POWER	18,405	(861) [2]	17,544
(716) FUEL FOR POWER PRODUCTION	0	0	0
(718) CHEMICALS	9,871	1,707 [3]	11,578
(720) MATERIALS AND SUPPLIES	1,855	595 [4]	2,450
(730) CONTRACTUAL SERVICES - BILLING	0	0	0
(731) CONTRACTUAL SERVICES - PROFESSIONAL	4,417	0	4,417
(735) CONTRACTUAL SERVICES - TESTING	513	(393) [5]	120
(736) CONTRACTUAL SERVICES - OTHER	26,488	(3,152) [6]	23,336
(740) RENTS	3,281	(3,281) [7]	0
(750) TRANSPORTATION EXPENSE	2,696	1,474 [8]	4,170
(755) INSURANCE EXPENSE	544	46 [9]	590
(765) REGULATORY COMMISSION EXPENSES	0	1,500 [10]	1,500
(770) BAD DEBT EXPENSE	0	0	0
(775) MISCELLANEOUS EXPENSES	623	22 [11]	645
	<u>\$99,133</u>	<u>(\$2,039)</u>	<u>\$97,094</u>

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 4-A	
TEST YEAR ENDED 03/31/2011		DOCKET NO. 110140-WS	
MONTHLY WATER RATES			
	UTILITY'S EXISTING RATES	STAFF RECOMMENDED RATES	MONTHLY RATE REDUCTION
<u>Residential Service (Monthly Flat Rates)</u>			
River Ranch Shores/Countryside	\$15.85	N/A	N/A
Condo (Per Unit)	\$12.68	N/A	N/A
<u>General Service (Monthly Flat Rates)</u>			
Long Hammock Phase I/RV Phase II-V (Per Unit)	\$12.68	N/A	N/A
Westgate Properties	\$1,141.19	N/A	N/A
Church	\$39.62	N/A	N/A
All Others (Per ERC)	\$15.85	N/A	N/A
<u>Irrigation Service (Monthly Flat Rates)</u>			
Long Hammock - Phase I	\$110.95	N/A	N/A
RV Area - Phase II	\$142.65	N/A	N/A
RV Area - Phase III	\$190.20	N/A	N/A
RV Area - Phase IV	\$95.09	N/A	N/A
RV Area - Phase V	\$95.09	N/A	N/A
Monthly Rates			
Residential, General Service and Irrigation			
<u>Base Facility Charge by Meter Size:</u>			
5/8"X3/4"	N/A	\$18.25	\$0.21
3/4"	N/A	\$27.38	\$0.31
1"	N/A	\$45.63	\$0.52
1-1/2"	N/A	\$91.25	\$1.05
2"	N/A	\$146.00	\$1.67
3"	N/A	\$292.00	\$3.35
4"	N/A	\$456.25	\$5.23
6"	N/A	\$912.50	\$10.46
8"	N/A	\$1,642.50	\$18.83
10"	N/A	\$2,646.25	\$30.34
<u>Gallonge Charge</u>			
Per 1,000 Gallons	N/A	\$1.30	\$0.01
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
3,000 Gallons	\$15.85	\$22.15	
5,000 Gallons	\$15.85	\$24.75	
10,000 Gallons	\$15.85	\$31.25	

RIVER RANCH WATER MANAGEMENT, LLC TEST YEAR ENDED 03/31/2011 MONTHLY WASTEWATER RATES		SCHEDULE NO. 4-B DOCKET NO. 110140-WS	
	UTILITY'S EXISTING RATES	STAFF RECOMMENDED RATES	MONTHLY RATE REDUCTION
<u>Residential Service (Monthly Flat Rates)</u>			
River Ranch Shores/Countryside	\$17.16	N/A	N/A
Condo (Per Unit)	\$17.16	N/A	N/A
<u>General Service (Monthly Flat Rates)</u>			
Long Hammock Phase I/RV Phase II-V (Per Unit)	\$17.16	N/A	N/A
Westgate Properties	\$1,218.42	N/A	N/A
All Others (Per ERC)	\$17.16	N/A	N/A
Monthly Rates			
<u>Residential Service</u>			
Base Facility Charge All Meter Sizes	N/A	31.97	\$0.26
<u>Gallonage Charge</u>			
Per 1,000 Gallons (10,000 gallon cap)	N/A	6.72	\$0.05
Monthly Rates			
<u>General Service</u>			
<u>Base Facility Charge by Meter Size:</u>			
5/8"X3/4"	N/A	\$31.97	\$0.26
3/4"	N/A	\$47.96	\$0.39
1"	N/A	\$79.93	\$0.65
1-1/2"	N/A	\$159.85	\$1.31
2"	N/A	\$255.76	\$2.09
3"	N/A	\$511.52	\$4.18
4"	N/A	\$799.25	\$6.54
6"	N/A	\$1,598.50	\$13.08
8"	N/A	\$2,877.30	\$23.54
10"	N/A	\$4,635.65	\$37.92
<u>Gallonage Charge</u>			
Per 1,000 Gallons	N/A	\$8.07	\$0.07
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
3,000 Gallons	\$17.16	\$52.13	
5,000 Gallons	\$17.16	\$65.57	
10,000 Gallons	\$17.16	\$99.17	