

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** November 21, 2023

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

**FROM:** Division of Accounting and Finance (Thurmond, Sowards) *ALM*  
Division of Economics (Bethea) *EJD*  
Division of Engineering (Davis, Ellis) *TB*  
Office of the General Counsel (Watrous, Crawford) *JSC*

**RE:** Docket No. 20230083-WS – Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, LLC.

**AGENDA:** 12/5/23 – Regular Agenda – Decision on Suspension of Rates and Interim Rates – Participation is at the Discretion of the Commission

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** La Rosa

**CRITICAL DATES:** 12/05/23 (60-day Suspension and Decision on Interim Rates waived by the Utility)

**SPECIAL INSTRUCTIONS:** None

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## Case Background

Pluris Wedgefield, LLC. (Pluris or Utility) is a Class A utility providing water and wastewater service to approximately 1,743 water customers and 1,711 wastewater customers in Orange County. Rates were last established for this Utility in its 2017 limited proceeding.<sup>1</sup> The Utility's last comprehensive base rate proceeding was in 2012.<sup>2</sup> In 2022, Pluris recorded total company

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<sup>1</sup>Order No. PSC-2018-0311-PAA-WS, issued June 13, 2018, in Docket No. 20170166-WS, *In re: Application for limited proceeding rate increase in Orange County by Pluris Wedgefield, Inc.*

<sup>2</sup>Order No. PSC-13-0187-PAA-WS, issued May 2, 2013, in Docket No. 20120152-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, Inc.*

operating revenues of \$1,627,619 for water and \$1,051,949 for wastewater and operating expenses of \$1,749,162 for water and \$924,958 for wastewater.

On September 22, 2023, Pluris filed its application for approval of interim and final water and wastewater rate increases. In its application, the Utility requested that the Commission process the Utility's rate case using the proposed agency action procedure as provided in Section 367.081(10), Florida Statutes (F.S.). On October 19, 2023, staff sent the Utility a letter indicating deficiencies in the filing of its minimum filing requirements (MFRs). The Utility filed a deficiency response letter that cured its deficiencies on October 26, 2023. Thus, the official filing date is October 26, 2023.

The Utility's application for increased interim and final water and wastewater rates is based on the historical 13-month average period ended December 31, 2022. Pluris is requesting an increase to recover all expenses it will incur in order to generate a fair rate of return on its investment and pro forma plant additions.

The Utility requested interim rates designed to generate revenues of \$2,370,815 for water and \$1,608,064 for wastewater. This results in a revenue increase of \$743,196, or 45.66 percent, for water and \$541,637, or 51.49 percent, for wastewater. The Utility requested final rates designed to generate annual revenues of \$2,713,189 for water and \$1,608,064 for wastewater. This represents revenue increases of \$1,085,570, or 66.7 percent, for water and \$556,115, or 52.87 percent, for wastewater.

The original 60-day statutory deadline for the Commission to suspend Pluris' requested final rates and address its interim rate request was November 21, 2023. However, by letter dated September 26, 2023, the Utility agreed to extend the statutory time frame by which the Commission is required to address the suspension of Pluris' final rates and its interim rate request to December 5, 2023. This recommendation addresses the suspension of the Utility's requested final rates and its requested interim rates. The Commission has jurisdiction pursuant to Sections 367.081, 367.082, and 367.101, F.S.

## Discussion of Issues

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

**Recommendation:** Yes, Pluris' proposed final water and wastewater rates should be suspended. (Thurmond)

**Staff Analysis:** Section 367.081(6), F.S., provides that the rates proposed by the utility shall become effective within 60 days after filing unless the Commission votes to withhold consent to the implementation of the requested rates. Further, the above referenced statute permits the proposed final rates to go into effect, under bond, escrow, or corporate undertaking, eight months after filing, unless final action has been taken by the Commission.

Staff has reviewed the filing and has considered the proposed rates and charges, the revenues thereby generated, and the information filed in support of the rate application. Staff believes that it is reasonable and necessary to require further elaboration and explanation regarding this data and to require the production of additional and/or corroborative data. To date, staff has initiated an audit of Pluris' books and records. The audit report is tentatively due on December 21, 2023. In addition, staff sent its first set of discovery on October 30, 2023. Further, staff believes additional requests will be necessary to process this case. Finally, a customer meeting will be scheduled in the Utility's service area to permit staff to hear comments from customers regarding the Utility's quality of service and requested rate increase. Based on the foregoing, staff recommends that the Utility's proposed final rates and charges should be suspended.

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

**Recommendation:** Yes, the Utility should be authorized to collect annual water and wastewater revenues as indicated below.

	<u>Adjusted Test Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Water	\$1,630,450	\$410,299	\$2,040,748	25.16%
Wastewater	\$1,056,927	\$244,186	\$1,301,112	23.10%

(Thurmond, Davis)

**Staff Analysis:** Pursuant to Section 367.082(1), F.S., the Commission may authorize the collection of interim rates during any proceeding for a change of rates upon petition from any party or on its own motion. In order to establish a prima facie entitlement for interim relief, the utility shall demonstrate that it is earning outside the range of reasonableness on its rate of return. Pursuant to Section 367.082(2)(a), F.S., in a proceeding for an interim increase in rates, the Commission shall authorize, within 60 days of the filing for such relief, the collection of rates sufficient to earn the minimum of the range of return on equity (ROE) approved in the last rate proceeding.

On September 22, 2023, Pluris filed rate base, cost of capital, and operating income schedules to support its requested interim increase. Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those used in the utility's most recent rate proceeding and annualizing any rate changes. Staff reviewed Pluris' interim request and Order No. PSC-2013-187-PAA-WS, its last rate case. Staff also reviewed Order No. PSC-2018-0311-PAA-WS, a limited proceeding setting Pluris' current rates. Staff has attached accounting schedules to illustrate staff's recommended rate base, capital structure, and test year operating income amounts. The rate base schedules are labeled as Schedule Nos. 1-A, 1-B, and 1-C. The capital structure schedule is labeled Schedule No. 2. The operating income schedules are labeled as Schedule Nos. 3-A, 3-B, and 3-C. Staff's recommended adjustments are discussed below.

### **Interim Rate Base**

In its filing, the Utility made adjustments to used and useful (U&U) amounts based on non-used and useful percentages and working capital adjustments based on corresponding adjustments to operation and maintenance (O&M) expense. However, staff believes additional adjustments to rate base are necessary for interim purposes.

### **Used & Useful**

Pursuant to Section 367.082, F.S., the method used to calculate U&U in Pluris' last rate case must be used for interim purposes. In Order No. PSC-2013-0187-PAA-WS, the Commission found that Pluris' water treatment plant and storage were 100 percent U&U, the water distribution system and wastewater collection system were 85.1 percent U&U, and the wastewater treatment plant was

72.1 percent U&U. In its filing, the Utility did not calculate any U&U adjustments to the water treatment plant, water storage, water distribution and wastewater collection, and calculated an 87.3 percent U&U for the wastewater treatment plant. Based on its review, staff recommends that the water treatment plant and storage be considered 100 percent U&U, the water distribution system and wastewater collection system be considered 92.2 percent U&U, and the wastewater treatment plant be considered 81.8 percent U&U.

In its filing, the Utility did not make a non-U&U adjustment for the water system. Based on staff's recommended adjustments to U&U above, staff believes a net non-U&U adjustment of \$39,751 to reduce plant in service for the water system is necessary. Pluris made a net non-U&U adjustment to the wastewater system of \$19,387 to reduce plant in service and to recognize its calculation of U&U for the wastewater treatment plant. Staff recommends the non-U&U adjustment to the wastewater system be increased by \$77,332 to further reduce plant in service. As such, staff recommends a decrease of \$39,751 to the water system and a decrease of \$96,719 to the wastewater system.

### ***Working Capital Allowance***

Rule 25-30.433(2), F.A.C., requires that Class A utilities use the balance sheet method to calculate the working capital allowance. Based on the balance sheet method, working capital is calculated as current assets less current liabilities. In its filing, Pluris reflected a total working capital allowance balance of \$389,416 for the water system and \$386,942 for the wastewater system. Staff has recalculated working capital allowance as \$420,559 for the water system and \$355,800 for the wastewater system. Therefore, staff recommends a working capital allowance balance of \$420,559 for the water system and \$355,800 for the wastewater system.

Based on the above, staff recommends that Pluris' interim rate base should be \$4,844,521 for water and \$1,198,373 for wastewater. The schedules for rate base are attached as Schedules 1-A, 1-B, and 1-C.

### **Interim Cost of Capital**

In its filing, the Utility reflected an ROE of 9.00 percent. The Utility's requested return on equity was calculated using the current leverage formula in effect. However, pursuant to Section 367.082, F.S., an interim increase should be calculated using the minimum ROE limit authorized in the utility's last rate case. According to Order No. PSC-2013-0187-PAA-WS, the minimum of the Utility's authorized range of return on equity is 9.88 percent. The Utility also proposed a cost rate for customer deposits of 6.00 percent. However, based on Rule 25-30.311(4)(a), staff recommends a cost rate of 2.00 percent.

The Utility's capital structure was derived from its 13-month average balance sheet shown on MFR Schedules A-18 and A-19. In 2021 and 2022, an investment of approximately \$7.9 million was made to recapitalize the Utility. This investment was originally recorded in other accounts and was reclassified and recorded to common equity in December, 2022. The resulting capital structure was reconciled to rate base consistent with the Utility's last rate case, Docket No. 20230152-WS.

Therefore, based on an analysis of the MFRs and Order No. PSC-2013-0187-PAA-WS, and adjustments to rate base discussed above, staff recommends an overall rate of return of 8.83 percent. The schedule for cost of capital is attached as Schedule 2.

### **Interim Net Operating Income**

In its filing, Pluris calculated test year revenues of \$1,627,619 for water and \$1,051,949 for wastewater. To calculate the appropriate amount of interim test year operating revenues, staff removed the Utility's requested interim revenue increase of \$718,997 from water and \$513,161 from wastewater. Based on staff's recalculation of revenues, staff is recommending an increase to test year revenues of \$2,831 and \$4,978 for water and wastewater, respectively. Based on the above, staff recommends that the appropriate interim test year revenues, before any increase, be \$1,630,450 for water and \$1,056,927 for wastewater. In addition, staff also recommends a corresponding adjustment to reduce regulatory assessment fees (RAFs) by \$33,316 for water and \$24,150 for wastewater.

### **Operating Expenses**

In its filing, the Utility included adjustments to O&M expense, depreciation expense, Taxes Other Than Income expense (TOTI), and income tax expense. Staff believes additional adjustments to Operating Expenses are necessary for interim purposes.

#### **O&M Expense**

Pluris proposed increases of \$237,010 to Contractual Services – Management Fees for both the water and wastewater systems to reflect corporate restructuring costs. Pluris also proposed an adjustment of \$655,854 to Contractual Services – Legal for the water system to remove legal fees associated with a water quality lawsuit.<sup>3</sup> This adjustment is proposed by the Utility due to a promise the Utility previously made to customers that the legal costs associated with that case would not be reflected in rates. Upon review, the adjustments proposed for corporate restructuring are pro forma in nature, which is not allowed for interim rates pursuant to Section 367.083, F.S. Therefore, staff recommends O&M expense be decreased by \$237,010 for both water and wastewater. As such, staff recommends O&M expense of \$1,093,307 for water and \$924,958 for wastewater.

#### **Depreciation**

In its filing, the Utility reflected an adjustment to decrease wastewater depreciation expense by \$845 due to a corresponding non-U&U adjustment. However, due to staff's recommended U&U adjustments as discussed above, staff is also recommending further corresponding adjustments to depreciation expense. Staff recommends decreases to depreciation expense of \$2,768 and \$7,707 for water and wastewater, respectively, based on the corresponding non-U&U adjustments discussed above. This results in a total depreciation expense of \$360,261 and \$121,268 for water and wastewater, respectively.

#### **TOTI**

In its filing, Pluris calculated TOTI balances of \$174,816 for water and \$166,178 for wastewater. As discussed above, staff is recommending RAF adjustments to decrease water and wastewater TOTI by \$33,316 and \$24,150, respectively, based on staff's adjustment to test year revenues. Staff also recommends decreasing TOTI by \$559 and \$3,947 for water and wastewater, respectively, to remove property taxes associated with staff's recommended non-U&U

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<sup>3</sup> *Kohl et al., v. Pluris Wedgefield, LLC, et al., No. 2020-CA-004390 (Fla. 9th Cir. Ct. 2023).*

adjustments. Additionally, staff recommends a corresponding adjustment to increase TOTI by \$18,463 and \$10,988 for water and wastewater, respectively, to recognize staff's recommended interim revenue increases, as discussed further below. As such, staff recommends TOTI balances of \$159,404 (\$174,816 - \$33,316 - \$559 + \$18,463) and \$149,069 (\$166,178 - \$24,150 - \$3,947 + \$10,988) for water and wastewater, respectively.

### **Income Tax**

In its filing, the Utility requested income tax expense of \$108,578 and \$29,478 for water and wastewater, respectively. The Internal Revenue Service (IRS) defines a partnership as "the relationship between two or more people to do trade or business" and adds that a partnership "does not pay income tax, instead, it 'passes through' profits or losses to its partners. Each partner reports their share of the partnership's income or loss on their tax return."<sup>4</sup> In its last rate case, Pluris was a registered corporation and thus had to pay income taxes directly. However, according to its annual report, the Utility is now a limited liability corporation, classified as a partnership. Commission practice has been to remove income tax expense for partnerships as they do not pay income taxes directly.<sup>5</sup> Further, in its filing, the Utility reported no income taxes paid in the test year but requested an adjustment to include income tax expense in the amounts stated above. These amounts are pro forma in nature and are thus not allowed for interim rates pursuant to Section 367.083, F.S. Therefore, staff recommends decreases to income tax of \$108,578 and \$29,478 for water and wastewater, respectively, resulting in a \$0 balance in both accounts.

### **Summary**

Based on the above, staff recommends a total decrease of \$382,232 (-\$237,010 - \$2,768 - \$33,875 - \$108,578) to water Operating Expenses and \$302,292 (-\$237,010 - \$7,707 - \$28,097 - \$29,478) to wastewater Operating Expenses. As such, staff recommends total Operating Expenses of \$1,594,508 for water and \$1,184,307 for wastewater, resulting in a net Operating Income of \$427,776 for water and \$105,818 for wastewater.

### **Interim Revenue Requirement**

In its filing, the Utility requested interim revenue requirements to generate annual revenue of \$2,370,815 for water and \$1,593,586 for wastewater. Consistent with staff's recommended rate base, cost of capital, and operating income, staff recommends an interim revenue requirement of \$2,040,748 for water and \$1,301,113 for wastewater. This represents interim increases in annual revenues of \$410,299, or 25.16 percent, for water and \$244,186, or 23.10 percent, for wastewater. The schedules for operating income are attached as Schedules 3-A, 3-B, and 3-C.

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<sup>4</sup> <https://www.irs.gov/businesses/partnerships>

<sup>5</sup> Order No. PSC-04-1270-PAA-WS, issued December 22, 2004, in Docket No. 20041141-WS, *In re: Application for certificates to provide water and wastewater service in Lake County by Hidden Valley SPE LLC d/b/a Orange Lake*; Order No. PSC-07-0068-PAA-WS, issued August 20, 2007, in Docket No. 20060747-WS, *In re: Application for staff-assisted rate case in Highlands County by Mink Associated II, LLC d/b/a Crystal Lake Club Utilities*; Order No. PSC-08-0262-PAA-WS, issued April 28, 2008, in Docket No. 20070414-WS, *In re: Application for staff-assisted rate case in Polk County by Hidden Cove, Ltd.*

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

**Recommendation:** The interim rate increase of 25.61 percent for water and 23.10 percent for wastewater should be applied as an across-the-board increase to the water and wastewater rates, respectively. The rates, as shown on Schedule Nos. 4-A and 4-B should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30-475(1), Florida Administrative Code (F.A.C.). The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, staff has approved the proposed customer notice, and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. (Betha)

**Staff Analysis:** Staff recommends that interim service rates for Pluris be designed to allow the Utility the opportunity to generate annual operating revenues of \$2,040,748 for water and \$1,301,113 for wastewater. Before removal of miscellaneous revenues, this would result in an increase of \$410,299 (or 25.16 percent) for water and \$244,186 (or 23.10 percent) for wastewater. To determine the appropriate percentage increase to apply to the service rates, miscellaneous revenues should be removed from test year operating revenues. The calculation is as follows:

**Table 3-1  
 Percentage Service Rate Increase**

	<u>Water</u>	<u>Wastewater</u>
1 Total Test Year Operating Revenues	\$1,630,450	\$1,056,927
2 Less: Miscellaneous Revenues	<u>\$28,875</u>	<u>\$0</u>
3 Test Year Revenues from Service Rates	\$1,601,575	\$1,056,927
4 Revenue Increase	<u>\$410,299</u>	<u>\$244,186</u>
5 Percentage Service Rate Increase (Line 4/ Line 3)	<u>25.61%</u>	<u>23.10%</u>

Source: Staff's Interim Recommended Revenue Requirement

The interim rate increase of 25.61 percent for water and 23.10 percent for wastewater should be applied as an across-the-board increase to the water and wastewater rates, respectively. The rates, as shown on Schedule Nos. 4-A and 4-B should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30-475(1), F.A.C. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, staff has approved the proposed customer notice, and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

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

**Recommendation:** The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking by Pluris Capital Group, LLC, on behalf of its subsidiary, Pluris Wedgefield, LLC. Pluris Capital Group, LLC should be required to provide a written guarantee that it will support a corporate undertaking on behalf of its subsidiary, Pluris Wedgefield, LLC, in the amount of \$444,181. (D. Buys)

**Staff Analysis:** Pursuant to Section 367.082, F.S., revenues collected under interim rates should be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the Commission. As recommended in Issue 2, the total annual interim revenue increase should be \$654,485. Staff calculated the potential refund of revenues and interest collected under interim conditions in accordance with Rule 25-30.360, F.A.C., and determined the amount to be \$444,181. This amount is based on an estimated eight months of revenue being collected from staff's recommended interim rates over the Utility's current authorized rates.

The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff reviewed Pluris' Annual Reports filed with the Commission for 2022, 2021, and 2020. In 2022, Pluris had sufficient liquidity and ownership equity but insufficient interest coverage and negative net income. In 2021, Pluris incurred an extraordinary reduction to net income of \$3,300,000 due to a legal settlement. Based on Pluris' reported financial condition for the three-year period, staff does not believe the Utility has the financial capability to support a corporate undertaking in the amount requested. Staff also evaluated the confidential financial statements for Pluris' parent company, Pluris Capital Group, LLC, f.k.a. Pluris Holdings, LLC, for the same three-year period. The financial statements show that Pluris Capital Group, LLC, has sufficient liquidity, equity ownership, interest coverage, and net income to support a corporate undertaking of \$444,181 to guarantee any potential refunds of interim water and wastewater revenues. Therefore, staff recommends that Pluris Capital Group, LLC provide a written guarantee that it will support a corporate undertaking on behalf of its subsidiary, Pluris Wedgefield, LLC.

The brief financial analysis is only appropriate for deciding if Pluris can support a corporate undertaking in the amount requested and should not be considered a finding regarding staff's position on other issues in this proceeding.

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

**Recommendation:** This docket should remain open pending the Commission's final action on the Utility's requested rate increase. (Watrous)

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

<b>Pluris Wedgefield, LLC.</b>			<b>Schedule No. 1-A</b>		
<b>Schedule of Water Rate Base</b>			<b>Docket No. 20230083-WS</b>		
<b>Test Year Ended 12/31/22</b>					
<b>Description</b>	<b>Test Year Per Utility</b>	<b>Utility Adjust- ments</b>	<b>Adjusted Test Year Per Utility</b>	<b>Staff Adjust- ments</b>	<b>Staff Adjusted Test Year</b>
1 Plant in Service	\$11,966,333	\$0	\$11,966,333	\$0	\$11,966,333
2 Land and Land Rights	1,443	0	1,443	0	1,443
3 Non-used and Useful Components	0	0	0	(39,751)	(39,751)
4 Accumulated Depreciation	(5,893,414)	0	(5,893,414)	0	(5,893,414)
5 CIAC	(3,001,852)	0	(3,001,852)	0	(3,001,852)
6 Amortization of CIAC	1,391,204	0	1,391,204	0	1,391,204
7 Working Capital Allowance	<u>(3,037,636)</u>	<u>3,427,052</u>	<u>389,416</u>	<u>31,143</u>	<u>420,559</u>
8 <b>Rate Base</b>	<u>\$1,426,078</u>	<u>\$3,427,052</u>	<u>\$4,853,130</u>	<u>(\$69,377)</u>	<u>\$4,844,521</u>

<b>Pluris Wedgefield, LLC.</b>			<b>Schedule No. 1-B</b>		
<b>Schedule of Wastewater Rate Base</b>			<b>Docket No. 20230083-WS</b>		
<b>Test Year Ended 12/31/22</b>					
<b>Description</b>	<b>Test Year Per Utility</b>	<b>Utility Adjust- ments</b>	<b>Adjusted Test Year Per Utility</b>	<b>Staff Adjust- ments</b>	<b>Staff Adjusted Test Year</b>
1 Plant in Service	\$9,152,109	\$0	\$9,152,109	\$0	\$9,152,109
2 Land and Land Rights	97,402	0	97,402	0	97,402
3 Non-used and Useful Components	0	(19,387)	(19,387)	(77,332)	(96,719)
4 Accumulated Depreciation	(7,119,861)	0	(7,119,861)	0	(7,119,861)
5 CIAC	(4,344,556)	0	(4,344,556)	0	(4,344,556)
6 Amortization of CIAC	3,154,198	0	3,154,198	0	3,154,198
7 Working Capital Allowance	<u>(3,018,344)</u>	<u>3,405,286</u>	<u>386,942</u>	<u>(31,142)</u>	<u>355,800</u>
8 <b>Rate Base</b>	<u>(\$2,079,052)</u>	<u>\$3,385,899</u>	<u>\$1,306,847</u>	<u>(\$108,474)</u>	<u>\$1,198,373</u>

<b>Pluris Wedgefield, LLC. Adjustments to Rate Base Test Year Ended 12/31/22</b>		<b>Schedule No. 1-C Docket No. 20230083-WS</b>	
<b>Explanation</b>	<b>Water</b>	<b>Wastewater</b>	
<b>Non-used and Useful</b>			
To reflect net non-used and useful adjustment.	<u>(\$39,751)</u>		<u>(\$77,332)</u>
<b>Working Capital</b>			
To reflect corresponding O&M adjustment	<u>\$31,143</u>		<u>(\$31,412)</u>

<b>Pluris Wedgefield, LLC. Capital Structure Test Year Ended 12/31/22</b>							<b>Schedule No. 2 Docket No. 20230083-WS</b>		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
<b>Per Utility</b>									
1	Long-term Debt	\$1,911,528	\$0	\$1,911,528	\$0	\$1,911,528	26.50%	5.70%	1.51%
2	Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4	Common Equity	5,277,952	0	5,277,952	0	5,277,952	73.18%	9.00%	6.59%
5	Customer Deposits	23,168	0	23,168	0	23,168	0.32%	6.00%	0.02%
6	Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
7	<b>Total Capital</b>	<b><u>\$7,212,648</u></b>	<b><u>\$0</u></b>	<b><u>\$7,212,648</u></b>	<b><u>\$0</u></b>	<b><u>\$7,212,648</u></b>	<b><u>100.00%</u></b>		<b><u>8.12%</u></b>
<b>Per Staff</b>									
8	Long-term Debt	\$1,911,528	\$0	\$1,911,528	(\$473,405)	\$1,474,123	24.39%	5.70%	1.39%
9	Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%
10	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11	Common Equity	5,894,387	0	5,894,387	(1,348,783)	4,545,604	75.22%	9.88%	7.43%
12	Customer Deposits	23,168	0	23,168	0	23,168	0.38%	2.00%	0.01%
13	Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
14	<b>Total Capital</b>	<b><u>\$7,829,083</u></b>	<b><u>\$0</u></b>	<b><u>\$7,829,083</u></b>	<b><u>(\$1,786,189)</u></b>	<b><u>\$6,042,894</u></b>	<b><u>100.00%</u></b>		<b><u>8.83%</u></b>
						<b><u>LOW</u></b>	<b><u>HIGH</u></b>		
RETURN ON EQUITY						<u>9.88%</u>	<u>11.88%</u>		
OVERALL RATE OF RETURN						<u>8.83%</u>	<u>10.33%</u>		

<b>Pluris Wedgefield, LLC</b>						<b>Schedule No. 3-A</b>	
<b>Statement of Water Operations</b>						<b>Docket No. 20230083-WS</b>	
<b>Test Year Ended 12/31/22</b>							
<b>Description</b>	<b>Test Year Per Utility</b>	<b>Utility Adjustments</b>	<b>Adjusted Test Year Per Utility</b>	<b>Staff Adjustments</b>	<b>Staff Adjusted Test Year</b>	<b>Revenue Increase</b>	<b>Revenue Requirement</b>
1 <b>Operating Revenues:</b>	<u>\$1,627,619</u>	<u>\$743,196</u>	\$2,370,815	(\$740,365)	\$1,630,450	\$410,299 25.16%	\$2,040,748
<b>Operating Expenses</b>							
2 Operation & Maintenance	\$1,749,162	(\$418,845)	\$1,330,317	(\$237,010)	\$1,093,307		\$1,093,307
3 Depreciation	363,029	0	363,029	(2,768)	360,261		360,261
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	141,262	33,554	174,816	(33,875)	140,941	18,463	159,404
6 Income Taxes	<u>0</u>	<u>108,578</u>	<u>108,578</u>	<u>(108,578)</u>	<u>0</u>	<u>0</u>	<u>0</u>
7 <b>Total Operating Expense</b>	<u>2,253,453</u>	<u>(276,713)</u>	<u>1,976,740</u>	<u>(382,232)</u>	<u>1,594,508</u>	<u>18,463</u>	<u>1,612,972</u>
8 <b>Operating Income</b>	<u>(\$625,834)</u>	<u>\$1,019,909</u>	<u>\$394,075</u>	<u>(\$358,134)</u>	<u>\$35,941</u>	<u>\$391,835</u>	<u>\$427,776</u>
9 <b>Rate Base</b>	<u>\$1,426,078</u>		<u>\$4,853,130</u>		<u>\$4,844,521</u>		<u>\$4,844,521</u>
10 <b>Rate of Return</b>	<u>(43.88%)</u>		<u>8.12%</u>		<u>0.74%</u>		<u>8.83%</u>

<b>Pluris Wedgefield, LLC.</b>						<b>Schedule No. 3-B</b>	
<b>Statement of Wastewater Operations</b>						<b>Docket No. 20230083-WS U</b>	
<b>Test Year Ended 12/31/22</b>							
<b>Description</b>	<b>Test Year Per Utility</b>	<b>Utility Adjustments</b>	<b>Adjusted Test Year Per Utility</b>	<b>Staff Adjustments</b>	<b>Staff Adjusted Test Year</b>	<b>Revenue Increase</b>	<b>Revenue Requirement</b>
1 <b>Operating Revenues:</b>	<u>\$1,051,949</u>	<u>\$541,637</u>	<u>\$1,593,586</u>	<u>(\$536,659)</u>	<u>\$1,056,927</u>	<u>\$244,186</u> 23.10%	<u>\$1,301,113</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	\$924,958	\$237,010	\$1,161,968	(\$237,010)	\$924,958		\$924,958
3 Depreciation	129,820	(845)	128,975	(7,707)	121,268		121,268
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	141,804	24,374	166,178	(28,097)	138,081	10,988	149,069
6 Income Taxes	<u>0</u>	<u>29,478</u>	<u>29,478</u>	<u>(29,478)</u>	<u>0</u>	<u>0</u>	<u>0</u>
7 <b>Total Operating Expense</b>	<u>1,196,582</u>	<u>290,017</u>	<u>1,486,599</u>	<u>(302,292)</u>	<u>1,184,307</u>	<u>10,988</u>	<u>1,195,295</u>
8 <b>Operating Income</b>	<u>(\$144,633)</u>	<u>\$251,620</u>	<u>\$106,987</u>	<u>(\$234,367)</u>	<u>(\$127,380)</u>	<u>\$233,198</u>	<u>\$105,818</u>
9 <b>Rate Base</b>	<u>(\$2,079,052)</u>		<u>\$1,306,847</u>		<u>\$1,198,373</u>		<u>\$1,198,373</u>
10 <b>Rate of Return</b>	<u>(6.96%)</u>		<u>8.19%</u>		<u>(10.63%)</u>		<u>8.83%</u>

<b>Pluris Wedgefield, LLC.</b>		<b>Schedule No. 3-C</b>	
<b>Adjustments to Operating Income</b>		<b>Docket No. 20230083-WS</b>	
<b>Test Year Ended 12/31/22</b>			
<b>Explanation</b>		<b>Water</b>	<b>Wastewater</b>
<b>Operating Revenues</b>			
1	To remove requested interim revenue increase.	(\$743,196)	(\$541,637)
2	To reflect the appropriate amount of test year revenues	<u>2,831</u>	<u>4,978</u>
	<b>Total</b>	<u>(\$740,365)</u>	<u>(\$536,659)</u>
<b>Operation and Maintenance Expense</b>			
1	To remove pro-forma expense	(\$237,010)	(\$237,010)
	<b>Total</b>	<u>(\$237,010)</u>	<u>(\$237,010)</u>
<b>Depreciation Expense - Net</b>			
1	To remove depreciation expense on non-U&U adjustment.	<u>(\$2,768)</u>	<u>(\$7,707)</u>
	<b>Total</b>	<u>(\$2,768)</u>	<u>(\$7,707)</u>
<b>Taxes Other Than Income</b>			
1	To remove RAFs on revenue increase.	(\$33,316)	(\$24,150)
2	To remove property taxes on non-U&U adjustments.	<u>(559)</u>	<u>(3,947)</u>
	<b>Total</b>	<u>(\$33,875)</u>	<u>(\$28,097)</u>
<b>Income Taxes</b>			
1	To remove income tax provision.	(\$108,578)	(\$29,478)
	<b>Total</b>	<u>(\$108,578)</u>	<u>(\$29,478)</u>

<b>PLURIS WEDGEFIELD, LLC</b>		<b>SCHEDULE NO. 4-A</b>		
<b>TEST YEAR ENDED DECEMBER 31, 2022</b>		<b>DOCKET NO. 20230083-WS</b>		
<b>MONTHLY WATER RATES</b>				
	<b>Utility Current Rate</b>	<b>Utility Requested Interim Rates</b>	<b>Utility Requested Final Rates</b>	<b>Staff Recommended Interim Rates</b>
<b>Residential Service</b>				
Base Facility Charge by Meter Size				
5/8"X3/4"	\$28.10	\$41.03	\$47.12	\$35.30
3/4"	\$42.16	\$61.55	\$70.68	\$52.95
1"	\$70.26	\$102.58	\$117.80	\$88.25
1-1/2"	\$140.52	\$205.16	\$235.60	\$176.50
2"	\$224.84	\$328.27	\$376.96	\$282.40
3"	\$449.68	\$656.53	\$753.92	\$564.80
4"	\$702.62	\$1,025.83	\$1,178.00	\$882.50
6"	\$1,405.25	\$2,051.67	\$2,356.00	\$1,765.00
<b>Gallage Charge - Residential Service</b>				
0 - 5,000 Gallons	\$8.86	\$12.94	\$14.86	\$11.13
5,001 - 10,000 Gallons	\$11.01	\$16.07	\$18.46	\$13.83
Over 10,000 Gallons	\$16.52	\$24.12	\$27.70	\$20.75
<b>General and Irrigation Service</b>				
Base Facility Charge by Meter Size				
5/8"X3/4"	\$28.10	\$41.03	\$47.12	\$35.30
3/4"	\$42.16	\$61.55	\$70.68	\$52.95
1"	\$70.26	\$102.58	\$117.80	\$88.25
1-1/2"	\$140.52	\$205.16	\$235.60	\$176.50
2"	\$224.84	\$328.27	\$376.96	\$282.40
3"	\$449.68	\$656.53	\$753.92	\$564.80
4"	\$702.62	\$1,025.83	\$1,178.00	\$882.50
6"	\$1,405.25	\$2,051.67	\$2,356.00	\$1,765.00
8"	\$2,528.88	\$3,692.16	\$4,240.80	\$3,177.00
<b>Charge per 1,000 gallons - General Service and Irrigation</b>	\$10.00	\$14.60	\$16.77	\$12.56
<b>Typical Residential 5/8" x 3/4" Meter Bill Comparison</b>				
2,000 Gallons	\$45.82	\$66.91	\$76.84	\$57.56
4,000 Gallons	\$63.54	\$92.79	\$106.56	\$79.82
8,000 Gallons	\$105.43	\$153.94	\$176.80	\$132.44

<b>PLURIS WEDGEFIELD, LLC</b>		<b>SCHEDULE NO. 4-B</b>		
<b>TEST YEAR ENDED DECEMBER 31, 2022</b>		<b>DOCKET NO. 20230083-WS</b>		
<b>MONTHLY WASTEWATER RATES</b>				
	<b>Utility Current Rate</b>	<b>Utility Requested Interim Rates</b>	<b>Utility Requested Final Rates</b>	<b>Staff Recommended Interim Rates</b>
<b>Residential Service</b>				
Base Facility Charge - All Meter Sizes	\$31.21	\$45.57	\$46.19	\$38.42
Charge Per 1,000 gallons 8,000 gallon cap	\$4.57	\$6.67	\$6.76	\$5.63
<b>General Service</b>				
Base Facility Charge by Meter Size				
5/8" x 3/4"	\$31.21	\$45.57	\$46.19	\$38.42
3/4"	\$46.81	\$68.34	\$69.29	\$57.63
1"	\$78.01	\$113.89	\$115.48	\$96.05
1-1/2"	\$156.03	\$227.80	\$230.95	\$192.10
2"	\$249.64	\$364.47	\$369.25	\$307.36
3"	\$499.29	\$728.96	\$692.85	\$614.72
4"	\$780.14	\$1,139.00	\$1,154.75	\$960.50
6"	\$1,560.28	\$2,278.01	\$2,309.50	\$1,921.00
8"	\$2,808.69	\$4,100.69	\$4,157.10	\$3,457.80
Charge per 1,000 gallons	\$5.46	\$7.97	\$8.08	\$6.72
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>				
2,000 Gallons	\$40.35	\$58.91	\$59.71	\$49.68
4,000 Gallons	\$49.49	\$72.25	\$73.23	\$60.94
8,000 Gallons	\$67.77	\$98.93	\$100.27	\$83.46