

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-

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COMMISSION CLERK  
J.W.D.

**DATE:** June 13, 2013

**TO:** Office of Commission Clerk (Cole)

**FROM:** Division of Accounting and Finance (T. Brown, Bullard, Carbonell, Fletcher, Makki, Maurey, Springer) *MB*  
Division of Economics (Bruce, Daniel, Hudson, Roberts, Thompson) *NE*  
Division of Engineering (P. Buys, Rieger) *BT*  
Office of the General Counsel (Lawson) *CK*

**RE:** Docket No. 120209-WS – Application for increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.  
County(ies): Marion, Orange, Pasco, Pinellas, and Seminole

**AGENDA:** 06/25/13 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Edgar

**CRITICAL DATES:** 60-Day Suspension Date Waived by Company to 06/25/13

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\AFD\WP\120209.RCM.DOC

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

### Case Background

Utilities, Inc. of Florida (UIF or Utility) is a Class A utility providing water and wastewater service to 22 systems in the following counties: Marion, Orange, Pasco, Pinellas, and Seminole. UIF is a wholly-owned subsidiary of Utilities, Inc. (UI). The Utility's last rate case was in 2009.<sup>1</sup>

By letter dated July 31, 2012, UIF requested test year approval in order to file an application for general rate relief for all of its counties. The Utility requested that the application be processed using the Proposed Agency Action (PAA) procedure and requested interim rates.

UIF's requested test year for final and interim purposes is the historical year ended December 31, 2011. On March 29, 2013, the Utility filed minimum filing requirements (MFRs) to justify its requested rate increase. By letter dated April 26, 2013, UIF was notified that the MFRs were deficient. UIF corrected the deficiencies through information submitted on May 29, 2013.

In its MFRs, the Utility requested the following annual interim revenue increases for Orange, Pasco, Pinellas, and Seminole Counties. UIF did not request rate relief for its Marion County water and wastewater systems.

County	Water Revenue Increase	% Increase	Wastewater Revenue Increase	% Increase
Orange	\$30,765	26.55%	N/A	N/A
Pasco <sup>2</sup>	\$174,950	19.36%	N/A	N/A
Pinellas	\$18,966	18.06%	N/A	N/A
Seminole	\$109,237	12.50%	\$112,353	13.75%
TOTAL	\$333,918	16.70%	\$112,353	13.75%

The original 60-day statutory deadline for the Commission to suspend the Utility's requested final rates was May 28, 2013. UIF initially waived the 60-day statutory deadline through June 18, 2013. UIF also agreed to extend the statutory time frame by which the Commission is required to address the Utility's interim rate request through June 25, 2013. This recommendation addresses the suspension of UIF's requested final rates and the Utility's requested interim rates. The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes (F.S.).

<sup>1</sup> See Order No. PSC-10-0585-PAA-WS, issued September 22, 2010, in Docket No. 090462-WS, In re: Application for rate increase in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.

<sup>2</sup> UIF did not request interim rates for Pasco County wastewater, but is asking for a final revenue increase.

**Discussion of Issues**

**Issue 1:** Should the Utility's proposed final water and wastewater rates be suspended?

**Recommendation:** Yes. UIF's proposed final water and wastewater rates should be suspended.  
(T. Brown)

**Staff Analysis:** Section 367.081(6), F.S., provides that the Commission may, for good cause, withhold consent to the implementation of the requested rates by a vote to that effect within 60 days after the date the rate request is filed. Further, Section 367.081(8), F.S., permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months if: (1) the Commission has not acted upon the requested rate increase; or (2) if the Commission's PAA action is protested by a party other than the Utility.

Staff has reviewed the filing and has considered the information filed in support of the rate application and the proposed final rates. Staff recommends further investigation of this information, including on-site investigations by staff accountants and engineers. To date, staff has initiated an audit of UIF's books and records, as well as an audit of UI, the Utility's parent, to examine allocated investment and operating expenses. Both of these audits are tentatively due on July 12, 2013. In addition, staff sent its first data request on June 13, 2013. The Utility's response to this data request is due on July 15, 2013. Further, staff believes additional requests will be necessary to process this case. Based on the foregoing, staff recommends that the Utility's proposed final water and wastewater rates be suspended.

**Issue 2:** Should any interim revenue increase be approved?

**Recommendation:** Yes, with the exception of Pinellas County water, the Utility should be authorized to collect annual water and wastewater revenues as indicated below:

County	Adjusted Test Year	Revenue Increase	Revenue Requirement	% Increase
Orange – Water	\$115,858	\$17,111	\$132,969	14.77%
Pasco – Water	\$903,759	\$46,325	\$950,084	5.13%
Seminole – Water	\$874,012	\$42,687	\$916,699	4.88%
Seminole – Wastewater	\$806,130	\$23,389	\$829,519	2.90%

(T. Brown, Bullard, Carbonell, Fletcher)

**Staff Analysis:** UIF filed rate base, cost of capital, and operating statements to support its requested interim water and wastewater increases. Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those used in the Utility's most recent rate proceeding and annualizing any rate changes. Staff reviewed UIF's interim request, as well as Order PSC-10-0585-PAA-WS, that addressed the Utility's most recent rate proceeding. Staff's recommended adjustments are discussed below. Staff has attached accounting schedules for each county to illustrate staff's recommended rate base, capital structure, and test year operating income amounts. The rate base schedules are labeled as Schedule Nos. 1-A and 1-B, for water and wastewater, respectively, with the adjustments shown on Schedule No. 1-C. The capital structure schedule is labeled Schedule No. 2. The operating income schedules for water and wastewater, respectively, are labeled as Schedule Nos. 3-A and 3-B, with the adjustments shown on Schedule No. 3-C.

#### RATE BASE

In its filing, the Utility used the balance sheet approach to calculate interim working capital, which is appropriate for a Class A utility. The calculated total company working capital was \$466,605, and it was allocated to each of UIF's systems based on Equivalent Residential Connections (ERCs) as of December 31, 2011.

The Utility included \$254,427 in its working capital calculation for deferred rate case expense. In UIF's last rate case, the Commission approved total rate case expense of \$303,552.<sup>3</sup> Consistent with the Utility's last rate case and Commission practice, one-half of the total rate case expense shall be included in working capital.<sup>4</sup> As with the last rate case, staff believes that one-half of the prior Commission-approved rate case expense, or \$151,776, is the appropriate amount of deferred rate case expense to be included in working capital for interim purposes. As such, deferred rate case expense should be reduced by \$102,651 (\$151,776 - \$254,427). Staff's \$102,651 reduction results in a working capital allowance of \$363,954. The following table shows the working capital allowance by county and by water or wastewater service as filed by the Utility and as adjusted by staff.

<sup>3</sup> See Order No. PSC-10-0585-PAA-WS, p. 30.

<sup>4</sup> See Order No. PSC-10-0585-PAA-WS, p. 19.

Table 2-1

County	As Filed	Staff Adjustment	Staff Adjusted
Marion – Water	\$26,413	(\$5,813)	\$20,600
Marion – Wastewater	3,815	(831)	2,984
Orange – Water	14,944	(3,297)	11,647
Pasco - Water	144,331	(31,760)	112,571
Pasco – Wastewater	56,921	(12,519)	44,402
Pinellas – Water	21,533	(4,753)	16,780
Seminole – Water	129,788	(28,536)	101,252
Seminole – Wastewater	<u>68,861</u>	<u>(15,141)</u>	<u>53,720</u>
TOTAL	<u>\$466,605</u>	<u>(\$102,651)</u>	<u>\$363,954</u>

The Utility did not include used and useful (U&U) adjustments in its MFRs for any of its water or wastewater systems. Staff agrees with the Utility that, consistent with the last rate case, the water and wastewater plants and lines are 100 percent U&U because none of the systems are oversized and the service areas are substantially built out.<sup>5</sup>

COST OF CAPITAL

In its interim request, the Utility used a return on equity (ROE) of 9.69 percent, which is the minimum of the range of its last authorized ROE from Order No. PSC-10-0585-PAA-WS.<sup>6</sup> Based on a 9.69 percent ROE and staff’s adjustments to rate base discussed earlier, staff recommends an interim weighted average cost of capital for each county as show in Table 2-2.

Even though the Utility did not request interim rates for Pasco County wastewater, in order to remain consistent with adjustments made in the Utility’s last rate case, staff calculated Pasco County’s wastewater rate base to establish an accurate weighted average cost of capital in the instant docket. The resulting cost of capital for Pasco County is reflected below.

Table 2-2

County	Requested Weighted Average Cost of Capital	Recommended Weighted Average Cost of Capital
Orange	7.03%	7.02%
Pasco	6.94%	7.23%
Pinellas	6.95%	6.93%
Seminole	7.33%	7.32%

<sup>5</sup> See Order No. PSC-10-0585-PAA-WS, p. 14.

<sup>6</sup> See Order No. PSC-10-0585-PAA-WS, p. 20.

### NET OPERATING INCOME

Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with adjustments made in the utility's most recent rate proceeding and annualizing any rate changes.

To attain the appropriate amount of interim test year operating revenues, staff first removed the requested interim revenue increases from the Utility's requested revenues. In addition, the interim revenues for the Seminole County wastewater system included an adjustment to annualize revenues for a rate change which was effective January 16, 2012. Based on the effective date, the Utility's proposed adjustments for annualizing wastewater revenues are outside the interim test year. As such, staff recommends that this adjustment be removed from the interim net operating income calculation to reflect the appropriate revenues as of December 31, 2011.

Based on staff's review, several adjustments to operation and maintenance (O&M) expenses and taxes other than income (TOTI) are necessary for interim purposes as well. Staff's adjustments to net operating income are summarized in each county's Schedule No. 3-C.

First, staff reduced the salaries expense to reflect the benchmark adjustment for customer growth and inflation. These adjustments are consistent with the treatment in the Utility's last rate case.

Second, staff adjusted employee pensions and benefits expense to reflect the test year ratio of pensions and benefits to salaries and applied it to the previously mentioned salary adjustment in order to determine the corresponding adjustments for pensions and benefits expense. These adjustments are consistent with the treatment in the Utility's last rate case.

Third, staff adjusted bad debt expense to reflect the 3-year average for bad debt expense consistent with the treatment in the Utility's last rate case.

Fourth, in the Utility's last rate proceeding, the Commission approved annual amortization of rate case expense for UIF's water and wastewater systems. The Utility included annual amortization of rate case expense in its MFRs as well. Staff recommends that for interim purposes, O&M expenses should be adjusted by the difference between the Commission-approved annual amortization amount and the test year annual amortization, including non-pro forma adjustments.

Fifth, in the Utility's last rate case, the Commission determined that the Ravenna Park system in Seminole County had excessive infiltration and inflow (I&I) in the amount of 40.79 percent.<sup>7</sup> In its MFRs, the Utility calculated excessive I&I at 33.02 percent for Ravenna Park in this docket. Following the same methodology used in the last rate case, staff recommends applying the updated I&I percentage from the MFRs to the actual purchased wastewater treatment expense for 2011. The resulting adjustment is a \$58,233 (\$176,357 x 33.02 percent) reduction in wastewater expense for Ravenna Park (Seminole County).

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<sup>7</sup> See Order No. PSC-10-0585-PAA-WS, p. 16.

Finally, staff made a corresponding adjustment to reduce the TOTI account to reflect the revenue adjustments cited above. Staff also made a corresponding adjustment to reflect payroll taxes consistent with the salary adjustments described above.

### REVENUE REQUIREMENT

Based on the above adjustments, staff recommends the revenue requirements reflected in the following table. With the exception of Pinellas County water, these recommended revenue increases will allow the Utility the opportunity to recover its water and/or wastewater operating expenses and earn at the minimum of the last previously authorized return on equity (ROE) range for its respective water and/or wastewater systems.

Table 2-3

County	Adjusted Test Year	Revenue Increase	Revenue Requirement	% Increase
Orange – Water	\$115,858	\$17,111	\$132,969	14.77%
Pasco – Water	\$903,759	\$46,325	\$950,084	5.13%
Seminole – Water	\$874,012	\$42,687	\$916,699	4.88%
Seminole – Wastewater	\$806,130	\$23,389	\$829,519	2.90%

After making the adjustments discussed previously, staff calculated a revenue decrease of \$1,922, or 1.83 percent, for Pinellas County water based on its minimum authorized ROE. The authorized range of the overall rate of return for Pinellas County is 6.51 to 7.35 percent. Pinellas County water is currently operating within that range. As a result, no interim revenue decrease is warranted. As such, the current water rates for Pinellas County should remain in effect.

**Issue 3:** What are the appropriate interim water and wastewater rates?

**Recommendation:** The service rates for UIF in effect as of December 31, 2011, should be increased as shown below to generate the recommended revenue increase for the interim period.

County	Increase
Orange – Water	15.19%
Pasco – Water	5.20%
Seminole – Water	4.99%
Seminole – Wastewater	2.91%

The rates, as shown on Schedule Nos. 4-A and 4-B, should 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 Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, 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. (Hudson, Thompson, Bruce, Roberts)

**Staff Analysis:** Staff recommends that interim service rates for UIF be designed to allow the Utility the opportunity to generate additional annual operating revenues as shown below. The test year revenues were adjusted to annualize the rate in effect at the end of the test year. To determine the appropriate increase to apply to the service rates, miscellaneous revenues should be removed from the adjusted test year revenues. The calculations are as follows:

County	Adjusted Test Year Revenues	Miscellaneous Revenues	Revenues – Miscellaneous Revenue	Revenue Increase	% Rate Increase
Orange - Water	\$115,858	\$3,218	\$112,640	\$17,111	15.19%
Pasco - Water	\$903,759	\$12,445	\$891,314	\$46,325	5.20%
Seminole - Water	\$874,012	\$18,690	\$855,322	\$42,687	4.99%
Seminole - Wastewater	\$806,130	\$2,475	\$803,655	\$23,389	2.91%

The above percentage increases should be applied as an across-the-board increase to the service rates in effect as of December 31, 2011, in each respective county. No interim increase should be applied to the Pasco County wastewater system or Pinellas County water system. The Utility did not request interim rates for its wastewater system in Pasco County. Also, as discussed in Issue 2, staff is not recommending any changes to the revenue for the water system in Pinellas County for interim purposes.



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The rates, as shown on Schedule Nos. 4-A and 4-B, should 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 Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, 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.

**Issue 4:** What is the appropriate security to guarantee the interim increase?

**Recommendation:** A corporate undertaking is acceptable contingent upon receipt of the written guarantee of the parent company, Utilities, Inc. (UI), and written confirmation of UI's continued attestation that the cumulative outstanding guarantees on behalf of UI-owned utilities in other states will not exceed \$1.2 million (inclusive of all Florida utilities). UI should be required to file a corporate undertaking on behalf of its subsidiaries to guarantee any potential refunds of revenues collected under interim conditions. UI's total guarantee should be a cumulative amount of \$1.2 million, which includes an amount of \$75,549 subject to refund in this docket. Pursuant to Rule 25-30.360(6), F.A.C., the Utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C. (Makki, Springer, T. Brown)

**Staff Analysis:** Pursuant to Section 367.082, F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the Commission. UIF has requested annual interim revenue increases of \$333,918 for water and \$112,353 for wastewater for systems in the counties referenced in this docket. In accordance with Rule 25-30.360, F.A.C., staff has calculated the potential refund of revenues and interest collected under interim conditions to be \$75,569 for water and wastewater combined. This amount is based on an estimated seven months of revenue being collected from staff's recommended interim rates over the Utility's current authorized rates shown on Schedules Nos. 4-A and 4-B.

The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff reviewed UI's 2010, 2011, and 2012 financial statements to determine if the Company can support a corporate undertaking on behalf of its subsidiary. UI reported both an insufficient working capital amount and an inadequate current ratio in 2012. However, in all other time periods, the Company achieved sufficient liquidity and interest coverage ratios. In addition, UI reported adequate ownership equity over the three-year review period. UI's profitability in 2012 increased from \$8,032,000 to \$13,840,000 by virtue of a one-time net gain on the disposition of utility systems in the amount of \$11,546,000. The amount of the one-time gain is atypical of the amounts UI reported in prior-year financial statements and there is no indication a gain of that magnitude will occur in future years.

Staff believes UI has adequate resources to support a corporate undertaking in the amount requested. Based on this analysis, staff recommends that a corporate undertaking of \$75,569 is acceptable contingent upon receipt of the written guarantee of UI and written confirmation that the cumulative outstanding guarantees on behalf of UI-owned utilities in other states will not exceed \$1.2 million (inclusive of all Florida utilities).

Pursuant to Rule 25-30.360(6), F.A.C., the Utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C. In no instance should maintenance and administrative costs associated with

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any refund be borne by the customers. These costs are the responsibility of, and should be borne by, the Utility.

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**Issue 5:** Should this docket be closed?

**Recommendation:** No. The docket should remain open pending the Commission's final action on the Utility's requested rate increase. (Lawson)

**Staff Analysis:** The docket should remain open pending the Commission's final action on the Utility's requested rate increase.

Utilities, Inc. of Florida - Orange County Schedule of Water Rate Base Test Year Ended 12/31/11			Schedule No. 1-A Docket No. 120209-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$433,577	(\$22,559)	\$411,018	\$0	\$411,018
2 Land and Land Rights	106	0	106	0	106
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(220,690)	33,739	(186,951)	0	(186,951)
5 CIAC	46,479	(42,081)	4,398	0	4,398
6 Amortization of CIAC	22,171	(12,146)	10,025	0	10,025
7 Net Debit Deferred Income Taxes	0	0	0	0	0
8 Advances for Construction	0	0	0	0	0
9 Working Capital Allowance	0	14,944	14,944	(3,297)	11,647
10 Other	<u>1</u>	<u>(1)</u>	<u>0</u>	<u>0</u>	<u>0</u>
11 <b>Rate Base</b>	<u>\$281,644</u>	<u>(\$28,104)</u>	<u>\$253,540</u>	<u>(\$3,297)</u>	<u>\$250,243</u>

<b>Utilities, Inc. of Florida - Orange County</b>		<b>Schedule No. 1-C</b>
<b>Adjustments to Rate Base</b>		<b>Docket No. 120209-WS</b>
<b>Test Year Ended 12/31/11</b>		
<b>Explanation</b>		<b>Water</b>
<u>Working Capital</u>		
Reflect appropriate working capital allowance.		<u>(\$3,297)</u>

Utilities, Inc. of Florida - Orange County							Schedule No. 2		
Capital Structure 13-Month Average							Docket No. 120209-WS		
Test Year Ended 12/31/11									
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
<b>Per Utility</b>									
1 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,891,335)	\$108,665	42.86%	6.65%	2.85%	
2 Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%	
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
4 Common Equity	179,029,269	0	179,029,269	(178,921,211)	108,058	42.62%	9.69%	4.13%	
5 Customer Deposits	2,281	0	2,281	0	2,281	0.90%	6.00%	0.05%	
6 Tax Credits-Zero Cost	2,955	0	2,955	0	2,955	1.17%	0.00%	0.00%	
7 Deferred Income Taxes	<u>31,581</u>	<u>0</u>	<u>31,581</u>	<u>0</u>	<u>31,581</u>	<u>12.46%</u>	0.00%	<u>0.00%</u>	
8 <b>Total Capital</b>	<u>\$359,066,086</u>	<u>\$0</u>	<u>\$359,066,086</u>	<u>(\$358,812,546)</u>	<u>\$253,540</u>	<u>100.00%</u>		<u>7.03%</u>	
<b>Per Staff</b>									
9 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,892,999)	\$107,001	42.76%	6.65%	2.84%	
10 Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%	
11 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
12 Common Equity	179,029,269	0	179,029,269	(178,922,845)	106,424	42.53%	9.69%	4.12%	
13 Customer Deposits	2,281	0	2,281	0	2,281	0.91%	6.00%	0.05%	
14 Tax Credits-Zero Cost	2,955	0	2,955	0	2,955	1.18%	0.00%	0.00%	
15 Deferred Income Taxes	<u>31,581</u>	<u>0</u>	<u>31,581</u>	<u>0</u>	<u>31,581</u>	<u>12.62%</u>	0.00%	<u>0.00%</u>	
16 <b>Total Capital</b>	<u>\$359,066,086</u>	<u>\$0</u>	<u>\$359,066,086</u>	<u>(\$358,815,843)</u>	<u>\$250,243</u>	<u>100.00%</u>		<u>7.02%</u>	
						<b>LOW</b>	<b>HIGH</b>		
RETURN ON EQUITY						<u>8.69%</u>	<u>10.69%</u>		
OVERALL RATE OF RETURN						<u>6.59%</u>	<u>7.44%</u>		

Utilities, Inc. of Florida - Orange County						Schedule No. 3-A	
Statement of Water Operations						Docket No. 120209-WS	
Test Year Ended 12/31/11							
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$115,683</u>	<u>\$30,940</u>	<u>\$146,623</u>	<u>(\$30,765)</u>	<u>\$115,858</u>	<u>\$17,111</u> 14.77%	<u>\$132,969</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	\$89,748	\$3,132	\$92,880	(\$11,970)	\$80,910		\$80,910
3 Depreciation	23,397	(5,385)	18,012	0	18,012		18,012
4 Amortization	0	2,015	2,015	0	2,015		2,015
5 Taxes Other Than Income	5,683	3,882	9,565	(2,090)	7,475	770	8,245
6 Income Taxes	<u>18</u>	<u>6,299</u>	<u>6,317</u>	<u>(6,244)</u>	<u>73</u>	<u>6,149</u>	<u>6,222</u>
7 <b>Total Operating Expense</b>	<u>118,846</u>	<u>9,943</u>	<u>128,789</u>	<u>(20,304)</u>	<u>108,485</u>	<u>6,919</u>	<u>115,404</u>
8 <b>Operating Income</b>	<u>(\$3,163)</u>	<u>\$20,997</u>	<u>\$17,834</u>	<u>(\$10,461)</u>	<u>\$7,373</u>	<u>\$10,192</u>	<u>\$17,565</u>
9 <b>Rate Base</b>	<u>\$281,644</u>		<u>\$253,540</u>		<u>\$250,243</u>		<u>\$250,243</u>
10 <b>Rate of Return</b>	<u>-1.12%</u>		<u>7.03%</u>		<u>2.95%</u>		<u>7.02%</u>



Utilities, Inc. of Florida - Orange County Adjustment to Operating Income Test Year Ended 12/31/11		Schedule No. 3-C Docket No. 120209-WS
Explanation	Water	
<u>Operating Revenues</u>		
Remove requested interim revenue increase.		<u>(\$30,765)</u>
<u>Operation and Maintenance Expense</u>		
1 Reflect appropriate interim salaries.		(\$9,220)
2 Reflect appropriate interim pensions & benefits.		(2,210)
3 Reflect appropriate interim bad debt expense.		(477)
4 Reflect appropriate interim rate case expense.		(63)
Total		<u>(\$11,970)</u>
<u>Taxes Other Than Income</u>		
1 RAFs on revenue adjustments above.		(\$1,384)
2 Reflect appropriate interim payroll taxes.		(705)
Total		<u>(\$2,090)</u>

Utilities, Inc. of Florida – Orange County Water Monthly Service Rates Test Year Ended 12/31/2011		Schedule No. 4-A Docket No. 120209-WS		
	Rates at 12/31/2011	Utility Requested Interim	Utility Requested Final	Staff Recommended Interim
<b><u>Residential, General and Multi-Residential Service</u></b>				
<b><u>Base Facility Charge by Meter Size:</u></b>				
5/8"X3/4"	\$8.03	\$10.22	\$10.86	\$9.25
1"	\$20.10	\$25.59	\$27.18	\$23.15
1-1/2"	\$40.19	\$51.17	\$54.34	\$46.29
2"	\$64.31	\$81.87	\$86.95	\$74.08
3"	\$128.61	\$163.74	\$173.88	\$148.15
4"	\$200.96	\$255.85	\$271.70	\$231.49
6"	\$401.91	\$511.68	\$543.38	\$462.96
<b><u>Residential Service Gallonage Chg.</u></b>				
0 - 6,000 gallons	\$3.27	\$4.16	\$4.42	\$3.77
6,001 - 8,000 gallons	\$3.46	\$4.40	\$4.68	\$3.99
8,001 - 16,000 gallons	\$4.33	\$5.51	\$5.85	\$4.99
Over 16,000 gallons	\$5.18	\$6.59	\$7.00	\$5.97
<b><u>General and Multi-Residential Gallonage Chg.</u></b>				
Per 1,000 Gallons	\$3.55	\$4.52	\$4.80	\$4.09
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>				
3,000 Gallons	\$17.84	\$22.70	\$24.12	\$20.56
5,000 Gallons	\$24.38	\$31.02	\$32.96	\$28.10
10,000 Gallons	\$43.23	\$55.00	\$58.44	\$49.83

Utilities, Inc. of Florida - Pasco County Schedule of Water Rate Base Test Year Ended 12/31/11			Schedule No. 1-A Docket No. 120209-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$4,778,638	(\$52,267)	\$4,726,371	\$0	\$4,726,371
2 Land and Land Rights	2,899	10,754	13,653	0	13,653
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(1,424,772)	4,383	(1,420,389)	0	(1,420,389)
5 CIAC	(595,036)	(12,627)	(607,663)	0	(607,663)
6 Amortization of CIAC	434,351	(130,489)	303,862	0	303,862
7 Net Debit Deferred Income Taxes	0	0	0	0	0
8 Advances for Construction	0	0	0	0	0
9 Working Capital Allowance	<u>0</u>	<u>144,331</u>	<u>144,331</u>	<u>(31,760)</u>	<u>112,571</u>
10 Rate Base	<u>\$3,196,080</u>	<u>(\$35,915)</u>	<u>\$3,160,165</u>	<u>(\$31,760)</u>	<u>\$3,128,405</u>

Utilities, Inc. of Florida - Pasco County		Schedule No. 1-C
Adjustments to Rate Base		Docket No. 120209-WS
Test Year Ended 12/31/11		
Explanation		Water
<u>Working Capital</u>		
Reflect appropriate working capital allowance.		<u>(\$31,760)</u>

Utilities, Inc. of Florida - Pasco County Capital Structure 13-Month Average Test Year Ended 12/31/11							Schedule No. 2 Docket No. 120209-WS		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
<b>Per Utility</b>									
1 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$178,664,111)	\$1,335,889	42.27%	6.65%	2.81%	
2 Short-term Debt	0	0	\$0	0	\$0	0.00%	0.00%	0.00%	
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%	
4 Common Equity	179,029,269	0	179,029,269	(177,700,840)	1,328,429	42.04%	9.69%	4.07%	
5 Customer Deposits	30,739	0	30,739	0	30,739	0.97%	6.00%	0.06%	
6 Tax Credits-Zero Cost	39,802	0	39,802	0	39,802	1.26%	0.00%	0.00%	
7 Deferred Income Taxes	<u>425,306</u>	<u>0</u>	<u>425,306</u>	<u>0</u>	<u>425,306</u>	<u>13.46%</u>	0.00%	<u>0.00%</u>	
8 <b>Total Capital</b>	<u>\$359,525,116</u>	<u>\$0</u>	<u>\$359,525,116</u>	<u>(\$356,364,951)</u>	<u>\$3,160,165</u>	<u>100.00%</u>		<u>6.94%</u>	
<b>Per Staff</b>									
9 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$178,168,028)	\$1,831,972	44.14%	6.65%	2.94%	
10 Short-term Debt	0	0	\$0	\$0	0	0.00%	0.00%	0.00%	
11 Preferred Stock	0	0	\$0	\$0	0	0.00%	0.00%	0.00%	
12 Common Equity	179,029,269	0	179,029,269	(177,207,177)	1,822,092	43.91%	9.69%	4.25%	
13 Customer Deposits	30,739	0	30,739	\$0	30,739	0.74%	6.00%	0.04%	
14 Tax Credits-Zero Cost	39,802	0	39,802	\$0	39,802	0.96%	0.00%	0.00%	
15 Deferred Income Taxes	<u>425,306</u>	<u>0</u>	<u>425,306</u>	<u>\$0</u>	<u>425,306</u>	<u>10.25%</u>	0.00%	<u>0.00%</u>	
16 <b>Total Capital</b>	<u>\$359,525,116</u>	<u>\$0</u>	<u>\$359,525,116</u>	<u>(\$355,375,205)</u>	<u>\$4,149,911</u>	<u>100.00%</u>		<u>7.23%</u>	
						<b>LOW</b>	<b>HIGH</b>		
RETURN ON EQUITY						<u>8.69%</u>	<u>10.69%</u>		
OVERALL RATE OF RETURN						<u>6.80%</u>	<u>7.67%</u>		

Utilities, Inc. of Florida - Pasco County						Schedule No. 3-A	
Statement of Water Operations						Docket No. 120209-WS	
Test Year Ended 12/31/11							
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$833,526</u>	<u>\$245,183</u>	<u>\$1,078,709</u>	<u>(\$174,950)</u>	<u>\$903,759</u>	<u>\$46,325</u> 5.13%	<u>\$950,084</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	659,410	(147,145)	512,265	(124,044)	\$388,221		\$388,221
3 Depreciation	182,883	(27,529)	155,354	0	155,354		155,354
4 Taxes Other Than Income	153,181	(39,160)	114,021	(16,230)	97,791	2,085	99,876
5 Income Taxes	<u>170</u>	<u>77,494</u>	<u>77,664</u>	<u>(14,008)</u>	<u>63,656</u>	<u>16,648</u>	<u>80,304</u>
6 <b>Total Operating Expense</b>	<u>995,644</u>	<u>(136,340)</u>	<u>859,304</u>	<u>(154,281)</u>	<u>705,023</u>	<u>18,732</u>	<u>723,755</u>
7 <b>Operating Income</b>	<u>(\$162,118)</u>	<u>\$381,523</u>	<u>\$219,405</u>	<u>(\$20,669)</u>	<u>\$198,736</u>	<u>\$27,593</u>	<u>\$226,329</u>
8 <b>Rate Base</b>	<u>\$3,196,080</u>		<u>\$3,160,165</u>		<u>\$3,128,405</u>		<u>\$3,128,405</u>
9 <b>Rate of Return</b>	<u>-5.07%</u>		<u>6.94%</u>		<u>6.35%</u>		<u>7.23%</u>

Utilities, Inc. of Florida - Pasco County Adjustment to Operating Income Test Year Ended 12/31/11		Schedule No. 3-C Docket No. 120209-WS
Explanation		Water
<u>Operating Revenues</u>		
Remove requested interim revenue increase.		<u>(\$174,950)</u>
<u>Operation and Maintenance Expense</u>		
1 Reflect appropriate interim salaries.		(\$109,239)
2 Reflect appropriate interim pensions & benefits.		(22,141)
3 Reflect appropriate interim bad debt expense.		7,942
4 Reflect appropriate interim rate case expense.		(605)
Total		<u>(\$124,044)</u>
<u>Taxes Other Than Income</u>		
1 RAFs on revenue adjustments above.		(\$7,873)
2 Reflect appropriate interim payroll taxes.		(8,357)
Total		<u>(\$16,230)</u>

Utilities, Inc. of Florida – Pasco County Water Monthly Service Rates Test Year Ended 12/31/2011		Schedule No. 4-A Docket No. 120209-WS		
	Rates at 12/31/2011	Utility Requested Interim	Utility Requested Final	Staff Recommended Interim
<b><u>Residential, General and Multi-Residential Service</u></b>				
<b><u>Base Facility Charge by Meter Size:</u></b>				
5/8"X3/4"	\$12.35	\$14.77	\$16.89	\$12.99
1"	\$18.54	\$22.18	\$25.36	\$19.50
1-1/2"	\$30.89	\$36.95	\$42.25	\$32.50
2"	\$61.76	\$73.88	\$84.48	\$64.97
3"	\$98.82	\$118.22	\$135.17	\$103.96
4"	\$197.63	\$236.42	\$270.32	\$207.91
6"	\$308.80	\$369.41	\$422.38	\$324.86
8"	\$617.61	\$738.84	\$844.77	\$649.73
<b><u>Residential Service Gallonage Chg.</u></b>				
0 - 3,000 gallons	\$3.71	\$4.44	\$5.07	\$3.90
Over 3,000 gallons	\$4.02	\$4.81	\$5.50	\$4.23
<b><u>General and Multi-Residential Service Gallonage Chg.</u></b>				
Per 1,000 Gallons	\$3.78	\$4.52	\$5.17	\$3.98
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>				
3,000 Gallons	\$23.48	\$28.09	\$32.10	\$24.69
5,000 Gallons	\$31.52	\$37.71	\$43.10	\$33.15
10,000 Gallons	\$51.62	\$61.76	\$70.60	\$54.30



Utilities, Inc. of Florida - Pinellas County Schedule of Water Rate Base Test Year Ended 12/31/11			Schedule No. 1-A Docket No. 120209-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$528,337	\$17,622	\$545,959	\$0	\$545,959
2 Land and Land Rights	6,258	0	6,258	0	6,258
3 Non-used and Useful Components	0	0	0	0	\$0
4 Accumulated Depreciation	(160,642)	11,188	(149,454)	0	(149,454)
5 CIAC	(138,847)	0	(138,847)	0	(138,847)
6 Amortization of CIAC	82,734	(28,977)	53,757	0	53,757
7 Net Debit Deferred Income Taxes	0	0	0	0	0
8 Advances for Construction	0	0	0	0	0
9 Working Capital Allowance	<u>0</u>	<u>21,533</u>	<u>21,533</u>	<u>(4,753)</u>	<u>\$16,780</u>
10 <b>Rate Base</b>	<u>\$317,840</u>	<u>\$21,366</u>	<u>\$339,206</u>	<u>(\$4,753)</u>	<u>\$334,453</u>

Docket No. 120209-WS

Date: June 13, 2013

<b>Utilities, Inc. of Florida - Pinellas County</b>		<b>Schedule No. 1-C</b>
<b>Adjustments to Rate Base</b>		<b>Docket No. 120209-WS</b>
<b>Test Year Ended 12/31/11</b>		
<b>Explanation</b>		<b>Water</b>
<u>Working Capital</u>		
Reflect appropriate working capital allowance.		<u>(\$4,753)</u>

Utilities, Inc. of Florida - Pinellas County						Schedule No. 2		
Capital Structure 13-Month Average						Docket No. 120209-WS		
Test Year Ended 12/31/11								
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility</b>								
1 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,856,521)	\$143,479	42.30%	6.65%	2.81%
2 Short-term Debt	0	0	\$0	0	\$0	0.00%	0.00%	0.00%
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%
4 Common Equity	179,029,269	0	179,029,269	(178,886,591)	142,678	42.06%	9.69%	4.08%
5 Customer Deposits	3,288	0	3,288	0	3,288	0.97%	6.00%	0.06%
6 Tax Credits-Zero Cost	4,258	0	4,258	0	4,258	1.26%	0.00%	0.00%
7 Deferred Income Taxes	<u>45,503</u>	<u>0</u>	<u>45,503</u>	<u>0</u>	<u>45,503</u>	<u>13.41%</u>	0.00%	<u>0.00%</u>
8 <b>Total Capital</b>	<u>\$359,082,318</u>	<u>\$0</u>	<u>\$359,082,318</u>	<u>(\$358,743,112)</u>	<u>\$339,206</u>	<u>100.00%</u>		<u>6.95%</u>
<b>Per Staff</b>								
9 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,858,918)	\$141,082	42.18%	6.65%	2.81%
10 Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%
11 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
12 Common Equity	179,029,269	0	179,029,269	(178,888,948)	140,321	41.96%	9.69%	4.07%
13 Customer Deposits	3,288	0	3,288	0	3,288	0.98%	6.00%	0.06%
14 Tax Credits-Zero Cost	4,258	0	4,258	0	4,258	1.27%	0.00%	0.00%
15 Deferred Income Taxes	<u>45,503</u>	<u>0</u>	<u>45,503</u>	<u>0</u>	<u>45,503</u>	<u>13.61%</u>	0.00%	<u>0.00%</u>
16 <b>Total Capital</b>	<u>\$359,082,318</u>	<u>\$0</u>	<u>\$359,082,318</u>	<u>(\$358,747,865)</u>	<u>\$334,453</u>	<u>100.00%</u>		<u>6.93%</u>
						<b>LOW</b>	<b>HIGH</b>	
RETURN ON EQUITY						<u>8.69%</u>	<u>10.69%</u>	
OVERALL RATE OF RETURN						<u>6.51%</u>	<u>7.35%</u>	

Utilities, Inc. of Florida - Pinellas County						Schedule No. 3-A	
Statement of Water Operations						Docket No. 120209-WS	
Test Year Ended 12/31/11							
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$95,795</u>	<u>\$28,173</u>	<u>\$123,968</u>	<u>(\$18,966)</u>	<u>\$105,002</u>	<u>(\$1,922)</u> -1.83%	<u>\$103,080</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	63,729	2,671	66,400	(18,242)	48,158		48,158
3 Depreciation	18,945	(3,388)	15,557	0	15,557		15,557
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	3,273	6,832	10,105	(2,033)	8,072	(87)	7,985
6 Income Taxes	<u>25</u>	<u>8,317</u>	<u>8,342</u>	<u>552</u>	<u>8,894</u>	<u>(691)</u>	<u>8,204</u>
7 <b>Total Operating Expense</b>	<u>85,972</u>	<u>14,432</u>	<u>100,404</u>	<u>(19,723)</u>	<u>80,681</u>	<u>(777)</u>	<u>79,903</u>
8 <b>Operating Income</b>	<u>\$9,823</u>	<u>\$13,741</u>	<u>\$23,564</u>	<u>\$757</u>	<u>\$24,321</u>	<u>(\$1,145)</u>	<u>\$23,176</u>
9 <b>Rate Base</b>	<u>\$317,840</u>		<u>\$339,206</u>		<u>\$334,453</u>		<u>\$334,453</u>
10 <b>Rate of Return</b>	<u>3.09%</u>		<u>6.95%</u>		<u>7.27%</u>		<u>6.93%</u>

Utilities, Inc. of Florida - Pinellas County Adjustment to Operating Income Test Year Ended 12/31/11		Schedule No. 3-C Docket No. 120209-WS
Explanation	Water	
<u>Operating Revenues</u>		
Remove requested interim revenue increase.		<u>(\$18,966)</u>
<u>Operation and Maintenance Expense</u>		
1 Reflect appropriate interim salaries.		(\$15,425)
2 Reflect appropriate interim pensions & benefits.		(3,263)
3 Reflect appropriate interim bad debt expense.		535
4 Reflect appropriate interim rate case expense.		(90)
Total		<u>(\$18,242)</u>
<u>Taxes Other Than Income</u>		
1 RAFs on revenue adjustments above.		(\$853)
2 Reflect appropriate interim payroll taxes.		<u>(1,180)</u>
Total		<u>(\$2,033)</u>

Utilities, Inc. of Florida - Seminole County Schedule of Water Rate Base Test Year Ended 12/31/11				Schedule No. 1-A Docket No. 120209-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$3,708,270	\$728,898	\$4,437,168	\$0	\$4,437,168
2 Land and Land Rights	(1,714)	17,929	16,215	0	16,215
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(384,499)	(1,240,275)	(1,624,774)	0	(1,624,774)
5 CIAC	(1,214,604)	3,587	(1,211,017)	0	(1,211,017)
6 Amortization of CIAC	863,089	(62,848)	800,241	0	800,241
7 Net Debit Deferred Income Taxes	0	0	0	0	0
8 Advances for Construction	0	0	0	0	0
9 Working Capital Allowance	0	129,788	129,788	(28,536)	101,252
10 Rate Base	<u>\$2,970,542</u>	<u>(\$422,921)</u>	<u>\$2,547,621</u>	<u>(\$28,536)</u>	<u>\$2,519,085</u>

Utilities, Inc. of Florida - Seminole County Schedule of Wastewater Rate Base Test Year Ended 12/31/11				Schedule No. 1-B Docket No. 120209-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$1,613,859	\$1,551,826	\$3,165,685	\$0	\$3,165,685
2 Land and Land Rights	180,351	(161,339)	19,012	0	19,012
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(37,627)	(959,045)	(996,672)	0	(996,672)
5 CIAC	(1,042,129)	304,984	(737,145)	0	(737,145)
6 Amortization of CIAC	556,978	(48,986)	507,992	0	507,992
7 CWIP	10	(10)	0	0	0
8 Advances for Construction	0	0	0	0	0
9 Working Capital Allowance	0	68,861	68,861	(15,141)	53,720
10 <b>Rate Base</b>	<u>\$1,271,442</u>	<u>\$756,291</u>	<u>\$2,027,733</u>	<u>(\$15,141)</u>	<u>\$2,012,592</u>

Docket No. 120209-WS

Date: June 13, 2013

<b>Utilities, Inc. of Florida - Seminole County</b>		<b>Schedule No. 1-C</b>	
<b>Adjustments to Rate Base</b>		<b>Docket No. 120209-WS</b>	
<b>Test Year Ended 12/31/11</b>			
<b>Explanation</b>	<b>Water</b>	<b>Wastewater</b>	
Reflect appropriate working capital allowance.	<u>(\$28,536)</u>	<u>(\$15,141)</u>	



Utilities, Inc. of Florida - Seminole County Capital Structure 13-Month Average Test Year Ended 12/31/11							Schedule No. 2 Docket No. 120209-WS		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
<b>Per Utility</b>									
1 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$177,951,319)	\$2,048,681	44.78%	6.65%	2.98%	
2 Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%	
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
4 Common Equity	179,029,269	0	179,029,269	(176,992,028)	2,037,241	44.53%	9.69%	4.31%	
5 Customer Deposits	30,341	0	30,341	0	30,341	0.66%	6.00%	0.04%	
6 Tax Credits-Zero Cost	39,287	0	39,287	0	39,287	0.86%	0.00%	0.00%	
7 Deferred Income Taxes	419,804	0	419,804	0	419,804	9.18%	0.00%	0.00%	
8 <b>Total Capital</b>	<u>\$359,518,701</u>	<u>\$0</u>	<u>\$359,518,701</u>	<u>(\$354,943,347)</u>	<u>\$4,575,354</u>	<u>100.00%</u>		<u>7.33%</u>	
<b>Per Staff</b>									
9 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$177,973,413)	\$2,026,587	44.72%	6.65%	2.97%	
10 Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%	
11 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
12 Common Equity	179,029,269	0	179,029,269	(177,013,611)	2,015,658	44.48%	9.69%	4.31%	
13 Customer Deposits	30,341	0	30,341	0	30,341	0.67%	6.00%	0.04%	
14 Tax Credits-Zero Cost	39,287	0	39,287	0	39,287	0.87%	0.00%	0.00%	
15 Deferred Income Taxes	419,804	0	419,804	0	419,804	9.26%	0.00%	0.00%	
16 <b>Total Capital</b>	<u>\$359,518,701</u>	<u>\$0</u>	<u>\$359,518,701</u>	<u>(\$354,987,024)</u>	<u>\$4,531,677</u>	<u>100.00%</u>		<u>7.32%</u>	
						<u>LOW</u>	<u>HIGH</u>		
RETURN ON EQUITY						<u>8.69%</u>	<u>10.69%</u>		
OVERALL RATE OF RETURN						<u>6.88%</u>	<u>7.77%</u>		

Utilities, Inc. of Florida - Seminole County						Schedule No. 3-A	
Statement of Water Operations						Docket No. 120209-WS	
Test Year Ended 12/31/11							
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$989,369</u>	<u>(\$6,120)</u>	<u>\$983,249</u>	<u>(\$109,237)</u>	<u>\$874,012</u>	<u>\$42,687</u> 4.88%	<u>\$916,699</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	780,041	(307,525)	472,516	(56,173)	416,343		416,343
3 Depreciation	148,603	(1,507)	147,096	0	147,096		147,096
4 Taxes Other Than Income	180,766	(70,239)	110,527	(9,195)	101,332	1,921	103,253
5 Income Taxes	<u>(23,913)</u>	<u>90,232</u>	<u>66,319</u>	<u>(16,153)</u>	<u>50,166</u>	<u>15,340</u>	<u>65,506</u>
6 <b>Total Operating Expense</b>	<u>1,085,497</u>	<u>(289,039)</u>	<u>796,458</u>	<u>(81,521)</u>	<u>714,937</u>	<u>17,261</u>	<u>732,198</u>
7 <b>Operating Income</b>	<u>(\$96,128)</u>	<u>\$282,919</u>	<u>\$186,791</u>	<u>(\$27,716)</u>	<u>\$159,075</u>	<u>\$25,426</u>	<u>\$184,501</u>
8 <b>Rate Base</b>	<u>\$2,970,542</u>		<u>\$2,547,621</u>		<u>\$2,519,085</u>		<u>\$2,519,085</u>
9 <b>Rate of Return</b>	<u>-3.24%</u>		<u>7.33%</u>		<u>6.31%</u>		<u>7.32%</u>

Utilities, Inc. of Florida - Seminole County						Schedule No. 3-B	
Statement of Wastewater Operations						Docket No. 120209-WS	
Test Year Ended 12/31/11							
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$863,881</u>	<u>\$65,480</u>	<u>\$929,361</u>	<u>(\$123,231)</u>	<u>\$806,130</u>	<u>\$23,389</u> 2.90%	<u>\$829,519</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	394,656	175,202	569,858	(91,432)	478,426		478,426
3 Depreciation	73,644	10,840	84,484	0	84,484		84,484
4 Taxes Other Than Income	0	73,559	73,559	(7,743)	65,816	1,053	66,869
5 Income Taxes	<u>(12,688)</u>	<u>65,472</u>	<u>52,784</u>	<u>(8,854)</u>	<u>43,930</u>	<u>8,405</u>	<u>52,335</u>
6 <b>Total Operating Expense</b>	<u>455,612</u>	<u>325,073</u>	<u>780,685</u>	<u>(108,028)</u>	<u>672,657</u>	<u>9,458</u>	<u>682,114</u>
7 <b>Operating Income</b>	<u>\$408,269</u>	<u>(\$259,593)</u>	<u>\$148,676</u>	<u>(\$15,203)</u>	<u>\$133,473</u>	<u>\$13,931</u>	<u>\$147,405</u>
8 <b>Rate Base</b>	<u>\$1,271,442</u>		<u>\$2,027,733</u>		<u>\$2,012,592</u>		<u>\$2,012,592</u>
9 <b>Rate of Return</b>	<u>32.11%</u>		<u>7.33%</u>		<u>6.63%</u>		<u>7.32%</u>

Utilities, Inc. of Florida - Seminole County Adjustment to Operating Income Test Year Ended 12/31/11		Schedule No. 3-C Docket No. 120209-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested interim revenue increase.	(\$109,237)	(\$112,353)	
2 Remove adjustment to annualize revenues.	0	(10,878)	
Total	<u>(\$109,237)</u>	<u>(\$123,231)</u>	
<u>Operation and Maintenance Expense</u>			
1 Reflect appropriate interim salaries.	(\$55,943)	(\$28,721)	
2 Reflect appropriate interim pension & benefits.	(15,201)	(7,804)	
3 Reflect appropriate interim bad debt expense.	14,426	3,037	
4 Reflect appropriate interim rate case expense.	545	289	
5 To adjust purchased wastewater for excess I & I.	0	(58,233)	
Total	<u>(\$56,173)</u>	<u>(\$91,432)</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$4,916)	(\$5,545)	
2 Reflect appropriate interim payroll taxes.	(4,280)	(2,197)	
Total	<u>(\$9,195)</u>	<u>(\$7,743)</u>	

<b>Utilities, Inc. of Florida – Seminole County</b>			<b>Schedule No. 4-A</b>		
<b>Water Monthly Service Rates</b>			<b>Docket No. 120209-WS</b>		
<b>Test Year Ended 12/31/2011</b>					
	<b>Rates at 12/31/2011 (1)</b>	<b>Current Rates (2)</b>	<b>Utility Requested Interim</b>	<b>Utility Requested Final</b>	<b>Staff Recommended Interim</b>
<b><u>Residential, General and Multi-Residential Service</u></b>					
<b><u>Base Facility Charge by Meter Size:</u></b>					
5/8"X3/4"	\$7.23	\$7.23	\$8.15	\$9.72	\$7.59
1"	\$18.08	\$18.08	\$20.39	\$24.30	\$18.98
1-1/2"	\$36.16	\$36.17	\$40.79	\$48.61	\$37.96
2"	\$57.85	\$57.86	\$65.25	\$77.75	\$60.74
3"	\$115.70	\$115.72	\$130.50	\$155.50	\$121.47
4"	\$180.79	\$180.83	\$203.92	\$243.00	\$189.81
6"	\$361.57	\$361.64	\$407.83	\$485.97	\$379.61
<b><u>Residential Service Gallonage Chg.</u></b>					
0 - 6,000 gallons	\$2.77	\$2.77	\$3.12	\$3.72	\$2.91
6,001 - 8,000 gallons	\$3.12	\$3.12	\$3.52	\$4.19	\$3.28
8,001 - 16,000 gallons	\$5.37	\$5.37	\$6.06	\$7.22	\$5.64
Over 16,000 gallons	\$6.92	\$6.92	\$7.80	\$9.30	\$7.27
<b><u>General and Multi-Residential Service Gallonage Chg.</u></b>					
Per 1,000 Gallons	\$3.50	\$3.50	\$3.95	\$4.70	\$3.67
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>					
3,000 Gallons	\$15.54	\$15.54	\$17.51	\$20.88	\$16.32
5,000 Gallons	\$21.08	\$21.08	\$23.75	\$28.32	\$22.14
10,000 Gallons	\$40.83	\$40.83	\$46.03	\$54.86	\$42.89
(1) The interim rate increase was applied to the rates at 12/31/2011.					
(2) The current rates became effective 1/16/12 as a result of pass-through rate adjustment.					

<b>Utilities, Inc. of Florida – Seminole County</b>			<b>Schedule No. 4-B</b>		
<b>Wastewater Monthly Service Rates</b>			<b>Docket No. 120209-WS</b>		
<b>Test Year Ended 12/31/2011</b>					
	<b>Rates at 12/31/2011 (1)</b>	<b>Current Rates (2)</b>	<b>Utility Requested Interim</b>	<b>Utility Requested Final</b>	<b>Staff Recommended Interim</b>
<b><u>Residential</u></b>					
<b>Base Facility Charge - All Meter</b>					
Sizes	\$12.48	\$12.63	\$14.38	\$15.95	\$12.84
Flat Rate (Unmetered)	\$42.27	\$42.79	\$48.71	\$54.04	\$43.50
<b><u>Gallonage Charge</u></b>					
Per 1,000 Gallons (10,000 gallon cap)	\$6.97	\$7.06	\$8.04	\$8.92	\$7.17
<b><u>General Service</u></b>					
<b><u>Base Facility Charge by Meter Size:</u></b>					
5/8"X3/4"	\$12.48	\$12.63	\$14.38	\$15.95	\$12.84
1"	\$31.21	\$31.60	\$35.97	\$39.91	\$32.12
1-1/2"	\$62.40	\$63.17	\$71.91	\$79.78	\$64.22
2"	\$99.84	\$101.08	\$115.07	\$127.65	\$102.75
3"	\$199.68	\$202.16	\$230.14	\$255.31	\$205.49
4"	\$312.00	\$315.87	\$359.59	\$398.91	\$321.08
6"	\$624.00	\$631.74	\$719.17	\$797.82	\$642.16
<b><u>General Service Gallonage Chg.</u></b>					
Per 1,000 Gallons	\$8.36	\$8.46	\$9.63	\$10.68	\$8.60
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>					
3,000 Gallons	\$33.39	\$33.81	\$38.50	\$42.71	\$34.35
5,000 Gallons	\$47.33	\$47.93	\$54.58	\$60.55	\$48.69
10,000 Gallons	\$82.18	\$83.23	\$94.78	\$105.15	\$84.54
(1) The interim rate increase was applied to the rates at 12/31/2011.					
(2) The current rates became effective 1/16/12 as a result of pass-through rate adjustment.					