STATE OF FLORIDA

MARSHALL WILLIS, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

March 7, 2012

Grenelefe Resort Utility, Inc.
Attn: Mr. Bryon Smith
5601 Windover Drive
Orlando, Florida 32819

Re: Staff-Assisted Rate Case for Grenelefe Resort Utility, Inc. in Polk County, Docket No. 110141-WS

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), Florida Administrative Code, by all interested persons at the following location:

Grenelefe Resort Utility, Inc.
3013 Camelot Drive
Haines City, FL 33844

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

SH/as

cc: Division of Economic Regulation (Maurey, Smith, Fletcher, Daniel, Simpson)
Office of General Counsel (Teitzman, Tan)
Office of Commission Clerk (Docket No. 110141-WS)

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: March 7, 2012

TO: Andrew Maurey, Bureau Chief Bureau of Rate Filings

FROM: Avy Smith, Regulatory Analyst II
Robert Simpson, Engineering Specialist II
Sonica Bruce, Regulatory Analyst III

RE: Docket No. 110141-WS – Application for staff-assisted rate case in Polk County by Grenelefe Resort Utility, Inc.

– STAFF REPORT –

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

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Case Background

Grenelefe Resort Utility, Inc. (Grenelefe or Utility) is a Class C water and wastewater facility located in Polk County. Grenelefe serves approximately 1,254 water customers and approximately 1,210 wastewater customers. The Utility was issued Grandfather Certificate Nos. 589-W and 507-S on December 9, 1997.[1] According to Grenelefe's 2010 Annual Report, gross revenues were $301,326 and $169,616 for water and wastewater, respectively. The Utility's operating expenses were $279,614 for water and $226,318 for wastewater.

On May 10, 2011, the Commission received Grenelefe's application for a staff-assisted rate case. The instant docket is the Utility's first rate case. The Commission has the authority to consider this rate case pursuant to Section 367.0814, Florida Statutes (F.S.).

This Staff Report is a **preliminary** analysis of the Utility prepared by the Florida Public Service Commission (PSC) 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.

[1] See Order No. PSC-97-1546-FOF-WS, issued December 9, 1997, in Docket No. 961006-WS, In re: Application for certificates under grandfather rights to provide water and wastewater service by Sports Shinko Utility, Inc. d/b/a Grenelefe Utilities in Polk County.

Discussion of Issues

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

Preliminary Recommendation: The staff recommendation regarding customer satisfaction and overall quality of service will not be finalized until after the March 22, 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.

The PCHD identified three deficiencies in its January 2012 sanitary survey report. These deficiencies included the hour meter on one of the wells was not working, the piping at water plant No. 10 was not properly color coded, and there was insufficient casing height for both wells. According to the PCHD, those deficiencies have been corrected.

The Utility's wastewater operating permit was renewed on January 20, 2012, with an expiration date of January 19, 2017. DEP conducted a compliance inspection of the wastewater system on February 2, 2012, and found no deficiencies.

A staff field investigation of the Grenelefe water and wastewater facilities was conducted on August 4, 2011. The facilities appeared to be operating normally. Therefore, staff recommends that quality of the drinking water delivered to the customers, the wastewater effluent quality, and the operating condition of the water and wastewater facilities is satisfactory.

A review of the Commission's Consumer Activity Tracking System for the past three years found two billing complaints that were closed. The staff recommendation regarding customer satisfaction and the overall quality of service will not be finalized until after the March 22, 2012 customer meeting.

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

Preliminary Recommendation: The water treatment plants, wastewater treatment plant, and distribution and collections systems should be considered 100 percent used and useful. A 10 percent adjustment should be made to chemicals and electricity expenses to reflect EUW. (Simpson)

Staff Analysis: The Utility has been providing water and wastewater service to a golf and tennis community in Polk County since 1977. The Utility currently provides potable water and wastewater service to approximately 1,111 residential, 18 multi-family, and 125 general service customers. Non-potable irrigation service is provided to the golf course and 113 residential customers. Utility 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 for a WTP is determined by dividing the peak demand by the firm reliable capacity of the water treatment plant. Because the system has no storage facilities, the calculation is in gallons per minute (gpm). Consideration of growth, fire flow requirements, unaccounted for water, and other factors may also be included.

Grenelefe owns ten wells, two of which are used for potable water purposes and the rest for golf course irrigation. The two wells at the WTP are both rated at 1,500 gpm. Therefore, based on Rule 25-30.4325, F.A.C., the firm reliable capacity of the water system is 1,500 gpm. The water is chlorinated for disinfection and polyphosphate is added for lead and copper corrosion control. The Utility's peak day of 436,000 gallons, or 302.8 gpm, occurred on November 5, 2010. It does not appear that a fire, line break, or other unusual occurrence occurred on that day. The Utility's fire flow requirement is 500 gpm. There has been no significant growth in the service area in the past five years.

The Utility's Monthly Operating Reports indicate that 67.292 million gallons of finished water were produced in the test year and, according to staff's billing analysis, 53.189 million gallons of water were sold. The Utility uses about one percent of the water produced for flushing activities. Therefore, 20 percent of the water produced is unaccounted for water. Pursuant to Rule 25-30.4325, F.A.C., unaccounted for water in excess of 10 percent of the amount produced is considered excessive unaccounted for water (EUW). Therefore, 10 percent or 13 gpm of the amount produced is considered EUW.

Based on a peak day of 302.8 gpm, a fire flow allowance of 500 gpm, EUW of 13 gpm, and a firm reliable capacity of 1,500 gpm, the WTP is 53 percent U&U. However, the system is almost built out with only six vacant lots within the development and no plans for expansion. Thus, staff recommends that the WTP be considered 100 percent U&U. A 10 percent adjustment should be made to chemicals and electricity expenses to reflect EUW.

Wastewater Treatment Plant (WWTP)

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 Grenelefe WWTP is an extended aeration, activated sludge plant. The plant is permitted by DEP to operate at 340,000 gpd, based on the three-month rolling average daily flow and as long as the only effluent disposal system is the existing rapid infiltration basin (percolation pond). Liquid disinfection is applied prior to the treated wastewater effluent flowing into the percolation pond.

The customer demand for the test year was 142,744 gpd based on the 3MRADF. There is no excessive infiltration and inflow in the collection system and no projected growth for the service area. Based on the customer demand and capacity of the WWTP, the system is 42 percent U&U. However, the system is almost built out, with only vacant lots within the development and no plans for expansion. Therefore, staff recommends that the WWTP be considered 100 percent U&U.

Water Distribution and Wastewater Collection Systems

The U&U calculations for the water distribution and wastewater collection systems are based on the number of customers connected to the systems divided by the capacity of the system. Consideration is given to growth. Because the Utility's current distribution and collection systems are needed to serve the existing customers, and the system is almost built out, staff recommends that the water distribution and wastewater collection systems be considered 100 percent U&U.

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

Preliminary Recommendation: The appropriate average test year rate base for Grenelefe is $213,089 for water and $91,848 for wastewater. (Smith)

Staff Analysis: The appropriate components of the Utility's rate base include utility plant in service (UPIS), contributions-in-aid-of-construction (CIAC), accumulated depreciation, amortization of CIAC, and working capital.

Staff selected a test year ended March 31, 2011, for this rate case. A summary of each component and the adjustments follows:

Utility Plant in Service: The Utility recorded $3,504,720 and $2,975,704 in UPIS for water and wastewater, respectively. Table 3-1 includes staff's recommended adjustments to reflect the appropriate plant additions and retirements to water and wastewater UPIS amounts.

Table 3-1

	Adjustment Description	Water	Wastewater
1.	Remove non-utility related invoice. (Acct. Nos. 304 & 354)	($855)	($855)
2.	Reclassify plant assets to from Acct. No. 304 to Prop. Held for Future Use. (AF 3)	(457,020)	0
3.	Reclassify plant assets to from Acct. No. 307 to Prop. Held for Future Use. (AF 3)	(7,184)	0
4.	Reclassify invoice #36243 from Acct. No. 371 to Acct. No. 311.	1,619	(1,619)
5.	Reclassify invoice for 100 HP motor from Acct. No. 371 to Acct. No. 311.	3,791	(3,791)
6.	Retirement of 100 HP motor.	(2,843)	0
7.	Remove invoice for another CFI sub, River Ranch. (Acct. No. 311)	(2,242)	0
8.	Retirement of 30 HP irrigation motor replaced in 2006. (Acct. No. 311)	(5,205)	0
9.	Retirement of 30 HP irrigation motor replaced in 2008. (Acct. No. 311)	(3,006)	0
10.	Reclassify invoice to rebuild 30 HP motor & pump. (Acct. Nos. 311 & 371)	2,274	(2,274)
11.	Retirement of irrigation control valve in 2010. (Acct. No 311)	(3,601)	0
12.	Retirement of turbine pump in 2010. (Acct. No. 311)	(8,406)	0
13.	Reclassify plant assets to from Acct. No. 311 to Prop. Held for Future Use. (AF 3)	(1,971)	0
14.	Reclassify 2 water flow meters installed in 2005 ($1,272 + $2,439). (Acct. Nos. 334 & 364)	3,711	(3,711)
15.	Reclassify invoice from water (Acct. No. 334) to wastewater (Acct. No. 364) for flow meter.	(2,975)	2,975
16.	To remove invoice for fire hydrant testing. (Acct. No. 335)	(1,650)	0
17.	Retirement of fire hydrant in 2005. (Acct. No. 335)	(3,075)	0
18.	Retirement of 5 HP hydromatic pump. (Acct. No. 370)	0	(4,783)
19.	Remove invoice for cleaning lift stations. (Acct. No. 370)	0	(1,200)
20.	Retirement of 15 HP lift station wastewater pump in 2005. (Acct. No. 371)	0	(2,749)
21.	Retirement of 15 HP lift station wastewater pump in 2006. (Acct. No. 371)	0	(5,630)
22.	Retirement for 5 HP suction pump. (Acct. No. 371)	0	(5,618)
23.	Retirement for 20HP blower motor. (Acct. No. 371)	0	(1,034)
24.	Averaging Adjustment.	(2,324)	(3,203)
	Total	($490,962)	($33,492)

Staff's adjustments to UPIS result in a net decrease of $490,962 for water and $33,492 for wastewater. Staff recommends UPIS balances of $3,013,758 for water and $2,942,212 for wastewater.

Non-Used and Useful Plant: As discussed in Issue 2 of this recommendation, Grenelefe's water plant, water distribution system, wastewater treatment plant, and the wastewater collection system are 100 percent U&U. Therefore, a non-U&U adjustment is not necessary.

Land: Grenelefe recorded $7,000 for water and $49,400 for wastewater in this account. Staff has reduced water the amount for water by $4,000 to reflect the Commission-approved land value determined when the Utility changed its name in 2005.[2] Staff recommends land of $3,000 for water and $49,400 for wastewater.

Contribution in Aid of Construction: The Utility recorded $2,302,685 and $1,051,361 in this account for water and wastewater, respectively. Staff has compiled CIAC additions for the period June 30, 2002, through March 31, 2011 to determine the Utility's CIAC balance as of March 31, 2011. Staff used information from the Utility's 2002-2010 annual reports, customer service connection records, and the Utility's authorized service availability tariff to determine the number of new customers connected since the Utility's last rate case. No adjustments have been made to this account. Staff recommends CIAC of $2,302,685 for water and $1,051,361 for wastewater.

Accumulated Depreciation: Grenelefe recorded a balance for accumulated depreciation of $2,343,557 for water and $2,540,965 for wastewater. Staff has calculated accumulated depreciation using the prescribed rates set forth in Rule 25-30.140, F.A.C. Staff has decreased this account by $50,779 for water and $23,874 for wastewater to reflect depreciation calculated by staff. According to Audit Finding 3, two carbon filter systems and one non-potable water well site and pumping station were no longer being used to serve the Utility's customers. Based on an original cost study, the total amount associated with these three plant items was $466,174, with an associated accumulated depreciation balance of $276,039. Staff has removed the plant items from UPIS and $276,039 from accumulated depreciation. Staff has decreased this account by $28,068 and $15,605 to reflect an averaging adjustment for water and wastewater, respectively. The aforementioned adjustments result in average accumulated depreciation of $1,988,671 ($2,343,557 - $50,779 - $276,039 - $28,068) for water and $2,501,486 ($2,540,965 - $23,874 - $15,605) for wastewater.

Amortization of CIAC: The Utility recorded $1,524,464 and $707,138 for amortization of CIAC for water and wastewater, respectively. The balance of amortization of CIAC has been recalculated since rate base was established by Order No. PSC-05-0142-PAA-WS. In order to reflect amortization of CIAC as calculated by staff, this account has been decreased by $28,593 and $69,812 for water and wastewater, respectively. Staff has decreased this account by $29,521 for water and $6,741 for wastewater to reflect an averaging adjustment. Staff's net adjustments

[2] See Order No. PSC-05-0142-PAA-WS, issued February 7, 2005 in Docket No. 030123-WS, In re: Application for transfer of majority organizational control of Sports Shinko Utility, Inc. d/b/a Grenelefe Utilities in Polk County and for name change on Certificate Nos. 589-W and 507-S to Grenelefe Resort Utility, Inc.

to CIAC result in Amortization of CIAC of $1,466,350 ($1,524,464 - $28,593 - $29,521) for water and $630,585 ($707,138 -$69,812 - $6,741) for wastewater.

Working Capital Allowance: Grenelefe did not record any a working capital allowance for this account. Working capital is defined as the investor-supplied funds necessary to meet operating expenses or going-concern requirements of the utility. Consistent with Rule 25-30.433(2), F.A.C., staff recommends that the one-eighth of the O&M expense formula approach be used for calculating working capital allowance. Applying this formula, staff recommends a working capital allowance of $21,337 (based on water O&M of $170,695) and $22,497 (based on wastewater O&M of $179,978) for water and wastewater, respectively.

Rate Base Summary: Based on the foregoing, staff recommends that the appropriate test year average rate base is $213,089 for water and $91,848 for wastewater. Rate base is shown on Schedule Nos. 1-A and 1-B, and staff's adjustments are shown on Schedule No. 1-C.

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

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. (Smith)

Staff Analysis: According to Audit Finding 7, and supporting documentation provided by the Utility, Grenelefe's capital structure consists of the following components:

Table 4-1

Account Description	Balance
Common Stock	$1
Retained Earnings	(644,769)
Paid-In-Capital	1,248,722
Total	$603,954

The Utility's capital structure has been reconciled with staff's recommended rate base. Consistent with the Commission-approved leverage formula currently in effect, the appropriate ROE is 8.74 percent.[3] 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.

[3] See Order No. PSC-11-0287-PAA-WS, issued July 5, 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), F.S.

Issue 5: What is the appropriate amount of test year revenue in this case?

Preliminary Recommendation: The appropriate test year revenue for Grenelefe is $308,442, of which $167,760 is related to potable water service and $140,682 is related to non-potable water service. The appropriate test year revenue for wastewater is $169,690. (Bruce, Smith)

Staff Analysis: Staff analyzed the Utility's reported revenue, and based on the billing determinants, staff recommends test year revenue of $308,442, of which $167,760 is related to potable water service and $140,682 is related to non-potable water service. Grenelefe recorded total revenue of $308,442 for water and $169,690 for wastewater for the 12-month period ended March 31, 2011. Therefore, staff has not made any adjustments to this account. Test year revenue amounts are shown on Schedule Nos. 3-A and 3-B.

Issue 6: What is the appropriate amount of operating expense?

Preliminary Recommendation: The appropriate amount of operating expense for Grenelefe is $219,859 for water and $237,914 for wastewater. (Smith)

Staff Analysis: Grenelefe recorded operating expense of $287,931 for water and $231,786 for wastewater, for 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. As discussed in Issue 8, a portion of Grenelefe's UPIS is related to non-potable water. However, the Utility contends it "does not differentiate non-potable water system assets from total water assets."[4] Since the amount of non-potable plant could not be distinguished from total plant, staff separated expenses that could be removed to determine a revenue requirement for non-potable expenses. Based on workpapers contained in the Utility's grandfather certificate Order No. PSC-97-1546-FOF-WS,[5] staff has determined the portion of non-potable expenses to be 34 percent for salaries and wages and approximately 74 percent for purchased power. In accordance with the above-mentioned order, staff has removed the portion of salaries, payroll taxes, purchased power, and allowance for regulatory assessment fees that is associated with the provision of non-potable water service. Staff has made several adjustments to the Utility's operating expenses which are summarized below:

Salaries and Wages - Employees (601/701) – Grenelefe recorded $63,613 in this account for both water and wastewater. The Utility has 3 full-time employees who perform operations, maintenance, and administrative work. Staff has increased this account by $1,401 for both water and wastewater to reflect the actual gross salary amount paid to each of the three employees. In addition, staff has increased water and wastewater by $20,678 each to recognize the Utility's office manager's salary that was not included. Staff's recommended salaries expense is $85,692 ($63,613 + $1,401 + $20,678). The adjustment for removing 34 percent of salaries expense related to non-potable service equals $29,135 ($85,692 x 34 percent) for both water and wastewater. Staff recommends salaries and wages – employees expense of $56,557 for water and $56,557 for wastewater.

Employee Pensions and Benefits (604/704) – Grenelefe recorded $1,159 in this account for both water and wastewater. Staff has determined employee pensions and benefits to be $912 each for water and wastewater. Therefore, staff has made an adjustment to reduce this account by $247 each for water and wastewater. Staff recommends employee pensions and benefits expense of $912 for both water and wastewater.

Sludge Removal Expense (711) – Grenelefe recorded $39,150 in this account for sludge removal expense. Staff has reclassified $325 to contractual services - testing for an invoice related to DEP required testing. Also, the Utility included an invoice of $325 in this account for sludge analysis. Staff believes that sludge analysis should not be included in sludge removal expense.

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[4] See Utility's response to staff's data request filed by the Utility on November 15, 2011.
[5] See Order No. PSC-97-1546-FOF-WS, issued December 9, 1997, in Docket No. 961006-WS, In re: Application for certificates under grandfather rights to provide water and wastewater service by Sports Shinko Utility, Inc. d/b/a Grenelefe Utilities in Polk County.

Therefore, staff has reclassified $325 to contractual services - testing. Staff recommends sludge removal expense of $38,500 ($39,150 - $325 - $325).

Purchased Power (615/715) – Grenelefe recorded $71,372 in this account for water and $21,740 for wastewater. The Utility presented monthly electric bills totaling $69,667 and $21,709 for water and wastewater respectively. Accordingly, staff has removed $1,705 from water and $31 from wastewater to reflect actual electric bills. As explained above, staff has removed a portion of purchased power expense in order to determine the appropriate amount of revenue requirement associated with non-potable water service. Again, the portion of purchased power expense determined to be related to non-potable services is approximately 74 percent. Staff's recommended purchased power is $69,667. Therefore, the adjustment for removing approximately 74 percent of purchased power expense related to non-potable water service equals $51,644 ($69,667 x 74 percent) for water.

In Issue 2, staff had determined that 10 percent of the amount of water produced is considered EUW. When there is EUW, the percentage of EUW is applied to purchased power for the water system to calculate a reduction to this expense. For purposes of the staff report, staff has not applied the EUW percentage. However, for the final recommendation, staff will apply its recommended adjustment which would reduce purchased power expense. Based on the above adjustments, staff's recommended purchased power expense is $18,023 ($71,372 - $1,705 - $51,644) for water and $21,709 ($21,740 - $31) for wastewater.

Chemicals (618) – Grenelefe recorded $6,298 in this account for water and $7,555 for wastewater. In Issue 2, staff had determined that 10 percent of the amount of water produced is considered EUW. When there is EUW, the percentage of EUW is also applied to chemicals expense for the water system to calculate a reduction to this expense. For purposes of the staff report, staff has not applied the EUW percentage. However, for the final recommendation, staff will apply its recommended adjustment which would reduce chemicals expense. Staff recommends chemicals expense of $6,298 for water and $7,555 for wastewater.

Materials and Supplies (620/720) – The Utility recorded $4,344 in this account for both water and wastewater. The items in Table 6-1 should be reclassified accordingly.

Table 6-1

	Adjustment	
Account Description	Water	Wastewater
a. Reflect invoice related to water system only.	$961	($961)
b. Reflect invoice related to wastewater system only.	(858)	858
c. Remove unsupported transaction.	(345)	(346)
d. Reflect materials for two wastewater pumps.	(444)	432
Total	$(686)	($17)

Additionally, staff has increased this account by $321 for water for padlocks that were not originally included in the Utility's balance. Staff recommends materials and supplies expense of $3,979 ($4,344 - $686 + $321) for water and $4,327 ($4,344 - $17) for wastewater.

Contractual Services – Professional (731) – Grenelefe recorded $6,242 in this account for wastewater. Staff has reduced this account by $4,800 to remove two invoices related to work performed at River Ranch Water Management, LLC, a sister system owned by CFI. Staff recommends contractual services – professional expense of $1,442 ($6,242 - $4,800).

Contractual Services – Testing (635/735) – Grenelefe recorded $699 for water and $1,055 for wastewater in this account. The Utility included $171 in its general ledger for transactions that were not supported by documentation. Accordingly, staff has removed $171 for water for unsupported transactions. Staff has reduced this account by $31 to reflect the actual cost for testing water samples that were reflected on invoices. Also, staff has increased this account by $325 for wastewater to reflect sludge testing reclassified from sludge removal expense. Staff recommends contractual services – testing expense of $497 ($699 - $171 - $31) for water and $1,380 ($1,055 + $325) for wastewater.

Contractual Services – Other (636/736) – Grenelefe recorded $55,939 for water and $33,485 for wastewater in this account. Staff has made offsetting adjustments that increased water and reduced wastewater by $367 for an invoice that the Utility split equally between each system that was related to the water system only. The Utility's general ledger balance for wastewater was overstated by $560. Accordingly, staff has reduced this account by $560 for wastewater. Grenelefe included two general ledger transactions: one for repairs to a lift station and another for wastewater plant clarifier totaling $669. However, after reviewing each of the invoices, staff has determined the appropriate total to be $625. As such, staff has reduced this account by $44 for wastewater. Staff recommends contractual services – other expense of $56,306 ($55,939 + $367) for water and $32,514 ($33,485 - $367 - $560 - $44) for wastewater.

Rent Expense (640/740) – Grenelefe recorded $90 in this account for both water and wastewater. Staff has increased this account by $253 for water and $254 for wastewater to include three quarterly invoices for the lease of a postage meter. Staff recommends rent expense of $343 for water and $344 for wastewater.

Insurance Expenses (655/755) – Grenelefe recorded $1,135 in this account for both water and wastewater. The Utility included $597 each for water and wastewater to reflect the annual auto insurance policy. Based on the current annual auto insurance policy of $754, the appropriate auto insurance is $377 each for both water and wastewater. Staff has made an adjustment to reduce this account by $220 each for both water and wastewater to reflect the current annual auto insurance policy. Staff recommends insurance expense of $915 ($1,135 - $220) each for both water and wastewater.

Regulatory Commission Expense (665/765) – Grenelefe did not record any regulatory commission expenses for either water or wastewater. By Rule 25-22.0407, F.A.C., the Utility is required to mail notices of the customer meeting and notices of final rates in this case to its customers. For these notices, staff has estimated $2,268 for postage expense, $2,062 for printing expense, and $258 for envelopes. The above results in $4,587 for postage, mailing notices, and envelopes. The Utility paid a $4,000 rate case filing fee. The Utility also estimates consultant fees totaling $7,893 for the instant docket. The total rate case expense is $8,240 for water and $8,240 for wastewater. For purposes of the Staff Report, staff has included the Utility's total requested legal rate case expense. However, staff will be requesting documentation of the actual

rate case expense incurred up to the filing of staff's recommendation to review for the final recommendation. Pursuant to Section 367.0816, F.S., rate case expense is amortized over a four-year period. Staff recommends regulatory commission expense of $2,060 for water and $2,060 for wastewater.

Miscellaneous Expense (675/775) – The Utility recorded $5,414 each for both water and wastewater. The Utility included an invoice for renewal of its annual drinking water permit of $2,000. The invoice was split equally between water and wastewater. Staff has increased water by $1,000 and decreased wastewater by $1,000 to include the invoice in the water account only. Grenelefe included an invoice for a "boat slip fee." Staff believes this is non-utility item and should be removed from miscellaneous expenses. As such, staff has decreased this account by $351 each for water and wastewater. Staff recommends miscellaneous expense of $6,063 ($5,414 + $1,000 - $351) for water and $4,063 ($5,414 - $1,000 - $351) for wastewater.

Operation and Maintenance Expenses (O&M) Summary – Total adjustments to O&M expense result in a decrease of $58,110 for water and decrease of $12,704 for wastewater. Staff's recommended O&M expense is $170,695 for water and $179,978 for wastewater. O&M expenses are shown on Schedule Nos. 3-A and 3-B.

Depreciation Expense (Net of Related Amortization of CIAC) – Grenelefe recorded $22,179 for water and $8,411 for wastewater in this account. Staff has calculated depreciation expense using the prescribed rates set forth in Rule 25-30.140, F.A.C. Staff's calculated test year depreciation is $68,144 and $37,126 for water and wastewater, respectively. Thus, staff has made an adjustment to increase the amount reported for water by $45,965, and to increase the amount reported for wastewater by $28,715. Staff has decreased amortization of CIAC by $52,026 for water and $13,323 for wastewater based on composite rates. This results in a net depreciation expense of $16,118 ($22,179 + $45,965 - $52,026) for water and $23,803 ($8,411 + $28,715 - $13,323) for wastewater.

Taxes Other Than Income (TOTI) – Grenelefe's general ledger reflected the following amounts for TOTI:

Table 6-2

	Water	Wastewater
Property Taxes	$17,653	$17,653
Payroll Taxes	5,404	5,404
Regulatory Assessment Fees	13,890	7,636
Total	$36,947	$30,693

Staff has reviewed Polk County's non-ad valorem and ad valorem tax assessment notices. Based on these notices, staff has determined the appropriate property taxes are $16,008 for water and $16,759 for wastewater. Therefore, staff has reduced this account by $1,645 for water and $894 for wastewater to reflect property taxes paid by the Utility. Staff has calculated payroll tax of $6,306 for both water and wastewater. Accordingly, staff has increased this account by $902 for both water and wastewater to reflect staff's calculated payroll tax.

The non-potable water revenue requirement has been calculated separately. One component staff has used in determining the appropriate potable and non-potable water revenue requirements is RAFs. Staff is recommending potable water revenues of $167,760 and non-potable water revenues of $140,682. Staff has attributed RAFs of $7,549 ($167,760 x 4.5 percent) to potable water and $6,331 ($140,682 x 4.5 percent) to non-potable water. The Utility recorded $13,890 for RAFs. Therefore staff has decreased this account by $6,341 ($13,890 - $7,549) for water, and increased RAFs for the non-potable water revenue requirement by $6,331.

As discussed in Issue 7, revenues have been increased by $70,723 for water and $76,251 for wastewater to reflect the change in revenue required to cover expenses and afford the Utility an opportunity to earn the recommended return on investment. As a result, TOTI should be increased by $3,183 for water and $3,431 for wastewater to reflect RAFs of 4.5 percent on the change in revenue. Staff recommends TOTI of $33,046 ($36,947 - $1,645 + $902 - $6,341 + $3,183) for water and $34,132 ($30,693 - $894 + $902 + $3,431) for wastewater.

Income Tax – The Utility did not have any income tax expense for the test year. Grenelefe is an S Corporation. The tax liability is passed on to the owners' personal tax returns. Therefore, staff did not make an adjustment to this account.

Operating Expenses Summary – The application of staff's recommended adjustments to Grenelefe's recorded test year operating expenses result in staff's recommended operating expenses of $219,859 for water and $237,914 for wastewater. Operating expenses are shown on Schedule Nos. 3-A and 3-B. The related adjustments are shown on Schedule No. 3-C.

Issue 7: What is the appropriate revenue requirement?

Preliminary Recommendation: The appropriate revenue requirement is $238,483 for potable water and $245,941 for wastewater. (Smith)

Staff Analysis: Grenelefe should be allowed an annual increase of $70,723 (42.16 percent) for potable water and an annual increase of $76,251 (44.94 percent) for wastewater. This will allow the Utility the opportunity to recover its expenses and earn a 8.74 percent return on its investment. The calculation is as follows:

Table 7-1

	Water	Wastewater
Adjusted Rate Base	$213,089	$91,848
Rate of Return	x .0874	x .0874
Return on Rate Base	$18,624	$8,028
Adjusted O&M expense	170,695	179,978
Depreciation expense (Net)	16,118	23,803
Amortization	0	0
Taxes Other Than Income	33,046	34,132
Income Taxes	0	0
Revenue Requirement	$238,483	$245,941
Less Test Year Revenues	167,760	169,690
Annual Increase	$70,723	$76,251
Percent Increase/(Decrease)	42.16%	44.94%

Staff's recommended revenue requirement for non-potable water service is contained in Issue 8.

Issue 8: What is the appropriate revenue requirement for non-potable water service?

Recommendation: The appropriate revenue requirement for non-potable water service is $121,896. (Smith, Bruce)

Staff Analysis: On May 14, 1996, the Board of County Commissioners of Polk County (County Commission, Polk County or County) adopted a resolution pursuant to Section 367.171, F.S., declaring the privately-owned water and wastewater utilities in that County subject to the provisions of Chapter 367, F.S. This Commission acknowledged the County's resolution by Order No. PSC-96-0896-FOF-WS.[6]

By letter dated July 30, 1996, Grenelefe was advised of the Commission's jurisdiction and the Utility's responsibility to obtain a certificate. On August 30, 1996, Grenelefe filed an application for grandfather certificates to provide water and wastewater service in Polk County in accordance with Section 367.171(2)(b), F.S.

Subsequently, the County Commission requested the right to complete a hearing with respect to new rates for Grenelefe which was initiated prior to the transfer of jurisdiction to this Commission. This rate proceeding originated from a mandate by the Southwest Florida Water Management District (SWFWMD) to Grenelefe to install meters for all water usage. This included water used for domestic use, as well as for irrigation. Grenelefe has both potable and non-potable water sources available for use to provide irrigation service; therefore, meters were installed to measure both sources.

On July 2, 1996, the County Commission approved monthly rates using the base facility and gallonage charge rate structure. The County Commission also approved an irrigation rate, which Grenelefe had been charging all irrigation sources since September 1, 1996. The rates that Grenelefe began charging for non-potable water irrigation service on September 1, 1996 were identical to the rates approved for potable water irrigation service by Polk County on July 2, 1996. Although the Utility was mandated by the SWFWMD to implement metered irrigation service, application of the rate to non-potable water irrigation service had not been officially approved by either the County or this Commission.

By Order No. PSC-97-1546-FOF-WS,[7] the Commission granted grandfather water and wastewater certificates, and established rates, including non-potable water rates, as required by the SWFWMD. Since the amount of non-potable plant could not be distinguished from total plant in the grandfather certificate docket, the common expenses were allocated between potable and non-potable service. The Utility is unable to distinguish between the potable and non-potable assets. Therefore, staff has used the same methodology from the grandfather certificate docket to determine the revenue requirement for non-potable service. In accordance with the above-mentioned order, staff has removed the portion of salaries, payroll taxes, purchased power, and allowance for regulatory assessment fees that is associated with the provision of non-

[6] See Order No. PSC-96-0896-FOF-WS, issued July 11, 1996, in Docket No. 960674-WS, In re: Resolution of Board of Commissioners of Polk County declaring Polk County subject to provisions of Chapter 367, F.S.

[7] See Order No. PSC-97-1546-FOF-WS, issued December 9, 1996, in Docket No. 961006-WS, In re: Application for certificates under grandfather rights to provide water and wastewater service by Sports Shinko Utility, Inc. d/b/a Grenelefe Utilities in Polk County.

potable water service. Based on workpapers contained in the docket file for the Utility's grandfather certificate, staff has determined the portion of non-potable expenses to be 34 percent for salaries and wages and approximately 74 percent for purchased power. Staff's total recommended salaries in the instant docket is $171,382 ($85,691 for both water and wastewater.) Therefore, staff has made an adjustment to allocate $58,270 ($171,382 x 34 percent) to the salaries and wages – employees account for the non-potable water revenue requirement calculation. Staff's total recommended purchased power expense in the instant docket is $69,667. As such, staff has made an adjustment to allocate $51,644 ($69,667 x 74 percent) to the purchased power account for the non-potable water revenue requirement calculation.

Staff has calculated payroll tax of $6,497 ($58,270 x 11.15 percent) based on the recommended salaries and wages adjustment mentioned above. Hence, staff has increased TOTI by $6,497 to reflect payroll tax. As discussed in Issues 5 and 8, the portion of revenues attributed to non-potable water is $140,682. Accordingly, staff has increased TOTI by $6,331 to reflect RAFs of 4.5 percent on revenues for non-potable water service.

Based on the above adjustments to staff's recommended non-potable revenue, staff's recommended revenue requirement is $121,896. Staff's recommended revenue requirement for non-potable water service is as follows:

Table 8-1

	Non-Potable Water
Adjusted O&M expense	$109,914
Depreciation expense (Net)	0
Amortization	0
Taxes Other Than Income	11,982
Income Taxes	0
Revenue Requirement	$121,896
Less Test Year Revenues	140,682
Annual Increase/Decrease	($18,786)
Percent Increase/(Decrease)	(13.35%)

Based on staff's calculated revenue requirement above, the Utility earned more than the recommended rate of return for non-potable water service. Staff is recommending in Issue 9 that the non-potable water service overearnings be netted against the potable water system revenue requirement.

Issue 9: What are the appropriate rate structures for the Utility's water and wastewater systems?

Preliminary Recommendation: The appropriate rate structure for the Utility's residential water class, which includes potable irrigation service for the residential customers, is a four tier inclining block rate structure. Staff's preliminary rate design called for a three-tier rate structure with usage blocks of: a) 0-10 kgals in the first usage block; b) 10-15 kgals in the second usage block; and c) all usage in all excess of 15 kgals in the third block. However, as discussed in Issue 10, by restricting any cost recovery due to repression being applied to non-discretionary usage, an additional tier is necessary for non-discretionary usage below 5 kgal per month. This results in a four-tier rate structure for monthly consumption with usage blocks of: a) 0-5 kgal; b) 5-10 kgal; c) 10-15 kgal d) all usage in excess of 15 kgals in the fourth usage block and usage block rate factors of .78, 1.0, 1.5, and 2.0 respectively. The appropriate rate structure for the water system's non-residential class which includes potable irrigation for the non-residential customers is a BFC/uniform gallonage charge rate structure. The BFC cost recovery percentage for the water system should be set at 55 percent. Furthermore, the appropriate rate structure for the wastewater residential class and non-residential class is a continuation of the traditional BFC/gallonage charge rate structure. The BFC cost recovery percentage for the wastewater system should be set at 60 percent. The residential wastewater gallonage cap should be set at 8 kgals. Also, the Utility's non-potable rate structure should remain unchanged. (Bruce)

Staff Analysis: The Utility provides water and wastewater service for its customers. In addition, the Utility serves both potable and non-potable water sources to provide irrigation throughout the service area.

Currently, Grenelefe's rate structure for the Utility's residential water system consists of a monthly base facility charge (BFC) of $5.98 and a three tier inclining block rate structure. The usage blocks are set at: a) 0-10 kgals in the first block, b) 10-35 kgals in the second block, c) usage in excess of 35 kgals in the third block. The usage charges are $0.78, $1.56, and $2.34 per kgal, respectively. The Utility's potable irrigation service consists of a monthly BFC of $5.98 and a two tier inclining block rate structure. The usage blocks are set at: a) 0-10 kgals in the first block and b) usage in excess of 10 kgals in the second block. The usage charges are $1.56 and $2.34, respectively. The non-residential class consists of a traditional BFC/gallonage charge rate structure. The BFC is $5.98 and usage charge is $0.78. These rates were approved by Order No. PSC-97-1546-FOF-WS.[8]

Potable Water Rates: Staff performed a detailed analysis of the Utility's billing data in order to evaluate various BFC cost recovery percentages, usage blocks, and usage block rate factors for the residential rate class. The goal of the evaluation was to select the rate design parameters that: 1) allow the Utility to recover its revenue requirement; 2) equitably distribute cost recovery among the Utility's customers; and 3) implement, where appropriate, water conserving rate structures consistent with the Commission's goals and practices.

The Utility is located in the Southwest Florida Water Management District (SWFWMD or District). Currently, as mentioned above, Greenlefe's rate structure includes an inclining

[8] See Order No. PSC-97-1546-FOF-WS, pp. 3-6.

block as required by the District. However, staff has been in contact with the District and its staff has suggested that the current rate structure be improved in an effort to bring down per capita usage by the residential customers.

Staff's analysis of the residential billing data indicates that the customer base is seasonal. Furthermore, staff's analysis of the residential billing data coupled with the potable irrigation billing data for residential customers indicates that the overall average monthly consumption is 2,867 gallons per month. This is considered low overall average consumption. However, staff's billing data show that at 10 kgals and above the remaining 4 percent of the customers account for the remaining 32 percent of water billed. This is an indication of high discretionary usage. For this reason, staff recommends that a continuation of the three-tier inclining block rate structure is appropriate Moreover, to restrict any cost recovery due to repression being applied to non-discretionary usage, an additional tier is necessary for non-discretionary usage below 5 kgal per month. This results in a four-tier rate structure for monthly consumption with usage blocks of: a) 0-5 kgal; b) 5-10 kgal; c) 10-15 kgal; d) and all usage in excess of 15 kgals in the fourth usage block and usage block rate factors of .78, 1.0, 1.50, and 2.00 respectively.

Furthermore, according to Utility representatives, the service area is comprised of primarily retirees and some families that consist of at least four people. For this reason, staff believes it is appropriate to set the threshold for customer's essential usage to approximately 5,000 gallons per month. This number is derived based on the average number of persons per household, gallons per day, days per month (3.0 x 50 x 30). Staff's recommended rate structure will restrict repression in the first block and minimize price increases at non-discretionary levels of consumption while targeting those customers with higher levels of usage.

Staff's recommended rate design for the water system is shown on Table 9-1. Also, staff has presented two alternative rate structures to illustrate other recovery methodologies.

Table 9-1

GRENELEFE RESORT UTILITY, INC.
STAFF'S RECOMMENDED AND ALTERNATIVE
WATER RATE STRUCTURES AND RATES

Current Rate Structure and Rates	
3-Tier Inclining Block Rate Structure 1.00, 2.00, and 3.00 BFC = 62%	
BFC	$5.98
0-10 kgals	$.78
10-35 kgals	$1.56
35 +	$2.34

Typical Monthly Bills (1)	
Cons (kgals)	
0	$5.98
1	$6.76
3	$8.32
5	$9.88
10	$13.78
20	$29.38

Recommended Rate Structure and Rates		
4-Tier Inclining Block Rate Structure Rate Factors .78, 1.00, 1.50 and 2.00 BFC = 55%		
BFC		$6.38
1st tier (non-discretionary)	0-5 kgals	$1.45
2nd tier (discretionary)	5-10 kgal	$1.86
3rd tier (discretionary)	10-15 kgal	$2.79
4th tier (discretionary)	15 +	$3.72

Typical Monthly Bills	
Cons (kgals)	
0	$6.38
1	$7.83
3	$10.73
5	$13.63
10	$22.93
20	$55.48

Alternative 1	
4-Tier Inclining Block Rate Structure Rate Factors .80, 1.00, 1.50 and 1.75 BFC = 55%	
BFC	$6.38
0-5 kgal	$1.52
5-10 kgal	$1.90
10-15 kgal	$2.85
15 +	$3.33

Typical Monthly Bills	
Cons (kgals)	
0	$6.38
1	$7.90
3	$10.94
5	$13.98
10	$23.48
20	$54.38

Alternative 2	
3- Tier Inclining Block Rate Structure Rate Factors .81, 1.00,1.50 and 2.00 BFC =58%	
BFC	$6.73
0-5 kgal	$1.35
5-10 kgal	$1.66
10-15 kgal	$2.50
15 + kgal	$3.33

Typical Monthly Bills	
Cons (kgals)	
0	$6.73
1	$8.08
3	$10.78
5	$13.48
10	$21.78
20	$50.93

Staff estimated that fixed cost for the water system represents approximately 62 percent of its revenue requirement. Staff recommends decreasing the BFC cost recovery of 62 percent to 55 percent. The Commission typically sets the BFC cost recovery no greater than 40 percent. In recent cases, when a customer base is seasonal, the Commission has set the BFC cost recovery greater than 40 percent. [9] Staff's recommended BFC allocation will help insure that the Utility will have sufficient cash flow to cover fixed costs while seasonal customers are not in residence. Also, the recommended BFC allocation is appropriate because it sends the appropriate pricing signals of minimizing price increases at non-discretionary levels of consumption while assigning greater costs to those customers who use a greater volume of water.

Based on the foregoing, staff recommends that the appropriate rate structure for the Utility's residential water class, which includes potable irrigation service for residential customers, is a four tier inclining block rate structure. However, staff's preliminary rate design called for a three-tier rate structure with usage blocks of: a) 0-10 kgals in the first usage block; b) 10-15 kgals in the second usage block; and c) all usage in all excess of 15 kgals in the third block. Moreover, as discussed in Issue 10, by restricting any cost recovery due to repression being applied to non-discretionary usage, an additional tier is necessary for non-discretionary usage below 5 kgal per month. This results in a four-tier rate structure for monthly consumption with usage blocks of: a) 0-5 kgal; b) 5-10 kgal; c) 10-15 kgal d) all usage in excess of 15 kgals in the fourth usage block and usage block rate factors of .78, 1.0, 1.5, and 2.0 respectively. The appropriate rate structure for the water system's non-residential class, which includes potable irrigation for the non-residential class, is a continuation of its BFC/uniform gallonage charge rate structure. The BFC cost recovery percentage for the water system should be set at 60 percent.

Non-potable: Grenelefe's current rate structure for non-potable irrigation service consists of a BFC of $3.07 and an inclining block rate structure. The gallonage charge for consumption above 50 kgals, per meter size is $.66 to $2.34 for consumption per month per meter size. These rates were stipulated by Order No. PSC-98-1459-AS-WS, issued October 26, 1998, in Docket No. 961006-WS.

As mentioned earlier, staff has been in contact with the District and the District staff indicated that the non-potable rates are low compared to the domestic rates. The District staff believes that if these irrigation customers were residential customers, then they would diminish the effectiveness of the residential domestic inclining block rate structure. However, based on staff's analysis of the billing data, the majority of these customers are non-residential.

Nonetheless, as mentioned in Issue 8, the non-potable water system is overearning. Staff has recommended that the non-potable water system overearnings be netted against the water system. Typically, this is only done when the customer bases are similar. In this case, there are dissimilarities in the potable water and non-potable water customer bases. Of the 1,367 water customers, approximately ten percent (113 customers) are also non-potable water customers. However, the water system and non-potable water system use the same plant. Due to the fact

[9] See Order Nos. PSC-11-0015-PAA-WS, issued January 5, 2011, in Docket No. 090531-WS, In re: Application for staff-assisted rate case in Highlands County by Lake Placid Utilities, Inc.; and PSC-11-0436-PAA-WS, issued September 29, 2011, in Docket No. 100472-WS, In re: Application for staff-assisted rate case in Manatee County by Heather Hills Estates Utilities, LLC.

that the Utility is unable to determine the appropriate plant components for non-potable water coupled with the District's concern, staff believes netting the non-potable water system overearnings against the water system is appropriate in this case. This will allow non-potable rates to remain constant rather decrease. Although the non-potable rates are already low, decreasing the rates would further undercut the SWFWMD's efforts to promote water conservation.

Based on the foregoing, staff recommends that the non-potable rate structure remain unchanged.

Wastewater: Grenelefe's current rate structure for the wastewater system's residential and non-residential classes is the traditional BFC/gallonage charge rate structure. The BFC is $8.46 and the gallonage charge is $1.13 per 1,000 gallons.

Staff estimated that fixed cost for the wastewater system represents approximately 58 percent of its revenue requirement. This BFC cost recovery falls within the Commission's practice of setting the BFC allocation to at least 50 due to the capital intensive nature of wastewater plants. However, in this case, staff believes it is appropriate to increase the BFC cost recovery to 60 percent due the Utility's seasonal customer base.

The Utility's current wastewater cap is set at 10 kgals per month. It is Commission's practice to set the residential wastewater gallonage cap at a consumption level equal to 80 percent of the total number of residential gallons sold. Staff's review of the billing data captures 81 percent of the gallons sold at 8 kgals. For this reason, the Utility's wastewater gallonage cap of 10 kgal should be changed to 8 kgals. Furthermore, staff recommends that the non-residential gallonage charge be 1.2 times greater than the residential charge.

Staff's recommended rate design for the wastewater system is shown on Table 9-2 on the following page. Staff also presented two alternative rate structures to illustrate other recovery methodologies.

Table 9-2

GRENELEFE RESORT UTILITY, INC.
STAFF'S RECOMMENDED AND ALTERNATIVE
WASTEWATER RATE STRUCTURES AND RATES

Current Rate Structure and Rates	
Monthly BFC/ uniform kgal charge BFC =58%	
BFC	$8.46
All kgals	$1.13
Typical Monthly Bills (1)	
Cons (kgal)	
0	$8.46
1	$9.59
3	$11.85
6	$15.24
8	$17.50
10	$19.76

Recommended Rate Structure and Rates	
Monthly BFC/ uniform kgal charge BFC = 60%	
BFC	$8.35
All kgals	$3.17
Typical Monthly Bills	
Cons (kgal)	
0	$8.35
1	$11.52
3	$17.86
6	$27.37
8	$33.71
10	$33.71

Alternative 1	
Monthly BFC/ uniform kgal charge BFC = 50%	
BFC	$7.03
All kgals	$3.92
Typical Monthly Bills	
Cons (kgal)	
0	$7.03
1	$10.95
3	$18.79
6	$30.55
8	$38.39
	$38.39

Alternative 2	
Monthly BFC/ uniform kgal charge BFC =70%	
BFC	$9.73
All kgals	$2.39
Typical Monthly Bills	
Cons (kgal)	
0	$9.73
1	$12.12
3	$16.90
6	$24.07
8	$28.85
10	$28.85

Based on the foregoing, staff recommends that the appropriate rate structure for the wastewater system's residential and non-residential classes is a continuation of the monthly BFC/uniform gallonage charge rate structure. The current wastewater gallonage cap should be changed from 10 kgal to 8 kgals per month. The general service gallonage charge should be 1.2 times greater than the residential charge, and the BFC cost recovery percentage for the wastewater system should be set at 60 percent.

Issue 10: Is a repression adjustment appropriate in this case, and, if so, what are the appropriate adjustments?

Preliminary Recommendation: Yes, a repression adjustment is appropriate for this Utility. Test year residential kgals sold for water should be reduced by 11.8 percent, resulting in a consumption reduction of 4,517 kgals. Purchased power expense should be reduced by $1,531, chemical expense should be reduced by $535, and regulatory assessment fees (RAFs) should be reduced by $97. The final post-repression revenue requirement for the water system should be $217,534. For the wastewater system, test year kgals sold should be reduced by 17.8 percent, resulting in a consumption reduction of 3,984 kgals. Sludge removal expense should be reduced by $6,853, purchased power expense should be reduced by $3,864.20, chemical expense should be reduced by $1,344.79, and RAFs should be reduced by $542.75. The final post-repression revenue requirement for the wastewater system should be $233,336.

In order to monitor the effect of the changes to rate structure and rate changes, the Utility should be ordered to file reports detailing the number of bills rendered, the consumption billed and the revenue billed on a monthly basis. In addition, the reports should be prepared by customer class, usage block, and meter size. The reports should be filed with staff, on a semi-annual basis, for a period of two years beginning the first billing period after the approved rates go into effect. To the extent the Utility makes adjustments to consumption in any month during the reporting period, the Utility should be ordered to file a revised monthly report for that month within 30 days of any revision. (Bruce)

Staff Analysis: Staff conducted a detailed analysis of the consumption patterns of the Utility's residential customers as well as the increase in residential bills resulting from the increase in revenue requirement. The customer base is seasonal and the analysis showed the overall average consumption is 2.8 kgals per month. However, the billing data indicates that 4 percent of the customers consume 32 kgals of water per month. This is an indication that there is a high level of discretionary or non-essential consumption, such as outdoor irrigation. Non-essential consumption is relatively responsive to changes in price, and is therefore subject to the effects of repression. Furthermore, in Issue 9, staff recommended that the threshold for the customer's essential usage be 5 kgals per month. Therefore, staff's recommended repression adjustment only applies to water consumption above 5 kgals per month.

Using the database of utilities that have previously had repression adjustments made, staff calculated a repression adjustment for this Utility based upon the recommended increase in revenue requirement in this case, and the historically observed response rates of consumption to changes in price. This is the same methodology for calculating repression adjustments that the Commission has approved in prior cases.[10] This methodology also restricts any price changes

[10] See Order No. PSC-10-0400-PAA-WS, issued June 18, 2010, in Docket No. 090392-WS, In re: Application for increase in water and wastewater rates in Lake County by Utilities Inc. of Pennbrooke; Order No. PSC-10-0423-PAA-WS, issued July 1, 2010, in Docket 090402-WS, In re: Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation; Order No. PSC-10-0117-PAA-WU, issued February 26, 2010, in Docket No. 080695-WU, In re: Application for general rate increase by Peoples Water Service Company of Florida, Inc.; and Order No. PSC-09-0623-PAA-WS, issued September 15, 2009, in Docket No. 080597-WS, In re: Application for general rate increase in water and wastewater systems in Lake County by Southlake Utilities, Inc.

due to repression from being applied to non-discretionary consumption (consumption less than 6 kgals per month), and allocates all cost recovery due to repression to discretionary levels of consumption (consumption above 5 kgals per month).

Therefore, based on this methodology, staff calculated that the test year residential consumption for this Utility should be reduced by 4,517 kgals. Purchased water expense should be reduced by $1,531, chemical expenses should be reduced by $535, RAFs should be reduced by $97. The final post-repression revenue requirement for the water system should be $217,534. For the wastewater system, test year kgals should be reduced by 3,984 kgals. Sludge removal expense should be reduced by $6,853, purchased power expense should be reduced by $3,864, and RAFs should be reduced by $1,345. The final post-repression revenue requirement for the wastewater system should be $233,336.

In order to monitor the effect of the changes to rate changes, the Utility should be ordered to file reports detailing the number of bills rendered, the consumption billed and the revenue billed on a monthly basis. In addition, the reports should be prepared by customer class, usage block, and meter size. The reports should be filed with staff, on a semi-annual basis, for a period of two years beginning the first billing period after the approved rates go into effect. To the extent the Utility makes adjustments to consumption in any month during the reporting period, the Utility should be ordered to file a revised monthly report for that month within 30 days of any revision.

Issue 11: What are the appropriate rates for Grenelefe?

Preliminary Recommendation: The appropriate monthly water and wastewater rates are shown on Schedules Nos. 4-A and 4-B, respectively. The recommended rates should be designed to produce revenue of $217,534 for water and $233,336 for wastewater, excluding miscellaneous service charges. The Utility 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 approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. (Bruce)

Staff Analysis: Excluding miscellaneous service revenue, the recommended rates should be designed to produce of revenue $217,534 for the water system and $233,336 for the wastewater system.

The approved rates should be effective for service rendered on or after stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

If the effective date of the new rates falls within a regular billing cycle, the initial bills at the new rate may be prorated. The old charge shall be prorated based on the number of days in the billing cycle before the effective date of the new rates. The new charge shall be prorated based on the number of days in the billing cycle on and after the effective date of the new rates. In no event shall the rates be effective for service rendered prior to the stamped approval date.

Based on the foregoing, the appropriate rates for monthly service for the water and wastewater systems are shown on Schedule Nos. 4-A and 4-B.

Issue 12: What is the appropriate amount by which rates should be reduced four years after the published 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 regulatory assessment fees 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. Grenelefe 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 the Utility 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. (Smith)

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 rates. The reduction will reflect the removal of revenue associated with the amortization of rate case expense, the associated return in working capital, and the gross-up for RAFs. The total reduction is $2,181 each for water and wastewater. Using Grenelefe's current revenue, expenses, capital structure and customer base, the reduction in revenue will result in the rate decreases as shown on Schedule Nos. 4-A and 4-B.

The Utility should be required to file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. Grenelefe also should be required to file a proposed customer notice setting forth the lower rates and the reason for the reduction.

If the Utility 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 13: Should the Commission approve Utility's requested increase in miscellaneous service charges, after hour charges, late fee, and NSF check fees be approved?

Preliminary Recommendation: Yes. The Commission should approve the Utility's requested after hour charges, increase in miscellaneous service charges, late fee, and NSF check fees shown in the staff analysis. 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 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 service charges should become effective for services rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, Florida Administrative Code.

Staff Analysis: 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), 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. The Utility's request to increase its miscellaneous service charges and add after-hour charges was accompanied by its reasons for requesting the changes, as well as the cost justification required by Section 367.091, F.S.

Miscellaneous Service Charges

The Utility has requested to increase its connection and reconnection fees as well as an additional charge for after hour reconnections. The Utility's current miscellaneous service charges were approved in Order No. PSC-97-1546-FOF-WS.[11] The miscellaneous service charges have not been updated since that time. As presented in the cost justification, the Utility indicated that the total cost associated with connections, reconnections, violation reconnections, and premises visits during business hours is $28.90 and after hours rates are 1.5 times the normal business hours rates. However, the Utility has requested a lower amount for miscellaneous service charges of $21.00 during business hours and $42.00 for after hours. These charges are consistent with the majority of the miscellaneous service charges recently approved by the Commission.[12]

[11] See Order No. PSC-97-1546-FOF-WS, p 6.

[12] 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.; and PSC-08-0827-PAA-WS, issued December 22, 2008, in Docket No. 070694-WS, In re: Application for increase in water and wastewater rates in Orange County by Wedgefield Utilities, Inc.

Table 13-1

Miscellaneous Service Charges			
During Business Hours		After Hours	
Item:	Cost:	Item:	Cost:
Labor ($23.00/hr x 0.6 hours)	$13.80	Labor ($23/hr. x 1.5 x 1 hour)[13]	$34.50
Transportation	7.00	Transportation	7.00
Total	$20.80	Total	$41.50

As indicated above, the miscellaneous service charges are based on the hourly rate of the contractor and transportation costs. Staff believes the proposed charges are cost-based, reasonable, and consistent with fees the Commission has approved for other utilities.[14] Based on the above, staff recommends that the Utility's requested amount for miscellaneous service charges be approved so that the Utility is able to recover its costs of performing these services. 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 sheets containing the approved miscellaneous service charges should become effective for services rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475.

Late Payment Charge

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. The Utility's request for a late payment fee was accompanied by its reason for requesting the fee, as well as the cost justification required by Section 367, F.S. The Utility has requested a $5.25 late payment fee.

Grenelefe requested that the cost basis be consistent with late payment fees the Commission has approved for other utilities. The computation on the following page is consistent with prior Commission decisions.[15]

[13] Represents time and-a-half wage and the longer time it takes an employee to get to the customer's property after hours.

[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.; and 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.

[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.; and 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.

Late Payment Charge	
$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
$0.05	Envelope and supplies
$5.24	

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.

Based on the above, staff recommends that Grenelefe's proposed 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 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. Grenelefe 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. Staff believes the NSF 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,

3. $40, if the face value exceeds $300,

4. five percent of the face amount of the check, whichever is greater.

Staff recommends that Grenelefe revise its tariffs to reflect the NSF charges set fourth 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

[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

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.

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 14: What are the appropriate customer deposits for Grenelefe?

Preliminary Recommendation: 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.

Staff Analysis: The Utility requested authority to collect initial customer deposits pursuant to Section 367.091, F.S. This statute authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges.

Rule 25-30.311, F.A.C., contains the criteria for collecting, administering, and refunding customer deposits. Customer deposits are designed to minimize the exposure of bad debt expense for the Utility and, ultimately, the general body of ratepayers. Historically, the Commission has set initial customer deposits equal to the amount of two months' bills based on estimated average consumption for the customer class.[17]

Staff notes that consumption-based charges are based on the prior month's meter readings. It generally takes five to seven days from the meter reading date until customers are billed. Pursuant to Rule 25-30.335(4), F.A.C., payment may not be considered delinquent until 21 days after the bill is mailed or presented. Pursuant to Rule 25-30.320(2)(g), F.A.C., a utility may discontinue service for nonpayment of bills, provided there has been a diligent attempt to have the customer comply and the customer has been provided at least five working days' written notice. It is likely that the service would not be disconnected until well after two months subsequent to the service being rendered. Not only is collecting a customer deposit to recover this two-month period of service consistent with past practice, it is also consistent with one of the fundamental principles of rate making – ensuring that the cost of providing service is recovered from the cost causer.[18]

The Utility's proposed initial customer deposits for water and wastewater are $25.68 and $21.07 for 5/8" x 3/4" meters, respectively. Furthermore, the Utility's proposed initial customer deposits for non-potable are $16.48 for 5/8" x 3/4" meter; $100.46 for 1" meter; $110.38 for 1.5" meter; and $224.90 for 2" meter. All other classes are two times the average estimated monthly bill for both water and wastewater. These amounts were calculated in compliance with Rule 25-30.311(7), F.A.C. These proposed charges are consistent with Commission rules and staff recommends they be approved in this case.

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[17] See Order Nos. PSC-03-1342-PAA-WS, issued November 24, 2003, in Docket No. 021228-WS, In re: Application for staff-assisted rate case in Brevard County by Service Management Systems, Inc.; and PSC-03-0845-PAA-WS, issued July 21, 2003, in Docket No. 021192-WS, In re: Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

[18] See Order Nos. PSC-03-1119-PAA-SU, issued October 7, 2003, in Docket No. 030106-SU, In re: Application for staff-assisted rate case in Lee County by Environmental Protection Systems of Pine Island, Inc. and PSC-96-1409-FOF-WU, issued November 20, 1996, in Docket No. 960716-WU, In Re: Application for transfer of Certificate No. 123-W in Lake County from Theodore S. Jansen d/b/a Ravenswood Water System to Crystal River Utilities, Inc.

Issue 15: Should the recommended rates 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. Grenelefe 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's Division of Economic Regulation no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund. (Smith)

Staff Analysis: This recommendation proposes an increase in water and wastewater 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. Grenelefe 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.

Grenelefe 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 $98,068. Alternatively, the Utility could establish an escrow agreement with an independent financial institution.

If Grenelefe 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 Grenelefe 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 Grenelefe;

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 Grenelefe, 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.

Grenelefe 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's Division of Economic Regulation no later than the 20th of each month indicating the monthly and total

amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

Issue 16: Should the Utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all applicable National Association of Regulatory Commissioners Uniform System of Accounts (NARUC 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, Grenelefe 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. (Smith)

Staff Analysis: To ensure that the Utility adjusts its books in accordance with the Commission's decision, Grenelefe 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.

GRENELEFE RESORT UTILITY, INC. TEST YEAR ENDED 3/31/11 SCHEDULE OF WATER RATE BASE			SCHEDULE NO. 1-A DOCKET NO. 110141-WS
DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.	BALANCE PER STAFF
1. UTILITY PLANT IN SERVICE	$3,504,720	($490,962)	$3,013,758
2. LAND & LAND RIGHTS	7,000	(4,000)	3,000
3. NON-USED AND USEFUL COMPONENTS	0	0	0
4. CIAC	(2,302,685)	0	(2,302,685)
5. ACCUMULATED DEPRECIATION	(2,343,557)	354,886	(1,988,671)
6. AMORTIZATION OF CIAC	1,524,464	(58,114)	1,466,350
7. WORKING CAPITAL ALLOWANCE	0	21,337	21,337
8. WATER RATE BASE	$389,942	($176,853)	$213,089

GRENELEFE RESORT UTILITY, INC. TEST YEAR ENDED 3/31/11 SCHEDULE OF WASTEWATER RATE BASE			SCHEDULE NO. 1-B DOCKET NO. 110141-WS
DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.	BALANCE PER STAFF
1. UTILITY PLANT IN SERVICE	$2,975,704	($33,492)	$2,942,212
2. LAND & LAND RIGHTS	49,400	0	49,400
3. NON-USED AND USEFUL COMPONENTS	0	0	0
4. CIAC	(1,051,361)	0	(1,051,361)
5. ACCUMULATED DEPRECIATION	(2,540,965)	39,479	(2,501,486)
6. AMORTIZATION OF CIAC	707,138	(76,553)	630,585
7. WORKING CAPITAL ALLOWANCE	0	22,497	22,497
8. WASTEWATER RATE BASE	$139,916	($48,068)	$91,848

GRENELEFE RESORT UTILITY, INC. TEST YEAR ENDED 3/31/11 ADJUSTMENTS TO RATE BASE		SCHEDULE NO. 1-C DOCKET NO. 110141-WS PAGE 1 OF 2
	WATER	**WASTEWATER**
UTILITY PLANT IN SERVICE		
1. To remove non-utility related invoice. (Acct. Nos. 304 & 354)	($855)	($855)
2. To reclassify plant assets to from Acct. No. 304 to Property Held for Future Use. (AF 3)	(457,020)	0
3. To reclassify plant assets to from Acct. No. 307 to Property Held for Future Use. (AF 3)	(7,184)	0
4. To reclassify invoice #36243 from Acct. No. 371 to Acct. No. 311.	1,619	(1,619)
5. To reclassify invoice for 100 HP motor from Acct. No. 371 to Acct. No. 311.	3,791	(3,791)
6. To reflect retirement of 100 HP motor.	(2,843)	0
7. To remove invoice that should have been recorded to another CFI sub, River Ranch. (Acct. No. 311)	(2,242)	0
8. To reflect retirement of 30 HP irrigation motor replaced in 2006. (Acct. No. 311)	(5,205)	0
9. To reflect retirement of 30 HP irrigation motor replaced in 2008. (Acct. No. 311)	(3,006)	0
10. To reclassify invoice to rebuild 30 HP irrigation motor & submersible pump. (Acct. Nos. 311 & 371)	2,274	(2,274)
11. To reflect retirement of irrigation control valve in 2010. (Acct. No 311)	(3,601)	0
12. To reflect retirement of turbine pump in 2010. (Acct. No. 311)	(8,406)	0
13. To reclassify plant assets to from Acct. No. 311 to Property Held for Future Use. (AF 3)	(1,971)	0
14. To reclassify 2 water flow meters installed in 2005 ($1,272 + $2,439). (Acct. Nos. 334 & 364)	3,711	(3,711)
15. To reclassify invoice from water (Acct. No. 334) to wastewater (Acct. No. 364) for flow meter.	(2,975)	2,975
16. To remove invoice for fire hydrant testing that should be recorded as an expense. (Acct. No. 335)	(1,650)	0
17. To reflect retirement of fire hydrant in 2005. (Acct. No. 335)	(3,075)	0
18. To reflect retirement of 5 HP hydromatic pump. (Acct. No. 370)	0	(4,783)
19. To remove invoice for cleaning lift stations that should be recorded as an expense. (Acct. No. 370)	0	(1,200)
20. To reflect retirement of 15 HP lift station wastewater pump in 2005. (Acct. No. 371)	0	(2,749)
21. To reflect retirement of 15 HP lift station wastewater pump in 2006. (Acct. No. 371)	0	(5,630)
22. To reflect retirement for 5 HP suction pump. (Acct. No. 371)	0	(5,618)
23. To reflect retirement for 20HP blower motor. (Acct. No. 371)	0	(1,034)
24. Averaging Adjustment.	(2,324)	(3,203)
Total	($490,962)	($33,492)
LAND		
1. To reflect land value determined in last rate case.	($4,000)	$0

GRENELEFE RESORT UTILITY, INC. TEST YEAR ENDED 3/31/11 ADJUSTMENTS TO RATE BASE		SCHEDULE NO. 1-C DOCKET NO. 110141-WS PAGE 2 OF 2
	WATER	**WASTEWATER**
ACCUMULATED DEPRECIATION		
1. To reflect appropriate A/D per Rule 25-30.140 F.A.C.	$50,779	$23,874
2. To reclassify as prop. held for future use. (AF 3)	276,039	0
3. Averaging Adjustment.	28,068	15,605
Total	$354,886	$39,479
AMORTIZATION OF CIAC		
1. Recalc. Amortization of CIAC from previous order.	($28,593)	($69,812)
2. Averaging Adjustment.	(29,521)	(6,741)
Total	($58,114)	($76,553)
WORKING CAPITAL ALLOWANCE		
1. To reflect 1/8 of test year O&M expenses.	$21,337	$22,497

GRENELEFE RESORT UTILITY, INC.
TEST YEAR ENDED 3/31/11
SCHEDULE OF CAPITAL STRUCTURE

SCHEDULE NO. 2
DOCKET NO. 110141-WS

	CAPITAL COMPONENT	PER UTILITY	SPECIFIC ADJUST-MENTS	BALANCE BEFORE PRO RATA ADJUSTMENTS	PRO RATA ADJUST-MENTS	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
1.	COMMON STOCK	$1	$0	$1					
2.	RETAINED EARNINGS	(644,769)	0	(644,769)					
3.	PAID IN CAPITAL	1,248,722	0	1,248,722					
4.	TREASURY STOCK	0	0	0					
5.	TOTAL COMMON EQUITY	603,954	0	603,954	(299,017)	304,937	100.00%	8.74%	8.74%
6.	A/P - CENTRAL FL INVESTMENTS	$0	$0	$0	$0	$0	0.00%	0.00%	0.00%
7.	LONG TERM DEBT	0	0	0	0	0	0.00%	0.00%	0.00%
	TOTAL LONG TERM DEBT	0	0	0	0	0	0.00%		
8.	CUSTOMER DEPOSITS	0	0	0	0	0	0.00%	0.00%	0.00%
9.	TOTAL	$603,954	$0	$603,954	($299,017)	$304,937	100.00%		8.74%

RANGE OF REASONABLENESS	LOW	HIGH
RETURN ON EQUITY	7.74%	9.74%
OVERALL RATE OF RETURN	7.74%	9.74%

GRENELEFE RESORT UTILITY, INC. **SCHEDULE NO. 3-A**
TEST YEAR ENDED 3/31/11 **DOCKET NO. 110141-WS**
SCHEDULE OF WATER OPERATING INCOME

		TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1.	**OPERATING REVENUES**	$167,760	$0	$167,760	$70,723 42.16%	$238,483
	OPERATING EXPENSES:					
2.	OPERATION & MAINTENANCE	$228,805	($58,110)	$170,695	$0	$170,695
3.	DEPRECIATION (NET)	22,179	(6,061)	16,118	0	16,118
4.	AMORTIZATION	0	0	0	0	0
5.	TAXES OTHER THAN INCOME	36,947	(7,084)	29,863	3,183	33,046
6.	INCOME TAXES	0	0	0	0	0
7.	**TOTAL OPERATING EXPENSES**	$287,931	($71,255)	$216,676	$3,183	$219,859
8.	**OPERATING INCOME/(LOSS)**	($120,171)		($48,916)		$18,624
9.	**WATER RATE BASE**	$389,942		$213,089		$213,089
10.	**RATE OF RETURN**	(30.82%)		(22.96%)		8.74%

GRENELEFE RESORT UTILITY, INC. **SCHEDULE NO. 3-B**
TEST YEAR ENDED 3/31/11 **DOCKET NO. 110141-WS**
SCHEDULE OF WASTEWATER OPERATING INCOME

		TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1.	**OPERATING REVENUES**	$169,690	$0	$169,690	$76,251 44.94%	$245,941
	OPERATING EXPENSES:					
2.	OPERATION & MAINTENANCE	$192,682	($12,704)	$179,978	$0	$179,978
3.	DEPRECIATION (NET)	8,411	15,392	23,803	0	23,803
4.	AMORTIZATION	0	0	0	0	0
5.	TAXES OTHER THAN INCOME	30,693	8	30,701	3,431	34,132
6.	INCOME TAXES	0	0	0	0	0
7.	**TOTAL OPERATING EXPENSES**	$231,786	$2,697	$234,483	$3,431	$237,914
8.	**OPERATING INCOME/(LOSS)**	($62,096)		($64,793)		$8,028
9.	**WASTEWATER RATE BASE**	$139,916		$91,848		$91,848
10.	**RATE OF RETURN**	(44.38%)		(70.54%)		8.74%

GRENELEFE RESORT UTILITY, INC. TEST YEAR ENDED 3/31/11 ADJUSTMENTS TO OPERATING INCOME		SCHEDULE NO. 3-C DOCKET NO. 110141-WS PAGE 1 OF 2
	WATER	WASTEWATER
OPERATION AND MAINTENANCE EXPENSES		
1. Salaries and Wages Employees (601/701)		
a. To reflect employee salaries.	$1,401	$1,401
b. To include office manager's salary.	20,678	20,678
c. To allocate cost to non-potable service.	(29,135)	(29,135)
Subtotal	($7,056)	($7,056)
2. Employees Pension and Benefits (604/704)		
a. To reflect employee pensions and benefits.	($247)	($247)
3. Sludge Removal Expense (711)		
a. To reclassify costs to Acct. No. 735.	$0	($325)
b. To reclassify sludge analysis to testing expense.	0	(325)
	$0	($650)
4. Purchased Power (615/715)		
a. To reflect actual electric bills for the test year.	($1,705)	($31)
b. To allocate cost to non-potable service.	(51,644)	0
Subtotal	($53,349)	($31)
5. Materials & Supplies (620/720)		
a. To reflect invoice related to water system only.	$961	($961)
b. To reflect invoice related to wastewater system only.	(858)	858
c. To remove unsupported transaction.	(345)	(346)
d. To reflect materials for two wastewater pumps.	(444)	432
e. To reflect invoice for locks.	321	0
Subtotal	($365)	($17)
6. Contractual Services - Professional (631/731)		
To reclassify invoices to another CFI sub, River Ranch.	$0	($4,800)

(O&M EXPENSES CONTINUED ON NEXT PAGE)

GRENELEFE RESORT UTILITY, INC. TEST YEAR ENDED 3/31/11 ADJUSTMENTS TO OPERATING INCOME		SCHEDULE NO. 3-C DOCKET NO. 110141-WS PAGE 2 OF 2
(O&M EXPENSES CONTINUED)	WATER	WASTEWATER
7. Contractual Services - Testing (635/735)		
a. To remove unsupported transactions.	($171)	$0
b. To reflect actual cost for testing water samples.	(31)	0
c. To include Annualized DEP Required Testing.	0	325
Subtotal	($202)	$325
8. Contractual Services - Other (636/736)		
a. To reflect invoice related to water system only.	$367	($367)
b. To remove unsupported transactions.	0	(560)
c. To reflect invoice for lift station repairs.	0	(44)
Subtotal	$367	($971)
9. Rents (640/740)		
a. To reflect invoice for lease of postage meter.	$253	$254
10. Insurance Expenses (655/755)		
a. To annualize auto insurance.	($220)	($220)
11. Regulatory Expense (665/765)		
a. Amortize rate case expense over 4 years.	$2,060	$2,060
12. Miscellaneous Expense (675/775)		
a. To reflect invoice to renew annual drinking water permit.	$1,000	($1,000)
b. To remove invoice for non-utility expense.	(351)	(351)
Subtotal	$649	($1,351)
TOTAL OPERATION & MAINTENANCE ADJUSTMENTS	**($58,110)**	**($12,704)**
DEPRECIATION EXPENSE		
1. To reflect test year depreciation calculated per Rule 25-30.140, F.A.C.	($6,061)	$15,392
TAXES OTHER THAN INCOME		
1. To reflect property taxes.	($1,645)	($894)
2. To reflect payroll taxes.	902	902
3. To reflect the appropriate RAFs.	(6,341)	0
Total	($7,084)	$8

GRENELEFE RESORT UTILITY, INC.			SCHEDULE NO. 3-D
TEST YEAR ENDED 3/31/11			DOCKET NO. 110141-WS
ANALYSIS OF WATER OPERATION AND MAINTENANCE EXPENSE			
	TOTAL PER UTILITY	STAFF ADJUST-MENT	TOTAL PER STAFF
(601) SALARIES AND WAGES - EMPLOYEES	$63,613	($7,056)	$56,557
(603) SALARIES AND WAGES - OFFICERS	0	0	0
(604) EMPLOYEE PENSIONS AND BENEFITS	1,159	(247)	912
(610) PURCHASED WATER	0	0	0
(615) PURCHASED POWER	71,372	(53,349)	18,023
(616) FUEL FOR POWER PRODUCTION	0	0	0
(618) CHEMICALS	6,298	0	6,298
(620) MATERIALS AND SUPPLIES	4,344	(365)	3,979
(630) CONTRACTUAL SERVICES - BILLING	0	0	0
(631) CONTRACTUAL SERVICES - PROFESSIONAL	11,042	0	11,042
(635) CONTRACTUAL SERVICES - TESTING	699	(202)	497
(636) CONTRACTUAL SERVICES - OTHER	55,939	367	56,306
(640) RENTS	90	253	343
(650) TRANSPORTATION EXPENSE	2,106	0	2,106
(655) INSURANCE EXPENSE	1,135	(220)	915
(665) REGULATORY COMMISSION EXPENSE	0	2,060	2,060
(670) BAD DEBT EXPENSE	5,594	0	5,594
(675) MISCELLANEOUS EXPENSES	5,414	649	6,063
TOTAL	$228,805	($58,110)	$170,695

GRENELEFE RESORT UTILITY, INC. **SCHEDULE NO. 3-E**
TEST YEAR ENDED 3/31/11 ***DOCKET NO. 110141-WS***
ANALYSIS OF WASTEWATER OPERATION AND MAINTENANCE EXPENSE

	TOTAL PER UTILITY	STAFF ADJUST-MENT	TOTAL PER STAFF
(701) SALARIES AND WAGES - EMPLOYEES	$63,613	($7,056)	$56,557
(703) SALARIES AND WAGES - OFFICERS	0	0	0
(704) EMPLOYEE PENSIONS AND BENEFITS	1,159	(247)	912
(710) PURCHASED SEWAGE TREATMENT	0	0	0
(711) SLUDGE REMOVAL EXPENSE	39,150	(650)	38,500
(715) PURCHASED POWER	21,740	(31)	21,709
(716) FUEL FOR POWER PRODUCTION	0	0	0
(718) CHEMICALS	7,555	0	7,555
(720) MATERIALS AND SUPPLIES	4,344	(17)	4,327
(730) CONTRACTUAL SERVICES - BILLING	0	0	0
(731) CONTRACTUAL SERVICES - PROFESSIONAL	6,242	(4,800)	1,442
(735) CONTRACTUAL SERVICES - TESTING	1,055	325	1,380
(736) CONTRACTUAL SERVICES - OTHER	33,485	(971)	32,514
(740) RENTS	90	254	344
(750) TRANSPORTATION EXPENSE	2,106	0	2,106
(755) INSURANCE EXPENSE	1,135	(220)	915
(765) REGULATORY COMMISSION EXPENSES	0	2,060	2,060
(770) BAD DEBT EXPENSE	5,594	0	5,594
(775) MISCELLANEOUS EXPENSES	5,414	(1,351)	4,063
TOTAL	$192,682	($12,704)	$179,978

GRENELEFE RESORT UTILITY, INC. **SCHEDULE NO. 3-F**
TEST YEAR ENDED 3/31/11 **DOCKET NO. 110141-WS**
SCHEDULE OF WATER OPERATING INCOME - NON-POTABLE WATER

		TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1.	**OPERATING REVENUES**	$140,682	$0	$140,682	($18,786) (3.35%)	$121,896
	OPERATING EXPENSES:					
2.	OPERATION & MAINTENANCE	$0	$109,914	$109,914	$0	$109,914
3.	DEPRECIATION (NET)	0	0	0	0	0
4.	AMORTIZATION	0	0	0	0	0
5.	TAXES OTHER THAN INCOME	0	12,828	12,828	(845)	11,982
6.	INCOME TAXES	0	0	0	0	0
7.	**TOTAL OPERATING EXPENSES**	$0	$122,742	$122,742	($845)	$121,896
8.	**OPERATING INCOME/(LOSS)**	$140,682		$17,940		$0
9.	**WATER RATE BASE**	$0		$0		$0
10.	**RATE OF RETURN**	0		0		8.74%

GRENELEFE RESORT UTILITY, INC.		SCHEDULE NO. 3-G
TEST YEAR ENDED 3/31/11		DOCKET NO. 110141-WS
ADJUSTMENTS TO OPERATING INCOME: NON-POTABLE WATER		PAGE 1
	WATER	WASTEWATER
OPERATION AND MAINTENANCE EXPENSES		
1. Salaries and Wages Employees (601/701)		
a. To reflect employee salaries.	$58,270	$0
2. Purchased Power (615/715)		
a. To reflect actual electric bills for the test year.	$51,644	$0
TOTAL OPERATION & MAINTENANCE ADJUSTMENTS	**$109,914**	**$0**
TAXES OTHER THAN INCOME		
1. To reflect payroll taxes.	$6,497	$0
2. To reflect the appropriate RAFs.	6,331	0
Total	$12,828	$0

GRENELEFE RESORT UTILITY, INC. **SCHEDULE NO. 3-H**
TEST YEAR ENDED 3/31/11 **DOCKET NO. 110141-WS**
ANALYSIS OF WATER OPERATION AND MAINTENANCE EXPENSE - NON-POTABLE WATER

	TOTAL PER UTILITY	STAFF ADJUST-MENT	TOTAL PER STAFF
(601) SALARIES AND WAGES - EMPLOYEES	$0	$58,270	$58,270
(603) SALARIES AND WAGES - OFFICERS	0	0	0
(604) EMPLOYEE PENSIONS AND BENEFITS	0	0	0
(610) PURCHASED WATER	0	0	0
(615) PURCHASED POWER	0	51,644	51,644
(616) FUEL FOR POWER PRODUCTION	0	0	0
(618) CHEMICALS	0	0	0
(620) MATERIALS AND SUPPLIES	0	0	0
(630) CONTRACTUAL SERVICES - BILLING	0	0	0
(631) CONTRACTUAL SERVICES - PROFESSIONAL	0	0	0
(635) CONTRACTUAL SERVICES - TESTING	0	0	0
(636) CONTRACTUAL SERVICES - OTHER	0	0	0
(640) RENTS	0	0	0
(650) TRANSPORTATION EXPENSE	0	0	0
(655) INSURANCE EXPENSE	0	0	0
(665) REGULATORY COMMISSION EXPENSE	0	0	0
(670) BAD DEBT EXPENSE	0	0	0
(675) MISCELLANEOUS EXPENSES	0	0	0
	$0	$109,914	$109,914

GRENELEFE RESORT UTILITY, INC. TEST YEAR ENDED 3/31/11 MONTHLY WATER RATES			SCHEDULE NO. 4-A DOCKET NO. 110141-WS PAGE 1 OF 2
	UTILITY'S EXISTING RATES	STAFF RECOMMENDED RATES	4-YEAR RATE REDUCTION
Base Facility Charge by Meter Size:			
General Service, Multi-Residential			
5/8" X 3/4"	$5.98	$6.38	$0.06
3/4"	N/A	$9.57	$0.09
1"	$14.94	$15.95	$0.14
1-1/2"	$29.88	$31.90	$0.29
2"	$47.80	$51.04	$0.46
3"	$95.60	$102.08	$0.92
4"	$149.36	$159.50	$1.44
6"	$298.73	$319.00	$2.89
General Service Gallonage Charge			
Per 1,000 Gallons	$0.78	$2.01	$0.02
GS Irrigation Service (Potable Water)			
All meter sizes	$5.98	N/A	N/A
5/8" X 3/4"	N/A	$6.38	$0.06
3/4"	N/A	$9.57	$0.09
1"	N/A	$15.95	$0.14
1-1/2"	N/A	$31.90	$0.29
2"	N/A	$51.04	$0.46
3"	N/A	$102.08	$0.92
4"	N/A	$159.50	$1.44
6"	N/A	$319.00	$2.89
GS Irrigation Service Gallonage Charge (Potable Water)			
0 - 25,000 Gallons	$1.56	N/A	N/A
25,001+ Gallons	$2.34	N/A	N/A
Per 1,000 gallons	N/A	$2.01	$0.02
Residential Service			
5/8" X 3/4"	$5.98	$6.38	$0.06
3/4"	N/A	$9.57	$0.09
1"	$14.94	$15.95	$0.14
1-1/2"	$29.88	$31.90	$0.29
2"	N/A	$51.04	$0.46
3"	N/A	$102.08	$0.92
4"	N/A	$159.50	$1.44
6"	N/A	$319.00	$2.89
Residential Service Gallonage Charge			
0 - 10,000 Gallons	$0.78	N/A	N/A
10,000 -35,000 Gallons	$1.56	N/A	N/A
35,000+ Gallons	$2.34	N/A	N/A
0 - 5,000 Gallons	N/A	$1.45	$0.01
5,000 - 10,000 Gallons	N/A	$1.86	$0.02
10,000 - 15,000 Gallons	N/A	$2.79	$0.03
15,000+ Gallons	N/A	$3.72	$0.03

GRENELEFE RESORT UTILITY, INC. TEST YEAR ENDED 3/31/11 MONTHLY WATER RATES			SCHEDULE NO. 4-A DOCKET NO. 110141-WS PAGE 2 OF 2
	UTILITY'S EXISTING RATES	STAFF RECOMMENDED RATES	4-YEAR RATE REDUCTION
RS Irrigation Service (Potable Water)			
All meter sizes	$5.98	N/A	N/A
5/8" X 3/4"	N/A	$6.38	$0.06
3/4"	N/A	$9.57	$0.09
1"	N/A	$15.95	$0.14
1-1/2"	N/A	$31.90	$0.29
2"	N/A	$51.04	$0.46
3"	N/A	$102.08	$0.92
4"	N/A	$159.50	$1.44
6"	N/A	$319.00	$2.89
RS Irrigation Service Gallonage Charge (Potable Water)			
0 - 25,000 Gallons	$1.56	N/A	N/A
25,001+ Gallons	$2.34	N/A	N/A
0 - 5,000 Gallons	N/A	$1.45	$0.01
5,000 - 10,000 Gallons	N/A	$1.86	$0.02
10,000 - 15,000 Gallons	N/A	$2.79	$0.03
15,000+ Gallons	N/A	$3.72	$0.03
Staff's recommended rates for Irrigation Service for non-potable water will remain the same as the current rates.			
Irrigation Service (Non-Potable Water)	Base Rate	Usage $/Kgals	Inverted Rate
5/8" X 3/4"	$3.07	$0.66 to 50 Kgals	$2.34 > 50Kgals
1"	$7.68	$0.66 to 125 Kgals	$2.34 > 125Kgals
1-1/2"	$15.37	$0.66 to 250 Kgals	$2.34 > 250Kgals
2"	$24.59	$0.66 to 400 Kgals	$2.34 > 400Kgals
Typical Residential 5/8" x 3/4" Meter Bill Comparison			
3,000 Gallons	$8.32	$10.73	
5,000 Gallons	$9.88	$13.63	
10,000 Gallons	$13.78	$22.93	

GRENELEFE RESORT UTILITY, INC. TEST YEAR ENDED 3/31/11 MONTHLY WASTEWATER RATES		SCHEDULE NO. 4-B DOCKET NO. 110141-WS	
	UTILITY'S EXISTING RATES	STAFF RECOMMENDED RATES	MONTHLY RATE REDUCTION
Residential Service			
All Meter Sizes	$8.46	$8.35	$0.07
Gallonage Charge			
Per 1,000 Gallons (10,000 gallon cap)	$1.13	N/A	N/A
Per 1,000 Gallons (8,000 gallon cap)	N/A	$3.17	$0.03
General Service			
Base Facility Charge by Meter Size:			
5/8" X 3/4"	$8.46	$8.35	$0.07
3/4"	N/A	$12.53	$0.11
1"	$21.14	$20.88	$0.18
1-1/2"	$42.29	$41.75	$0.37
2"	$67.67	$66.80	$0.59
3"	$135.34	$133.60	$1.17
4"	$211.45	$208.75	$1.83
6"	$422.92	$417.50	$3.66
Gallonage Charge per 1,000 gallons	$1.13	$3.80	$0.03
Typical Residential 5/8" x 3/4" Meter Bill Comparison			
3,000 Gallons	$11.85	$17.86	
5,000 Gallons	$14.11	$24.20	
8,000 Gallons	$17.50	$33.71	