|  |  |  |  |
| --- | --- | --- | --- |
| State of Florida  pscSEAL | | Public Service Commission  Capital Circle Office Center ● 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850  -M-E-M-O-R-A-N-D-U-M- | |
| DATE: | December 21, 2016 | | |
| TO: | Office of Commission Clerk (Stauffer) | | |
| FROM: | Division of Accounting and Finance (D. Smith, Mouring)  Division of Economics (Hudson, Johnson)  Division of Engineering (Thompson)  Office of the General Counsel (Corbari) | | |
| RE: | Docket No. 140175-WU – Application for staff-assisted rate case in Pasco County by Crestridge Utilities, LLC. | | |
| AGENDA: | 01/05/17 – Regular Agenda – Proposed Agency Action for Issues 1 and 2 - Interested Persons May Participate | | |
| COMMISSIONERS ASSIGNED: | | | All Commissioners |
| PREHEARING OFFICER: | | | Brisé |
| CRITICAL DATES: | | | None |
| SPECIAL INSTRUCTIONS: | | | None |

Case Background

Crestridge Utilities, LLC. (Crestridge or Utility) is a Class C water utility serving approximately 614 customers in Pasco County. Crestridge’s service territory is located in the Southwest Florida Water Management District (SWFWMD) and is in a water use caution area. Crestridge’s application in the instant docket shows total gross revenue of $100,193, with a net operating loss of $84,564.

Crestridge filed its application for a staff-assisted rate case (SARC) on September 10, 2014, and subsequently completed the Commission’s filing requirements. November 7, 2014, was established as the official filing date in this case. Prior to the instant proceeding, rates were last established for this Utility in 1992, as a result of a staff-assisted rate case.[[1]](#footnote-1) Rate base was last established for this Utility when it was transferred in 2014.[[2]](#footnote-2) On December 30, 2015, the Commission approved Phase I rates for Crestridge.[[3]](#footnote-3) The Commission also approved Phase II rates, upon staff verifying that all pro forma approved had been completed and the Utility submitting documentation of the final costs.[[4]](#footnote-4)

On October 4, 2016, Crestridge filed for a limited proceeding to recover costs associated with recent additional capital improvements.[[5]](#footnote-5) In light of the budget underruns for the approved Phase II projects, and the scope of the capital improvements sought in the limited proceeding, the Utility requested that the additional items included in the limited proceeding be subsumed in the current proceeding as part of the Phase II rate adjustment. Thus, on November 23, 2016, the Utility withdrew its request for a limited proceeding.[[6]](#footnote-6) The Commission has jurisdiction in this case pursuant to Section 367.0814, Florida Statutes (F.S.).

Discussion of Issues

Issue :

Should the Commission approve Crestridge’s requested Phase II increase for pro forma items?

Recommendation:

 Yes. The Commission should approve a Phase II revenue requirement associated with pro forma and additional items. The Utility’s Phase II revenue requirement is $188,170, which equates to a 2.81 percent increase over the approved Phase I revenue requirement. (D. Smith, Lee)

Staff Analysis:

 By Order No. PSC-15-0592-PAA-WU, the Commission approved a list of pro forma items for Phase II implementation. Based on the estimated costs and after adjusting for retirements, the increase in the Utility Plant in Service (UPIS) balance was found to be $10,370. The Order further required that implementation of the Phase II rates was conditioned upon the Utility completing the pro forma items within 12 months of the Order becoming final, and it submitting a copy of the final invoices and payment documentation for staff’s review.

As stated in the Case Background, while the Commission granted Crestridge permission to implement the Phase II rates once staff verified that all pro forma was completed and documentation provided, Crestridge has requested recovery of additional capital improvement costs, which requires Commission approval.

Phase II Pro Forma Items Addressed in Order No. PSC-15-0592-PAA-WU

As required by Order No. PSC-15-0592-PAA-WU, the Utility submitted a copy of the final invoices and payment documentation for implementation of the approved Phase II rates. Based on the invoiced amounts shown in the table below, the adjustment to UPIS is $7,959, or $2,411 less than the estimated cost for these items.

**Table 1-1**

**Phase II Pro Forma Adjustments**

| **Description** | **Plant Account** | **Estimated Cost (A)** | **Actual Cost (B)** | **Associated Retirement (C)** | **Net Change in UPIS** |
| --- | --- | --- | --- | --- | --- |
| New Computer and Printer | 340 | $264 | $231 | ($0) | $231 |
| New Portable Meter | 334 | $565 | $0 | ($0) | $0 |
| Check Valve at Well #2 | 311 | $800 | $771 | ($578) | $193 |
| Replumb at Well #2 | 311 | $1,800 | $176 | ($132) | $44 |
| Repaint at Well #2 & #4 | 304 | $400 | $2,585 | ($1,939) | $646 |
| Roof at Well #2 & #4 | 304 | $8,000 | $2,835 | ($2,126) | $709 |
| Air Relief Valve at Well #2 | 311 | $200 | $0 | ($0) | $0 |
| Check Valve at Well #4 | 311 | $800 | $535 | ($401) | $134 |
| Replumb at Well #4 | 311 | $1,800 | $1,079 | ($809) | $270 |
| Gate Valve at Well #4 | 311 | $1,500 | $434 | ($326) | $108 |
| Tank Replacement | 330 | $22,862 | $22,496 | ($16,872) | $5,624 |
| **Total** | | **$38,991** | **$31,142** | **($23,183)** | **$7,959** |

\*Source: Document Nos. 08268-16 and 08634-16

The Utility did not purchase the portable meter because it was no longer needed. The extent of the work required for replumbing at well number 2 and the gate valve upgrade at well number 4 was reduced and resulted in a lower cost than estimated. For the repaint work, the Utility added stucco at the pump houses, which resulted in a higher cost than estimated. The Utility was able to acquire the roof upgrades at a lower cost than estimated. In addition, costs for the air relief valve were included as part of the new well motor installation. Staff has reviewed documentation showing the completion of these projects and verified the invoices and receipts.

Commission practice is to use 75 percent of the cost of the replacement as the retirement value when the original cost is not known.[[7]](#footnote-7) Table 1-1 above outlines staff’s recommended adjustments to UPIS and retirements by plant account.

Additional Capital Improvement Items

As discussed in the Case Background, the Utility is requesting additional capital improvements not previously approved for recovery in its Phase II rates. The Utility is requesting these additional improvements be considered in this proceeding in light of the necessity of the items and coming in under budget for the approved Phase II projects. Staff believes it is reasonable to consider the additional items in this proceeding because it will reduce regulatory lag and rate case expense by mitigating the need for an additional limited proceeding.

The following additional items were originally filed as a limited proceeding[[8]](#footnote-8) and combined into this proceeding. The Utility stated that, in its most recent Department of Environmental Protection inspection, a leak in well number 2 was noted as a deficiency. The Utility resolved the deficiency by replacing well number 2’s motor and pump. The Utility determined that it would also replace well number 4’s motor and pump at the same time, because both units were in need of replacement. In addition, the Utility believed that a single outage, requiring a boiled water notice, to complete the repairs would minimize the inconvenience to its customers. The Utility also claimed that, by upgrading both wells at once, it saved its customers money on the bids for the electrical equipment. By September 2016, the Utility had replaced the motors, the pumps, and the electrical equipment in well numbers 2 and 4, which have in-service dates of 1975 and 1976 respectively. The Utility also upgraded its electrical equipment to ensure that the new equipment was properly protected with efficient electrical upgrades. Staff recommends that, given the age and the condition of the motors, the pumps and the need for supporting electrical equipment for well numbers 2 and 4, the project is reasonable.

The Utility also completed replumbing for well number 3 on September 6, 2016. This was done in order to use well 3 as a back-up well to supply customers with water while upgrades were being made to well number 2 and well number 4. For the replumb of well number 3, the Utility stated that the cost given was for the replacement of a failed check valve and the original galvanized piping. The well has been out of service since being struck by lightning in 2013; however, the Utility eventually plans to return the well to service in the future. The Utility intends to replace the destroyed tank, replumb from the new check valve to the new tank, and update the electrical panels for well number 3 in order to return the well to service. These improvements will be addressed in a future proceeding. Staff recommends that, given the need for well number 3 as a back-up water supply during the completion of the upgrades to the other wells, as well as the Utility’s plans of returning well number 3 to service in the future, the project was reasonable.

The Utility is requesting $29,673 for the total cost of the equipment and installation, including $21,042 for the new motors and pumps, and $7,533 for the electrical equipment for well numbers 2 and 4, $898 for the well number 3 replumb, and $200 for well testing. Based on the proposals for the motors, pumps, and electrical equipment for well numbers 2 and 4, the Utility saved a total of $1,086. For the motors and pumps, the Utility only sought one bid for each well. The Utility states that Pope’s Water Systems, Inc., the company from which it sought a bid, is the original well installer and has been servicing these wells since their in-service date. The Utility also asserts that there is no other company in the area capable of accurately completing this project. For these reasons, the Utility asserts that it uses this company exclusively to ensure adequate functionality with the wells. Staff notes that this company is not an affiliate or a subsidiary of the Utility. For the electrical equipment, the Utility received two bids and selected the lowest cost option. Given the age of the equipment to be replaced, and the cost savings to customers by upgrading both wells at once, staff recommends that these costs are reasonable and Crestridge should be allowed to recover the costs at this time.

As stated above, for retirements, it is Commission practice to use 75 percent of the cost of the replacement as the retirement value when the original cost is not known. Table 1-2 outlines staff’s recommended adjustments to UPIS and retirements by plant account.

Table 1-2

Adjustments for Additional Items

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Plant Account** | **UPIS (A)** | **Retirement (B)** | **Net Change in UPIS** |
| Well #2: New Motor and Pump | 311 | $11,091 | ($8,318) | $2,773 |
| Well #2: Electrical Equipment | 311 | $3,624 | ($2,718) | $906 |
| Well #4: New Motor and Pump | 311 | $9,952 | ($7,464) | $2,488 |
| Well #4: Electrical Equipment | 311 | $3,909 | ($2,932) | $977 |
| Well #3: Replumb | 311 | $898 | ($674) | $224 |
| Well Testing | 630 | $200 | ($150) | $50 |
| **Total** | | (**$29,674)** | **($22,256)** | **$7,418** |

\*Source: Document Nos. 08268-16 and 08634-16

Staff’s net adjustment for Crestridge based on Phase II pro forma items of $7,959, and additional items of $7,418, results in an increase of $15,377 to UPIS and a corresponding decrease to Accumulated Depreciation of $42,468. In addition, staff adjusted depreciation expense to reflect the pro forma additions and retirements resulting in an increase of $771. Also, staff increased Taxes Other Than Income by $231 to reflect Regulatory Assessment Fees (RAFs) of 4.5 percent on the change in revenues. Staff’s total adjustment to operating expenses, including additional RAFs, is $1,002, resulting in total operating expenses of $176,792.

The Utility’s Phase II revenue requirement should be $188,170, representing a 2.81 percent increase over the approved Phase I revenue requirement. Although the additional items result in a higher recommended Phase II revenue increase over the 2.04 percent previously approved by the Commission,[[9]](#footnote-9) staff believes that it is reasonable to consider the additional items in this proceeding because it will reduce regulatory lag and rate case expense by mitigating the need for an additional limited proceeding.

Phase II rate base is shown on Schedule No. 1-A. The capital structure for Phase II is shown on Schedule No. 2. The revenue requirement is shown on Schedule No. 3-A. The resulting rates are shown on Schedule No. 4.

Issue :

 What is the appropriate rate structure and rates for Phase II?

Recommendation:

 The Phase II rate increase of 2.95 percent should be applied as an across-the-board increase to the existing Phase I rates. The rates, as shown on Schedule No. 4, 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 staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date that the notice was given within 10 days of the date of the notice. (Johnson)

Staff Analysis:

 The recommended Phase II revenue, less miscellaneous service revenues, would result in an increase of 2.95 percent ($5,138) over the approved Phase I revenue requirement ($183,032).[[10]](#footnote-10) The calculation is as follows:

**Table 2-1**

**Percentage Phase II Rate Increase**

|  |  |  |
| --- | --- | --- |
|  |  | Water |
|  |  |  |
| 1. | Phase I Revenue Requirement | $183,032 |
|  |  |  |
| 2. | Less Miscellaneous Service Revenues | ($8,837) |
|  |  |  |
| 3. | Phase I Service Revenue Requirement | $174,195 |
|  |  |  |
| 4. | Phase II Revenue Increase | $5,138 |
|  |  |  |
| 5. | % Service Rate Increase (Line 4/Line 3) | 2.95% |

Staff recommends a Phase II rate increase of 2.95 percent, applied as an across-the-board increase to the existing Phase I rates. The rates, as shown on Schedule No. 4, 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 staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date that the notice was given within 10 days of the date of the notice.

Issue :

 Should the recommended rates be approved for Crestridge on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility?

Recommendation:

 Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates for Phase II should be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility. Crestridge should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Prior to implementation of any temporary rates, the Utility should provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed below in the staff analysis. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission Clerk’s office no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund. (D. Smith)

Staff Analysis:

 This recommendation proposes an increase in rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the Utility, staff recommends that the recommended rates be approved as temporary rates. Crestridge should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. The recommended rates collected by the Utility should be subject to the refund provisions discussed below.

The Utility should be authorized to collect the temporary rates upon staff’s approval of an appropriate security for the potential refund and the proposed customer notice. Security should be in the form of a bond or letter of credit in the amount of $3,436. Alternatively, the Utility could establish an escrow agreement with an independent financial institution.

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

1) The Commission approves the rate increase; or

2) If the Commission denies the increase, the Utility shall refund the amount collected that is attributable to the increase.

If the Utility chooses a letter of credit as a security, it should contain the following conditions:

1) The letter of credit is irrevocable for the period it is in effect, and,

2) The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions should be part of the agreement:

1) The Commission Clerk, or his or her designee, must be a signatory to the escrow agreement; and,

2) No monies in the escrow account may be withdrawn by the Utility without the prior written authorization of the Commission Clerk, or his or her designee;

3) The escrow account shall be an interest bearing account;

4) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers;

5) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility;

6) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times;

7) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt;

8) 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;

9) The account must specify by whom and on whose behalf such monies were paid.

In no instance should the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and should be borne by, the Utility. Irrespective of the form of security chosen by the Utility, an account of all monies received as a result of the rate increase should be maintained by the Utility. If a refund is ultimately required, it should be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

The Utility should maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission Clerk’s office no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

Issue :

 Should this docket be closed?

Recommendation:

 No. Except for the granting of temporary rates in the event of protest, which is final, if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order will be issued. The docket should remain open for staff’s verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. Once the above actions are completed, this docket will be closed administratively. (Corbari)

Staff Analysis:

 Except for the granting of temporary rates in the event of protest, which is final, if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order will be issued. The docket should remain open for staff’s verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. Once the above actions are completed, this docket will be closed administratively.

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| **CRESTRIDGE UTILITIES, LLC** | | **SCHEDULE NO. 1-A** | |
| **TEST YEAR ENDED 09/30/14** | | **DOCKET NO. 140175-WU** | |
| **SCHEDULE OF WATER RATE BASE (PHASE II)** | |  |  |
|  |  | **STAFF** | **BALANCE** |
|  | **PHASE I** | **ADJUSTMENTS** | **PER** |
| **DESCRIPTION** | **BALANCE** | **TO UTIL. BAL.** | **STAFF** |
|  |  |  |  |
| UTILITY PLANT IN SERVICE | $225,181 | $15,378 | $240,559 |
|  |  |  |  |
| LAND & LAND RIGHTS | 6,000 | 0 | 6,000 |
|  |  |  |  |
| NON-USED AND USEFUL COMPONENTS | 0 | 0 | 0 |
|  |  |  |  |
| CIAC | (86,055) | 0 | (86,055) |
|  |  |  |  |
| ACCUMULATED DEPRECIATION | (163,013) | 42,468 | (120,545) |
|  |  |  |  |
| AMORTIZATION OF CIAC | 86,055 | 0 | 86,055 |
|  |  |  |  |
| WORKING CAPITAL ALLOWANCE | 19,305 | 0 | 19,305 |
|  |  |  |  |
| WATER RATE BASE | $87,473 | $57,846 | $145,319 |
|  |  |  |  |

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|  | **CRESTRIDGE UTILITIES, LLC SCHEDULE NO. 1-B** | | |
|  | **TEST YEAR ENDED 09/30/14 DOCKET NO. 140175-WU** | | |
|  | **ADJUSTMENTS TO RATE BASE (PHASE II)** | | |
|  |  |  |  |
|  |  |  | **WATER** |
|  | **UTILITY PLANT IN SERVICE** |  |  |
|  | To reflect pro forma plant additions and retirements. |  | $15,378 |
|  |  |  |  |
|  | **ACCUMULATED DEPRECIATION** |  |  |
|  | To reflect pro forma plant additions and retirements. |  | $42,468 |
|  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **CRESTRIDGE UTILITIES, LLC** | | | | | | |  | **SCHEDULE NO. 2** | |
|  | **TEST YEAR ENDED 09/30/14** | | |  |  |  |  | **DOCKET NO. 140175-WU** | | |
|  | **SCHEDULE OF CAPITAL STRUCTURE (PHASE II)** | | | |  |  |  |  |  |  |
|  |  | |  | **STAFF** | **BALANCE** | **PRO** |  |  |  |  |
|  |  | |  | **SPECIFIC** | **BEFORE** | **RATA** | **BALANCE** | **PERCENT** |  |  |
|  |  | | **PHASE I** | **ADJUST-** | **PRO RATA** | **ADJUST-** | **PER** | **OF** |  | **WEIGHTED** |
|  | **CAPITAL COMPONENT** | | **BALANCE** | **MENTS** | **ADJUSTMENTS** | **MENTS** | **STAFF** | **TOTAL** | **COST** | **COST** |
|  |  | |  |  |  |  |  |  |  |  |
| 1. | COMMON EQUITY | | $22,113 | $0 | $22,113 | $5,334 | $27,447 | 18.89% | 11.16% | 2.11% |
| 2. | LONG-TERM DEBT | | 60,694 | 30,000 | 90,694 | 21,877 | 112,571 | 77.46% | 7.17% | 5.56% |
| 3. | SHORT-TERM DEBT (Truck) | | 3,818 | 0 | 3,818 | 921 | 4,739 | 3.26% | 5.00% | 0.16% |
| 4. | PREFERRED STOCK | | 0 | 0 | 0 | 0 | 0 | 0.00% | 0.00% | 0.00% |
| 5. | CUSTOMER DEPOSITS | | 563 | 0 | 563 | 0 | 563 | 0.39% | 2.00% | 0.01% |
| 6. | DEFERRED INCOME TAXES | | 0 | 0 | 0 | 0 | 0 | 0.00% | 0.00% | 0.00% |
| 7. | TOTAL | | $87,188 | $30,000 | $117,188 | $28,132 | $145,319 | 100.00% |  | 7.83% |
|  |  | |  |  |  |  |  |  |  |  |
|  |  | |  |  | **RANGE OF REASONABLENESS** | | | **LOW** | **HIGH** |  |
|  |  | |  |  | RETURN ON EQUITY | | | 10.16% | 12.16% |  |
|  |  | |  |  | OVERALL RATE OF RETURN | | | 7.64% | 8.02% |  |
|  |  | |  |  |  | | |  |  |  |
|  |  | | | | | | | | | |
|  |  |  | |  |  |  |  |  |  |  |

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|  | **CRESTRIDGE UTILITIES, LLC** | |  |  | **SCHEDULE NO. 3-A** | |
|  | **TEST YEAR ENDED 09/30/14** |  |  |  | **DOCKET NO. 140175-WU** | |
|  | **SCHEDULE OF WATER OPERATING INCOME (PHASE II)** | | |  |  |  |
|  |  |  |  | **STAFF** | **ADJUST.** |  |
|  |  |  | **STAFF** | **ADJUSTED** | **FOR** | **REVENUE** |
|  |  | **PHASE I** | **ADJUSTMENTS** | **TEST YEAR** | **INCREASE** | **REQUIREMENT** |
|  |  |  |  |  |  |  |
| 1. | **OPERATING REVENUES** | $183,032 | $0 | $183,032 | $5,138 | $188,170 |
|  |  |  |  |  | 2.81% |  |
|  | **OPERATING EXPENSES:** |  |  |  |  |  |
| 2. | OPERATION & MAINTENANCE | $154,442 | $0 | $154,442 | $0 | $154,442 |
|  |  |  |  |  |  |  |
| 3. | DEPRECIATION (NET) | 4,923 | 771 | 5,694 | 0 | 5,694 |
|  |  |  |  |  |  |  |
| 4. | TAXES OTHER THAN INCOME | 16,424 | 0 | 16,424 | 231 | 16,655 |
|  |  |  |  |  |  |  |
| 5. | INCOME TAXES | 0 | 0 | 0 | 0 | 0 |
|  |  |  |  |  |  |  |
| 6. | **TOTAL OPERATING EXPENSES** | $175,789 | $771 | $176,561 | $231 | $176,792 |
|  |  |  |  |  |  |  |
| 7. | **OPERATING INCOME/(LOSS)** | $7,243 |  | $6,471 |  | $11,379 |
|  |  |  |  |  |  |  |
| 8. | **WATER RATE BASE** | $87,473 |  | $145,319 |  | $145,319 |
|  |  |  |  |  |  |  |
| 9. | **RATE OF RETURN** | 8.28% |  | 4.45% |  | 7.83% |
|  |  |  |  |  |  |  |

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| --- | --- | --- | --- | --- |
|  |  | **CRESTRIDGE UTILITIES, LLC SCHEDULE NO. 3-B** | | |
|  |  | **TEST YEAR ENDED 09/30/14 DOCKET NO. 140175-WU** | | |
|  |  | **ADJUSTMENTS TO OPERATING INCOME (PHASE II)** | | |
|  |  | |  |  |
|  |  | |  | **WATER** |
|  | **DEPRECIATION EXPENSE** | |  |  |
|  | To reflect appropriate depreciation expense per Rule 25-30.140 F.A.C.. | |  | $771 |
|  |  | |  |  |

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| --- | --- | --- |
| **CRESTRIDGE UTILITIES, LLC** |  | **SCHEDULE NO. 4** |
| **MONTHLY WATER RATES** | **DOCKET NO. 140175-WU** | |
|  | **UTILITY** | **STAFF** |
|  | **CURRENT** | **RECOMMENDED** |
|  | **RATES** | **PHASE II RATES** |
|  |  |  |
| **Residential and General Service** |  |  |
| Base Facility Charge by Meter Size |  |  |
| 5/8"X3/4" | $11.73 | $12.08 |
| 3/4" | $17.60 | $18.12 |
| 1" | $29.33 | $30.20 |
| 1-1/2" | $58.65 | $60.40 |
| 2" | $93.84 | $96.64 |
| 3" | $187.68 | $193.28 |
| 4" | $293.25 | $302.00 |
| 6" | $586.50 | $604.00 |
|  |  |  |
| Charge per 1,000 gallons - Residential |  |  |
| 0 - 3,000 gallons | $3.85 | $3.96 |
| Over 3,000 gallons | $7.65 | $7.88 |
|  |  |  |
| Charge per 1,000 gallons - General Service | $4.90 | $5.04 |
|  |  |  |
| **Typical Residential 5/8" x 3/4" Meter Bill Comparison** | |  |
| 3,000 Gallons | $23.28 | $23.96 |
| 5,000 Gallons | $38.58 | $39.72 |
| 10,000 Gallons | $76.83 | $79.12 |
|  |  |  |

1. Order No. PSC-93-0012-FOF-WU, issued January 5, 1993, in Docket No. 920417-WU, *In re: Application for staff-assisted rate case in Pasco County by Crestridge Utility Corporation.* [↑](#footnote-ref-1)
2. Order No. PSC-15-0420-PAA-WU, issued October 5, 2015, in Docket No. 140174-WU, *In re: Application for approval of transfer of Certificate No. 117-W from Crestridge Utility Corporation to Crestridge Utilities, L.L.C., in Pasco County.* [↑](#footnote-ref-2)
3. Order No. PSC-15-0592-PAA-WU, issued December 30, 2015, in Docket No. 140175-WU, *In re: Application for staff-assisted rate case in Pasco County by Crestridge Utilities, LLC.*  [↑](#footnote-ref-3)
4. *Id.* [↑](#footnote-ref-4)
5. Document No. 07969-16 in Docket No. 160218-WU, *In re: Application for a Limited proceeding for Crestridge Utilities, LLC in Pasco, County, Florida*. [↑](#footnote-ref-5)
6. Document No. 08981-16 in Docket No. 160218-WU. [↑](#footnote-ref-6)
7. Order No. PSC-16-0256-PAA-WU, issued June 30, 2016, in Docket No. 150199-WU, *In re: Application for staff-assisted rate case in Lake County by Raintree Waterworks, Inc.* [↑](#footnote-ref-7)
8. Docket No. 160218-WU, *In re: Application for a Limited proceeding for Crestridge Utilities, LLC in Pasco, County, Florida.*  [↑](#footnote-ref-8)
9. Order No. PSC-15-0592-PAA-WU*.* [↑](#footnote-ref-9)
10. Order No. PSC-15-0592-PAA-WU. [↑](#footnote-ref-10)