

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-

DATE: November 8, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Kaproth, Marsh, Romig, Springer)
Office of the General Counsel (Jaeger)

RE: Docket No. 060253-WS – Application for increase in Water and Wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.
County(ies): Marion, Orange, Pasco, Pinellas, Seminole

AGENDA: 11/21/06 – Regular Agenda – Decision on Suspension of Rates and on Interim Rates – Participation is at the Discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Arriaga

CRITICAL DATES: 12/01/06 (60-DAY Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\060253.RCM.DOC

Case Background

Utilities, Inc. of Florida (UIF or utility) is a Class A utility providing water and wastewater service to 22 systems in the following counties: Marion, Orange, Pasco, Pinellas, and Seminole. UIF is a wholly-owned subsidiary of Utilities, Inc. (UI). By letter dated March 20, 2006, UIF requested test year approval in order to file an application for general rate relief for all of its counties. The utility requested that the application be processed using the Proposed Agency Action (PAA) procedure and requested interim rates. On June 22, 2006, the Office of Public Counsel (OPC) served its Notice of Intervention in this docket and by Order No. PSC-06-0545-PCO-WS, issued June 26, 2006, OPC's intervention was acknowledged.

UIF's requested test year for final and interim purposes is the historical year ended December 31, 2005. On October 2, 2006, the utility filed minimum filing requirements (MFRs) to justify its requested rate increase. By letter dated October 12, 2006, the utility was notified that the MFRs were deficient. The corrected deficiencies are due by November 13, 2006.

In its MFRs, the utility requested annual interim revenues for Orange, Pasco, Pinellas and Seminole Counties. The utility did not request interim revenues for Marion County. The utility's requested increases are as follows:

<u>County</u>	<u>Water Revenue Increase</u>	<u>% Increase</u>	<u>Wastewater Revenue Increase</u>	<u>% Increase</u>
Orange	\$18,440	18.91%	N/A	N/A
Pasco	\$260,816	44.46%	\$96,663	25.50%
Pinellas	\$44,611	57.95%	N/A	N/A
Seminole	\$172,417	25.31%	\$244,029	41.33%
Total	\$496,284	34.41%	\$340,692	35.14%

Prior Commission Cases

The utility's most recent rate proceeding for Marion, Orange, Pasco, Pinellas, and Seminole Counties was addressed in Order No. PSC-03-1440-FOF-WS.¹ Subsequent to this case, the Commission approved an Allowance For Funds Used During Construction rate of 9.03%, for UI's Florida subsidiaries including Water Service Corporation.² Also, in Order No. PSC-04-1275-AS-WS, the Commission approved a settlement agreement to bring UIF and all of its Florida subsidiaries into compliance with Rule 25-30.115, Florida Administrative Code (F.A.C.).³ Rule 25-30.115 requires that Water and Wastewater Utilities maintain their accounts and records in conformity with the 1996 NARUC Uniform System of Accounts. In Order No. PSC-06-0094-FOF-WS, the Commission approved the transfer of majority organizational control

¹Order No. PSC-03-1440-FOF-WS, issued December 22, 2003, in Docket No. 020071-WS, In Re: Application for rate increase in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida

² Order No. PSC-04-0262-PAA-WS, issued March 8, 2004, in Docket No. 031006-WS, In Re: Petition by Utilities, Inc. for approval of allowance for funds used during construction (AFUDC) rate for its Florida subsidiaries including Water Service Corp.

³ Order No. PSC-04-1275-AS-WS, issued December 23, 2004, in Docket No. 040316-WS, In Re: Analysis of Utilities, Inc.'s plan to bring all of its Florida subsidiaries into compliance with Rule 25-30.115, Florida Administrative Code

Docket No. 060253-WS
Date: November 8, 2006

of Utilities, Inc. from Nuon Global Solutions USA, B.V. to Hydro Star, LLC, effective January 24, 2006.⁴

The Commission has jurisdiction pursuant to Section 367.082, Florida Statutes (F.S.).

⁴ Order No. PSC-06-0094-FOF-WS, issued February 9, 2006, in Docket No. 050499-WS, In Re: Application for authority to transfer majority organizational control of Utilities, Inc. from Nuon Global Solution USA, B.V. to Hydro Star, LLC

Discussion of Issues

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

Recommendation: Yes. UIF's proposed final water and wastewater rates should be suspended.
(Kaproth, Romig)

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

Staff has reviewed the filing and has considered the information filed in support of the rate application and the proposed final rates. Staff recommends that it is necessary to require further investigation of this information, including on-site investigations by staff accountants and engineers. Based on the foregoing, staff recommends that it is appropriate to suspend the utility's proposed rate increase.

Issue 2: Should any interim revenue increase be approved?

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

<u>County</u>	<u>Adjusted Test Year Revenues</u>	<u>Revenue \$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Orange – Water	\$97,500	\$10,504	\$108,004	10.77%
Pasco – Water	\$586,632	\$210,002	\$796,634	35.80%
Pasco -Wastewater	\$379,088	\$52,229	\$431,317	13.78%
Pinellas – Water	\$76,988	\$37,482	\$114,470	48.69%
Seminole - Water	\$681,344	\$128,491	\$809,835	18.86%
Seminole - Wastewater	\$590,501	\$193,188	\$783,689	32.72%

(Kaproth, Marsh, Romig, Springer)

Staff Analysis: The utility filed rate base, cost of capital, and operating statements to support its requested interim water and wastewater increases. Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those used in the utility’s most recent rate proceeding and annualizing any rate changes. Staff reviewed the utility's interim request, as well as, Order No. PSC-03-1440-FOF-WS, the utility’s most recent rate proceeding. Staff’s recommended adjustments are discussed below. Staff has attached accounting schedules for each county to illustrate staff’s recommended rate base, capital structure, and test year operating income amounts. The rate base schedules are labeled as Nos. 1-A and 1-B, for water and wastewater, respectively, with the adjustments shown on No. 1-C. The capital structure schedule is No. 2, and the operating income schedules for water and wastewater, respectively, are labeled as Nos. 3-A and 3-B, with the adjustments shown on No. 3-C. Rates are shown on Schedule Nos. 4-A and 4-B.

RATE BASE

Staff reviewed the rate base adjustments made in the Company’s last case and in the current interim filing to determine if the current case was filed consistent with the findings in the Company’s last rate case order. Staff also examined additional information provided by the utility showing the journal entries used to book adjustments from its last rate case.

Pasco County

For Pasco County, staff was unable to trace a number of the adjustments from the last rate case order to the accounting schedules in the current case. Staff believes that part of its inability to trace the ordered adjustments is that the ordered balances are averages while the booked balances are the actual effects on the general ledger. In addition, most depreciation and

amortization balances for the accumulated accounts would have been rolled forward from the last order to this case. However, with this in mind, staff believes that two adjustments for Pasco County should be made.

On page 187 of Order No. PSC-03-1440-FOF-WS, the Commission made a \$76,805 adjustment increasing Pasco County's water accumulated amortization of contribution in aid of construction (CIAC). In its current filing, UIF made a \$112,483 adjustment increasing Pasco County's water accumulated amortization of CIAC. This \$112,483 adjustment is included at full weight in the test year per utility and the adjusted test year per utility. In this instance, staff does not believe that the \$35,678 difference can be attributed to averaging and rolling forward. Therefore, for interim purposes, staff recommends that Pasco County's water accumulated amortization of CIAC be decreased by \$35,678, to the \$76,805 amount in the last rate order. Staff believes its adjustment is appropriate for interim purposes. Staff's adjustment is reflected on Schedule 1-A, page 21 of staff's recommendation.

Also, on page 187 of Order No. PSC-03-1440-FOF-WS, the Commission made a \$188 adjustment decreasing Pasco County's wastewater accumulated depreciation. In its current filing, UIF made a \$155,910 adjustment decreasing Pasco County's wastewater accumulated depreciation. This \$155,910 adjustment is included at full weight in the test year per utility and the adjusted test year per utility. In this instance, staff does not believe that the \$155,722 difference can be attributed to averaging and rolling forward. Therefore, for interim purposes, staff recommends that Pasco County's wastewater accumulated depreciation be increased by \$155,722, to the \$188 amount in the last rate order. Staff believes its adjustment is appropriate for interim purposes.

Seminole County

In the last rate case order on page 32, the FPSC ordered that the Seminole County wastewater CIAC be increased by \$107,000 to reflect the wastewater contribution received from the City of Altamonte Springs. Corresponding adjustments were also made to increase accumulated amortization of CIAC and test year amortization of CIAC by \$1,783 and \$3,567, respectively.

Staff examined UIF's MFRs and additional information provided by the utility that shows the journal entries used to book adjustments from its last rate case. Staff was unable to verify that the \$107,000 adjustment to CIAC had been made. Accordingly, staff recommends that the Seminole County wastewater CIAC be increased by \$107,000, with corresponding adjustments to test year amortization of \$3,567 and to accumulated amortization of \$16,051. The difference in accumulated amortization of CIAC is due to a roll forward of the amount.

Working Capital Allowance

For the historical test year ended December 31, 2005, the utility used the balance sheet approach to calculate interim working capital, which is appropriate for a Class A utility. The calculated total company working capital was \$2,657,742, and it was allocated to each of the utility's systems based on operation and maintenance (O&M) expenses. In Order No. PSC-03-

1440-FOF-WS, the working capital was decreased by \$1,426,034 to reduce overstated cash to reflect the use of year-end balances to determine the appropriate working capital balance of \$208,497.

In this proceeding, consistent with the last order, staff believes a similar adjustment is appropriate. As shown on its balance sheet, UIF's cash balance decreased from \$2,259,828 at December 31, 2004, to \$1,734,515 at November 30, 2005, and to \$300,290 at December 31, 2005. Using the December 31, 2005 cash balance, \$300,290, and the thirteen-month average cash balance of \$1,979,643, staff calculates an adjustment to cash of \$1,679,354. Therefore, staff reduced the thirteen-month average cash of \$1,979,643 to \$300,290, a \$1,679,354 reduction. This treatment is consistent with the last rate order, with the exception of adjusting for current liabilities, which remained relatively stable throughout the interim test year in this proceeding. Based on the relative stability of this account, no adjustment to accounts payable is recommended. Staff's calculation produces a \$1,679,354 adjustment to reduce cash resulting in a working capital allowance of \$978,388.

Based on staff's adjusted O&M expenses and staff's recommended adjustment to cash in working capital, the following table shows the working capital allowance by county and by water or wastewater service as filed by the utility, as adjusted by staff and with the appropriate staff adjustment.

County	As Filed	Staff Adjustment	Staff Adjusted
Marion – Water	\$125,180	\$79,113	\$46,067
Marion - Wastewater	\$37,740	\$23,797	\$13,943
Orange – Water	\$112,157	\$70,881	\$41,276
Pasco - Water	\$606,762	\$383,652	\$223,110
Pasco – Wastewater	\$429,491	\$271,262	\$158,229
Pinellas – Water	\$93,287	\$59,122	\$34,165
Seminole – Water	\$615,267	\$388,636	\$226,631
Seminole – Wastewater	\$637,858	\$402,891	\$234,967
TOTAL	\$2,657,742	\$1,679,354	\$978,388

COST OF CAPITAL

In its interim request, UIF used a 10.45% return on equity (ROE), which is the minimum of the range of its last authorized ROE from Order No. PSC-03-1440-FOF-WS. Based on a 10.45% ROE and staff's adjustments to rate base discussed earlier, staff recommends an interim weighted average cost of capital for each system as follows:

County	Requested Weighted Average Cost of Capital	Recommended Weighted Average Cost of Capital
Orange	7.41%	7.03%
Pasco	7.12%	6.79%
Pinellas	7.20%	7.01%
Seminole	7.19%	7.01%

NET OPERATING INCOME

Addressing unaccounted for water, the Commission found in Order No. PSC-03-1440-FOF-WS, on page 110, that utilities should aggressively seek to attain a goal of unaccounted for water at 10% or less. The Commission adjusted chemical and electric power cost downward to reflect the amount of unaccounted for water in the systems in Marion, Pasco, and Pinellas Counties. In the current filing, staff review found that the Lake Tarpon system in Pinellas County and the Buena Vista system in Pasco County had unaccounted for water percentages of 22.22% and 15.49%, respectively.

To be consistent with the last rate case order, staff has adjusted electric power and chemical expense to reflect the water losses above 10% at these two water systems. The Pasco County electric power and chemical expense are not separated by system, so an allocation was made based upon the ratio of water pumped at Buena Vista compared to the total of all three systems in that county. As the Buena Vista system in this case provides 35% of the water pumped in the county, 35% of all power purchased and chemical expense is to be allocated to this system.

The adjustments are:

Systems	Total Chemicals	Total Electric Power	Unaccounted For in Excess of 10%	Staff Adjustment to Chemicals	Staff Adjustment to Power	Total Staff Adjustment
Pinellas Water (Lake Tarpon)	\$1,333	\$2,526	12.20%	\$163	\$308	\$471
Pasco Water (Buena Vista)	\$5,429	\$6,960	5.40%	\$293	\$376	\$669

As Buena Vista pumped 57.6 million gallons or 35% of the total gallons pumped in the Pasco County systems, \$6,960 of the purchased power on Schedule B-5 ($\$19,886 \times .35 = \$6,960$) has been allocated to the Buena Vista system. Total unaccounted for water per Schedule F-1 for Buena Vista is 15.40%. The excess above the 10% allowable is 5.40%

Based on the above adjustments, staff recommends the revenue requirements reflected in the following table. These recommended revenue increases will allow the utility the opportunity to recover its water and/or wastewater operating expenses and earn the previously recommended returns on its water and/or wastewater rate bases.

<u>County</u>	<u>Adjusted Test Year Revenues</u>	<u>Revenue \$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Orange – Water	\$97,500	\$10,504	\$108,004	10.77%
Pasco – Water	\$586,632	\$210,002	\$796,634	35.80%
Pasco -Wastewater	\$379,088	\$52,229	\$431,317	13.78%
Pinellas – Water	\$76,988	\$37,482	\$114,470	48.69%
Seminole - Water	\$681,344	\$128,491	\$809,835	18.86%
Seminole - Wastewater	\$590,501	\$193,188	\$783,689	32.72%

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

Recommendation: The service rates for UIF in effect as of December 31, 2005, should be increased as shown below to generate the recommended revenue increase for the interim period.

<u>County</u>	<u>Increase</u>
Orange – Water	10.77%
Pasco – Water	35.80 %
Pasco – Wastewater	13.78%
Pinellas – Water	48.69%
Seminole – Water	18.86%
Seminole - Wastewater	32.72%.

The approved rates as shown on Schedule No. 4 should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C., provided the customers have received notice. The rates should not be implemented until the required security has been filed and proper notice has been received by the customers. The utility should provide proof to staff of the date notice was given within 10 days after the date of the notice. (Kaproth, Romig)

Staff Analysis: Staff recommends that interim service rates for UIF be designed to allow the utility the opportunity to generate additional annual operating revenues as shown below. To determine the appropriate increase to apply to the service rates, miscellaneous service and other revenues should be removed from the test year revenues. The calculation is as follows:

County	Adjusted Test Year Revenues	Less: Misc. Revenue	Revenues - Service Rates	\$ Revenue Increase	% Rate Increase
Orange - Water	\$97,500	\$1,305	\$96,195	\$10,504	10.77%
Pasco - Water	\$586,632	\$9,030	\$577,602	\$210,002	35.80%
Pasco - Wastewater	\$379,088	\$0	\$379,088	\$52,229	13.78%
Pinellas - Water	\$76,988	\$840	\$76,148	\$37,482	48.69%

County	Adjusted Test Year Revenues	Less: Misc. Revenue	Revenues - Service Rates	\$ Revenue Increase	% Rate Increase
Seminole – Water	\$681,344	\$0	\$681,344	\$128,491	18.86%
Seminole - Wastewater	\$590,501	\$0	\$590,501	\$193,188	32.72%

The approved rates 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., provided the customers have received notice. The rates should not be implemented until the required security has been filed and proper notice has been received by the customers. The utility should provide proof to staff of the date notice was given within 10 days after the date of the notice.

Schedule Nos. 4-A and 4-B reflects each of the above system's current rates, the requested interim and final rates, and staff's recommended interim rates.

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

Recommendation: A corporate undertaking is acceptable contingent upon receipt of the written guarantee of the parent company, Utilities, Inc. (UI), and written confirmation of UI's continued attestation that it does not have any outstanding guarantees on behalf of UI-owned utilities in other states. UI should be required to file a corporate undertaking on behalf of its subsidiaries to guarantee any potential refunds of revenues collected under interim conditions. UI's total guarantee should be a cumulative amount of \$1,092,473 which includes an amount of \$373,898 subject to refund in this docket. Pursuant to Rule 25-30.360(6), F.A.C., the utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C. In no instance should maintenance and administrative costs associated with any refund be borne by the customers. These costs are the responsibility of, and should be borne by, the utility. (Springer, Kaproth, Romig)

Staff Analysis: Pursuant to Section 367.082, F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the Commission. As recommended in Issue 2, the total annual interim increase is \$631,213 for water and wastewater. In accordance with Rule 25-30.360, F.A.C., staff has calculated the potential refund of revenues and interest collected under interim conditions to be \$373,898. This amount is based on an estimated seven months of revenue being collected from staff's recommended interim rates over the utility's current authorized rates shown on Schedules Nos. 4-A and 4-B.

UIF is a wholly-owned subsidiary of UI, which provides all investor capital to its subsidiaries. UI has requested a corporate undertaking to secure any interim increases granted in Dockets Nos. 060254-SU, 060255-SU, 060256-SU, 060257-WS, 060258-WS, 060260-WS, 060261-WS, and 060262-WS. As such, staff reviewed the financial statements of the parent company. As a result of staff's interim recommendations in all of the above dockets, the total requested cumulative corporate undertaking amount is \$1,092,473, which includes \$373,898 subject to refund for this docket.

The criteria for a corporate undertaking includes sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff has reviewed UI's financial statements from 2003 to 2005 to determine the financial condition of the parent company. Staff's analysis shows that UI has experienced a significant decline in liquidity and interest coverage during 2005 compared to prior years. However, UI's average equity ratio over the three-year period has been 40%. Additionally, net income has been on average four times greater than the requested cumulative corporate undertaking amount. UI's financial performance has demonstrated adequate levels of both profitability and equity capitalization to offset the recent decline in liquidity and interest coverage. Based upon this analysis, staff recommends that a cumulative corporate undertaking of \$1,092,473 is acceptable contingent upon the receipt of the written guarantee of UI and written confirmation that UI does not have any outstanding guarantees on behalf of UI-owned utilities in other states.

Docket No. 060253-WS
Date: November 8, 2006

Pursuant to Rule 25-30.360(6), F.A.C., the utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

Docket No. 060253-WS
Date: November 8, 2006

Issue 5: Should this docket be closed?

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

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

Utilities, Inc. of Florida - Orange County Schedule of Water Rate Base Test Year Ended 12/31/05			Schedule No. 1-A Docket No. 060253-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	
1 Plant in Service	\$177,468	\$0	\$177,468	\$0	\$177,468	
2 Land and Land Rights	\$0	\$0	0	0	0	
3 Non-used and Useful Components	\$0	\$0	0	0	0	
4 Accumulated Depreciation	(\$79,913)	\$0	(79,913)	0	(79,913)	
5 CIAC	(\$28,860)	\$0	(28,860)	0	(28,860)	
6 Amortization of CIAC	\$26,540	\$0	26,540	0	26,540	
7 Net Debit Deferred Income Taxes	0	0	0	0	0	
8 Advances for Construction	\$0	\$0	0	0	0	
9 Working Capital Allowance	\$0	\$112,157	112,157	(70,881)	41,276	
10 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
11 Rate Base	<u>\$95,235</u>	<u>\$112,157</u>	<u>\$207,392</u>	<u>(\$70,881)</u>	<u>\$136,511</u>	

Utilities, Inc. of Florida - Orange County Adjustments to Rate Base Test Year Ended 12/31/05		Schedule No. 1-B Docket No. 060253-WS Interim
Explanation		Water
<u>Working Capital</u> To reflect adjustments made in the last rate case		<u>(\$70,881)</u>

**Utilities, Inc. of Florida - Orange County
 Capital Structure-Simple Average
 Test Year Ended 12/31/05**

**Schedule No. 2
 Docket No. 060253-WS
 Interim**

	Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility										
1	Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$132,917,904)	\$107,198	51.69%	6.65%	3.44%	
2	Short-term Debt	4,522,923	0	\$4,522,923	(4,519,286)	\$3,637	1.75%	5.01%	0.09%	
3	Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%	
4	Common Equity	91,510,699	0	\$91,510,699	(91,436,931)	\$73,768	35.57%	10.45%	3.72%	
5	Customer Deposits	5,814	0	\$5,814	0	\$5,814	2.80%	6.00%	0.17%	
6	Tax-credits - Zero Cost	1,545	0	\$1,545	0	\$1,545	0.74%	0.00%	0.00%	
7	Deferred Income Taxes	<u>15,430</u>	<u>0</u>	<u>\$15,430</u>	<u>0</u>	<u>\$15,430</u>	<u>7.44%</u>	<u>0.00%</u>	<u>0.00%</u>	
10	Total Capital	<u>\$229,081,513</u>	<u>\$0</u>	<u>\$229,081,513</u>	<u>(\$228,874,121)</u>	<u>\$207,392</u>	<u>100.00%</u>		<u>7.41%</u>	
Per Staff										
11	Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$132,959,058)	\$66,044	48.38%	6.65%	3.22%	
12	Short-term Debt	4,522,923	0	\$4,522,923	(4,520,677)	2,246	1.64%	5.01%	0.08%	
13	Preferred Stock	0	0	\$0	0	0	0.00%	0.00%	0.00%	
14	Common Equity	91,510,699	0	\$91,510,699	(91,465,266)	45,433	33.28%	10.45%	3.48%	
15	Customer Deposits	5,814	0	\$5,814	0	5,814	4.26%	6.00%	0.26%	
16	Tax-credits - Zero Cost	1,545	0	\$1,545	0	1,545	1.13%	0.00%	0.00%	
17	Deferred Income Taxes	<u>15,430</u>	<u>0</u>	<u>\$15,430</u>	<u>0</u>	<u>15,430</u>	<u>11.30%</u>	<u>0.00%</u>	<u>0.00%</u>	
20	Total Capital	<u>\$229,081,513</u>	<u>\$0</u>	<u>\$229,081,513</u>	<u>(\$228,945,002)</u>	<u>\$136,511</u>	<u>100.00%</u>		<u>7.03%</u>	
							LOW	HIGH		
RETURN ON EQUITY							<u>10.45%</u>	<u>12.45%</u>		
OVERALL RATE OF RETURN							<u>7.03%</u>	<u>7.70%</u>		

Utilities, Inc. of Florida - Orange County Statement of Water Operations Test Year Ended 12/31/05						Schedule No. 3-A Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$97,411</u>	<u>\$18,529</u>	<u>\$115,940</u>	<u>(\$18,440)</u>	<u>\$97,500</u>	<u>\$10,504</u> 10.77%	<u>\$108,004</u>
Operating Expenses							
2 Operation & Maintenance	\$79,687	\$0	79,687	0	79,687		79,687
3 Depreciation	6,859	0	6,859	0	6,859		6,859
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	8,516	834	9,350	(830)	8,520	473	8,993
6 Income Taxes	<u>0</u>	<u>4,662</u>	<u>4,662</u>	<u>(5,572)</u>	<u>(910)</u>	<u>3,775</u>	<u>2,864</u>
7 Total Operating Expense	<u>95,062</u>	<u>5,496</u>	<u>100,558</u>	<u>(6,402)</u>	<u>94,156</u>	<u>4,248</u>	<u>98,403</u>
8 Operating Income	<u>\$2,349</u>	<u>\$13,033</u>	<u>\$15,382</u>	<u>(\$12,038)</u>	<u>\$3,344</u>	<u>\$6,257</u>	<u>\$9,601</u>
9 Rate Base	<u>\$95,235</u>		<u>\$207,392</u>		<u>\$136,511</u>		<u>\$136,511</u>
10 Rate of Return	<u>2.47%</u>		<u>7.42%</u>		<u>2.45%</u>		<u>7.03%</u>

Utilities, Inc. of Florida - Orange County Adjustment to Operating Income Test Year Ended 12/31/05		Schedule 3-B Docket No. 060253-WS Interim
Explanation	Water	
<u>Operating Revenues</u> Remove requested interim revenue increase	<u>(\$18,440)</u>	
<u>Taxes Other Than Income</u> RAFs on revenue adjustments above	<u>(\$830)</u>	
<u>Income Taxes</u> To adjust to test year income tax expense.	<u>(\$5,572)</u>	

Utilities, Inc. of Florida - Orange County Water Monthly Service Rates Test Year Ended 12/31/05		Schedule No. 4 Docket No. 060253-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential, General Service and Multi-Family</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$6.36	\$7.56	\$7.93	\$7.05
1"	\$15.90	\$18.91	\$19.82	\$17.64
1-1/2"	\$31.81	\$37.83	\$39.66	\$35.28
2"	\$50.89	\$60.51	\$63.44	\$56.45
3"	\$101.78	\$121.03	\$126.89	\$112.89
4"	\$159.03	\$189.10	\$198.26	\$176.40
6"	\$318.07	\$378.22	\$396.54	\$352.80
Gallonage Charge, per 1,000 Gallons				
First 8,000 gallons	\$2.62	\$3.11	\$3.27	\$2.91
Next 8,000 gallons	\$3.28	\$3.89	\$4.09	\$3.64
Over 16,000 gallons	\$3.94	\$4.68	\$4.91	\$4.37
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$6.36	\$7.56	\$7.93	\$7.05
1"	\$15.90	\$18.91	\$19.82	\$17.64
1-1/2"	\$31.81	\$37.83	\$39.66	\$35.28
2"	\$50.89	\$60.51	\$63.44	\$56.45
3"	\$101.78	\$121.03	\$126.89	\$112.89
4"	\$159.03	\$189.10	\$198.26	\$176.40
6"	\$318.07	\$378.22	\$396.54	\$352.80
Gallonage Charge, per 1,000 Gallons	\$2.81	\$3.33		
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$14.22	\$16.89	\$17.74	\$15.78
5,000 Gallons	\$19.46	\$23.11	\$24.28	\$21.60
10,000 Gallons	\$33.88	\$40.22	\$42.27	\$37.61

Utilities, Inc. of Florida - Pasco County Schedule of Water Rate Base Test Year Ended 12/31/05			Schedule No. 1-A Docket No. 060253-WS Interim		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$3,195,102	\$0	\$3,195,102	\$0	\$3,195,102
2 Land and Land Rights	\$2,718	\$9,000	11,718	0	11,718
3 Non-used and Useful Components	\$0	\$0	0	0	0
4 Accumulated Depreciation	(1,164,562)	0	(1,164,562)	0	(1,164,562)
5 CIAC	(595,435)	0	(595,435)	0	(595,435)
6 Amortization of CIAC	339,096	0	339,096	(35,678)	303,418
7 Construction Work In Progress	261,878	(261,878)	0	0	0
8 Net Debit Deferred Income Taxes	0	0	0	0	0
9 Advances for Construction	\$0	\$0	0	0	0
10 Working Capital Allowance	\$0	\$606,762	606,762	(383,652)	223,110
11 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
12 Rate Base	<u>\$2,038,797</u>	<u>\$353,884</u>	<u>\$2,392,681</u>	<u>(\$419,330)</u>	<u>\$1,973,351</u>

Utilities, Inc. of Florida - Pasco County Schedule of Wastewater Rate Base Test Year Ended 12/31/05				Schedule No. 1-B Docket No. 060253-WS Interim		
	Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1	Plant in Service	\$1,190,321	\$0	\$1,190,321	\$0	\$1,190,321
2	Land and Land Rights	\$10,500	(\$9,000)	1,500	0	1,500
3	Non-used and Useful Components	\$0	\$0	0	0	0
4	Accumulated Depreciation	(318,807)	\$0	(318,807)	(155,722)	(474,529)
5	CIAC	(587,255)	\$0	(587,255)	0	(587,255)
6	Amortization of CIAC	310,227	\$0	310,227	0	310,227
7	CWIP	9,875	(\$9,875)	0	0	0
8	Advances for Construction	\$0	\$0	0	0	0
9	Working Capital Allowance	\$0	\$429,491	429,491	(271,262)	158,229
10	Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
11	Rate Base	<u>\$614,861</u>	<u>\$410,616</u>	<u>\$1,025,477</u>	<u>(\$426,984)</u>	<u>\$598,493</u>

Utilities, Inc. of Florida - Pasco County Adjustments to Rate Base Test Year Ended 12/31/05		Schedule No. 1-C Docket No. 060253-WS Interim	
Explanation		Water	Wastewater
<u>Accumulated Depreciation</u>			
Increase Acc. Depreciation to reflect prior rate case adjustments		<u>\$0</u>	<u>(\$155,722)</u>
<u>Accumulated Amortization of CIAC</u>			
Decrease Acc. Amortization to reflect prior rate case adjustments		<u>(\$35,678)</u>	<u>\$0</u>
<u>Working Capital</u>			
To reflect adjustments made in the last rate case		<u>(\$383,652)</u>	<u>(\$271,262)</u>

Utilities, Inc. of Florida - Pasco County Capital Structure-Simple Average Test Year Ended 12/31/05						Schedule No. 2 Docket No. 060253-WS Interim		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Utility								
1 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$131,297,730)	\$1,727,372	50.54%	6.65%	3.36%
2 Short-term Debt	4,522,923	0	\$4,522,923	(4,464,323)	\$58,600	1.71%	5.01%	0.09%
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%
4 Common Equity	91,510,699	0	\$91,510,699	(90,322,033)	\$1,188,666	34.78%	10.45%	3.63%
5 Customer Deposits	23,850	0	\$23,850	0	\$23,850	0.70%	6.00%	0.04%
6 Tax Credits - Zero Cost	38,207	0	\$38,207	0	\$38,207	1.12%	0.00%	0.00%
7 Deferred Income Taxes	381,463	0	\$381,463	0	\$381,463	11.16%	0.00%	0.00%
10 Total Capital	<u>\$229,502,244</u>	<u>\$0</u>	<u>\$229,502,244</u>	<u>(\$226,084,086)</u>	<u>\$3,418,158</u>	<u>100.00%</u>		<u>7.12%</u>
Per Staff								
11 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$131,789,085)	\$1,236,017	48.06%	6.65%	3.20%
12 Short-term Debt	4,522,923	0	\$4,522,923	(4,480,898)	42,025	1.63%	5.01%	0.08%
13 Preferred Stock	0	0	\$0	0	0	0.00%	0.00%	0.00%
14 Common Equity	91,510,699	0	\$91,510,699	(90,660,417)	850,282	33.06%	10.45%	3.45%
15 Customer Deposits	23,850	0	\$23,850	0	23,850	0.93%	6.00%	0.06%
16 Tax Credits - Zero Cost	38,207	0	\$38,207	0	38,207	1.49%	0.00%	0.00%
17 Deferred Income Taxes	381,463	0	\$381,463	0	381,463	14.83%	0.00%	0.00%
20 Total Capital	<u>\$229,502,244</u>	<u>\$0</u>	<u>\$229,502,244</u>	<u>(\$226,930,400)</u>	<u>\$2,571,844</u>	<u>100.00%</u>		<u>6.79%</u>
						LOW	HIGH	
RETURN ON EQUITY						<u>10.45%</u>	<u>12.45%</u>	
OVERALL RATE OF RETURN						<u>6.79%</u>	<u>7.45%</u>	

Utilities, Inc. of Florida - Pasco County Statement of Water Operations Test Year Ended 12/31/05						Schedule No. 3-A Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$585,359</u>	<u>\$262,089</u>	<u>\$847,448</u>	<u>(\$260,816)</u>	<u>\$586,632</u>	<u>\$210,002</u> 35.80%	<u>\$796,634</u>
Operating Expenses							
2 Operation & Maintenance	\$431,404	\$0	431,404	(669)	430,735		430,735
3 Depreciation	114,095	0	114,095	0	114,095		114,095
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	67,205	11,794	78,999	(11,737)	67,262	9,450	76,712
6 Income Taxes	<u>0</u>	<u>52,487</u>	<u>52,487</u>	<u>(86,821)</u>	<u>(34,334)</u>	<u>75,468</u>	<u>41,134</u>
7 Total Operating Expense	<u>612,704</u>	<u>64,281</u>	<u>676,985</u>	<u>(99,227)</u>	<u>577,758</u>	<u>84,918</u>	<u>662,676</u>
8 Operating Income	<u>(\$27,345)</u>	<u>\$197,808</u>	<u>\$170,463</u>	<u>(\$161,589)</u>	<u>\$8,874</u>	<u>\$125,084</u>	<u>\$133,958</u>
9 Rate Base	<u>\$2,038,797</u>		<u>\$2,392,681</u>		<u>\$1,973,351</u>		<u>\$1,973,351</u>
10 Rate of Return	<u>-1.34%</u>		<u>7.12%</u>		<u>0.45%</u>		<u>6.79%</u>

Utilities, Inc. of Florida - Pasco County Statement of Wastewater Operations Test Year Ended 12/31/05						Schedule No. 3-B Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$378,336</u>	<u>\$97,415</u>	<u>\$475,751</u>	<u>(\$96,663)</u>	<u>\$379,088</u>	<u>\$52,229</u> 13.78%	<u>\$431,317</u>
Operating Expenses							
2 Operation & Maintenance	\$305,477	\$0	\$305,477	0	\$305,477		\$305,477
3 Depreciation	37,758	0	37,758	0	37,758		37,758
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	32,594	4,384	36,978	(4,350)	32,628	2,350	34,978
6 Income Taxes	<u>0</u>	<u>22,487</u>	<u>22,487</u>	<u>(28,781)</u>	<u>(6,294)</u>	<u>18,769</u>	<u>12,475</u>
7 Total Operating Expense	<u>375,829</u>	<u>26,871</u>	<u>402,700</u>	<u>(33,131)</u>	<u>369,569</u>	<u>21,120</u>	<u>390,689</u>
8 Operating Income	<u>\$2,507</u>	<u>\$70,544</u>	<u>\$73,051</u>	<u>(\$63,532)</u>	<u>\$9,519</u>	<u>\$31,109</u>	<u>\$40,628</u>
9 Rate Base	<u>\$614,861</u>		<u>\$1,025,477</u>		<u>\$598,493</u>		<u>\$598,493</u>
10 Rate of Return	<u>0.41%</u>		<u>7.12%</u>		<u>1.59%</u>		<u>6.79%</u>

Utilities, Inc. of Florida - Pasco County Adjustment to Operating Income Test Year Ended 12/31/05		Schedule 3-C Docket No. 060253-WS Interim	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
Remove requested interim revenue increase	<u>(\$260,816)</u>	<u>(\$96,663)</u>	
<u>Operation and Maintenance Expense</u>			
To adjust purchased power and chemicals for excess unaccounted for water of 5.4% above the allowable 10%	<u>(\$669)</u>	<u>\$0</u>	
<u>Taxes Other Than Income</u>			
RAFs on revenue adjustments above	<u>(\$11,737)</u>	<u>(\$4,350)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$86,821)</u>	<u>(28,781)</u>	

Utilities, Inc. of Florida - Pasco County Water Monthly Service Rates Test Year Ended 12/31/05				Schedule No. 4-A Docket No. 060253-WS Interim
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential, General Service and Multi-Family</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$8.93	\$12.90	\$14.70	\$12.18
3/4"	\$13.41	\$19.37	\$22.11	\$18.29
1"	\$22.35	\$32.29	\$36.85	\$30.48
1-1/2"	\$44.68	\$64.54	\$73.66	\$60.92
2"	\$71.49	\$103.27	\$117.86	\$97.48
3"	\$142.99	\$206.56	\$235.73	\$194.98
4"	\$223.41	\$322.74	\$368.31	\$304.64
6"	\$446.83	\$645.49	\$736.64	\$609.29
Gallonge Charge, per 1,000 Gallons	\$1.77	\$2.54	\$2.92	\$2.41
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$8.93	\$12.90	\$14.70	\$12.18
3/4"	\$13.41	\$19.37	\$22.11	\$18.29
1"	\$22.35	\$32.29	\$36.85	\$30.48
1-1/2"	\$44.68	\$64.54	\$73.66	\$60.92
2"	\$71.49	\$103.27	\$117.86	\$97.48
3"	\$142.99	\$206.56	\$235.73	\$194.98
4"	\$223.41	\$322.74	\$368.31	\$304.64
6"	\$446.83	\$645.49	736.64	\$609.29
Gallonge Charge, per 1,000 Gallons	\$1.77	\$2.54	\$2.92	\$2.41
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$14.24	\$20.52	\$23.46	\$19.41
5,000 Gallons	\$17.78	\$25.60	\$29.30	\$24.23
10,000 Gallons	\$26.63	\$38.30	\$43.90	\$36.28

Utilities, Inc. of Florida - Pasco County Wastewater Monthly Service Rates Test Year Ended 12/31/05		SCHEDULE NO. 4-B Docket No. 060253-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential</u>				
All areas except Wis-Bar				
Base Facility Charge All Meter Sizes:	\$9.78	\$12.26	\$13.74	\$11.13
Gallage Charge - Per 1,000 gallons (6,000 gallon cap)	\$8.01	\$10.05	\$11.93	\$9.11
Wis-Bar				
Base Facility Charge All Meter Sizes:	\$7.77	\$9.74	\$10.92	\$8.84
Gallage Charge - Per 1,000 gallons (6,000 gallon cap)	\$6.11	\$7.66	\$8.59	\$6.95
Flat-rate (unmetered)	\$20.42	\$25.62	\$28.70	\$23.23
<u>General Service</u>				
All areas served by the Company				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$9.78	\$12.26	\$13.74	\$11.13
3/4"	\$14.67	\$18.41	\$20.62	\$16.69
1"	\$24.45	\$30.69	\$34.36	\$27.82
1-1/2"	\$48.90	\$61.37	\$68.72	\$55.64
2"	\$78.24	\$98.20	\$109.95	\$89.02
3"	\$156.49	\$196.41	\$219.92	\$178.05
4"	\$244.50	\$306.87	\$343.60	\$278.19
6"	\$489.02	\$613.77	\$687.22	\$556.39
Gallage Charge, per 1,000 Gallons	\$9.61	\$12.06	\$13.50	\$10.93
<u>Multi-Residential Service</u>				
Wis-Bar				
Flat-Rate (unmetered)	13.48	18.37	18.94	\$15.34
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$33.81	\$42.41	\$49.53	\$38.46
5,000 Gallons	\$49.83	\$62.51	\$73.39	\$56.68
6,000 Gallons	\$57.84	\$72.56	\$85.32	\$65.79
(Wastewater Gallage Cap - 6,000 Gallons)				

Utilities, Inc. of Florida - Pinellas County Schedule of Water Rate Base Test Year Ended 12/31/05				Schedule No. 1-A Docket No. 060253-WS Interim		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	
1 Plant in Service	\$410,162	\$10,250	\$420,412	\$0	\$420,412	
2 Land and Land Rights	\$6,106	\$0	6,106	0	6,106	
3 Non-used and Useful Components	\$0	\$0	0	0	0	
4 Accumulated Depreciation	(80,431)	(6,360)	(86,791)	0	(86,791)	
5 CIAC	(138,847)	0	(138,847)	0	(138,847)	
6 Amortization of CIAC	\$58,324	\$0	58,324	0	58,324	
7 Net Debit Deferred Income Taxes	0	0	0	0	0	
8 Advances for Construction	\$0	\$0	0	0	0	
9 Working Capital Allowance	\$0	\$93,287	93,287	(59,122)	34,165	
10 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
11 Rate Base	<u>\$255,314</u>	<u>\$97,177</u>	<u>\$352,491</u>	<u>(\$59,122)</u>	<u>\$293,369</u>	

Docket No. 060253-WS
Date: November 8, 2006

Utilities, Inc. of Florida - Pinellas County		Schedule No. 1-B
Adjustments to Rate Base		Docket No. 060253-WS
Test Year Ended 12/31/05		Interim
Explanation		Water
<u>Working Capital</u> To reflect adjustments made in the last rate case		<u>(\$59,122)</u>

**Utilities, Inc. of Florida - Pinellas County
 Capital Structure-Simple Average
 Test Year Ended 12/31/05**

**Schedule No. 2
 Docket No. 060253-WS
 Interim**

Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$132,845,548)	\$179,554	50.94%	6.65%	3.39%	
2 Short-term Debt	4,522,923	0	4,522,923	(4,516,832)	\$6,091	1.73%	5.01%	0.09%	
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%	
4 Common Equity	91,510,699	0	91,510,699	(91,387,140)	\$123,559	35.05%	10.45%	3.66%	
5 Customer Deposits	3,560	0	\$3,560	0	\$3,560	1.01%	6.00%	0.06%	
6 Tax Credits - Zero Cost	3,617	0	\$3,617	0	\$3,617	1.03%	0.00%	0.00%	
7 Deferred Income Taxes	36,110	0	\$36,110	0	\$36,110	10.24%	0.00%	0.00%	
10 Total Capital	<u>\$229,102,011</u>	<u>\$0</u>	<u>\$229,102,011</u>	<u>(\$228,749,520)</u>	<u>\$352,491</u>	<u>100.00%</u>		<u>7.20%</u>	
Per Staff									
11 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$132,879,868)	\$145,234	49.51%	6.65%	3.29%	
12 Short-term Debt	4,522,923	0	4,522,923	(4,517,985)	4,938	1.68%	5.01%	0.08%	
13 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
14 Common Equity	91,510,699	0	91,510,699	(91,410,789)	99,910	34.06%	10.45%	3.56%	
15 Customer Deposits	3,560	0	3,560	0	3,560	1.21%	6.00%	0.07%	
16 Tax Credits - Zero Cost	3,617	0	3,617	0	3,617	1.23%	0.00%	0.00%	
17 Deferred Income Taxes	36,110	0	36,110	0	36,110	12.31%	0.00%	0.00%	
20 Total Capital	<u>\$229,102,011</u>	<u>\$0</u>	<u>\$229,102,011</u>	<u>(\$228,808,642)</u>	<u>\$293,369</u>	<u>100.00%</u>		<u>7.01%</u>	
						LOW	HIGH		
RETURN ON EQUITY						<u>10.45%</u>	<u>12.45%</u>		
OVERALL RATE OF RETURN						<u>7.01%</u>	<u>7.69%</u>		

Utilities, Inc. of Florida - Pinellas County Statement of Water Operations Test Year Ended 12/31/05						Schedule No. 3-A Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$76,741</u>	<u>\$44,858</u>	<u>\$121,599</u>	<u>(\$44,611)</u>	<u>\$76,988</u>	<u>\$37,482</u> 48.69%	<u>\$114,470</u>
Operating Expenses							
2 Operation & Maintenance	\$66,430	\$0	66,430	(471)	65,959		65,959
3 Depreciation	13,135	0	13,135	0	13,135		13,135
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	6,466	2,372	8,838	(2,007)	6,831	1,687	8,517
6 Income Taxes	<u>0</u>	<u>7,804</u>	<u>7,804</u>	<u>(14,975)</u>	<u>(7,171)</u>	<u>13,470</u>	<u>6,299</u>
7 Total Operating Expense	<u>86,031</u>	<u>10,176</u>	<u>96,207</u>	<u>(17,453)</u>	<u>78,754</u>	<u>15,156</u>	<u>93,910</u>
8 Operating Income	<u>(\$9,290)</u>	<u>\$34,682</u>	<u>\$25,392</u>	<u>(\$27,158)</u>	<u>(\$1,766)</u>	<u>\$22,326</u>	<u>\$20,560</u>
9 Rate Base	<u>\$255,314</u>		<u>\$352,491</u>		<u>\$293,369</u>		<u>\$293,369</u>
10 Rate of Return	<u>-3.64%</u>		<u>7.20%</u>		<u>-0.60%</u>		<u>7.01%</u>

Utilities, Inc. of Florida - Pinellas County Adjustment to Operating Income Test Year Ended 12/31/05		Schedule 3-B Docket No. 060253-WS Interim
Explanation	Water	
<u>Operating Revenues</u> Remove requested interim revenue increase		<u>(\$44,611)</u>
<u>Operation and Maintenance Expense</u> To adjust purchased power and chemicals for excess unaccounted for water of 12.2% above allowable 10%		<u>(\$471)</u>
<u>Taxes Other Than Income</u> RAFs on revenue adjustments above		<u>(\$2,007)</u>
<u>Income Taxes</u> To adjust to test year income tax expense.		<u>(\$14,975)</u>

Utilities, Inc. of Florida - Pinellas County		Schedule No. 4		
Water Monthly Service Rates		Docket No. 060253-WS		
Test Year Ended 12/31/05		Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential, General Service and Multi-Family</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$5.06	\$7.99	\$8.94	\$7.55
1"	\$12.66	\$20.00	\$22.34	\$18.89
1-1/2"	\$25.32	\$39.99	\$44.67	\$37.78
2"	\$40.52	\$64.00	\$71.49	\$60.46
3"	\$81.04	\$127.99	\$142.98	\$120.93
4"	\$126.62	\$199.98	\$223.40	\$188.95
6"	\$253.24	\$399.97	\$446.79	\$377.89
Gallonge Charge, per 1,000 Gallons	\$2.31	\$3.66	\$4.08	\$3.45
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$5.06	\$7.99	\$8.94	\$7.55
1"	\$12.66	\$20.00	\$22.34	\$18.89
1-1/2"	\$25.32	\$39.99	\$44.67	\$37.78
2"	\$40.52	\$64.00	\$71.49	\$60.46
3"	\$81.04	\$127.98	\$142.98	\$120.93
4"	\$126.62	\$199.98	\$223.40	\$188.95
6"	\$253.24	\$399.97	\$446.79	\$377.89
Gallonge Charge, per 1,000 Gallons	\$2.31	\$3.66	\$4.08	\$3.45
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$11.99	\$18.97	\$21.18	\$17.90
5,000 Gallons	\$16.61	\$26.29	\$29.34	\$24.80
10,000 Gallons	\$28.16	\$44.59	\$49.74	\$42.05

Utilities, Inc. of Florida - Seminole County Schedule of Water Rate Base Test Year Ended 12/31/05			Schedule No. 1-A Docket No. 060253-WS Interim		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$3,362,863		\$3,362,863	\$0	\$3,362,863
2 Land and Land Rights	\$16,511	\$0	16,511	0	16,511
3 Non-used and Useful Components	\$0	\$0	0	0	0
4 Construction Wok in Progress	358,579	(358,579)	0	0	0
5 Accumulated Depreciation	(1,180,749)		(1,180,749)	0	(1,180,749)
6 CIAC	(801,335)	\$0	(801,335)	0	(801,335)
7 Amortization of CIAC	\$588,929	\$0	588,929	0	588,929
8 Net Debit Deferred Income Taxes	0	0	0	0	0
9 Advances for Construction	\$0	\$0	0	0	0
10 Working Capital Allowance	\$0	\$615,267	615,267	(388,636)	226,631
11 Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
12 Rate Base	<u>\$2,344,798</u>	<u>\$256,688</u>	<u>\$2,601,486</u>	<u>-\$388,636</u>	<u>\$2,212,850</u>

Utilities, Inc. of Florida - Seminole County Schedule of Wastewater Rate Base Test Year Ended 12/31/05				Schedule No. 1-B Docket No. 060253-WS Interim		
	Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1	Plant in Service	\$2,935,831		\$2,935,831	\$0	\$2,935,831
2	Land and Land Rights	\$178,845	\$0	178,845	0	178,845
3	Non-used and Useful Components	\$0	\$0	0	0	0
4	Construction Work in Progress	35,817	(35,817)			
5	Accumulated Depreciation	(719,373)		(719,373)	0	(719,373)
6	CIAC	(657,001)	\$0	(657,001)	(107,000)	(764,001)
7	Amortization of CIAC	\$447,854	\$0	447,854	16,051	463,905
8	CWIP	\$0	\$0	0	0	0
9	Advances for Construction	\$0	\$0	0	0	0
10	Working Capital Allowance	\$0	\$637,858	637,858	(402,891)	234,967
11	Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
12	Rate Base	<u>\$2,221,973</u>	<u>\$602,041</u>	<u>\$2,824,014</u>	<u>(\$493,840)</u>	<u>\$2,330,174</u>

Docket No. 060253-WS
 Date: November 8, 2006

Utilities, Inc. of Florida - Seminole County Adjustments to Rate Base Test Year Ended 12/31/05		Schedule No. 1-C Docket No. 060253-WS Interim	
Explanation	Water	Wastewater	
<u>CIAC</u> To reflect prior Commission-ordered adjustment to CIAC for contribution from City of Altamonte Springs	\$0	(\$107,000)	
<u>Accumulated Amortization of CIAC</u> To reflect prior Commission-ordered adjustment to CIAC for contribution from City of Altamonte Springs	\$0	\$16,051	
<u>Working Capital</u> To reflect adjustments made in the last rate case	(\$388,636)	(\$402,891)	

**Utilities, Inc. of Florida - Seminole County
 Capital Structure-Simple Average
 Test Year Ended 12/31/05**

**Schedule No. 2
 Docket No. 060253-WS
 Interim**

Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$130,260,602)	\$2,764,500	50.95%	6.65%	3.39%	
2 Short-term Debt	4,522,923	0	\$4,522,923	(4,429,139)	\$93,784	1.73%	5.01%	0.09%	
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%	
4 Common Equity	91,510,699	0	\$91,510,699	(89,608,350)	\$1,902,349	35.06%	10.45%	3.66%	
5 Customer Deposits	45,500	0	\$45,500	0	\$45,500	0.84%	6.00%	0.05%	
6 Tax Credits - zero cost	56,388	0	\$56,388	0	\$56,388	1.04%	0.00%	0.00%	
7 Deferred Income Taxes	<u>562,979</u>	<u>0</u>	<u>\$562,979</u>	<u>0</u>	<u>\$562,979</u>	<u>10.38%</u>	<u>0.00%</u>	<u>0.00%</u>	
8 Total Capital	<u>\$229,723,591</u>	<u>\$0</u>	<u>\$229,723,591</u>	<u>(\$224,298,091)</u>	<u>\$5,425,500</u>	<u>100.00%</u>		<u>7.19%</u>	
Per Staff									
9 Long-term Debt	\$133,025,102	\$0	\$133,025,102	(\$130,772,875)	\$2,252,227	49.58%	6.65%	3.30%	
10 Short-term Debt	4,522,923	0	4,522,923	(4,446,346)	76,577	1.69%	5.01%	0.08%	
11 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
12 Common Equity	91,510,699	0	91,510,699	(89,961,346)	1,549,353	34.10%	10.45%	3.56%	
13 Customer Deposits	45,500	0	45,500	0	45,500	1.00%	6.00%	0.06%	
14 Tax Credits - zero cost	56,388	0	56,388	0	56,388	1.24%	0.00%	0.00%	
15 Deferred Income Taxes	<u>562,979</u>	<u>0</u>	<u>562,979</u>	<u>0</u>	<u>562,979</u>	<u>12.39%</u>	<u>0.00%</u>	<u>0.00%</u>	
16 Total Capital	<u>\$229,723,591</u>	<u>\$0</u>	<u>\$229,723,591</u>	<u>(\$225,180,567)</u>	<u>\$4,543,024</u>	<u>100.00%</u>		<u>7.01%</u>	
						LOW	HIGH		
RETURN ON EQUITY						<u>10.45%</u>	<u>12.45%</u>		
OVERALL RATE OF RETURN						<u>7.01%</u>	<u>7.69%</u>		

Utilities, Inc. of Florida - Seminole County Statement of Water Operations Test Year Ended 12/31/05						Schedule No. 3-A Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$679,867</u>	<u>\$173,894</u>	<u>\$853,761</u>	<u>(\$172,417)</u>	<u>\$681,344</u>	<u>\$128,491</u> 18.86%	<u>\$809,835</u>
Operating Expenses							
2 Operation & Maintenance	\$437,533	\$0	437,533	0	437,533		437,533
3 Depreciation	112,389	0	112,389	0	112,389		112,389
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	50,530	8,765	59,295	(7,759)	51,536	5,782	57,318
6 Income Taxes	<u>0</u>	<u>57,510</u>	<u>57,510</u>	<u>(56,105)</u>	<u>1,405</u>	<u>46,175</u>	<u>47,581</u>
7 Total Operating Expense	<u>600,452</u>	<u>66,275</u>	<u>666,727</u>	<u>(63,863)</u>	<u>602,864</u>	<u>51,958</u>	<u>654,821</u>
8 Operating Income	<u>\$79,415</u>	<u>\$107,619</u>	<u>\$187,034</u>	<u>(\$108,554)</u>	<u>\$78,480</u>	<u>\$76,534</u>	<u>\$155,014</u>
9 Rate Base	<u>\$2,344,798</u>		<u>\$2,601,486</u>		<u>\$2,212,850</u>		<u>\$2,212,850</u>
10 Rate of Return	<u>3.39%</u>		<u>7.19%</u>		<u>3.55%</u>		<u>7.01%</u>

Utilities, Inc. of Florida - Seminole County Statement of Wastewater Operations Test Year Ended 12/31/05						Schedule No. 3-B Docket No. 060253-WS Interim	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$589,169</u>	<u>\$245,361</u>	<u>\$834,530</u>	<u>(\$244,029)</u>	<u>\$590,501</u>	<u>\$193,188</u> 32.72%	<u>\$783,689</u>
Operating Expenses							
2 Operation & Maintenance	\$453,627	\$0	\$453,627	\$0	\$453,627		\$453,627
3 Depreciation	66,750	0	66,750	0	66,750		66,750
4 Amortization	0	0	0	3,567	3,567		3,567
5 Taxes Other Than Income	37,154	11,542	48,696	(10,981)	37,715	8,693	46,408
6 Income Taxes	<u>0</u>	<u>62,429</u>	<u>62,429</u>	<u>(81,751)</u>	<u>(19,322)</u>	<u>69,425</u>	<u>50,104</u>
7 Total Operating Expense	<u>557,531</u>	<u>73,971</u>	<u>631,502</u>	<u>(89,165)</u>	<u>542,337</u>	<u>78,119</u>	<u>620,456</u>
8 Operating Income	<u>\$31,638</u>	<u>\$171,390</u>	<u>\$203,028</u>	<u>(\$154,864)</u>	<u>\$48,164</u>	<u>\$115,069</u>	<u>\$163,233</u>
9 Rate Base	<u>\$2,221,973</u>		<u>\$2,824,014</u>		<u>\$2,330,174</u>		<u>\$2,330,174</u>
10 Rate of Return	<u>1.42%</u>		<u>7.19%</u>		<u>2.07%</u>		<u>7.01%</u>

Utilities, Inc. of Florida - Seminole County Adjustment to Operating Income Test Year Ended 12/31/05		Schedule 3-C Docket No. 060253-WS Interim	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
Remove requested interim revenue increase	<u>(\$172,417)</u>	<u>(\$244,029)</u>	
<u>Amortization-Other Expense</u>			
To reflect prior Commission-ordered adjustment to CIAC for contribution from City of Altamonte Springs	<u>\$0</u>	<u>\$3,567</u>	
<u>Taxes Other Than Income</u>			
RAFs on revenue adjustments above	<u>(\$7,759)</u>	<u>(\$10,981)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$56,105)</u>	<u>(81,751)</u>	

Utilities, Inc. of Florida - Seminole County		Schedule No. 4-A		
Water Monthly Service Rates		Docket No. 060253-WS		
Test Year Ended 12/31/05		Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential, General Service and Multi-Family</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$5.77	\$7.23	\$8.16	\$6.84
1"	\$15.06	\$18.88	\$21.25	\$17.85
1-1/2"	\$28.82	\$36.12	\$40.64	\$34.17
2"	\$46.12	\$57.79	\$65.01	\$54.68
3"	\$92.24	\$115.58	\$130.00	\$109.35
4"	\$144.13	\$180.59	\$203.11	\$170.87
6"	\$288.25	\$361.18	\$406.19	\$341.73
<u>Gallonge Charge, per 1,000 Gallons</u>				
First 8,000 Gallons	\$1.87	\$2.35	2.64	\$2.22
Next 8,000 Gallons	\$2.81	\$3.53	\$3.97	\$3.33
Over 16,000 gallons	3.74	4.70	5.30	\$4.43
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$5.77	\$7.23	\$8.16	\$6.84
1"	\$15.06	\$18.88	\$21.25	\$17.85
1-1/2"	\$28.82	\$36.12	\$40.64	\$34.17
2"	\$46.12	\$57.79	\$65.01	\$54.68
3"	\$92.24	\$115.58	\$130.00	\$109.35
4"	\$144.13	\$180.59	\$203.11	\$170.87
6"	\$288.25	\$361.18	\$406.19	\$341.73
	\$2.19	\$2.75	\$3.09	\$2.60
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$11.38	\$14.28	\$16.08	\$13.50
5,000 Gallons	\$15.12	\$18.98	\$21.36	\$17.94
10,000 Gallons	\$26.35	\$33.09	\$33.25	\$31.26

Utilities, Inc. of Florida - Seminole County Wastewater Monthly Service Rates Test Year Ended 12/31/05		SCHEDULE NO. 4-B Docket No. 060253-WS Interim		
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential</u>				
Base Facility Charge All Meter Sizes:	\$8.93	\$12.63	\$13.48	\$11.85
Gallorage Charge - Per 1,000 gallons (10,000 gallon cap)	\$4.54	\$6.42	\$6.86	\$6.03
Flat Rate (unmetered)	\$35.00	\$49.46	\$52.82	\$46.45
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$8.93	\$12.63	\$13.48	\$6.03
1"	\$22.32	\$31.55	\$33.68	\$29.62
1-1/2"	\$44.63	\$63.07	\$67.35	\$59.23
2"	\$71.42	\$100.94	\$107.78	\$94.79
3"	\$142.82	\$201.83	\$215.53	\$189.54
4"	\$223.17	\$315.39	\$336.79	\$296.18
6"	\$446.33	\$630.75	\$673.56	\$592.35
Gallorage Charge, per 1,000 Gallons	\$5.44	\$7.75	\$8.21	\$7.22
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$22.55	\$31.89	\$34.06	\$29.94
5,000 Gallons	\$31.63	\$44.73	\$47.78	\$42.00
10,000 Gallons (Wastewater Gallorage Cap - 10,000 Gallons)	\$54.33	\$76.83	\$82.08	\$72.15