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FPSC - COMMISSION CLERK

December 10, 2014

Mr. Jim Freeman, County Manager
Polk County
330 W. Church Street
Bartow, FL 33831-9005

RECEIVED-FPSC
14 DEC 11 PM 3:02
COMMISSION
CLERK

Re: Application of Orchid Springs Water and Sewer for Staff Assisted Rate Case in Polk County

Dear Mr. Freeman:

Attached to this letter is an application for a Staff Assisted Rate Case (SARC) for Orchid Springs Water and Sewer (Orchid Springs) located in Polk County which was filed with the Florida Public Service Commission (FPSC).

Pursuant to Section 367.091(2), Florida Statutes,

"Upon filing an application for new rates, the utility shall mail a copy of the application to the chief executive officer of the governing body of each county within the service areas included in the rate request. The governing body may petition the commission for leave to intervene in the rate change proceeding, and the commission shall grant intervenor status to any governing body that files a petition."

If you have any questions, please do not hesitate to contact Mr. Steven L. Cassidy at (863) 324-3698, extension 234.

Respectfully submitted,

GAI Consultants, Inc.

Steven R. McDonald, MAE
Senior Economist

Cc: Commission Clerk, FPSC

December 10, 2014

Office of Commission Clerk
Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Re: Application of Orchid Springs Water and Sewer for Staff Assisted Rate Case in Polk County

Dear Commission Clerk:

Attached to this letter is an application for a Staff Assisted Rate Case (SARC) for Orchid Springs Water and Sewer (Orchid Springs) located in Polk County. Orchid Springs' last rate proceeding was in Docket No. 980441-WS, utilizing a test year ending December 31, 1998, which resulted in the issuance of Order No. PSC-98-1579-FOF-WS. Orchid Springs requests an historic test year ending December 31, 2013, which is representative of a normal full year of operation.

Since the last rate proceeding, Orchid Springs has experienced increases in Operations and Maintenance (O&M) expenses that were not completely offset by annual indexing rate increases. On June 7, 2007, Orchid Springs agreed with the Department of Environmental Protection (DEP) in the Second Amendment to Consent Order OGC File No. 04-1430 (Consent Order) to take corrective action to bring the Orchid Springs Wastewater Treatment Facility (WWTF) into compliance by removing the facility from service. Pursuant to the Consent Order, Orchid Springs was required to and complied with the requirement to decommission the WWTF by May 1, 2008. The total cost of complying with the DEP Consent Order was \$205,803. Accordingly, the original cost of WWTF assets were retired in 2008.

To meet the continuing needs of its customers, Orchid Springs entered into an agreement with the City of Winter Haven (City) to divert wastewater to the City owned and operated sanitary sewer system. Under the agreement, Orchid Springs was required to construct a Master Lift Station and all other facilities necessary to connect the Orchid Springs' wastewater transmission facilities with the City's force main. The total original cost of the Master Lift Station and all other facilities was \$222,050 and were added to Orchid Springs' asset list in 2008. In addition, under the agreement the City will charge Orchid Springs the standard Residential Customer (Outside City Limits) rate based on the volume of wastewater pumped into the City's force main. The existing rate applied to Orchid Springs' wastewater volume under the agreement as of October 1, 2014 is \$5.86 per 1,000 gallons. In 2007, Orchid Springs reported a variable operating cost for the WWTF of \$1.84 per 1,000 gallons.

For the test year ending December 31, 2013, the adjusted water rate base is \$56,076 and the adjusted wastewater base rate is \$314,253. Adjusted O&M expenses for the test year for water and wastewater were \$96,016 and \$177,183, respectively. Finally, based on adjusted amounts in Orchid Springs' supporting analysis, the net operating results (loss) for the test year for water were (\$2,917) and the net operating results for the test year for wastewater were (\$70,212). Included in this analysis is a repression of consumption adjustment using an elasticity estimate of -0.10 based on recommended rate

increase for a combined water and wastewater customer, which represents the vast majority of Orchid Springs' customer base. Orchid Springs is requesting an overall rate of return (ROR) of 7.87% with a return on equity of 9.47% based on the most recent leverage formula in Order No. PSC-14-0272-PAA-WS, issued May 29, 2014.

Orchid Springs is also requesting interim rates in order for it to recover its O&M expenses during the period this proceeding is pending and to minimize the associated lag with the processing of the SARC. Based on Commission practice for Class C utilities, the interim rates would allow Orchid Springs to recover an appropriate ROR on test year rate base and expenses. In support of a requested rate increase, Orchid Springs is providing attachments as listed.

Respectfully submitted,

GAI Consultants, Inc.

A handwritten signature in blue ink, appearing to read "Steve", is positioned above the typed name of the signatory.

Steven R. McDonald, MAE
Senior Economist

Attachments:

1. Commission Application for Staff Assisted Rate Case, Form PSC/ECR 2-W
2. Orchid Springs supporting schedules for requested test year ending December 31, 2013
 - a. Schedule 1-A – Water Rate Base
 - b. Schedule 1-B – Wastewater Rate Base
 - c. Schedule 1-C – Adjustments to Rate Base
 - d. Schedule 2 – Capital Structure
 - e. Schedule 3 – Revenue Requirements
 - f. Schedule 3-A – Water Operating Income
 - g. Schedule 3-B – Wastewater Operating Income
 - h. Schedule 3-C – Adjustments to Operating Income
 - i. Schedule 3-D – Water O&M Expenses
 - j. Schedule 3-E – Wastewater O&M Expenses
 - k. Schedule 4-A – Typical Customer Water Rate Structure and Rates
 - l. Schedule 4-B – Recommended Water Rates
 - m. Schedule 4-C – Typical Customer Wastewater Rate Structure and Rates
 - n. Schedule 4-D – Recommended Wastewater Rates - Residential
 - o. Schedule 4-E – Typical Customer Wastewater Rate Structure and Rates
 - p. Schedule 4-F – Recommended Wastewater Rates – General Services and Multi Family
 - q. Schedule RCE – Rate Case Expenses

FLORIDA PUBLIC SERVICE COMMISSION

APPLICATION FOR A
STAFF ASSISTED RATE CASE

I. GENERAL DATA

A. Name of Utility: **Orchid Springs Water and Sewer**

B. Address: **346 East Central Avenue**
Winter Haven, Florida 33880

1. Telephone Nos.: **(863) 324- 3698**

2. County: **Polk**

Nearest City: **Winter Haven**

3. General Area Served: **Orchid Springs Village**

C. Authority:

1. Water Certificate No. **653-313**

Date Received: **1/4/2012**

2. Wastewater Certificate No. **DO 53232173 (Expired)**

Date Received: **6/17/93**

3. Date Utility Started Operations: Water: **1969**

Wastewater: **1969**

D. How System Was Acquired: **Constructed by Developer**

If utility was purchased, give date **NA**

Amount Paid \$ **NA**

1. Name of Seller: **NA**

2. Was seller affiliated with present owners? Yes No

3. Did you purchase: Stock or assets only

E. Type of Legal Entity:

Corporation

Partnership

Sole Proprietorship

F. Ownership & Officers:

	Name	Title	Percent Ownership
1.	<u>Albert B. Cassidy</u>	<u>President</u>	<u>20%</u>
2.	<u>Peter Cassidy</u>	<u>Vice President</u>	<u>20%</u>
3.	<u>Carol C. Rhinehart</u>	<u>Secretary/Treasurer</u>	<u>20%</u>
4.	<u>Steven L. Cassidy</u>	<u>Vice President</u>	<u>20%</u>
5.	<u>Michael H. Cassidy</u>	<u>Vice President</u>	<u>20%</u>

G. List of Associated Companies and Addresses:

Orchid Springs Development Company

H. If you have retained an attorney and/or a consultant to represent the utility for this application, furnish the name(s) and address(es):

Name:
**Steven Mc Donald, Senior Economist
GAI Consultants, Inc.**

Address:
**618 E South Street, Suite 700
Orlando, Florida 32801**

II. ACCOUNTING DATA

A. Outside Accountant

- 1. Name:
- 2. Firm:
- 3. Address:
- 4. Telephone: ()

B. Individual To Contact On Accounting Matters:

- 1. Name: **Carol Rhinehart**
- 2. Telephone: **(863) 324 3698 Ext 234**

C. Location of Books and Records: **346 East Central Avenue, Winter Haven, Florida 33880**

D. Have you filed an Annual Report with the Commission? Yes No

Date Last Filed: **4/14/2014**

E. Has your latest Regulatory Assessment Fee Payment been made? **Yes**

(January 30 or July 30 whichever is applicable) Jan 30 July 30

F. Basic Rate Base Data: (Most recent two years)

1. <u>Water:</u>	2012	2013
Cost of Plant In Service	\$ <u>249,020</u>	\$ <u>249,616</u>
Less Accumulated Depreciation	<u>215,494</u>	<u>216,319</u>
Less Contributed Plant	<u>0</u>	<u>0</u>
Net Owner's Investment	\$ 33,526	\$ 33,297
2. <u>Wastewater:</u>	2012	2013
Cost of Plant In Service	\$ <u>727,017</u>	\$ <u>726,895</u>
Less Accumulated Depreciation	<u>461,914</u>	<u>473,030</u>
Less Contributed Plant	<u>0</u>	<u>0</u>
Net Owner's Investment	\$ <u>265,103</u>	\$ <u>253,865</u>

G. Basic Income Statement: (Most recent two years)

1. <u>Water:</u>	2012	2013
Revenues (By Class)		
a. Residential	\$ 59,626	\$ 57,545
b. Multi Family	31,532	31,606
c. Commercial/Other	5,825	6,260
Total Operating Revenues:	\$ 96,983	\$ 95,411
Less Expenses:		
a. Salaries & Wages - Employees	0	0
b. Salaries & Wages - Officers, Directors, & Majority Stockholders	0	0
c. Employee Pensions & Benefits	0	0
d. Purchased Water	7,409	5,561
e. Purchased Power	3,261	3,129
f. Fuel for Power Production	163	160
g. Chemicals	4,165	3,570
h. Materials & Supplies	0	0
i. Contractual Services	32,547	29,903
j. Rents	3,000	3,000
k. Transportation Expenses	0	0
l. Insurance Expense	0	1,397
m. Regulatory Commission Expense	4,422	4,364
n. Bad Debt Expense	332	812
o. Miscellaneous Expense	2,428	2,577
p. Depreciation Expense	2,162	2,125
q. Property Taxes	0	0
r. Other Taxes	0	2,285
s. Income Taxes	0	0
Operating Income (Loss)	\$ 37,572	\$ 36,528

2. Wastewater

	2012	2013
Revenues (By Class):	\$	\$
a. Residential	<u>69,487</u>	<u>67,666</u>
b. Multi Family	<u>47,823</u>	<u>51,323</u>
c. Commercial/other	<u>2,113</u>	<u>2,210</u>
Total Operating Revenues:	<u>\$ 119,423</u>	<u>\$ 121,199</u>
Less Expenses:		
a. Salaries & Wages - Employees	<u>0</u>	<u>0</u>
b. Salaries & Wages - Officers, Directors, & Majority Stockholders	<u>0</u>	<u>0</u>
c. Employee Pensions & Benefits	<u>0</u>	<u>0</u>
d. Purchased Wastewater Treatment	<u>108,729</u>	<u>108,152</u>
e. Sludge Removal Expense	<u>0</u>	<u>0</u>
f. Purchased Power	<u>3,540</u>	<u>3,693</u>
g. Fuel for Power Production	<u>0</u>	<u>0</u>
h. Chemicals	<u>0</u>	<u>0</u>
i. Materials & Supplies	<u>0</u>	<u>0</u>
j. Contractual Services	<u>16,395</u>	<u>18,150</u>
k. Rents	<u>3,000</u>	<u>3,000</u>
l. Transportation Expenses	<u>0</u>	<u>0</u>
m. Insurance Expense	<u>0</u>	<u>0</u>
n. Regulatory Commission Expense	<u>5,696</u>	<u>5,374</u>
o. Bad Debt Expense	<u>332</u>	<u>812</u>
p. Miscellaneous Expense	<u>1,172</u>	<u>1,308</u>
q. Depreciation Expense	<u>12,470</u>	<u>11,116</u>
r. Property Taxes	<u>0</u>	<u>0</u>
s. Other Taxes	<u>0</u>	<u>3,422</u>
t. Income Taxes	<u>0</u>	<u>0</u>
Operating Income (Loss)	<u>\$ (30,633)</u>	<u>\$ (40,324)</u>

H. Outstanding Debt:

	Creditor	Date Borrowed	Balance Due	Interest Rate	Expiration Date
1.	Community Southern Bank	2/1/2012	210,467.91	Variable	2/1/2022

I. Indicate Type of Tax Return Field:

- Form 1120 -Corporation
- Form 1120S -Subchapter S Corporation
- Form 1065 - Partnership
- Form 1040 - Schedule C - Individual (Proprietorship)

III

ENGINEERING DATA

A. Outside Engineering Consultant:

- 1. Name: **Dennis Wood**
- 2. Firm: **Dennis Wood Engineering**
- 3. Address: **1925 Bartow Rd, Lakeland, FL 33801**
- 4. Telephone: **(863) 940 2040**

B. Individual to contact on engineering matters:

- 1. Name: **Dennis Wood**
- 2. Telephone: **(863) 940 2040**

C. Is the utility under citation by the Department of Environmental Protection (DEP) or County Health Department?
If yes, explain: **No**

D. List any known service deficiencies and steps taken to remedy problems: **WWTF removed from service in 2008**

E. Name of plant operator(s) and DEP operator certificate number(s) held: **NA**

F. Is the utility serving customers outside of its certificated area? **No**

If yes, explain:

G. Wastewater:

- 1. Gallons per day capacity of treatment facilities:
 - a. Existing: **NA**
 - b. Under Construction:
 - c. Proposed:
- 2. Type and make of present treatment facilities: **NA**
- 3. Approximate average daily flow of treatment plant effluent: **56,800 gpd**
- 4. Approximate length of wastewater mains:

Size (diameter):	10"	8"	6"	4"	
Linear feet:	140	7,220	6,020	8,040	

5. Number of manholes: **32**
6. Number of lift stations: **4**
7. How do you measure treatment plant effluent? **Master Meter**
8. Is the treatment plant effluent chlorinated? Yes No
If yes, what is the normal dosage rate? **NA**
9. Tap in fees – Wastewater: \$ **0**
10. Service availability fees – Wastewater: \$ **0**
11. Note DEP Treatment Plant Certificate Number and date of expiration: **NA**
Number Expiration Date: **NA**
12. Total gallons treated during most recent twelve months: **NA**
13. Wastewater treatment purchased during most recent twelve months: **20,590,000**

H. Water:

1. Gallons per day capacity of treatment facilities:
a. Existing: **229,000 gpd** b. Under Construction : c. Proposed:
2. Type of treatment: **Chlorination**
3. Approximate average daily flow of treated water: **65,300**
4. Source of water supply: **Deep Well**
5. Types of chemicals used and their normal dosage rates: **Chlorine, 3 ppm**
6. Number of wells in service: **1**
Total capacity in gallons per minute (gpm): **650 gpm**

Diameter/Depth:	10" / 600'		
Motor horsepower:	20		
Pump capacity (gpm):	650		

7. Reservoirs and/or hydropneumatic tanks:

Description:	Horizontal Round Hydropneumatic	Horizontal Round Hydropneumatic	
Capacity:	5,000 gal	10,000 gal	

8. High service pumping:

Motor horsepower:	NA			
Pump capacity (gpm):	NA			

9. How do you measure treatment plant production? **Metered**
10. Approximate feet of water mains:

Size (diameter):	8"	6"	4"	2"
Linear feet:	3,960	5,520	6,120	7,250

11. Note any fire flow requirements and imposing government agency: **No**

12. Number of fire hydrants in service: **11**
13. Do you have a meter change out program? No Yes
14. Meter installation or tap in fees - Water \$ **0**
15. Service availability fees - Water \$ **0**
16. Has the existing treatment facility been approved by DEP? No Yes
17. Total gallons pumped during most recent twelve months: **23,950,000**
18. Total gallons sold during most recent twelve months: **22,498,000**
19. Gallons unaccounted for during most recent twelve months: **1,452,000**
20. Gallons purchased during most recent twelve months: **0**

IV. RATE DATA

A. Individual to contact on tariff matters:

1. Name: **Steven L. Cassidy**
2. Telephone Number: **(863) 324 3698 Ext 234**

B. Schedule of present rates: (Attach additional sheets if more space is needed)


1. Water: **See Schedule 4-B**
2. Wastewater: **See Schedule 4-D and 4-F**

C. Number of Customers: (Most recent two years)

1. Water Metered	2012	2013
a. Residential	287	287
b. General Service	8	8
c. Special Contract	0	0
d. Other - Specify	0	0
2. Water Unmetered	2012	2013
a. Residential	0	0
b. General Service	0	0
c. Special Contract	0	0
d. Other - Specify	0	0
3. Wastewater	2012	2013
a. Residential	287	287
b. General Service	8	8
c. Special Contract	0	0
d. Other - Specify	0	0

V. AFFIRMATION

I, Steven L. Cassidy the undersigned owner, officer, or partner of the above named public utility, doing business in the State of Florida and subject to the control and jurisdiction of the Florida Public Service Commission, certify that the statements set forth herein are true and correct to the best of my information, knowledge, and belief.

Signed  _____
Title VICE PRESIDENT

Notice: Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.

ORCHID SPRINGS DEVELOPMENT CORP.
 TEST YEAR ENDED 12/31/2013
 SCHEDULE OF WATER RATE BASE

SCHEDULE NO. 1-A
 DOCKET NO. 140XXX-WS

DESCRIPTION	BALANCE PER UTILITY	ADJUSTMENTS	ADJUSTED BALANCE
1 UTILITY PLANT IN SERVICE	\$ 249,135	\$ - A	\$ 249,135
2 LAND & LAND RIGHTS	480	11,520 B	12,000
3 NON-USED AND USEFUL COMPONENTS	-	-	-
4 CIAC	(171,516)	- C	(171,516)
5 ACCUMULATED DEPRECIATION	(216,319)	- D	(216,319)
6 AMORTIZATION OF CIAC	170,774	- E	170,774
7 WORKING CAPITAL ALLOWANCE	<u>-</u>	<u>12,002</u> F	<u>12,002</u>
8 WATER RATE BASE	<u>\$ 32,554</u>	<u>\$ 23,522</u>	<u>\$ 56,076</u>

ORCHID SPRINGS DEVELOPMENT CORP.
 TEST YEAR ENDED 12/31/2013
 SCHEDULE OF WASTERWATER RATE BASE

SCHEDULE NO. 1-B
 DOCKET NO. 140XXX-WS

DESCRIPTION	BALANCE PER UTILITY	ADJUSTMENTS	ADJUSTED BALANCE
UTILITY PLANT IN SERVICE	\$ 668,035	\$ - A	\$ 668,035
LAND & LAND RIGHTS	58,860	39,240 B	98,100
NON-USED AND USEFUL COMPONENTS	-	-	-
CIAC	(302,109)	- C	(302,109)
ACCUMULATED DEPRECIATION	(473,030)	- D	(473,030)
AMORTIZATION OF CIAC	302,109	- E	302,109
WORKING CAPITAL ALLOWANCE	<u>-</u>	<u>22,148</u> F	<u>22,148</u>
WATER RATE BASE	<u>\$ 253,865</u>	<u>\$ 61,388</u>	<u>\$ 315,253</u>

ORCHID SPRINGS DEVELOPMENT CORP.
 TEST YEAR ENDED 12/31/2013
 ADJUSTMENTS TO RATE BASE

SCHEDULE NO. 1-C
 DOCKET NO. 140XXX-WS

DESCRIPTION	BALANCE PER UTILITY	ADJUSTED BALANCE
A UTILITY PLANT IN SERVICE	<u>\$ -</u>	<u>\$ -</u>
B LAND		
1. To reflect estimated market value of land at dedication	<u>\$ 11,520</u>	<u>\$ 39,240</u>
C CIAC	<u>\$ -</u>	<u>\$ -</u>
D ACCUMULATED DEPRECIATION	<u>\$ -</u>	<u>\$ -</u>
E AMORTIZATION OF CIAC	<u>\$ -</u>	<u>\$ -</u>
F WORKING CAPITAL ALLOWANCE		
1. To reflect 1/8 of test year O&M expenses	<u>\$ 12,002</u>	<u>\$ 22,148</u>

ORCHID SPRINGS DEVELOPMENT CORP.
 TEST YEAR ENDED 12/31/2013
 CAPITAL STRUCTURE

SCHEDULE NO. 2
 DOCKET NO. 140XXX-WS

FIRM	TOTAL CAPITAL	SPECIFIC ADJUSTMENTS	SUBTOTAL	PRORATA ADJUSTMENTS	CAPITAL TO RATE BASE	RATIO	COST RATE	WEIGHTED COST
PER UTILITY								
Common Equity	\$ 496,623	\$ -	\$ 496,623	\$ -	\$ 496,623	68.78%	9.47%	6.51%
Long-term Debt	210,468	-	210,468	-	210,468	29.15%	4.50%	1.31%
Short-term Debt	-	-	-	-	-	0.00%	0.00%	0.00%
Preferred Stock	-	-	-	-	-	0.00%	0.00%	0.00%
Customer Deposits	15,000	-	15,000	-	15,000	2.08%	2.00%	0.04%
Deferred Income Taxes	-	-	-	-	-	0.00%	0.00%	0.00%
TOTAL EST. EXPENSE	<u>\$ 722,091</u>	<u>\$ -</u>	<u>\$ 722,091</u>	<u>\$ -</u>	<u>\$ 722,091</u>	100.00%		7.87%
						LOW	HIGH	
						RETURN ON EQUITY	8.47%	10.47%
						OVERALL RATE OF RETURN	7.18%	8.55%

ORCHID SPRINGS DEVELOPMENT CORP.
 TEST YEAR ENDED 12/31/2013
 SCHEDULE OF REVENUE REQUIREMENTS

SCHEDULE NO. 3
 DOCKET NO. 140XXX-WS

DESCRIPTION	WATER	WASTEWATER
1 ADJUSTED RATE BASE	\$ 56,076	\$ 315,253
2 RATE OF RETURN	7.87%	7.87%
3 RETURN ON INVESTMENT	<u>\$ 4,411</u>	<u>\$ 24,801</u>
4 ADJUSTED O&M	96,016	177,183
5 NET DEPRECIATION	825	11,212
6 AMORTIZATION	(478)	-
7 TAXES OTHER THAN INCOME	2,695	8,199
8 INCOME TAXES	<u>1,059</u>	<u>5,952</u>
9 Revenue Requirement	<u>\$ 104,528</u>	<u>\$ 227,346</u>
10 Annual Required Revenue Increase	8,782	105,722
11 Required % Increase	<u>9.17%</u>	<u>86.93%</u>

ORCHID SPRINGS DEVELOPMENT CORP.
 TEST YEAR ENDED 12/31/2013
 SCHEDULE OF WATER OPERATING INCOME

SCHEDULE NO. 3-A
 DOCKET NO. 140XXX-WS

	TEST YEAR PER UTILITY	ADJUSTMENTS	ADJUSTED TEST YEAR	ADJUSTED FOR INCREASE	REVENUE REQUIREMENT
OPERATING REVENUES:	\$ 95,411	\$ 335 A	\$ 95,746	\$ 8,782 D	\$ 104,528
Recommended Rate Increase				9.17%	
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	\$ 54,494	\$ 41,522 B	\$ 96,016	\$ -	\$ 96,016
DEPRECIATION (NET)	825	-	825	-	825
AMORTIZATION	(478)	-	(478)	-	(478)
TAXES OTHER THAN INCOME	2,285	15 C	2,300	395 E	2,695
INCOME TAXES	-	-	-	1,059 F	1,059
TOTAL OPERATING EXPENSES	<u>57,126</u>	<u>41,537</u>	<u>98,663</u>	<u>1,454</u>	<u>100,117</u>
OPERATING INCOME/(LOSS)	<u>\$ 38,285</u>		<u>\$ (2,917)</u>		<u>\$ 4,411</u>
WATER BASE RATE	\$ 32,554		\$ 56,076		\$ 56,076
RATE OF RETURN	117.60%		-5.20%		7.87%

ORCHID SPRINGS DEVELOPMENT CORP.
 TEST YEAR ENDED 12/31/2013
 SCHEDULE OF WASTEWATER OPERATING INCOME

SCHEDULE NO. 3-B
 DOCKET NO. 140XXX-WS

	TEST YEAR PER UTILITY	ADJUSTMENTS	ADJUSTED TEST YEAR	ADJUSTED FOR INCREASE	REVENUE REQUIREMENT
OPERATING REVENUES:	\$ 121,198	\$ 426 A	\$ 121,624	\$ 105,722 D	\$ 227,346
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	\$ 140,489	\$ 36,694 B	\$ 177,183	\$ -	\$ 177,183
DEPRECIATION (NET)	11,212	-	11,212	-	11,212
AMORTIZATION	-	-	-	-	-
TAXES OTHER THAN INCOME	3,422	19 C	3,441	4,758 E	8,199
INCOME TAXES	-	-	-	5,952 F	5,952
TOTAL OPERATING EXPENSES	<u>155,123</u>	<u>36,713</u>	<u>191,836</u>	<u>10,710</u>	<u>202,545</u>
OPERATING INCOME/(LOSS)	<u>\$ (33,925)</u>		<u>\$ (70,212)</u>		<u>\$ 24,801</u>
WASTEWATER BASE RATE	\$ 253,865		\$ 315,253		\$ 315,253
RATE OF RETURN	-13.36%		-22.27%		7.87%

ORCHID SPRINGS DEVELOPMENT CORP.
 TEST YEAR ENDED 12/31/2013
 ADJUSTMENTS TO OPERATING INCOME

SCHEDULE NO. 3-C
 DOCKET NO. 140XXX-WS

DESCRIPTION	BALANCE PER UTILITY	ADJUSTED BALANCE
A OPERATING REVENUES		
1. To reflect annualized revenue based on existing rates	\$ 335	\$ 426
B OPERATION AND MAINTENANCE EXPENSES		
1. Purchased Water/Sewer Treatment		
a. Repression adjustment	\$ (246)	\$ (5,697)
2. Purchased Power		
a. Repression adjustment	\$ (138)	\$ (195)
3. Chemicals		
a. Repression adjustment	\$ (157)	\$ -
4. Contractual Services - Management		
a. To reflect allocation of management salaries	\$ 41,368	\$ 41,368
5. Regulatory Commission Expense		
a. To reflect rate case filing expenses amortized over 4 years	\$ 695	\$ 1,218
TOTAL O&M ADJUSTMENTS	\$ 41,522	\$ 36,694
C TAXES OTHER THAN INCOME		
1. To adjust regulatory fees on adjusted test year revenue	\$ 15	\$ 19
D OPERATING REVENUES		
1. Recommended Increase in Revenue	\$ 8,782	\$ 105,722
E TAXES OTHER THAN INCOME		
1. To reflect regulatory assessment fees on revenue increase	\$ 395	\$ 4,758
F INCOME TAXES		
1. To reflect income tax liability on increase operating income	\$ 1,059	\$ 5,952

ORCHID SPRINGS DEVELOPMENT CORP.

TEST YEAR ENDED 12/31/2013

SCHEDULE OF WATER OPERATING EXPENSES ADJUSTMENTS

SCHEDULE NO. 3-D

DOCKET NO. 140XXX-WS

DESCRIPTION		BALANCE PER UTILITY	ADJUSTMENTS	ADJUSTED BALANCE
601	SALARIES AND WAGES - EMPLOYEES	\$ -	\$ -	\$ -
603	SALARIES AND WAGES - OFFICERS	-	-	-
604	EMPLOYEE PENSIONS AND BENEFITS	-	-	-
610	PURCHASED WATER	5,581	(246)	5,335
611	BANK CHARGES	-	-	-
615	PURCHASED POWER	3,129	(138)	2,991
616	FUEL FOR POWER PRODUCTION	160	-	160
618	CHEMICALS	3,570	(157)	3,413
620	MATERIALS AND SUPPLIES	-	-	-
624	CONTRIBUTIONS	-	-	-
630	CONTRACTUAL SERVICES - PROFESSIONAL	-	-	-
631	CONTRACTUAL SERVICES - MANAGEMENT	-	41,368	41,368
633	LICENSES, FEES, AND DUES	150	-	150
635	CONTRACTUAL SERVICES - TESTING	822	-	822
636	CONTRACTUAL SERVICES - OTHER	29,081	-	29,081
640	RENTS	3,000	-	3,000
650	TRANSPORTATION EXPENSE	-	-	-
655	INSURANCE EXPENSE	1,397	-	1,397
665	REGULATORY COMMISSION EXPENSE	4,364	695	5,059
670	BAD DEBT EXPENSE	812	-	812
675	MISCELLANEOUS EXPENSES	2,428	-	2,428
680	GAIN/LOSS - SALE OF ASSET	-	-	-
TOTAL O&M		\$ 54,494	\$ 41,522	\$ 96,016

ORCHID SPRINGS DEVELOPMENT CORP.

TEST YEAR ENDED 12/31/2013

SCHEDULE OF WASTERWATER OPERATING EXPENSE ADJUSTMENTS

SCHEDULE NO. 3-E

DOCKET NO. 140XXX-WS

DESCRIPTION		BALANCE PER UTILITY	ADJUSTMENTS	ADJUSTED BALANCE
701	SALARIES AND WAGES - EMPLOYEES	\$ -	\$ -	\$ -
703	SALARIES AND WAGES - OFFICERS	-	-	-
704	EMPLOYEE PENSIONS AND BENEFITS	-	-	-
710	PURCHASED SEWAGE TREATMENT	108,152	(5,697)	102,455
711	SLUDGE REMOVAL EXPENSE	-	-	-
715	PURCHASED POWER	3,693	(195)	3,498
716	FUEL FOR POWER PRODUCTION	-	-	-
718	CHEMICALS	-	-	-
720	MATERIALS AND SUPPLIES	-	-	-
724	CONTRIBUTIONS	-	-	-
730	CONTRACTUAL SERVICES - PROFESSIONAL	-	-	-
731	CONTRACTUAL SERVICES - MANAGEMENT	-	41,368	41,368
733	LICENSES, FEES, AND DUES	-	-	-
735	CONTRACTUAL SERVICES - TESTING	-	-	-
736	CONTRACTUAL SERVICES - OTHER	18,150	-	18,150
740	RENTS	3,000	-	3,000
750	TRANSPORTATION EXPENSE	-	-	-
755	INSURANCE EXPENSE	-	-	-
765	REGULATORY COMMISSION EXPENSE	5,374	1,218	6,592
770	BAD DEBT EXPENSE	812	-	812
775	MISCELLANEOUS EXPENSES	1,308	-	1,308
780	GAIN/LOSS - SALE OF ASSET	-	-	-
TOTAL O&M		<u>\$ 140,489</u>	<u>\$ 36,694</u>	<u>\$ 177,183</u>

ORCHID SPRINGS
 TEST YEAR ENDED 12/31/2013

SCHEDULE NO. 4-A
 DOCKET NO. 140XXX-WS

ORCHID SPRINGS UTILITIES, INC.
 UTILITY REQUESTED
 WATER RATE STRUCTURE AND RATES

Test Year Rate Structure and Rates		Requested Rate Structure and Rates	
BFC generated from current rates =	61.2%	BFC generated from current rates =	62.1%
BFC	\$ 9.67	BFC	\$ 11.04
Per 1,000 gallons	\$ 1.76	Per 1,000 gallons	\$ 2.01
<i>Typical Monthly Bills</i>		<i>Typical Monthly Bills</i>	
Consumption (kgals)		Consumption (kgals)	
0	\$ 9.67	0	\$ 11.04
1	11.43	1	13.05
2	13.19	2	15.06
3	14.95	3	17.07
4	16.71	4	19.08
5	18.47	5	21.09
6	20.23	6	23.10
10	27.27	10	31.14

ORCHID SPRINGS
TEST YEAR ENDED 12/31/2013
SCHEDULE OF MONTHLY WATER RATES

SCHEDULE NO. 4-B
DOCKET NO. 140XXX-WS

DESCRIPTION	UTILITY EXISTING RATES	UTILITY REQUESTED RATES	4 YEAR RATE REDUCTION
GENERAL, RESIDENTIAL, & MULTI-RESIDENTIAL SERVICE			
<u>BASE FACILITY CHARGE BY METER</u>			
5/8" x 3/4"	\$ 9.67	\$ 11.04	\$ 0.07
3/4"	14.50	16.56	0.11
1"	24.17	27.60	0.18
1.5"	48.35	55.22	0.37
2"	77.38	88.37	0.59
3"	154.74	176.72	1.17
4"	241.76	276.09	1.84
6"	483.00	551.60	3.67
<u>GALLONAGE CHARGE</u>			
Rate per 1,000 Gallons	\$ 1.76	\$ 2.01	\$ 0.01
<u>TYPICAL 5/8" x 3/4" METER BILL</u>			
3,000 gallons per month	\$ 14.95	\$ 17.07	\$ 0.11
6,000 gallons per month	20.23	23.10	0.15
10,000 gallons per month	27.27	31.14	0.21

ORCHID SPRINGS
 TEST YEAR ENDED 12/31/2013

SCHEDULE NO. 4-C
 DOCKET NO. 140XXX-WS

ORCHID SPRINGS UTILITIES, INC.
 UTILITY REQUESTED
 WASTEWATER RATE STRUCTURE AND RATES

Test Year Rate Structure and Rates		Requested Rate Structure and Rates	
BFC generated from current rates =	55.1%	BFC generated from current rates =	56.3%
BFC	\$ 14.13	BFC	\$ 27.88
Per 1,000 gallons	\$ 3.08	Per 1,000 gallons	\$ 6.08
Typical Monthly Bills		Typical Monthly Bills	
Consumption (kgals)		Consumption (kgals)	
0	\$ 14.13	0	\$ 27.88
1	17.21	1	33.96
2	20.29	2	40.04
3	23.37	3	46.11
4	26.45	4	52.19
5	29.53	5	58.27
6	32.61	6	64.35
10	44.93	10	88.66

ORCHID SPRINGS
TEST YEAR ENDED 12/31/2013
SCHEDULE OF MONTHLY WASTEWATER RATES

SCHEDULE NO. 4-D
DOCKET NO. 140XXX-WS

DESCRIPTION	UTILITY EXISTING RATES	UTILITY REQUESTED RATES	4 YEAR RATE REDUCTION
RESIDENTIAL SERVICE			
<u>BASE FACILITY CHARGE BY METER</u>			
5/8" x 3/4"	\$ 14.13	\$ 27.88	\$ 0.15
3/4"	14.13	27.88	0.15
1"	14.13	27.88	0.15
1.5"	-	-	-
2"	-	-	-
3"	-	-	-
4"	-	-	-
6"	-	-	-
<u>GALLONAGE CHARGE</u>			
Rate per 1,000 Gallons	\$ 3.08	\$ 6.08	\$ 0.03
* - 10,000 gallon max			
<u>TYPICAL 5/8" x 3/4" METER BILL</u>			
3,000 gallons per month	\$ 23.37	\$ 46.11	\$ 0.25
6,000 gallons per month	32.61	64.35	0.34
10,000 gallons per month	44.93	88.66	0.47

ORCHID SPRINGS
 TEST YEAR ENDED 12/31/2013

SCHEDULE NO. 4-E
 DOCKET NO. 140XXX-WS

ORCHID SPRINGS UTILITIES, INC.
 UTILITY REQUESTED
 WASTEWATER RATE STRUCTURE AND RATES

Test Year Rate Structure and Rates		Requested Rate Structure and Rates	
BFC generated from current rates =		BFC generated from current rates =	
BFC	\$ 14.13	BFC	\$ 27.88
Per 1,000 gallons	\$ 3.72	Per 1,000 gallons	\$ 7.34
<i>Typical Monthly Bills</i>		<i>Typical Monthly Bills</i>	
Consumption (kgals)		Consumption (kgals)	
0	\$ 14.13	0	\$ 27.88
1	17.85	1	35.22
2	21.57	2	42.56
3	25.29	3	49.90
4	29.01	4	57.24
5	32.73	5	64.58
6	36.45	6	71.92
10	51.33	10	101.28

ORCHID SPRINGS
TEST YEAR ENDED 12/31/2013
SCHEDULE OF MONTHLY WASTEWATER RATES

SCHEDULE NO. 4-F
DOCKET NO. 140XXX-WS

DESCRIPTION	UTILITY EXISTING RATES	UTILITY REQUESTED RATES	4 YEAR RATE REDUCTION
GENERAL & MULTI-RESIDENTIAL SERVICE			
<u>BASE FACILITY CHARGE BY METER</u>			
5/8" x 3/4"	\$ 14.13	\$ 27.88	\$ 0.15
3/4"	21.24	41.91	0.22
1"	35.40	69.85	0.37
1.5"	70.78	139.66	0.75
2"	113.26	223.48	1.20
3"	226.50	446.93	2.39
4"	353.90	698.32	3.74
6"	707.80	1,396.63	7.48
<u>GALLONAGE CHARGE</u>			
Rate per 1,000 Gallons	\$ 3.72	\$ 7.34	\$ 0.04
<u>TYPICAL 5/8" x 3/4" METER BILL</u>			
3,000 gallons per month	\$ 25.29	\$ 49.90	\$ 0.27
6,000 gallons per month	36.45	71.92	0.39
10,000 gallons per month	51.33	101.28	0.54

ORCHID SPRINGS
 TEST YEAR ENDED 12/31/2013
 ANALYSIS OF RATE CASE EXPENSES

SCHEDULE NO. RCE
 DOCKET NO. 140XXX-WS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	
FIRM	NAME	HOURLY RATE	TOTAL EST. COST	TYPE OF SERVICE	COMMENTS	HOURS	
1	GAI Consultants, Inc.	McDonald	\$ 158.00	\$ 3,950	Advisory - economic, rates	Application and analysis	25
2	GAI Consultants, Inc.	McDonald		750	Advisory - economic, rates	Additional analysis	
3	Orchid Springs			100	Notices - printing/mailing	Customer meeting	
4	Orchid Springs			100	Notices - printing/mailing	Final rates	
5	Orchid Springs			250	Attend customer meetings	Travel; lodging, mileage, meals	
6	Orchid Springs			1,000	SARC filling fee	Water	
7	Orchid Springs			1,000	SARC filling fee	Wastewater	
8	Orchid Springs			500	Attend PAA agenda	Travel; lodging, mileage, meals	
9	TOTAL EST. EXPENSE			<u>\$ 7,650</u>			
10							
11	ALLOCATION TO RATE GROUP:						
12		Water		Wastewater			
13		Share (%)	Amount	Share (%)	Amount		
14	TYPE						
15	Filling Fee	50%	\$ 1,000	50%	\$ 1,000		
16	Shared Expenses	31%	<u>1,780</u>	69%	<u>3,870</u>		
17	ALLOCATED TOTAL:		<u>\$ 2,780</u>		<u>\$ 4,870</u>		
18							
19	AMORTIZATION OF RCE						
20	Amortization period in years:		4		4		
21	Amortization amount per year	\$	695	\$	1,218		
22	Deferred RCE (for CWC)		-		-		
23	=(Allocated total less 1st year)/2		1,043		1,826		
24							
25	Note: Allocation of shared expenses is based on relative share of Requested Revenue Requirements by system after adjustments.						