

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in
Polk County by Anglers Cove West, Ltd.

DOCKET NO. 20220032-WS
ORDER NO. PSC-2022-0432-PAA-WS
ISSUED: December 19, 2022

The following Commissioners participated in the disposition of this matter:

ANDREW GILES FAY, Chairman
ART GRAHAM
GARY F. CLARK
MIKE LA ROSA
GABRIELLA PASSIDOMO

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING RATE INCREASE FOR ANGLERS COVE WEST, LTD. AND
ORDER ON RECOVERY OF RATE CASE EXPENSES, TEMPORARY RATES, AND
ACCOUNTING ADJUSTMENTS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission (Commission) that the actions discussed herein, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, (2) the granting of temporary rates in the event of protest, and (3) the requirement for proof of adjustment of books and records, are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.). The reduction of rates after four years, the granting of temporary rates in the event of protest, and the requirement for proof of adjustment of books and records are procedural agency actions and subject to reconsideration and appeal as described below under the heading, "NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW."

Background

Anglers Cove West, Ltd. (Anglers Cove or Utility) is a Class C water and wastewater utility that began operations in 1986. The Utility provides water service to approximately 404 residential and 6 general service customers, and provides wastewater service to approximately 404 residential and 2 general service customers in the Anglers Cove and Anglers Cove West mobile home parks in Polk County. Anglers Cove purchases water from the City of Lakeland as the Utility does not have a water treatment plant. Anglers Cove was granted Certificate Nos. 610-W and 526-S by the Commission in 1999.¹ The Utility's rates were last established during a

¹Order No. PSC-99-1228-PAA-WS, issued June 21, 1999, in Docket No. 19981342-WS, *In re: Application for grandfather certificates to operate water and wastewater utility in Polk County by Anglers Cove West, Ltd.*

staff-assisted rate case (SARC) in 2008.² The Utility is located in Polk County within the Southwest Florida Water Management District (SWFWMD). According to Anglers Cove's 2021 Annual Report, total revenues were \$74,662 for water and \$72,576 for wastewater. The total operating expenses were \$99,435 for water and \$92,644 for wastewater, resulting in net operating losses of (\$24,773) for water and (\$20,068) for wastewater.

On February 11, 2022, Anglers Cove filed an application for a SARC. Pursuant to Section 367.0814(2), Florida Statutes (F.S.), the official filing date of the SARC has been determined to be April 11, 2022. The 12-month period ended December 31, 2021, was selected as the test year. A customer meeting was originally scheduled for September 29, 2022; however, due to Hurricane Ian, the customer meeting was postponed and held on November 3, 2022.

We have jurisdiction in this case pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, 367.091 and 367.121, F.S.

Review and Decision

1. Quality of Service

Pursuant to Section 367.081(2)(a)1, F.S., and Rule 25-30.433(1), F.A.C., in water and wastewater rate cases, we shall determine the overall quality of service provided by the utility. This determination is made from an evaluation of the quality of the utility's product (water), and the utility's attempt to address customer satisfaction (water and wastewater). The Rule further states that the most recent chemical analyses for the water system, outstanding citations, violations, and consent orders on file with the Department of Environmental Protection (DEP) and the county health department, and any DEP and county health department officials' testimony concerning quality of service shall be considered. In addition, any customer testimony, comments, or complaints received by us are also reviewed. The operating condition of the wastewater system is addressed in Section 2.

A. Quality of the Utility's Product

Anglers Cove does not have a water treatment plant and purchases water from the City of Lakeland. Therefore, in evaluating Anglers Cove's product quality, we reviewed compliance with the DEP's primary and secondary drinking water standards for the City of Lakeland. Primary standards protect public health while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. Upon review of the City of Lakeland's 2021 Annual Drinking Water Quality Report, and the DEP's last Sanitary Survey Report for the City of Lakeland dated July 28, 2022, all of the contaminants were found to be in compliance with accepted standards.

²Order No. PSC-08-0496-PAA-WS, issued August 5, 2008, in Docket No. 20070417-WS, *In re: Application for staff-assisted rate case in Polk County by Anglers Cove West, Ltd.*

B. The Utility's Attempt to Address Customer Satisfaction

We reviewed our Consumer Activity Tracking System (CATS) records, and there were no complaints recorded during the test year and four years prior for Anglers Cove. We requested all complaints received by the Utility during the test year and four years prior, and the Utility responded that it did not receive any complaints during this timeframe. We also requested all complaints received by the DEP during the test year and four years prior for Anglers Cove, and the DEP responded that it received one complaint for the wastewater treatment plant regarding odor during this timeframe. However, upon further investigation, the DEP determined that the odor was coming from another facility. In addition, we performed a supplemental review of the complaints filed in CATS during the course of this docket, and no additional complaints were recorded.

A virtual customer meeting was held on November 3, 2022, and one customer spoke, expressing concern with the amount of the rate increase due to affordability issues. Two written comments were submitted following issuance of the Customer Meeting notice, and both expressed concerns regarding the amount of the rate increase due to affordability issues as well. In addition, one customer comment addressed the size of the percolation pond, which the customer noted they raised in the 2008 rate case and were advised to address in the next rate case. As discussed in Section 4, the percolation pond has been rebuilt as part of the Utility's requested pro forma projects which appears to address this concern.

C. Conclusion

Anglers Cove has been responsive to customer complaints and is currently in compliance with the DEP standards; therefore, the quality of service shall be considered satisfactory.

2. Infrastructure and Operating Conditions

Rule 25-30.225, F.A.C., requires that each water utility shall operate and maintain its plant and facilities by employing qualified operators in accordance with the rules of the DEP in order to provide safe and efficient service up to and including the point of delivery into the piping owned by the customer. During a rate making proceeding, Rule 25-30.433(2), F.A.C., requires consideration of whether the infrastructure and operating conditions of the plant and facilities are in compliance with Rule 25- 30.225, F.A.C. In making this determination, we must consider testimony of the DEP and county health department officials, sanitary surveys for water systems and compliance evaluation inspections for wastewater systems, citations, violations, and consent orders issued to the utility, customer testimony, comments, and complaints, and utility testimony and responses to the aforementioned items.

A. Water and Wastewater System Operating Conditions

Anglers Cove purchases water from the City of Lakeland as the Utility does not have a water treatment plant. Anglers Cove's wastewater system consists of a permitted 0.050 million

gallons per day (MGD) three month rolling average daily flow (3MRADF) design capacity extended aeration domestic wastewater treatment plant (WWTP) that provides secondary treatment with basic disinfection. We reviewed the Utility's compliance evaluation inspections conducted by the DEP to determine the Utility's overall wastewater facility compliance. A review of the inspection conducted on October 8, 2021, indicated that Anglers Cove's WWTP was in compliance with the DEP's rules and regulations.

B. Conclusion

Anglers Cove's wastewater treatment facility is currently in compliance with DEP regulations.

3. Used and Useful (U&U)

Anglers Cove began water and wastewater operations in 1986. Anglers Cove purchases water from the City of Lakeland as the Utility does not have a water treatment plant. Anglers Cove's water distribution system is composed of 3,700 feet of 2-inch polyvinyl chloride (PVC) pipe, 1,625 feet of 4-inch PVC pipe, and 5,835 feet of 6-inch PVC pipe. There are 7 fire hydrants throughout the water distribution system. The Utility does not have any water storage tanks.

Anglers Cove's wastewater system consists of a permitted 0.050 MGD 3MRADF design capacity extended aeration domestic WWTP. The Utility's wastewater collection system is composed of 2,200 feet of 4-inch PVC pipe, and 10,271 feet of 8-inch PVC pipe. There are 4 lift stations, and 41 manholes throughout the wastewater collection system.

A. Used and Useful Percentages

Rule 25-30.432, F.A.C., addresses the method by which the U&U of a wastewater system is determined, and Rule 25-30.4325, F.A.C., addresses the method by which the U&U of a water system is determined. Anglers Cove's U&U percentages were last determined in Docket No. 20070417-WS.³ In that docket, we determined the Utility's WWTP, water distribution, and wastewater collection systems to be 100 percent U&U. The Utility has not increased the capacity of its WWTP since rates were last established. The Utility's water distribution and wastewater collection systems continue to only provide service to existing customers, the service area remains built out, and there continues to be no potential for expansion of the service area. Therefore, consistent with our previous decision, we find that the Utility's WWTP, water distribution, and wastewater collection systems are 100 percent U&U.

B. Excessive Unaccounted for Water

Rule 25-30.4325, F.A.C., additionally provides factors to be considered in determining whether adjustments to operating expenses are necessary for EUW. EUW is defined as

³Order No. PSC-08-0496-PAA-WS, issued August 5, 2008, in Docket No. 20070417-WS, *In re: Application for staff-assisted rate case in Polk County by Anglers Cove West, Ltd.*

“unaccounted for water in excess of 10 percent of the amount produced.” Unaccounted for water is all water produced that is not sold, metered, or accounted for in the records of the utility.

EUW is calculated by subtracting both the gallons sold to customers and the gallons used for other services, such as flushing, from the total gallons pumped and purchased for the test year, and dividing by the sum of gallons pumped and purchased. The amount in excess of 10 percent, if any, is the EUW percentage. Anglers Cove does not have a water treatment plant; therefore, there are no gallons pumped. However, based on the billing data provided by the Utility for water purchased from the City of Lakeland, Anglers Cove purchased 8,566,000 gallons of water from January 1, 2021, to December 31, 2021. From the audit completed by our staff, the Utility sold 6,626,942 total gallons of water to its residential and general service water customers. The Utility documented 277,000 gallons of water usage for line flushing. The resulting calculation $([0 + 8,566,000 - 6,626,942 - 277,000] / [0 + 8,566,000])$ for unaccounted for water is 19.4 percent. Therefore, there is EUW of 9.4 percent. We find that a 9.4 percent adjustment shall be made to the purchased water expense. Regarding the cause, the Utility stated that the amount of EUW was due to the water meters failing to capture all water usage due to age, and that the new meters, installed as part of the Utility’s request pro forma projects, should rectify this issue.

C. Infiltration and Inflow (I&I)

Infiltration typically results from groundwater entering a wastewater collection system through broken or defective pipes and joints; whereas, inflow results from water entering a wastewater collection system through manholes or lift stations. By convention, the allowance for infiltration is 500 gallons per day (gpd) per inch diameter pipe per mile, and an additional 10 percent of residential water billed is allowed for inflow.

Since all wastewater collection systems experience I&I, the conventions noted above provide guidance for determining whether the I&I experienced at a WWTP is excessive. We calculate the allowable infiltration based on system parameters, and calculate the allowable inflow based on water billed to customers. The sum of these amounts is the allowable I&I. We next calculate the estimated amount of wastewater returned from customers. The estimated return is determined by summing 80 percent of the water billed to residential customers with 90 percent of the water billed to non-residential customers. Adding the estimated return to the allowable I&I yields the maximum amount of wastewater that shall be treated by the wastewater system without incurring adjustments to operating expenses. If this amount exceeds the actual amount treated, no adjustment is made. If it is less than the gallons treated, then the difference is the excessive amount of I&I.

From January 1, 2021, through December 31, 2021, the allowance for infiltration was calculated as 3,144,254 gallons, and the allowance for inflow was calculated as 640,170 gallons; therefore, the total I&I allowance was calculated as 3,784,424 gallons. Based on our audit, the total water billed to the residential wastewater customers was 6,328,052 gallons, and the total water billed to the two general service wastewater customers was 73,650. Therefore, the estimated amount of wastewater returned from customers was calculated as 5,128,727 gallons.

Summing the estimated return and the allowable I&I results in a maximum of 8,913,151 gallons of wastewater that shall be treated by the wastewater system without incurring adjustments to operating expenses. Based on the Utility's discharge monitoring reports, the actual amount of wastewater treated was 8,338,000 gallons from January 1, 2021, through December 31, 2021. Therefore, there is no excessive I&I and no adjustment to purchased power and chemicals expense is required.

D. Conclusion

Anglers Cove's WWTP water distribution and wastewater collection systems shall be considered 100 percent U&U. Additionally, we find that a 9.4 percent adjustment to purchased water shall be made for EUW. No adjustment is ordered for excessive I&I.

4. Average Test Year Rate Base

The appropriate components of the Utility's rate base include utility plant in service (UPIS), land and land rights, accumulated depreciation, and working capital. Anglers Cove does not have any contributions-in-aid-of-construction (CIAC). Anglers Cove's rate base was established in Docket No. 20070417-WS based on an original cost study by us. We selected the test year ended December 31, 2021, for the instant rate case. We determined that the Utility's books and records are in compliance with the National Association of Regulatory Utility Commissioners' Uniform System of Accounts (NARUC USOA). A summary of each component and our approved adjustments are discussed below.

A. Utility Plant in Service (UPIS)

The Utility recorded a UPIS balance of \$195,361 for water and \$356,560 for wastewater. We made an adjustment to increase both water and wastewater UPIS balances by \$8,118 to reflect the purchase of three Ford F-250 trucks. The payments for the three trucks were incorrectly being expensed. We also made an adjustment to remove the payments from operation and maintenance (O&M) expense accounts and add the cost of the trucks to UPIS and capitalize the investment. The correct year-end balance in plant accounts 341 and 391 is \$8,118. We also decreased water and wastewater rate base by \$1,643 to reflect an averaging adjustment.

B. Pro Forma Plant Additions

Table 1 shows Anglers Cove's three requested pro forma plant projects. For the Percolation Pond Repair project, the Utility stated that the percolation ponds for the WWTP were eroded badly, and needed to be rebuilt to prevent problems. This project was completed in April 2022. For the Water Meter Replacement project, the Utility stated that the water meters were aged and were not functioning properly and therefore needed replacement. This project was completed in June 2022. Regarding the Electronic Meter Reading Equipment Upgrades project, the Utility stated that it is having issues capturing all of the readings from the meters due to the reading system being outdated and not functioning properly with the newer meters. To resolve the issue, the Utility intends to switch to new meter reading software. This project is anticipated to be completed in December 2022.

As is our practice, we requested that three bids be provided for each pro forma project. However, the Utility provided one bid for each project. According to the Utility, the vendor that provided bids for the Water Meter Replacement and Electronic Meter Reading Equipment Upgrades projects was the same vendor that installed meter equipment for Anglers Cove's sister utilities, and that the meters from this vendor are compatible with the Utility's existing GPS reading system. Regarding the Percolation Pond Repair project, the Utility stated that the vendor that provided a bid for this project was the only vendor that responded to its bid request. As these improvements are necessary for the Utility to provide safe and reliable service to its customers, we find that these project costs are appropriate.

Table 1
Pro-Forma Plant Projects

Project	Account Number	Amount	Retirement
Percolation Pond Repair	354	\$80,652	0
Water Meter Replacement	334	\$101,958	(\$59,255)
Electronic Meter Reading Equipment Upgrades	334	<u>\$1,445</u>	<u>(\$1,084)</u>
Total	-	<u>\$184,055</u>	<u>(\$60,339)</u>

As a result of the pro forma additions, we increased UPIS for water by \$103,403, offset by a retirement of \$60,339, for a net increase of \$43,064. We also increased UPIS for wastewater by \$80,652 for the cost to refurbish the wastewater percolation ponds. There is not a retirement associated with the refurbishment of the percolation pond.

As described and summarized in Table 2, our adjustments to UPIS result in an increase of \$49,540 for water and an increase of \$87,128 for wastewater. Therefore, we find an average UPIS balance of \$244,901 (\$195,361 + \$49,540) for water and \$443,688 (\$356,560 + \$87,128) for wastewater.

Table 2
Staff Adjustments to UPIS

Description	Water	Wastewater
To reflect appropriate amount in transportation account.	\$8,118	\$8,118
To reflect an averaging adjustment.	(1,643)	(1,643)
To reflect pro forma addition.	103,403	80,652
To reflect pro forma retirement	<u>(60,339)</u>	<u>0</u>
Total Adjustments to UPIS	<u>\$49,540</u>	<u>\$87,128</u>

C. Land & Land Rights

The Utility resells water purchased from City of Lakeland Utilities and has no land allocated to its water operation. Therefore, the water land and land rights balance is zero. The Utility recorded a test year land and land rights balance for wastewater of \$32,659. Based on a review of the size of the parcel of land occupied by the wastewater treatment plant, the

appropriate land value is \$7,258. In the Utility’s last rate case, we approved the land value of \$32,659 based on an original cost of \$9,072 per acre and an estimate of 3.60 acres on which the wastewater treatment plant occupied.⁴ However, according to Google Earth maps, the actual amount of land occupied by the percolation pond and treatment facility is 0.80 acres. In its response to our third data request, the Utility confirmed that 0.80 acres is an accurate measurement, but cannot explain how the 3.60 acres was initially determined or how the additional 2.80 acres is used to provide wastewater service.⁵ We find the current wastewater land value is overstated and the appropriate land value is \$7,258 (0.80 acres x \$9,072). Therefore, we find that the wastewater land balance shall be reduced by \$25,401 (\$32,659 – \$25,401) to reflect the appropriate amount of land used to provide wastewater service.

D. Used & Useful

As discussed in Section 3, Anglers Cove’s water distribution system is considered 100 percent U&U. The Utility’s WWTP and WW Collection System are also considered 100 percent U&U. Therefore, no U&U adjustments are necessary.

E. Accumulated Depreciation

The Utility recorded an accumulated depreciation balance of \$179,844 for water and \$322,246 for wastewater. We made an auditing adjustment increasing accumulated depreciation by \$2,986 for water and \$2,209 for wastewater. We made an additional adjustment increasing accumulated depreciation by \$348 for water and wastewater to reflect the appropriate amounts in plant accounts 341 and 391 - transportation equipment. We also made an averaging adjustment decreasing accumulated depreciation by \$540 for water and wastewater. Additionally, we made corresponding adjustments to reflect accumulated depreciation associated with the pro forma plant additions; a decrease of \$47,869 for water and an increase of \$5,377 for wastewater. In total, we decreased accumulated depreciation for water by \$45,869 and increased accumulated depreciation for wastewater by \$7,394. Therefore, we find an average accumulated depreciation balance of \$124,769 (\$179,844 – \$45,075) for water, and \$329,640 (\$322,246 + \$7,394) for wastewater. Our adjustments to water and wastewater accumulated depreciation are summarized in Table 3.

Table 3
Staff Adjustments to Accumulated Depreciation

Description	Water	Wastewater
To reflect an auditing adjustment (Audit Finding 2).	\$2,986	\$2,209
To reflect appropriate amount in transportation account.	348	348
To reflect an averaging adjustment.	(540)	(540)
To reflect pro forma adjustments.	(47,869)	5,377
Total Adjustments to Accumulated Depreciation	(45,075)	7,394

⁴Order No. PSC-08-0496-PAA-WS, Issued August 5, 2008, *In re: Application for staff-assisted rate case in Polk County by Anglers Cove West, Ltd.*

⁵DN 05509-2022

F. Working Capital Allowance

Working capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(3), F.A.C., we used one-eighth of the O&M expense (less rate case expense) formula for calculating the working capital allowance. Section 367.081(9), F.S., prohibits a utility from earning a return on the unamortized balance of rate case expense. As such, we removed the rate case expense balance of \$1,057 and \$1,027 from water and wastewater, respectively. Our calculation resulted in an adjusted O&M expense balance of \$82,987 for water and \$66,338 for wastewater. Applying this formula, we find a working capital allowance of \$10,373 ($\$82,987 \div 8$) for water and \$8,292 ($\$66,338 \div 8$) for wastewater.

G. Rate Base Summary

Based on the foregoing, we find that the appropriate average test year rate base is \$120,505 for water and \$129,598 for wastewater. Rate base is shown on Schedule Nos. 1-A and 1-B. The related adjustments are shown on Schedule No. 1-C.

5. Rate of Return

The Utility's reported capital structure consists of \$6,654,600 in long-term debt and negative equity of \$306,656. In accordance with our practice, we adjusted the negative equity to zero.⁶ The Utility's capital structure has been reconciled with our approved rate base. The appropriate ROE for the Utility is 10.45 percent based upon our approved leverage formula currently in effect.⁷ We approve an ROE of 10.45 percent with a range of 9.45 percent to 11.45 percent, and an overall rate of return of 4.74 percent. The overall rate of return is the Utility's weighted average cost of long-term debt of 4.74 percent. The ROE and overall rate of return are shown on Schedule No. 2.

6. Test Year Revenues

The Utility recorded test year revenues of \$74,418 for water and \$72,220 for wastewater. The Utility did not record any miscellaneous revenues during the test year. To determine the appropriate service revenues for water and wastewater, we applied the number of billing determinants to the Utility's existing rates. As a result, we determined that service revenues for water shall be \$75,040, which is an increase of \$622 ($\$75,040 - \$74,418$). For wastewater, we

⁶Order Nos. PSC-2019-0461-PAA-SU, issued October 25, 2019, in Docket No. 20180138-SU, *In re: Application for staff-assisted rate case in Volusia County by North Peninsula Utilities Corporation.*; PSC-2016-0537-PAA-WU, issued November 23, 2016, in Docket No. 20150181-WU, *In re: Application for staff-assisted rate case in Duval County by Neighborhood Utilities, Inc.*; PSC-2015-0535-PAA-WU, issued November 19, 2015, in Docket No. 20140217-WU, *In re: Application for staff-assisted rate case in Sumter County by Cedar Acres, Inc.*; PSC-2013-0140-PAA-WU, issued March 25, 2013, in Docket No. 20120183-WU, *In re: Application for staff-assisted rate case in Lake County by TLP Water, Inc.*

⁷Order No. PSC-2022-0208-PAA-WS, issued June 15, 2022, in Docket No. 20220006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

determined that service revenues shall be \$72,758, which is an increase of \$538 (\$72,758 - \$72,220). Based on the above, the appropriate test year revenues for Anglers Cove are \$75,040 for water and \$72,758 for wastewater.

7. Operating Expenses

The Utility recorded total operating expense of \$99,206 for water and \$92,644 for wastewater. The test year O&M expenses have been reviewed by us, including invoices and other supporting documentation. We have made several adjustments to the Utility's operating expenses as described below.

A. Operation and Maintenance Expenses

After review of the Utility's records, we made no adjustments to the recorded balances in Sludge Removal (711), Purchased Power (715), Chemicals (718), Materials and Supplies (620/720), Contractual Services – Testing (735), Contractual Services – Other (636/736), Insurance Expense (655/755), and Miscellaneous Expense (675/775). Our approved balances for these accounts are shown on Schedule Nos. 3-D and 3-E.

Salaries and Wages – Employees (601 / 701)

The Utility recorded salaries and wages – employees' expenses of \$29,117 for water and \$33,828 for wastewater. We reviewed the Utility's response to our second data request containing salary information on a per employee basis and the audited employee responsibilities and duties. The Utility does not employ its own staff and is operated and managed by employees of Mobile Home Lifestyles, Inc. and Realco Properties, Inc. The Utility's salary expenses are allocated by the percentage of time the employees spend working on water and wastewater utility matters. The Utility shares a full-time wastewater operator and engineer with four other sister water and wastewater utilities. We reviewed the employee allocations and salaries and find them to be reasonable. Therefore, we approve salaries and wages – employees' expenses of \$29,117 for water and \$33,828 for wastewater.

Purchased Water (610)

The Utility recorded \$49,590 for purchased water in Account 610. We reviewed the invoices from the City of Lakeland Utilities and agree with the recorded amount. However, our evaluation of the water distribution system determined there is excessive unaccounted for water (EUW) of 9.40 percent. We find an adjustment of \$4,661 ($0.094 \times \$49,590$) to reduce purchased water expense is appropriate. Therefore, we approve purchased water expense of \$44,929.

Transportation Expense (650 / 750)

The Utility recorded transportation expenses of \$3,050 and \$3,386 for water and wastewater, respectively. We decreased Account 650 by \$1,570 for water and Account 750 by \$1,194 for wastewater to reflect an auditing adjustment. Therefore, we approve transportation expenses of \$1,480 ($\$3,050 - \$1,570$) for water and \$2,192 ($\$3,386 - \$1,194$) for wastewater.

Rate Case Expense (665 / 765)

The Utility did not record any rate case expense. The Utility is required by Rule 25-22.0407, F.A.C., to mail notices containing the rate case overview, final rates, and four-year rate reduction. Because of the rescheduling of the customer meeting due to Hurricane Ian, the Utility was required to mail out a second rate case overview along with notices for the customer meeting. We calculated noticing costs for both customer meetings at \$860. The total for all noticing expenses is \$1,445.

In correspondence with us, the Utility advised two representatives would be present at the Commission Conference. We calculated the round-trip distance from the Utility to Tallahassee as 486 miles. Based on the 2022 IRS business mileage rate of \$0.625, we calculated travel and lodging expense for both individuals of \$1,008. As the Utility is scheduled to have three sister utilities participate in the December 6, 2022, Commission Conference, we divided the total travel and lodging amount of \$1,008 by the four utilities. As such, in the instant docket, we approve a travel and lodging expense of \$252 ($\$1,008 \div 4$).

The Utility retained the legal services of Dean Mead, and on September 21, 2022, the Utility provided us with a schedule of actual and estimated rate case expense. In its schedule, the Utility reported actual legal fees of \$351, in addition to estimated legal fees of \$4,290, totaling \$4,641. We find these fees are reasonable and are in line with previous dockets handled by Dean Mead. Additionally, the Utility paid a filing fee of \$1,000 for water and \$1,000 for wastewater.

We calculated the total amount of noticing costs, travel expenses and legal fees of \$6,338 ($\$1,445 + \$252 + \$4,641$). We allocated these costs between water and wastewater based on the number of ERCs, which totaled \$3,230 for water and \$3,108 for wastewater. In addition to the \$1,000 filing fee for each system, we approve total rate case expense of \$4,230 for water and \$4,108 for wastewater, which amortized over four years is \$1,057 and \$1,027 for water and wastewater, respectively.

Bad Debt Expense (670 / 770)

The Utility recorded bad debt expense of \$1,567 for water and \$409 for wastewater for the test year. It is our practice to calculate bad debt expense using a three-year average when the information is available.⁸ In its three most recent Annual Reports for 2021, 2020 and 2019, Anglers Cove reported bad debt expense of \$1,567, \$1,955, and \$625, for the water system, and \$409, \$59, and \$428 for the wastewater system. The three-year average for water is \$1,382 ($(\$1,567 + \$1,955 + \$625) \div 3$), and \$299 ($(\$409 + \$59 + \$428) \div 3$) for wastewater. This represents a decrease of \$185 for water and \$110 for wastewater. Therefore, we approve bad debt expense of \$1,382 ($\$1,567 - \185) for water and \$299 ($\$409 - \110) for wastewater.

⁸Order No. PSC-2022-0043-PAA-WU, issued on January 26, 2022, in Docket No. 20210055-WU, *In re: Application for staff-assisted rate case in Lake County by Brendenwood Waterworks, Inc.*; Order No. PSC-2021-0106-PAA-WS, issued on March 17, 2021, in Docket No. 20200169-WS, *In re: Application for staff-assisted rate case in Lake County, and request for interim rate increase, by Lake Yale Utilities, LLC.*; Order No. PSC-2021-0107-PAA-WU, issued on March 19, 2021, in Docket No. 20200168-WU, *In re: Application for staff-assisted rate case in Polk County, and request for interim rate increase, by McLeod Gardens Utilities, LLC.*

B. Operation and Maintenance Expense Summary

The Utility recorded test year O&M expenses of \$89,403 for water and \$67,642 for wastewater. Based on the above adjustments, we find the O&M expense shall be decreased by \$5,359 for water and \$277 for wastewater. This results in total O&M expenses of \$84,044 (\$89,403 – \$5,359) for water and \$67,365 (\$67,642 – \$277) for wastewater. Our approved adjustments to O&M expenses are shown on Schedule Nos. 3-D and 3-E.

C. Depreciation Expense

The Utility recorded depreciation expense of \$6,443 for water and \$5,967 for wastewater. Using the depreciation rates prescribed in Rule 25-30.140, F.A.C., we increased depreciation expense for water and wastewater by \$233 and \$268, respectively. Additionally, we increased depreciation expense by \$1,079 to reflect the appropriate amount in Plant Accounts 341 and 391 – Transportation Equipment. We further increased depreciation expense by \$2,533 for water and \$5,377 for wastewater to reflect the incremental depreciation expense associated with pro forma investments. These adjustments result in an increase of \$3,845 (\$233 + \$1,079 + \$2,533) for water, and an increase of \$6,724 (\$268 + \$1,079 + \$5,377) for wastewater. Therefore, we approve depreciation expense of \$10,288 (\$6,443 + \$3,845) for water and \$12,691 (\$5,967 + \$6,724) for wastewater.

D. Taxes Other Than Income (TOTI)

The Utility recorded TOTI of \$3,360 for water and \$19,035 for wastewater. The large balance for wastewater is due primarily to the property tax the management company of the Anglers Cove West mobile home park has allocated to the wastewater utility. The Utility recorded a balance for property tax of \$15,769. The share of property tax allocated to the Utility is based on the ratio of land occupied by the wastewater utility operation as compared to the entirety of the mobile home park. The current allocation of land to the wastewater utility is 3.60 acres of the total usable 33.81 acres, or 10.656 percent. The total property tax assessed against Anglers Cove Villas and Anglers Cove West is \$147,970. As discussed in Section 4, we find an adjustment to land and land rights is necessary to reflect the appropriate allocation of acreage to the wastewater utility of 0.80 acres. We reviewed the 2021 Real Estate Property Tax Bills from Polk County for the parcels of land occupied by the wastewater treatment facility and percolation ponds. There are two such tax bills; Account Numbers 043100 and 043200. The Ad Valorem taxes for those two accounts total \$65,408, including the four percent discount for early payment. The two tax bills include a total of 18.75 acres. The ratio of the acreage the wastewater system occupies is 0.0427 (0.80 ÷ 18.75). By function of math, the property tax expense allocated to the wastewater utility is \$2,791 (\$65,408 × 0.04267). Accordingly, an adjustment shall be made to decrease the property tax expense for wastewater by \$12,978 (\$15,769 – \$2,791). Therefore, we approve wastewater property tax expense of \$2,791.

We made an adjustment to increase RAFs associated with the adjusted test year revenues for water and wastewater of \$17 and \$8, respectively. We increased TOTI by \$510 for water and \$1,037 for wastewater to reflect property taxes associated with the pro forma UPIS additions. As

discussed in Section 9, revenues have been increased by \$30,253 for water and \$21,510 for wastewater in order to reflect the change in revenue required to cover expenses and allow an opportunity to earn the recommended rate of return. As a result, TOTI shall be increased by \$1,361 for water and \$968 for wastewater to reflect RAFs of 4.5 percent of the change in revenues. Therefore, we approve TOTI of \$5,249 ($\$3,360 + \$17 + \$510 + \$1,361$) for water and \$8,070 ($\$19,035 - \$12,978 + \$8 + \$1,037 + \$968$) for wastewater.

E. Operating Expenses Summary

The Utility recorded total operating expense of \$99,206 for water and \$92,644 for wastewater. We approve adjustments to the Utility's total operating expenses which result in a total operating expense of \$99,581 ($\$99,206 - \$986 + \$1,361$) for water and \$88,126 ($\$92,644 - 5,486 + 968$) for wastewater. Operating expenses are shown on Schedule Nos. 3-A and 3-B, and the related adjustments are shown on Schedule No. 3-C.

8. Qualification for Operating Ratio Methodology

Rule 25-30.4575(2), F.A.C., provides that, in rate cases processed under Rule 25-30.455, F.A.C., we will use the operating ratio methodology to establish the utility's revenue requirement when a utility's rate base is no greater than 125 percent of O&M expenses and the use of the Operating Ratio Methodology does not change the utility's qualification for a SARC.

With respect to Anglers Cove, we approved a rate base of \$120,505 for water and \$129,598 for wastewater. After removal of rate case expense and purchased water, we calculated an O&M expense of \$38,058 ($\$84,044 - \$1,057 - \$44,929$) for water and \$66,338 ($\$67,365 - \$1,027$) for wastewater. Based on our approved amounts, the Utility's rate base is 317 percent of its adjusted O&M expense for water and 195 percent of its adjusted O&M expense for wastewater. Based on these ratios, the Utility does not qualify for application of the operating ratio methodology.

9. Revenue Requirement

Anglers Cove shall be allowed an annual increase of \$30,253 (40.32 percent) for water and an annual increase of \$21,510 (29.56 percent) for wastewater. This shall allow the Utility the opportunity to recover its expenses and earn a 4.74 percent return on rate base for water and wastewater. The calculations for water are shown in Table 4, and for wastewater in Table 5.

Table 4
Water Revenue Requirement

Water Rate Base	\$120,505
Rate of Return	4.74%
Return on Rate Base	<u>\$5,712</u>
Water O&M Expense	\$84,044
Depreciation Expense	10,288
Taxes Other Than Income	<u>5,249</u>
Revenue Requirement	<u>\$105,293</u>
Less Test Year Revenues	<u>75,040</u>
Annual Increase / (Decrease)	<u>\$30,253</u>
Percent Increase / (Decrease)	40.32%

Table 5
Wastewater Revenue Requirement

Wastewater Rate Base	\$129,598
Rate of Return	4.74%
Return on Rate Base	<u>\$6,143</u>
Wastewater O&M Expense	\$67,365
Depreciation Expense	12,691
Taxes Other Than Income	<u>8,070</u>
Revenue Requirement	<u>\$94,268</u>
Less Test Year Revenues	<u>72,758</u>
Annual Increase / (Decrease)	<u>\$21,510</u>
Percent Increase / (Decrease)	29.56%

10. Rate Structure

A. Water Rates

The Utility is located in Polk County within the SWFWMD. Anglers Cove provides water service to approximately 404 residential customers and 6 general service customer. A review of the billing data indicates approximately 25 percent of the residential bills during the test year had zero gallons, which indicates a seasonal customer base. The average residential water demand was 1,545 gallons per month. The average water demand, excluding zero gallon bills, was 2,049 gallons per month. Currently, the Utility's water rate structure consists of a monthly base facility charge (BFC) and uniform gallonage charge for the residential and general service customers.

We performed an analysis of the Utility's billing data in order to evaluate the appropriate rate structure for the residential water customers. The goal of the evaluation was to select the rate design parameters that: 1) produce the recommended revenue requirement; 2) equitably distribute cost recovery among the Utility's customers; 3) establish the appropriate non-discretionary usage threshold for restricting repression; and 4) implement, where appropriate, water conserving rate structures consistent with our practice.

Due to the customers' low average monthly consumption and seasonal customer base, we find that 50 percent of the revenue requirement shall be recovered through the BFC in an effort to maintain revenue stability. Furthermore, we evaluated whether or not a repression adjustment was appropriate in this case. Despite the relatively high revenue percentage increase, a repression adjustment was de minimis due to the very little discretionary usage for this customer base. The billing data indicate that approximately 88 percent of the water consumed is for non-discretionary usage, while 13 percent is for discretionary usage. Typically a repression adjustment is made to account for the reduction in consumption above the non-discretionary threshold resulting from a price increase. Non-discretionary usage is essential and therefore relatively unresponsive to changes in prices. For this reason, we approve a continuation of the Utility's existing monthly BFC and gallonage charge rate structure for its residential and general service customers and no repression adjustment.

B. Wastewater Rates

Anglers Cove provides wastewater service to approximately 404 residential customers and 2 general service customers. Currently, the wastewater rate structure for residential customers consists of a monthly uniform BFC for all meter sizes and gallonage charge with a 6,000 gallonage cap. General service customers are billed a BFC by meter size and gallonage charge that is 1.2 times higher than the residential gallonage charge.

We performed an analysis of the Utility's billing data in order to evaluate various BFC cost recovery percentages and gallonage caps for the residential wastewater customers. The goal of the evaluation was to select the rate design parameters that: 1) produce the recommended revenue requirement; 2) equitably distribute cost recovery among the Utility's customers; and 3) implement a gallonage cap, where appropriate, that considers approximately the amount of water that may return to the wastewater system.

Consistent with our practice, we allocated 50 percent of the wastewater revenue to the BFC due to the capital intensive nature of wastewater plants and seasonal customer base. As mentioned above, Anglers Cove's current residential wastewater cap is 6,000 gallons per month. The wastewater gallonage cap recognizes that not all water used by the residential customers is returned to the wastewater system. It is our practice to set the wastewater cap at approximately 80 percent of residential water sold. Based on our review of the billing analysis, approximately 80 percent of the residential gallons are captured at the 3,000 gallon level. However, it is our practice to set the wastewater cap in gallonage caps of 6,000, 8,000, or 10,000. For this reason, we approve a continuation of the Utility's current gallonage cap of 6,000 gallons per month. Since there is no repression adjustment for water, there is no corresponding repression adjustment for wastewater. General service customers shall continue to be billed a BFC by meter size and a gallonage charge that is 1.2 times higher than the residential gallonage charge.

C. Conclusion

The approved rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B. The Utility shall file revised tariff sheets and a proposed customer

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

11. Four-Year Rate Reduction (Procedural Agency Action)

Section 367.081(8), F.S., requires that the rates be reduced by the amount of the rate case expense previously included in rates immediately following the expiration of the recovery period. With respect to Anglers Cove, the reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. The total reduction is \$1,107 for water and \$1,075 for wastewater.

We find that the rates shall be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates shall become effective immediately following the expiration of the rate case expense recovery period. Anglers Cove shall be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index, or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

12. Temporary Rates (Procedural Agency Action)

This Order approves an increase in rates. A timely protest might delay a 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, we find that the proposed rates be approved on a temporary basis. Anglers Cove shall file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates shall not be implemented until we have approved the proposed notice, and it has been received by the customers. The additional revenue produced by the approved rates and collected by the utility shall be subject to the refund provisions discussed below.

Anglers Cove shall be authorized to initiate the temporary rates upon our approval of an appropriate security for the potential refund and cost of the proposed customer notice. Security shall be in the form of either a bond or letter of credit in the amount of \$51,310. Alternatively, the utility may establish an escrow agreement with an independent financial institution.

If the Utility chooses a bond for securing the potential refund, the bond shall contain wording to the effect that it will be terminated only under the following conditions:

1. We approve the rate increase; or,

2. If we deny the increase, the Utility shall refund the amount collected that is attributable to the increase.

If the Utility chooses a letter of credit for securing the potential refund, the letter of credit shall contain the following conditions:

1. The letter of credit is irrevocable for the period it is in effect.
2. The letter of credit will be in effect until our final order is rendered, either approving or denying the rate increase.

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

1. The Commission Clerk, or his or her designee, must be a signatory to the escrow agreement.
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 shall the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and shall be borne by, the Utility. Irrespective of the form of security chosen by the Utility, an account of all monies received as a result of the rate increase shall be maintained by the Utility. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

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

13. Adjustment to Books (Procedural Agency Action)

Anglers Cove shall be required to notify us, in writing, that it has adjusted its books in accordance with our decision. Anglers Cove shall submit a letter within 90 days of our final order in this docket, confirming that the adjustments to all the applicable NARUC USOA primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause shall be filed not less than seven days prior to the deadline. Upon providing a notice of good cause, our staff shall be given administrative authority to grant an extension of up to 60 days.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the overall quality of service provided by Anglers Cove is satisfactory. It is further

ORDERED that the Utility's water system is currently in compliance with DEP regulations. It is further

ORDERED that the Utility's water distribution and wastewater collection systems are 100 percent U&U, and that a 9.4 percent adjustment to purchased water shall be made for EUW. No adjustment shall be made for excessive I&I. It is further

ORDERED that the appropriate average test year rate base for the Utility is \$120,505 for water and \$129,598 for wastewater. Rate base is shown on Schedule Nos. 1-A and 1-B. The related adjustments are shown on Schedule No. 1-C. It is further

ORDERED that the approved ROE for the Utility is 10.45 percent with a range of 9.45 percent to 11.45 percent, and an overall rate of return of 4.74 percent. The ROE and overall rate of return are shown on Schedule No. 2. It is further

ORDERED that the Utility's appropriate test year revenues are \$75,040 for water and \$72,758 for wastewater. It is further

ORDERED that the approved test year operating expense for the Utility is \$99,581 for water and \$88,126 for wastewater. It is further

ORDERED that the Utility does not meet the requirement for application of the Operating Ratio Methodology for calculating the revenue requirement. It is further

ORDERED that the approved revenue requirements for the Utility are \$105,293 for water, resulting in an annual increase of \$30,253 (40.32 percent), and \$94,268 for wastewater, resulting in an annual increase of \$21,510 (29.56 percent). It is further

ORDERED that the approved rate structure and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B. It is further

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

ORDERED that the Utility's rates shall be reduced as shown on Schedule No. 4 to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates shall become effective immediately following the expiration of the rate case expense recovery period. The Utility shall file revised tariffs and a proposed customer notice setting forth the lower rates and the rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense. (*Procedural Agency Action*). It is further

ORDERED that, pursuant to Section 367.0814(7), F.S., the rates for the Utility are approved on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility. Anglers Cove shall file revised tariff sheets and a proposed customer notice reflecting our approved rates. The approved rates shall be effective for services 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 shall not be implemented until our staff has approved the proposed notice, and the notice has been received by the customers. Further, prior to implementing any temporary rates, the Utility shall provide appropriate financial security. If rates are approved on a temporary basis, the rates collected by the Utility shall be subject to the refund provisions set forth in the body of this Order. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility shall file reports with our Office of the Commission Clerk no later than the 20th of each month indicating both the current monthly and total amount subject to refund at the end of the preceding month. The report filed shall also indicate the status of the security being used to guarantee repayment of any potential refund. (*Procedural Agency Action*). It is further


ORDERED that the Utility shall notify us, in writing, that it has adjusted its books in accordance with our decision. The Utility shall submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all applicable National Association of Regulatory Utility Commissioners Uniform System of Accounts primary accounts have been

made to the Utility's books and records. In the event the Utility needs additional time to complete adjustments, a notice providing good cause shall be filed not less than seven days prior to the deadline. Upon providing a notice of good cause, our staff is given administrative authority to grant an extension of up to 60 days. (*Procedural Agency Action*). It is further

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

ORDERED that if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of this Order, a Consummating Order shall be issued. The docket shall remain open for our staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by our staff. Once these actions are complete, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 19th day of December, 2022.



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

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

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our actions are preliminary in nature, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, (2) the granting of temporary rates in the event of protest, and (3) the requirement for proof of adjustment of books and records. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 9, 2023. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

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

Any party adversely affected by the Commission's procedural action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Office of Commission Clerk and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ANGLERS COVE WEST, LTD. TEST YEAR ENDED 12/31/2021 SCHEDULE OF WATER RATE BASE		SCHEDULE NO. 1-A DOCKET NO. 20220032-WS	
DESCRIPTION	BALANCE PER UTILITY	COMM. ADJUST.	BALANCE PER COMM.
1. UTILITY PLANT IN SERVICE	\$195,361	\$49,540	\$244,901
2. LAND & LAND RIGHTS	0	0	0
3. ACCUMULATED DEPRECIATION	(179,844)	45,075	(124,769)
4. CIAC	0	0	0
5. ACCUMULATED AMORTIZATION OF CIAC	0	0	0
6. WORKING CAPITAL ALLOWNACE	<u>\$0</u>	<u>\$10,373</u>	<u>\$10,373</u>
7. WATER RATE BASE	<u>\$15,517</u>	<u>\$104,988</u>	<u>\$120,505</u>

ANGLERS COVE WEST, LTD. TEST YEAR ENDED 12/31/2021 SCHEDULE OF WASTEWATER RATE BASE		SCHEDULE NO. 1-B DOCKET NO. 20220032-WS	
DESCRIPTION	BALANCE PER UTILITY	COMM. ADJUST	BALANCE PER COMM.
1. UTILITY PLANT IN SERVICE	\$356,560	\$87,128	\$443,688
2. LAND & LAND RIGHTS	32,659	(25,401)	7,258
3. ACCUMULATED DEPRECIATION	(322,246)	(7,394)	(329,640)
4. CIAC	0	0	0
5. ACCUMULATED AMORTIZATION OF CIAC	0	0	0
6. WORKING CAPITAL ALLOWNACE	<u>\$0</u>	<u>\$8,292</u>	<u>\$8,292</u>
7. WASTEWATER RATE BASE	<u>\$66,973</u>	<u>\$62,625</u>	<u>\$129,598</u>

ANGLERS COVE WEST, LTD.		SCHEDULE NO. 1-C	
TEST YEAR ENDED 12/31/2021		DOCKET NO. 20220032-WS	
ADJUSTMENTS TO RATE BASE			
	<u>WATER</u>	<u>WASTEWATER</u>	
<u>UTILITY PLANT IN SERVICE</u>			
1. To reflect adjustment to transportation equipment.	\$8,118	\$8,118	
3. To reflect an averaging adjustment.	(1,643)	(1,643)	
4. To reflect pro forma addition.	103,403	80,652	
5. To reflect pro forma retirement.	<u>(60,339)</u>	<u>0</u>	
Total	<u>\$49,540</u>	<u>\$87,128</u>	
<u>LAND & LAND RIGHTS</u>			
1. To reflect adjustment to Land.	\$0	(\$25,401)	
2. To reflect averaging adjustment.	<u>0</u>	<u>0</u>	
Total	<u>\$0</u>	<u>(\$25,401)</u>	
<u>ACCUMULATED DEPRECIATION</u>			
1. To reflect audit adjustment.	(\$2,986)	(\$2,209)	
2. To reflect adjustment to transportation equipment	(348)	(348)	
3. To reflect an averaging adjustment.	540	540	
4. To reflect pro forma adjustment.	<u>47,869</u>	<u>(5,377)</u>	
Total	<u>\$45,075</u>	<u>(\$7,394)</u>	
<u>WORKING CAPITAL ALLOWANCE</u>			
To reflect 1/8 of test year O&M expenses.	<u>\$10,373</u>	<u>\$8,292</u>	

ANGLERS COVE WEST, LTD. TEST YEAR ENDED 12/31/2021 SCHEDULE OF CAPITAL STRUCTURE						SCHEDULE NO. 2 DOCKET NO. 20220032-WS		
CAPITAL COMPONENT	BALANCE PER UTILITY	SPECIFIC ADJUST- MENTS	PRO RATA ADJUST- MENTS	BALANCE PER COMMISSION	PERCENT OF TOTAL	COST	WEIGHTED COST	
1. LONG-TERM DEBT	\$6,654,600	\$0	(\$6,404,497)	\$250,103	100%	4.74%	4.74%	
2. SHORT-TERM DEBT	0		0	0	0%	0.00%	0.00%	
3. COMMON EQUITY	(306,656)	306,656	0	0	0%	10.45%	0.00%	
4. CUSTOMER DEPOSITS	0		0	0	0%	2.00%	0.00%	
5. DEFERRED INCOME TAXES	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>0%</u>	<u>0.00%</u>	<u>0.00%</u>	
6. TOTAL CAPITAL	<u>\$6,347,944</u>	<u>\$306,656</u>	<u>(\$6,374,480)</u>	<u>\$250,103</u>	<u>100%</u>		<u>4.74%</u>	
RANGE OF REASONABLENESS						<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY						9.45%	11.45%	
OVERALL RATE OF RETURN						4.74%	4.74%	

ANGLERS COVE WEST, LTD. TEST YEAR ENDED 12/31/2021 SCHEDULE OF WATER OPERATING INCOME				SCHEDULE NO. 3-A DOCKET NO. 20220032-WS		
	TEST YEAR PER UTILITY	COMM. ADJ.	COMM. ADJUSTED TEST YEAR	ADJ. FOR INCREASE	REVENUE REQUIREMENT	
1. TOTAL OPERATING REVENUES	\$74,662	\$378	\$75,040	\$30,253 40.32%	\$105,293	
OPERATING EXPENSES:						
2. OPERATION & MAINTENANCE	89,403	(5,359)	\$84,044	\$0	\$84,044	
3. DEPRECIATION	6,443	3,845	10,288	0	10,288	
4. AMORTIZATION	0	\$0	0	0	0	
5. TAXES OTHER THAN INCOME	3,360	528	3,887	1,361	5,249	
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
TOTAL OPERATING EXPENSES	<u>\$99,206</u>	<u>(\$986)</u>	<u>\$98,220</u>	<u>\$1,361</u>	<u>\$99,581</u>	
7. OPERATING INCOME / (LOSS)	(\$24,544)		(\$23,180)		\$5,712	
8. WATER RATE BASE	\$15,517				\$120,505	
9. RATE OF RETURN					4.74%	

ANGLERS COVE WEST, LTD. TEST YEAR ENDED 12/31/2021 SCHEDULE OF WASTEWATER OPERATING INCOME			SCHEDULE NO. 3-B DOCKET NO. 20220032-WS			
	TEST YEAR PER UTILITY	COMM. ADJ.	COMM. ADJ. TEST YEAR	ADJ. FOR INCREASE	REVENUE REQUIREMENT	
1.	TOTAL OPERATING REVENUES	\$72,577	\$181	\$72,758	\$21,510 29.56%	\$94,268
	OPERATING EXPENSES:					
2.	OPERATION & MAINTENANCE	\$67,642	(\$277)	\$67,365	\$0	\$67,365
3.	DEPRECIATION	5,967	6,724	12,691	0	12,691
4.	AMORTIZATION	0	0	0	0	0
5.	TAXES OTHER THAN INCOME	19,035	(11,933)	7,102	968	8,070
6.	INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	TOTAL OPERATING EXPENSES	<u>\$92,644</u>	<u>(\$5,486)</u>	<u>\$87,158</u>	<u>\$968</u>	<u>\$88,126</u>
7.	OPERATING INCOME / (LOSS)	(\$20,067)		(\$14,400)		\$6,143
8.	WASTEWATER RATE BASE	\$66,973				\$129,598
9.	RATE OF RETURN					4.74%

ANGLERS COVE WEST, LTD.		SCHEDULE 3-C	
TEST YEAR ENDED 12/31/2021		DOCKET NO. 20220032-WS	
ADJUSTMENTS TO OPERATING INCOME		PAGE 1 OF 1	
		<u>WATER</u>	<u>WASTEWATER</u>
OPERATING REVENUES			
1.	To reflect the appropriate test year service revenues.	<u>\$378</u>	<u>\$181</u>
OPERATION AND MAINTENANCE EXPENSE			
2.	Purchased Water (610) To reflect an EUW adjustment.	<u>(\$4,661)</u>	<u>\$0</u>
3.	Transportation Expense (650 / 750) To reflect an audit adjustment.	<u>(\$1,570)</u>	<u>(\$1,194)</u>
4.	Rate Case Expense (665 / 765) To reflect 1/4 rate case expense.	<u>\$1,057</u>	<u>\$1,027</u>
5.	Bad Debt Expense (670 / 770) To reflect 2.0 percent of test year revenues.	<u>(\$185)</u>	<u>(\$110)</u>
	TOTAL O&M ADJUSTMENTS	<u>(\$5,359)</u>	<u>(\$277)</u>
DEPRECIATION EXPENSE			
1.	To reflect an audit adjustment.	\$233	\$268
2.	To reflect an adjustment to transportation expense.	1,079	1,079
3.	To reflect pro forma additions.	<u>\$2,533</u>	<u>\$5,377</u>
	Total	<u>\$3,845</u>	<u>\$6,724</u>
TAXES OTHER THAN INCOME			
1.	To reflect our adjustments to test year RAFs.	\$17	\$8
2.	To reflect appropriate test year property taxes.	0	(12,978)
2.	To reflect property taxes related to pro forma additions.	510	1,037
3.	To reflect RAFs associated with the revenue increase.	<u>\$1,361</u>	<u>\$968</u>
	Total	<u>\$1,889</u>	<u>(\$10,965)</u>
	TOTAL OPERATING EXPENSE ADJUSTMENTS	<u>\$375</u>	<u>(\$4,518)</u>

ANGLERS COVE WEST, LTD.		SCHEDULE NO. 3-D		
TEST YEAR ENDED 12/31/2021		DOCKET NO. 20220032-WS		
SUMMARY OF WATER O&M EXPENSE				
ACCOUNT	DESCRIPTION	TOTAL PER UTILITY	COMM. ADJ.	TOTAL PER COMM.
601	Salaries and Wages - Employees	\$29,117	\$0	\$29,117
610	Purchased Water	49,590	(4,661)	44,929
620	Materials and Supplies	2,125	0	2,125
636	Contractual Services - Other	2,506	0	2,506
650	Transportation Expense	3,050	(1,570)	1,480
655	Insurance Expense	1,431	0	1,431
665	Rate Case Expense	\$0	1,057	1,057
670	Bad Debt Expense	1,567	(185)	1,382
675	Miscellaneous Expenses	<u>\$17</u>	<u>\$0</u>	<u>\$17</u>
	Total O&M Expense	<u>\$89,403</u>	<u>(\$5,359)</u>	<u>\$84,044</u>
	Working Capital is 1/8 of O&M			
	Less RCE			\$10,373

ANGLERS COVE WEST, LTD.		SCHEDULE NO. 3-E		
TEST YEAR ENDED 12/31/2021		DOCKET NO. 20220032-WS		
SUMMARY OF WASTEWATER O&M EXPENSE				
ACCT	DESCRIPTION	TOTAL PER UTILITY	COMM. ADJ.	TOTAL PER COMM.
701	Salaries and Wages - Employees	\$33,828	\$0	\$33,828
711	Sludge Removal Expense	10,375	0	10,375
715	Purchased Power	6,497	0	6,497
718	Chemicals	4,376	0	4,376
720	Materials and Supplies	3,729	0	3,729
735	Contractual Services - Testing	616	0	616
736	Contractual Services - Other	2,695	0	2,695
750	Transportation Expense	3,386	(1,194)	2,192
755	Insurance Expense	1,431	0	1,431
765	Rate Case Expense	0	1,027	1,027
770	Bad Debt Expense	409	(110)	299
775	Miscellaneous Expenses	<u>\$300</u>	<u>\$0</u>	<u>\$300</u>
	Total O&M Expense	<u>\$67,642</u>	<u>(\$277)</u>	<u>\$67,365</u>
	Working Capital is 1/8 of O&M Less RCE			\$8,292

ANGLERS COVE WEST, LTD. TEST YEAR ENDED DECEMBER 31, 2021 MONTHLY WATER RATES		SCHEDULE NO. 4-A DOCKET NO. 20220032-WS	
	UTILITY CURRENT RATES	COMMISSION APPROVED RATES	4 YEAR RATE REDUCTION
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$8.61	\$12.12	\$0.13
3/4"	\$12.91	\$18.18	\$0.19
1"	\$21.52	\$30.30	\$0.32
1-1/2"	\$43.03	\$60.60	\$0.64
2"	\$68.84	\$96.96	\$1.02
3"	\$137.68	\$193.92	\$2.04
4"	\$215.13	\$303.00	\$3.18
6"	\$430.26	\$606.00	\$6.36
Charge per 1,000 gallons - Residential and General Service	\$5.69	\$7.94	\$0.08
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
2,000 Gallons	\$19.99	\$28.00	
4,000 Gallons	\$31.37	\$43.88	
6,000 Gallons	\$42.75	\$59.76	

ANGLERS COVE WEST, LTD. TEST YEAR ENDED DECEMBER 31, 2021 MONTHLY WASTEWATER RATES		SCHEDULE NO. 4-B DOCKET NO. 20220035-WS	
	UTILITY CURRENT RATES	COMMISSION APPROVED RATES	4 YEAR RATE REDUCTION
<u>Residential Service</u>			
All Meter Sizes	\$10.61	\$11.16	\$0.13
Charge per 1,000 gallons 6,000 gallon cap	\$4.87	\$8.21	\$0.09
<u>General Service</u>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$10.61	\$11.16	\$0.13
3/4"	\$15.92	\$16.74	\$0.19
1"	\$26.52	\$27.90	\$0.32
1-1/2"	\$53.04	\$55.80	\$0.64
2"	\$84.86	\$89.28	\$1.02
3"	\$169.72	\$178.56	\$2.04
4"	\$265.19	\$279.00	\$3.18
6"	\$530.39	\$558.00	\$6.36
Charge per 1,000 gallons - General Service	\$5.83	\$9.85	\$0.11
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
2,000 Gallons	\$20.35	\$27.58	
4,000 Gallons	\$30.09	\$44.00	
6,000 Gallons	\$39.83	\$60.42	