

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in  
Lake County by TLP Water, Inc.

DOCKET NO. 120183-WU  
ORDER NO. PSC-13-0140-PAA-WU  
ISSUED: March 25, 2013

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman  
LISA POLAK EDGAR  
ART GRAHAM  
EDUARDO E. BALBIS  
JULIE I. BROWN

NOTICE OF PROPOSED AGENCY ACTION ORDER APPROVING INCREASE  
IN RATES AND CHARGES AND FINAL ORDER GRANTING TEMPORARY RATES  
IN THE EVENT OF A PROTEST

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

CASE BACKGROUND

TLP Water, Inc. (TLP or Utility) is a Class C utility in Lake County. The Utility is located in the St. Johns River Water Management District (SJRWMD) area where water use restrictions apply. The Utility provides water service to 53 water connections comprised of 49 residential customers, 2 inactive residential connections, and 2 general service customers. According to TLP's 2011 annual report, total gross revenues were \$33,844 and total operating expenses were \$36,113, resulting in a net operating loss of \$2,269.

Three Lakes Mobile Home Park (MHP) is a privately owned property formerly known as Carl's Camp. In 1945, Carl's Camp installed a small 4-inch well to provide water service to the area. The property was sold in 1948 and included an agreement that Carl's Camp would supply water service to 15 lots in the Sunset View subdivision on Lakeside Lane.<sup>1</sup> The camp became known as the Three Lakes Mobile Home Park in the 1960s. We received jurisdiction over Lake

<sup>1</sup> See Lake County Clerk of Court's Official Records, Deed Book 276 Page 183, at <http://www.lakecountyclerk.org/>.

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County in 1972.<sup>2</sup> In 1992, Three Lakes Mobile Home Park was incorporated as a nonprofit cooperative (Three Lakes Park Co-Op or Co-Op). The Co-Op believed it was exempt from our jurisdiction, pursuant to Section 367.022, Florida Statutes (F.S.); however, because the Utility was providing service to customers outside the cooperative, it was rendered subject to our jurisdiction.<sup>3</sup> In August 2009, we granted Water Certificate No. 644-W to TLP.<sup>4</sup> The Utility subsequently applied for a staff-assisted rate case (SARC) and was granted a rate increase in March 2010.<sup>5</sup>

In this docket, TLP filed its application for a SARC on July 2, 2012, and completed the filing requirements on August 30, 2012, which was established as the official filing date in this docket. We have jurisdiction pursuant to Section 367.0814, Florida Statutes (F.S.)

### ANALYSIS AND DECISION

#### Quality of Service

Pursuant to Rule 25-30.433(1), Florida Administrative Code (F.A.C.), we are required to make a determination of the quality of service provided by a utility by evaluating the quality of the utility's product, the operational conditions of the utility's plant and facilities, and the utility's attempt to address customer satisfaction. TLP's compliance with the DEP regulations and customer comments or complaints we have received are also reviewed.

#### Quality of Product and Operating Condition of the Plant and Facilities

A March 30, 2011 Florida Department of Environmental Protection (DEP) sanitary survey report found no deficiencies at the water treatment plant. Our staff conducted a field inspection of the Utility's facilities on August 28, 2012, and found the water treatment plant to be operating satisfactorily. As discussed below, however, there are outstanding issues concerning TLP's distribution facilities.

In the previous rate case, we noted there were pending violations, primarily with TLP's distribution system, cited by DEP in a May 2008 notice of violation. Correction of these violations was contingent upon anticipated funding from a grant and loan application with the United States Department of Agriculture (USDA). A February 2010 DEP consent order required dramatic changes to the water system, including a project to connect to the nearby City of Tavares (City) water and wastewater systems. In addition, the consent order required

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<sup>2</sup> See Order No. 5472, issued June 30, 1972, in Docket No. 5818-WS, In re: Jurisdictional Resolutions from Boards of County Commissioners adopting the Water and Sewer System Regulatory Law, Chapter 71-278, Laws of Florida, (Chapter 367, Florida Statutes). Resolution Adopted by Lake County.

<sup>3</sup> Section 367.022(7), F.S., provides that "nonprofit corporations, associations, or cooperatives providing service solely to members who own and control such nonprofit corporations, associations, or cooperatives" are exempt from Commission regulation.

<sup>4</sup> See Order No. PSC-09-0542-PAA-WU, issued August 4, 2009, in Docket No. 080499-WU, In re: Application for certificate to operate water utility in Lake County by TLP Water, Inc.

<sup>5</sup> See Order No. PSC-10-0124-PAA-WU, issued March 1, 2010, in Docket No. 090244-WU, In re: Application for staff-assisted rate case in Lake County by TLP Water, Inc.

replacement of the Utility's water system components, including the water treatment plant and distribution system. With assistance from the Florida Rural Water Association, the Utility proceeded with the application process to obtain USDA funding. However, complications related to the potential interconnection with the City arose soon after the consent order was finalized. These complications would eventually cause the interconnection project to be rendered unaffordable and impractical.

The Utility withdrew its USDA funding application in early 2012 and began to seek possible alternatives to correct the outstanding DEP deficiencies. With the original intent of the first consent order to interconnect with the City rendered unachievable, a modified consent order was finalized between the parties on September 24, 2012. The modified consent order indicated that the existing DEP violations relate to the distribution system. Pursuant to the consent order, the Utility is required to apply for and obtain grants and loans from the USDA to replace the water distribution system, obtain the appropriate DEP permitting, and have the project, which is to include canal crossings, completed within 240 days of issuance of the DEP permits. The Utility has indicated that an application for USDA funding was submitted on September 10, 2012, and it will soon apply to DEP for construction permits. Processing of the USDA funding application is ongoing, and a decision to approve the grants and loans could take several months. The initial projected cost of the project is approximately \$322,000. Costs related to the projected water distribution system replacement project are not considered in this present rate case, but may be taken up in a future rate proceeding.

#### The Utility's Attempt to Address Customer Satisfaction

We received three customer correspondences concerning the rate case. There are no outstanding complaints on our complaint tracking system. A customer meeting was held on January 9, 2013, at the City of Tavares Civic Center in Tavares, Florida. Approximately 30 customers attended the customer meeting and 10 customers made comments during the course of the customer meeting. The customers mainly expressed opposition to the proposed rate increase and questioned the need for a rate proceeding as the water service provider may soon be changed to the City. Few details were given at the customer meeting as to how and when the City would become the water service provider, as well as the wastewater service provider, for the area. A petition, which opposed the rate increase, was presented during the customer meeting. It indicated that the residents were in the process of trying to secure funding to have the City annex the area and install water and wastewater service. The petition also pointed out that the Utility was loaned money from the Three Lakes Park residents to form the water company, with no money paid back. The customers felt that a rate increase would be used for the purpose of paying themselves back, and that perhaps if the Utility reduced expenses a rate increase would not be necessary. Further discussion concerning the loan arrangement between the residents and the Utility is continued later in this Order.

At the customer meeting, there were also several customers who complained of existing and past problems with water pressure and outages. These problems appear to relate to how the water system was originally designed and constructed. The required replacement of the water

distribution system, as mentioned above, should ease the water outage and pressure situations that the customers have noted.

### Summary

Water quality provided by the Utility is meeting DEP standards and shall be considered satisfactory. Operational conditions shall be considered marginal due to the outstanding DEP violations concerning the Utility's distribution system. The Utility's attempt to address customer satisfaction is satisfactory considering its effort to secure funding to replace the water distribution system. Replacement of the distribution system should provide the customers with more reliable service. In the previous rate case, we determined quality of service to be marginal, primarily because of the DEP compliance problems that still exist today. Given the existing compliance status with DEP, we find that the quality of service shall again be considered marginal. No later than six months from the date of this proposed agency action order, the Utility shall provide our staff with a report detailing its efforts in obtaining USDA funding to replace the water distribution system and obtain the appropriate DEP permitting

### Used and Useful Percentages

TLP provides water service to 51 residential connections and 2 general service connections. The majority of the customers (31 resident owners and one common club house) are located within the Three Lakes Park mobile home community. There are two connections to the east of the mobile home community. One of the connections is an inactive residential connection. The other is a former residential connection that has been rezoned for commercial usage and now houses the Buzzard Beach Bar & Grille. The remaining 19 residential connections are located on the west side of the mobile home community. One of those connections is inactive.

In the previous rate case (cited in footnote 5), we determined that pursuant to Rule 25-30.4325(4), F.A.C., the water plant and distribution system were 100 percent used and useful because TLP's water system had one well and tank system serving the existing customers, there was no room for expansion, and the service area was built out. There has been little change to TLP's water treatment plant and distribution system since the previous rate case. Therefore, pursuant to Rule 25-30.4325(4), F.A.C., the water treatment plant and distribution system shall be considered 100 percent used and useful.

### Rate Base

The appropriate components of the Utility's rate base include utility plant in service, accumulated depreciation, and working capital. TLP's rate base was last established in its 2009 staff-assisted rate case by Order No. PSC-10-0124-PAA-WU.<sup>6</sup> A test year ending June 30, 2012, was used for the instant rate case. A summary of each component and the recommended adjustments follows.

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<sup>6</sup> Ibid.

Utility Plant in Service (UPIS): The Utility reflected a UPIS balance of \$0. We increased UPIS by \$70,373 to reflect the June 30, 2009 plant balance established by Order No. PSC-10-0124-PAA-WU. No additions or retirements to UPIS were made between July 1, 2009 and June 30, 2012, and therefore, we determine a UPIS balance of \$70,373.

Non-Used and Useful Plant: As discussed above, TLP's water treatment plant and distribution system are considered 100 percent used and useful. Therefore, a used and useful adjustment is not necessary.

Accumulated Depreciation: TLP reflected a balance for accumulated depreciation of \$0. Pursuant to Order No. PSC-10-0124-PAA-WU, the Utility's accumulated depreciation was \$5,260 as of June 30, 2009. We calculated the annual accruals to accumulated depreciation since July 1, 2009, using the prescribed rates set forth in Rule 25-30.140, F.A.C., and determined that accumulated depreciation is \$13,755. In addition, we decreased accumulated depreciation by \$1,213 to reflect an averaging adjustment. We therefore determine an accumulated depreciation balance of \$12,542.

Working Capital Allowance: Working capital is defined as the investor-supplied funds that are necessary to meet operating expenses or going-concern requirements of the Utility. Consistent with Rule 25-30.433(2), F.A.C., we used the one-eighth of the operation and maintenance (O&M) expense formula approach for calculating the working capital allowance. Applying this formula, we determine a working capital allowance of \$3,706 (based on O&M expense of \$29,649/8), and have accordingly increased the working capital allowance by \$3,706.

Rate Base Summary: Based on the foregoing, the appropriate average test year rate base is \$61,537. Rate base is shown on Schedule No. 1-A. The related adjustments are shown on Schedule No. 1-B.

### Return on Equity

The Utility's capital structure consists of long-term debt of \$136,866 at 12.00 percent interest over a 5-year term. In the Utility's last rate case, we determined that TLP's long-term debt of \$136,866 was a related party loan that was needed for upgrades to comply with DEP. Specifically, repairs were required for the water plant in 2006 and for the water distribution system on Lakeside Lane in 2007. The Co-Op attempted to get all customers to share equally in the cost of the repairs, but was unable to obtain agreement from every customer. Consequently, the members of the Co-Op provided the funds necessary for repairs made from 2006 through 2008, and the loan was formalized into a loan contract effective December 31, 2008. The Co-Op includes the 31 active customers in the MHP and is the sole owner of the Utility. The remaining 20 active customers outside the MHP are not members of the Co-Op.

In the 2009 rate case, we determined that the cost rate of the loan was appropriate due to the financial posture of the Utility and its inability to obtain other funding sources.<sup>7</sup> For

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<sup>7</sup> Ibid.

ratemaking purposes, the Utility's capital structure was reduced to \$67,900 to reconcile with rate base established in that docket. The Utility subsequently removed \$68,966 of long-term debt from its general ledger to agree with the reconciled capital structure amount of \$67,900, and added additional debt of \$25,500 for legal services, resulting in total test year long-term debt of \$93,400. Although it is necessary to reconcile the capital structure to rate base for ratemaking purposes, the reconciliation adjustment is not necessary for general accounting purposes. Accordingly, we increase long-term debt by \$68,966 to restore the related party loan to its original balance. In addition, the \$25,500 legal service debt is an outstanding accounts payable balance for legal services provided during prior years rather than long-term debt. Therefore, we decrease the Utility's long-term debt by \$25,500 to remove the legal service accounts payable.

In addition, the Utility has never made a payment toward the principal or interest of the original \$136,866 loan because of persistent cash flow problems. It appears the terms of the loan are not properly matched to the Utility's financial ability to repay the loan nor to the service lives of the assets represented by the loan. In previous cases in which utilities have not made principal or interest payments on related party loans, it has been our practice to treat the related party debt as equity for ratemaking purposes.<sup>8</sup> Similarly, the interests of all customers would be better served by treating the related party debt as equity in this rate proceeding. Therefore, until such time as the Utility is able to begin making payments to repay the loan, the related party debt shall be treated as equity for ratemaking purposes. This approach will still provide the Co-Op members with an opportunity to earn a return on their investment in the Utility, without unduly burdening both the Co-Op members and non-members with the higher level of rates that would be necessary to recover the 12 percent cost of debt associated with the related party loan. Accordingly, we decrease the Utility's long-term debt by \$136,866. The net adjustment to long-term debt is a decrease of \$93,400.

Also, a review of the Utility's federal income tax returns indicates that the Utility's common equity balance would most likely be negative based upon the Utility's continuing net operating losses. To be consistent with our prior practice, we set the Utility's beginning common equity balance to \$0.<sup>9</sup> Further, we increase the Utility's common equity balance by \$136,866 to treat the related party loan as equity for ratemaking purposes. The net adjustment to common equity is an increase of \$136,866. The appropriate ROE is 8.74 percent using the approved leverage formula currently in effect.<sup>10</sup> The Utility's capital structure has been reconciled with rate base. We find an ROE of 8.74 percent, with a range of 7.74 percent to 9.74

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<sup>8</sup> See Order No. PSC-09-0628-PAA-SU, issued September 17, 2009, in Docket No. 080668-SU, In re: Application for staff-assisted rate case in Highlands County by Fairmount Utilities, The 2nd Inc.; Order No. PSC-10-0681-PAA-WU, issued November 15, 2010, in Docket No. 090414-WU, In re: Application for staff-assisted rate case in Polk County by Pinecrest Ranches, Inc.; Order No. PSC-12-0410-PAA-SU, issued August 13, 2012, in Docket No. 110165-SU, In re: Application for staff-assisted rate case in Highlands County by Utility Corporation of Florida, Inc.

<sup>9</sup> See Order No. PSC-08-0652-PAA-WS, issued October 6, 2008, in Docket No. 070722-WS, In re: Application for staff-assisted rate case in Palm Beach County by W.P. Utilities, Inc.

<sup>10</sup> See Order Nos. PSC-12-0339-PAA-WS, issued June 28, 2012, and PSC-12-0372-CO-WS, issued July 20, 2012, in Docket No. 120006-WS, In re: Water and Wastewater Industry Annual Reestablishment of Authorized Range of Return on Common Equity for Water and Wastewater Utilities Pursuant to Section 367.081(4)(f), Florida Statutes.

percent, and an overall rate of return of 8.74 percent, to be appropriate. The ROE and overall rate of return are shown on Schedule No. 2.

### **Test Year Revenue**

TLP recorded total revenue of \$34,257. The Utility's total revenue consisted of \$34,102 of service revenue and \$155 of miscellaneous revenues. The adjusted test year revenue, based on test year billing determinants and rates, is \$33,466, comprised of service revenue of \$33,281 and miscellaneous revenue of \$185. We decrease test year revenue by \$791 to reflect the appropriate test year revenues. The test year revenue is shown on Schedule No. 3-A. The related adjustment is shown on Schedule No. 3-B.

### **Operating Expense**

TLP recorded operating expense of \$32,547 for the test year ended June 30, 2012. The test year O&M expenses have been reviewed, and invoices, canceled checks, and other supporting documentation have been examined. We find it appropriate to make several adjustments to the Utility's operating expenses as summarized below:

Purchased Power (615) – TLP recorded \$845 for purchased power expense in this account. Two adjustments are made to purchased power to remove \$250 for two electric bills that occurred outside the test year and to add \$40 for an electric bill that should be included in the test year, resulting in a net decrease of \$210. Therefore, we approve purchased power expense of \$635.

Chemicals (618) – TLP recorded \$0 for chemicals in this account. We reclassify \$286 for chlorine purchased during the test year from Account Nos. 635 contractual services – testing and 636 contractual services – other to Account No. 618 chemicals, for chemicals expense of \$286.

Materials and Supplies (620) – TLP recorded \$349 for materials and supplies in this account. We decrease materials and supplies by \$349 to remove office supplies and postage fees that occurred outside the test year. In addition, we reclassify \$71 for materials and supplies purchased during the test year from Account Nos. 635 contractual services – testing and 636 contractual services – other to Account No. 620 materials and supplies. The net adjustment to this account is a decrease of \$278, with a resulting materials and supplies expense of \$71.

Contractual Services – Professional (631) – TLP recorded \$14,350 in this account for contractual services – professional. We decrease this account by \$1,500 to remove two payments for legal services that occurred outside the test year, resulting in contractual services – professional expense of \$12,850.

Contractual Services – Testing (635) – TLP recorded \$8,729 in this account for testing expense. We decrease this account by \$575 to remove boil water notice delivery expenses that were reclassified to Account No. 636 contractual services – other, and by an additional \$350 to remove boil water notice delivery expenses that occurred outside the test year. In addition, we decrease this account by \$3,241 to remove non-testing services that were reclassified to Account Nos. 618 chemicals, 620 materials and supplies, and 636 contractual services – other. The net

adjustment to this account is a decrease of \$4,166, resulting in contractual services – testing expense of \$4,563.

Contractual Services – Other (636) – TLP recorded \$3,710 in this account for contractual services – other. We have made adjustments to this account to reclassify certain expenses and recognize the appropriate expense level of services, as detailed in the following table.

Adjustments to Contractual Services – Other (Account 636)

	<u>Adjustment Description</u>	<u>Water</u>
1.	To reclassify operator services from Acct. No. 635.	\$3,205
2.	To reclassify boil water notice delivery expenses from Acct. No. 635.	575
3.	To include water distribution line repairs that were paid for by a customer and incorrectly credited against the customer's account.	108
4.	To reflect annual amortization of legal fees that were approved in Docket No. 090244-WU (the Utility's last rate case).	398
5.	To remove office supplies and postage that occurred outside the test year.	(255)
6.	To reclassify various items, such as bank fees, membership fees, and permits, to Acct. No. 675.	(681)
7.	To remove regulatory assessment fees (RAFs) paid on the Utility's 2011 revenues that are reclassified as taxes other than income.	(1,523)
	Total	<u>\$1,826</u>

The net adjustment to contractual services - other is an increase of \$1,826, resulting in contractual services – other expense of \$5,536.

Rents (640) – TLP recorded rent expense of \$3,810. We increased rent by \$90 to reflect annualization of a \$15 per month increase in the water plant lease that went into effect on January 1, 2012, resulting in rent expense of \$3,900.

Insurance Expense (655) – TLP recorded insurance expense of \$754. We find no adjustments are necessary, resulting in insurance expense of \$754.

Regulatory Commission Expense (665) – TLP recorded \$0 for regulatory commission expense in this account. We increased this account by \$150 to reflect the annual amortization of rate case expense approved in the Utility's last rate case (Docket No. 090244-WU). Regarding the current rate case, pursuant to Rule 25-22.0407, F.A.C., the Utility is required to mail notices of the customer meeting and notices of final rates to its customers. For these notices, we estimate \$48 for postage expense, \$37 for printing expense, and \$5 for envelopes, for a total noticing cost of \$90. The Utility paid a \$200 rate case filing fee. The total rate case expense including postage, notices, envelopes, and filing fee is \$290. Pursuant to Section 367.0816, F.S., rate case expense is amortized over a four-year period, which is \$73 per year (\$290/4). The net adjustment to this account is an increase of \$223, resulting in regulatory commission expense of \$223.

Miscellaneous Expense (675) – TLP recorded \$0 in this account for miscellaneous expense. We reclassified \$681 for various items, such as bank fees, membership fees, and permits, from



Account No. 636 contractual services – other to Account No. 675 miscellaneous expense. In addition, we increased miscellaneous expense by \$150 to reflect the annual amortization of the Utility's certification docket application fee, which is being amortized over five years as approved in the Utility's last rate case. The net adjustment to this account is an increase of \$831, resulting in miscellaneous expense of \$831.

Operation and Maintenance Expenses (O&M) Summary – Total adjustments to O&M expense result in a decrease of \$2,898. We determine O&M expense to be \$29,649. O&M expenses are shown on Schedule No. 3-A.

Depreciation Expense (Net of Related Amortization of Contributions in Aid of Construction (CIAC)) – The Utility recorded depreciation expense of \$0 during the test year. We calculated depreciation expense using the prescribed rates set forth in Rule 25-30.140, F.A.C., and determined depreciation expense to be \$2,427. TLP has no amortization of CIAC. Therefore, net depreciation expense is \$2,427.

Taxes Other Than Income – The Utility recorded \$0 in this account for taxes other than income. We increased this account by \$1,506 to reflect the appropriate test year RAFs. As discussed below, revenues are increased by \$5,753 to reflect the change in revenue required to cover expenses and allow the recommended return on investment. As a result, taxes other than income shall be increased by \$259 to reflect RAFs of 4.5 percent on the change in revenues. Accordingly, taxes other than income is \$1,765.

Income Tax – The Utility is an 1120C Corporation and did not record income tax for the test year. Based on its current income tax return, TLP has a large amount of net loss carry forwards. These net loss carry forwards are sufficient enough to offset any income tax liability for the next few years. Therefore, we make no adjustments to this account.

Operating Expenses Summary – The application of our adjustments to TLP's recorded test year operating expenses result in operating expenses of \$33,841. Operating expenses are shown on Schedule No. 3-A. The related adjustments are shown on Schedule No. 3-B.

### **Revenue Requirement**

TLP shall be allowed an annual increase of \$5,753 (17.19 percent). This will allow the Utility the opportunity to recover its expenses and earn an 8.74 percent return on its investment. The calculations are shown in the Table on the following page.

Water Revenue Requirement

Adjusted Rate Base	\$61,537
Rate of Return	x .0874
Return on Rate Base	\$ 5,378
Adjusted O&M expense	29,649
Depreciation expense (Net)	2,427
Amortization	0
Taxes Other Than Income	1,765
Income Taxes	0
Revenue Requirement	\$39,219
Less Test Year Revenues	33,466
Annual Increase	\$5,753
Percent Increase/(Decrease)	17.19%

**Rate Structure**

Rule 25-30.255(1), F.A.C., requires that each utility measure its water sold on the basis of metered volume sales unless we approve a flat rate service arrangement. In the last rate case, TLP's entire customer base was unmetered; as a result, we approved a flat rate structure with permanent and seasonal flat rates.<sup>11</sup> Currently, TLP has 53 connections. However, 2 of those connections are inactive. For ratemaking purposes, TLP provides water service to 49 unmetered residential customers, one unmetered general service customer, and one new metered general service customer.

The seasonal flat rate is applicable when customers are inactive for more than 60 days. Currently, the customers inform the Utility when they will be inactive for more than 60 days and TLP bills them at the seasonal rate. The Utility manager has found it is difficult to monitor when a seasonal customer returns to permanent status. Therefore, we find it appropriate that each customer pay the monthly permanent rate until proof is provided to verify that the customer is inactive for more than 60 days. Customers should be required to provide electric bills or other documentation to the Utility as evidence that they are inactive for more than 60 days. Upon receipt of the documentation, TLP shall issue a credit in the amount of the difference between the permanent and seasonal flat rate for each of the months the customer was inactive for more than 60 days.

<sup>11</sup> See Order No. PSC-10-0124-PAA-WU, issued March 1, 2010, in Docket No. 090244-WU, In re: Application for staff-assisted rate case in Lake County by TLP Water, Inc.

Since the last rate case, one of the residential connections was rezoned for commercial usage and metered. TLP has been able to obtain approximately five months of metered data for the general service customer. It is appropriate to design a base facility charge (BFC) and uniform gallonage charge rate structure for the metered general service customer.

Based on the foregoing, we continue TLP's current rate structure of permanent and seasonal flat rates for unmetered residential and general service customers. The seasonal flat rate is applicable to customers that provide documentation showing that they were inactive for more than 60 days. Customers shall be issued a credit of the difference between the permanent and seasonal flat rate for the months the customer was inactive for more than 60 days once the documentation has been provided to the Utility. A BFC and uniform gallonage charge rate structure is approved for metered general service customers.

### **Repression Adjustment**

As previously discussed, we are continuing the flat rate structure for unmetered residential customers. A flat rate structure does not send a price signal to customers to reduce their consumption. Therefore, no adjustment to billing determinants to reflect repression of consumption shall be made.

### **Monthly Rates**

We have found the revenue requirement to be \$39,219. Monthly water rates must be designed to produce the necessary service revenues of \$39,034, which excludes miscellaneous revenues of \$185. As discussed above, we find it appropriate to continue the Utility's current flat rate structure consisting of permanent and seasonal flat rates for the unmetered residential and general service customers, with a BFC and uniform gallonage charge rate structure for metered general service customers.

In order to design the appropriate permanent, seasonal, and BFC and uniform gallonage charge rates, we have analyzed the portions of the revenue requirement that represent the Utility's fixed and variable costs. It appears that approximately 65 percent of the revenue requirement reflects the Utility's fixed costs (\$25,463) and the remaining 35 percent of the revenue requirement is associated with variable costs (\$13,571).

A seasonal rate and BFC for the metered general service customer of \$41.60 was calculated by dividing the revenues associated with fixed cost by the total number of bills of 612. In order to determine the appropriate permanent rate and gallonage charge for the metered general service customer, we rely on the information reported to DEP of water pumped during the test year. Adjustments were made for July 2011 when a line break occurred and an estimate was made for water used for line flushing. This results in test year gallons of 1,979,500. The revenues associated with the Utility's variable costs were divided by the total estimated gallons of water sold during the test year. This calculation results in a gallonage charge of \$6.86 per 1,000 gallons.

Based on the available data, it appears that residential customers use an average of 4,760 gallons of water (4.76 kgals) per month. Therefore, a permanent flat rate of \$74.24, which includes the seasonal rate of \$41.60 plus an additional \$32.64 based on an average 4.76 kgals per month at \$6.86 per 1,000, is appropriate.

The approved seasonal and permanent monthly rates for unmetered customers and BFC and gallonage charge for metered general service customers are shown on Schedule No. 4. The Utility shall file revised tariff sheets and a proposed customer notice to reflect our approved rates. The approved rates shall 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. If the effective date of the new rates falls within a regular billing cycle, the initial bills at the new rate may be prorated. In addition, the approved rates shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice.

#### **Four Year Rate Case Expense Amortization**

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 \$77. Using TLP's current revenue, expenses, capital structure and customer base, the reduction in revenue will result in the rate decreases as shown on Schedule No. 4.

The Utility shall file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. TLP shall also 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 shall 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.

#### **Initial Customer Deposit**

Rule 25-30.311, F.A.C., provides guidelines for collecting, administering, and refunding customer deposits. Rule 25-30.311(7), F.A.C., provides that new or additional customer deposits may be collected from an existing customer based on an average monthly bill for a two-month period. TLP's existing tariff does not authorize the Utility to collect an initial customer deposit. We have calculated an initial customer deposit amount that reflects an average bill for a two-month period based on the rates we approved above. The Utility's existing and our newly established initial customer deposit amounts are shown on the next page.

WATER  
RESIDENTIAL AND GENERAL SERVICE

Existing Initial Customer Deposit

Approved Initial Customer Deposit

N/A

\$130.00

The Utility shall file a revised tariff sheet and proposed notice consistent with this Order. The initial customer deposit shall become effective for connections made on or after the stamped approval date of the revised tariff sheet after the customers have been notified.

**Temporary Rates in the Event of a Protest**

In this Order, we propose to increase water 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, the recommended rates shall be approved as temporary rates. TLP shall file revised tariff sheets and a proposed customer notice to reflect the approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates shall not be implemented until our staff has approved the proposed notice, and the notice has been received by the customers. The rates collected by the Utility shall be subject to the refund provisions discussed below.

TLP shall be authorized to collect the temporary rates upon our staff's approval of an appropriate security for the potential refund and the proposed customer notice. Security shall be in the form of a bond or letter of credit in the amount of \$3,839. Alternatively, the Utility could establish an escrow agreement with an independent financial institution.

If TLP chooses a bond as security, the bond shall contain wording to the effect that it will be terminated only under the following conditions:

- 1) We approve the rate increase; or,
- 2) If we deny the increase, the Utility shall refund the amount collected that is attributable to the increase.

If TLP chooses a letter of credit as a security, it shall 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 shall be part of the agreement:

- 1) No monies in the escrow account may be withdrawn by the Utility without our express approval;
- 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 TLP;
- 5) All information on the escrow account shall be available from the holder of the escrow account to our 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) Our 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 shall be borne by, the Utility. Irrespective of the form of security chosen by TLP, an account of all monies received as a result of the rate increase shall be maintained by the Utility. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

TLP shall 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 shall file reports with our Office of Commission Clerk 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 shall also indicate the status of the security being used to guarantee repayment of any potential refund.

### **Adjustment of Books and Records**

We note that the Utility's records are maintained on a cash basis for income tax purposes rather than on an accrual basis as required by the National Association of Regulatory Utilities Commissioners Uniform System of Accounts (NARUC USOA). Specifically, the NARUC USOA requires that the books of accounts of all water utilities shall be kept by the double entry method, on an accrual basis. In order to use the Utility's records for ratemaking purposes, our staff was required to convert the Utility's test year accounting records from a cash basis to an accrual basis. Because the Utility's underlying records were sufficient and fully accessible, our staff was able to complete the audit objectives in this rate proceeding. However, the impact of the Utility's accounting method was considerable.

Although it is acceptable for the Utility to continue to maintain its records on a cash basis for income tax purposes, the Utility must take steps to establish records using the accrual basis in order to comply with the NARUC USOA. The Utility shall either convert its records to an accrual basis for both income tax and our regulatory purposes, or establish an additional set of records using the accrual basis specifically for regulatory purposes.

To ensure that the Utility adjusts its books in accordance with this decision, TLP shall 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, and that the Utility has taken steps to establish and maintain records using the accrual basis.

### **Closure of Docket**

If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of this order, a consummating order will be issued. The docket shall remain open for our staff's verification that the revised tariff sheets, customer notice, and report concerning USDA funding and DEP permitting to replace the water distribution system have been filed by the Utility and approved by our staff. Once these actions are complete, this docket shall be closed administratively.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that TLP Water, Inc.'s application for a staff assisted rate case is hereby approved as set forth in the body of this Order. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

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

ORDERED that TLP Water, Inc.'s return on equity midpoint shall be set at 8.74 percent, with a range of 7.74 percent to 9.74 percent, and an overall rate of return of 8.74 percent. It is further

ORDERED that TLP Water, Inc. shall file revised tariff sheets and the proposed customer notices to reflect the approved rates. It is further

ORDERED that the approved rates shall not be implemented until our staff has approved the proposed customer notices and the notice has been received by the customers. TLP Water, Inc. shall provide our staff with proof of the date each notice was given within 10 days after the date of the notice. It is further

ORDERED that the approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The tariff sheets shall be approved upon our staff's verification that the tariffs are consistent with this Order and that the customer notices are adequate. It is further

ORDERED that the rates shall be reduced at the end of the four-year rate case expense amortization period as set forth in the body of this Order and Schedule No. 4. It is further

ORDERED that the decrease in rates shall become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. It is further

ORDERED that TLP Water, Inc. shall file revised tariff sheets and a proposed customer notice setting forth the lower rates and the reason for the reductions no later than one month prior to the actual date of the required rate reduction. If TLP Water, Inc. files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease, and for the reduction in rates due to the amortized rate case expense. It is further

ORDERED that pursuant to Section 367.0814(7), F.S., the rates approved herein shall be approved for TLP Water, Inc. on a temporary basis, subject to the refund provisions set forth in the body of this Order, in the event of a protest filed by a party other than TLP Water, Inc. It is further

ORDERED that after the increased rates are in effect on a temporary basis, pursuant to Rule 25-30.360(6), F.A.C., TLP Water, Inc. shall file reports with the Commission's Office of Commission Clerk 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 shall also indicate the status of the security being used to guarantee repayment of any potential refund. It is further

ORDERED that prior to implementation of any temporary rates, TLP Water, Inc. shall provide the proposed customer notices and appropriate security for the potential refund. Security shall be in the form of a bond or letter of credit in the amount of \$3,839. Alternatively, TLP



Water, Inc. may establish an escrow agreement with an independent financial institution. It is further

ORDERED that without respect to the form of security chosen by TLP Water, Inc., an account of all monies received as a result of the rate increase shall be maintained by TLP Water, Inc.. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C. It is further

ORDERED that TLP Water, Inc. shall provide proof within 90 days of the final order issued in this docket that the appropriate adjustments for all the applicable National Association of Regulatory Utilities Commissioners Uniform System of Accounts (NARUC USOA) primary accounts have been made. It is further

ORDERED that the Utility shall provide Commission staff with a report within six months of this order, detailing its efforts in obtaining USDA funding to replace the water distribution system and obtain the appropriate DEP permitting. It is further

ORDERED that TLP Water Inc.'s current rate structure of permanent and seasonal flat rates for unmetered residential and general service customers is continued. A base facility charge and uniform gallonage charge rate structure is approved for metered general service customers. It is further

ORDERED that an initial customer deposit amount of \$130.00 is approved, and shall become effective for connections made on or after the stamped approval date of the revised tariff sheet. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, F.A.C., is received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that this docket shall remain open until our staff has approved the revised tariff sheets and customer notice, TLP Water, Inc. has sent the notice to its customers, our staff has received proof that the customers have received notice, TLP Water, Inc. has provided our staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made, and TLP Water, Inc. has provided the report regarding the USDA funding. Upon completion of these actions this docket may be closed administratively.

By ORDER of the Florida Public Service Commission this 25th day of March, 2013.



ANN COLE  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

LDH

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on April 15, 2013.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

TLP WATER, INC.  
 TEST YEAR ENDED 06/30/2012  
 SCHEDULE OF WATER RATE BASE

DESCRIPTION	BALANCE PER UTILITY	COMMISSION ADJUSTMENTS, TO UTIL. BAL.	ADJUSTED BALANCE
1. UTILITY PLANT IN SERVICE	\$0	\$70,373	\$70,373
2. LAND & LAND RIGHTS	0	0	0
3. NON-USED AND USEFUL COMPONENTS	0	0	0
4. CIAC	0	0	0
5. ACCUMULATED DEPRECIATION	0	(\$12,542)	(\$12,542)
6. AMORTIZATION OF CIAC	0	0	0
7. WORKING CAPITAL ALLOWANCE	<u>\$0</u>	<u>\$3,706</u>	<u>\$3,706</u>
8. WATER RATE BASE	<u>\$0</u>	<u>\$61,537</u>	<u>\$61,537</u>

<b>TLP WATER, INC.</b>		<b>SCHEDULE NO. 1-B</b>
<b>TEST YEAR ENDED 06/30/2012</b>		<b>DOCKET NO. 120183-WU</b>
<b>ADJUSTMENTS TO RATE BASE</b>		
<b><u>UTILITY PLANT IN SERVICE</u></b>		
To reflect plant balance per Order No. PSC-10-0124-PAA-WU.		<u>\$70,373</u>
<b><u>ACCUMULATED DEPRECIATION</u></b>		
1. To reflect accumulated depreciation per Rule 25-30.140 F.A.C.		(\$13,755)
2. To reflect a test year averaging adjustment.		<u>\$1,213</u>
Total		<u>(\$12,542)</u>
<b><u>WORKING CAPITAL ALLOWANCE</u></b>		
To reflect 1/8 of test year O & M expenses.		<u>\$3,706</u>

TLP WATER, INC.  
 TEST YEAR ENDED 06/30/2012  
 SCHEDULE OF CAPITAL STRUCTURE

SCHEDULE NO. 2  
 DOCKET NO. 120183-WU

CAPITAL COMPONENT	PER UTILITY	SPECIFIC ADJUSTMENTS	BALANCE BEFORE PRO RATA ADJUSTMENTS	PRO RATA ADJUSTMENTS	BALANCE PER COMMISSION	PERCENT OF TOTAL	COST	WEIGHTED COST
1. COMMON STOCK	\$0	\$0	\$0					
2. RETAINED EARNINGS	\$0	\$0	\$0					
3. PAID IN CAPITAL	\$0	\$0	\$0					
4. OTHER COMMON EQUITY	\$0	\$136,866	\$136,866					
5. TOTAL COMMON EQUITY	\$0	\$136,866	\$136,866	(\$75,329)	\$61,537	100.00%	8.74%	8.74%
6. LONG TERM DEBT		\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
Loans	\$93,400	(\$93,400)	\$0	\$0	\$0	0.00%	12.00%	0.00%
	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
TOTAL LONG TERM DEBT	\$93,400	(\$93,400)	\$0	\$0	\$0	0.00%		
7. CUSTOMER DEPOSITS	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
8. TOTAL	\$93,400	\$43,466	\$136,866	(\$75,329)	\$61,537	100.00%		8.74%
RANGE OF REASONABLENESS						<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY						<u>7.74%</u>	<u>9.74%</u>	
OVERALL RATE OF RETURN						<u>7.74%</u>	<u>9.74%</u>	

TLP WATER, INC. TEST YEAR ENDED 06/30/2012 SCHEDULE OF WATER OPERATING INCOME			SCHEDULE NO. 3-A DOCKET NO. 120183-WU		
	TEST YEAR PER UTILITY	COMMISSION ADJUSTMENT	COMMISSION ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$34,257</u>	<u>(\$791)</u>	<u>\$33,466</u>	<u>\$5,753</u> 17.19%	<u>\$39,219</u>
<b>OPERATING EXPENSES:</b>					
2. OPERATION & MAINTENANCE	<u>\$32,547</u>	<u>(\$2,898)</u>	<u>\$29,649</u>	<u>\$0</u>	<u>\$29,649</u>
3. DEPRECIATION (NET)	<u>\$0</u>	<u>\$2,427</u>	<u>\$2,427</u>	<u>\$0</u>	<u>\$2,427</u>
4. AMORTIZATION	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
5. TAXES OTHER THAN INCOME	<u>\$0</u>	<u>\$1,506</u>	<u>\$1,506</u>	<u>\$259</u>	<u>\$1,765</u>
6. INCOME TAXES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
7. TOTAL OPERATING EXPENSES	<u>\$32,547</u>	<u>\$1,035</u>	<u>\$33,582</u>	<u>\$259</u>	<u>\$33,841</u>
8. OPERATING INCOME/(LOSS)	<u>\$1,710</u>		<u>(\$116)</u>		<u>\$5,378</u>
9. WATER RATE BASE	<u>\$0</u>		<u>\$61,537</u>		<u>\$61,537</u>
10. RATE OF RETURN	<u>N/A</u>		<u>(0.19%)</u>		<u>8.74%</u>

TLP WATER, INC. TEST YEAR ENDED 06/30/2012 ADJUSTMENTS TO OPERATING INCOME	SCHEDULE NO. 3-B DOCKET NO. 120183-WU PAGE 1 OF 2
<b>OPERATING REVENUES</b>	
To reflect the appropriate test year revenues.	<u>(\$791)</u>
<b>OPERATION AND MAINTENANCE EXPENSES</b>	
1. Purchased Power (615)	
a. To remove two electric bills that occurred outside the test year.	(\$250)
b. To include one electric bill that occurred within the test year.	\$40
Subtotal	<u>(\$210)</u>
2. Chemicals (618)	
a. To reclassify chlorine expenses from Accts. Nos. 635 and 636.	<u>\$286</u>
3. Materials and Supplies (620)	
a. To remove office supplies and postage that occurred outside the test year.	(\$349)
b. To reclassify materials and supplies from Accts. Nos. 635 and 636.	\$71
Subtotal	<u>(\$278)</u>
4. Contractual Services – Professional (631)	
a. To remove legal service payments that occurred outside the test year.	<u>(\$1,500)</u>
5. Contractual Services – Testing (635)	
a. To reclassify boil water notice delivery expenses to Acct. No. 636.	(\$575)
b. To remove boil water notice delivery that occurred outside the test year.	(\$350)
c. To reclassify non-testing services to Accts. Nos. 618, 620, and 636.	<u>(\$3,241)</u>
Subtotal	<u>(\$4,166)</u>
6. Contractual Services – Other (636)	
a. To reclassify operator services from Acct. No. 635.	\$3,205
b. To reclassify boil water notice delivery expenses from Acct. No. 635.	\$575
c. To include water distribution line repairs.	\$108
d. To reflect annual amortization of legal fees (Docket No. 090244-WU).	\$398
e. To remove office supplies and postage that occurred outside the test year.	(\$255)
f. To reclassify various fees and permits to Acct. No. 675.	(\$681)
g. To remove RAFs paid on 2011 revenues.	<u>(\$1,523)</u>
Subtotal	<u>\$1,826</u>

<b>TLP WATER, INC.</b>		<b>SCHEDULE NO. 3-B</b>
<b>TEST YEAR ENDED 06/30/2012</b>		<b>DOCKET NO. 120183-WU</b>
<b>ADJUSTMENTS TO OPERATING INCOME</b>		<b>PAGE 2 OF 2</b>
7. Rents (640)		
a. To reflect annualization of \$15 per month water plant lease increase.		<u>\$90</u>
8. Regulatory Commission Expense (665)		
a. To reflect 4 year amortization of rate case expense (Docket 090244-WU).		\$150
b. To reflect 4 year amortization of rate case expense for current docket.		<u>\$73</u>
Subtotal		<u>\$223</u>
9. Miscellaneous Expense (675)		
a. To reclassify various fees and permits from Acct. No. 636.		\$681
b. To reflect annual amortization of certification application fee.		<u>\$150</u>
Subtotal		<u>\$831</u>
<b>TOTAL OPERATION &amp; MAINTENANCE ADJUSTMENTS</b>		<u><b>(\$2,898)</b></u>
<b>DEPRECIATION EXPENSE</b>		
1. To reflect test year depreciation calculated per Rule 25-30.140, F.A.C.		<u>\$2,427</u>
<b>TAXES OTHER THAN INCOME</b>		
1. To reflect the appropriate test year RAFs.		<u>\$1,506</u>



TLP WATER, INC.		SCHEDULE NO. 3-C	
TEST YEAR ENDED 06/30/2012		DOCKET NO. 120183-WU	
ANALYSIS OF WATER OPERATION AND MAINTENANCE EXPENSE			
	TOTAL PER UTILITY	COMMISSION ADJUSTMENT	TOTAL PER COMMISSION
(601) SALARIES AND WAGES - EMPLOYEES	\$0	\$0	\$0
(603) SALARIES AND WAGES - OFFICERS	0	0	0
(604) EMPLOYEE PENSION & BENEFITS	0	0	0
(610) PURCHASED WATER	0	0	0
(615) PURCHASED POWER	845	(210)	635
(616) FUEL FOR POWER PRODUCTION	0	0	0
(618) CHEMICALS	0	286	286
(620) MATERIALS AND SUPPLIES	349	(278)	71
(630) CONTRACTUAL SERVICES - BILLING	0	0	0
(631) CONTRACTUAL SERVICES - PROFESSIONAL	14,350	(1,500)	12,850
(635) CONTRACTUAL SERVICES - TESTING	8,729	(4,166)	4,563
(636) CONTRACTUAL SERVICES - OTHER	3,710	1,826	5,536
(640) RENTS	3,810	90	3,900
(650) TRANSPORTATION EXPENSE	0	0	0
(655) INSURANCE EXPENSE	754	0	754
(665) REGULATORY COMMISSION EXPENSE	0	223	223
(670) BAD DEBT EXPENSE	0	0	0
(675) MISCELLANEOUS EXPENSES	0	831	831
	<u>\$32,547</u>	<u>(\$2,898)</u>	<u>\$29,649</u>

TLP WATER, INC.		SCHEDULE NO. 4	
TEST YEAR ENDED 06/30/2012		DOCKET NO. 120183-WU	
MONTHLY WATER RATES			
	UTILITY'S EXISTING RATES	COMMISSION APPROVED RATES	4-YEAR RATE REDUCTION
<b><u>Residential</u></b>			
Permanent Flat Rate	\$59.80	\$74.24	\$0.15
Seasonal Flat Rate	\$42.99	\$41.60	\$0.08
<b><u>General Service</u></b>			
Base Facility Charge	\$0.00	\$41.60	\$0.08
Charge Per 1,000 Gallons	\$0.00	\$6.86	\$0.01