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: June 19, 2008

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Hudson, Bulecza-Banks, Fletcher, Lingo)
Office of the General Counsel (Brown)

RE: Docket No. 070416-WS – Application for staff-assisted rate case in Polk County by Plantation Landings, Ltd.

AGENDA: 07/01/08 – Regular Agenda – Proposed Agency Action – Except for Issues 13 and 14 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Argenziano

CRITICAL DATES: 01/02/09 (15-Month Effective Date (SARC))

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\070416.RCM.DOC

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Case Background

Plantation Landings, Ltd. (Plantation or Utility) is a Class C water and wastewater utility serving 401 customers. According to the Utility's 2006 annual report, total gross revenues were $37,723 for water and $37,723 for wastewater. Plantation reported operating losses of $158,316 for water and $213,573 for wastewater. The Utility is in the Highlands Ridge Water Use Caution Area.

Water and wastewater services have been provided to Plantation Landings Mobile Home Park since 1987 under the provisions of Section 723, Florida Statutes (F.S.), which governs mobile home park lot tenancies. Since Plantation's operations were subject to regulation under Chapter 723, F.S., the Utility was never franchised by Polk County. The mobile homes are owned by the tenants of the park. All lots in the park are individually metered.

On October 14, 1998, Plantation filed an application for a grandfather certificate. The Utility was granted Certificate Nos. 606-W and 522-S in 1999.[1] Rate base had not been previously established, and, therefore, an original cost study was conducted.

On July 16, 2007, W.P. applied for a staff-assisted rate case (SARC) in the instant docket. The test year for final rates is the twelve-month period ended December 31, 2006.

The Commission has the authority to consider this rate case pursuant to Section 367.0814, Florida Statutes (F.S.).

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[1] See Order No. PSC-99-1227-PAA-WS, issued June 21, 1999, in Docket No. 981338-WS, In re: Application for grandfather certificate to operate water and wastewater utility in Polk County by Plantation Landings, Ltd.

Discussion of Issues

Issue 1: Is the quality of service provided by Plantation Landings, Ltd. considered satisfactory?

Recommendation: Yes. The quality of service provided by Plantation Landings should be considered satisfactory. (Fletcher)

Staff Analysis: Rule 25-30.433(1), Florida Administrative Code (F.A.C.), states that:

> The Commission in every rate case shall make a determination of the quality of service provided by the utility. This shall be derived from an evaluation of three separate components of water and wastewater utility operations: quality of utility's product (water and wastewater); operational conditions of utility's plant and facilities; and the utility's attempt to address customer satisfaction. Sanitary surveys, outstanding citations, violations and consent orders on file with the Department of Environmental Protection (DEP) and county health departments or lack thereof over the proceeding 3-year period shall also be considered. DEP and county health departments officials' testimony concerning quality of service as well as the comments and testimony of the utility's customers shall be considered.

Staff's analysis below addresses each of these three components.

Quality of Utility's Product

Water Treatment Plant (WTP)

The WTP at Plantation is regulated by the Polk County Health Department (PCHD) and Southwest Florida Water Management District (SWFWMD). The PCHD conducted a sanitary survey of the Utility's WTP on August 28, 2007. The Utility has conformed to all testing and chemical analyses required by this agency and the test results have been satisfactory. The quality of the water service appears to meet or exceed the regulatory standards and is considered satisfactory.

Wastewater Treatment Plant (WWTP)

The WWTP at Plantation Landings is regulated by the DEP. According to a DEP letter dated February 15, 2008, the DEP inspected the Utility on January 18, 2008, and determined that Plantation is currently up-to-date with all chemical analysis and all test results are satisfactory. The quality of wastewater service appears to meet or exceed regulatory standards and is considered satisfactory.

Operational Conditions at the Plant

WTP

The product provided by the Utility is reflective of the operating condition of the water plant. According to PCHD letter dated September 10, 2007, the PCHD's inspector observed a few minor deficiencies during his site inspection on August 28, 2007. The deficiencies were: 1) the relief valve was not covered, 2) the sight glass of the hydropneumatic tank was dirty, and, 3) the cross connection control plan needed to be updated. According to Plantation's letter dated October 24, 2007 to the PCHD, the Utility stated that all of the deficiencies noted during the September 10, 2007, inspection had been corrected.

In general, during the engineering field inspection, maintenance at the water plant-site appeared to have been given adequate attention. The plant ground within the fenced in area was organized. All things considered, the operational conditions at the water plant should be considered satisfactory at this time.

WWTP

The product provided by the Utility is reflective of the operating condition of the wastewater plant. Plantation's operating permit was issued on March 19, 2004, and will expire on March 18, 2009. The Utility's WWTP is permitted to operate at a capacity of 80,000 gallons per day (gpd). This plant is divided into a north and south train that discharges chlorinated effluent to an effluent disposal system consisting of two percolation ponds.

The DEP executed a Consent Order on May 15, 2007, for Plantation because the Utility's WWTP was not in compliance for the following issues.

1. The south train, the floating aerator, the return activated sludge line and the secondary backwash pump on the east filter were inoperable from May 1, 2006, to October 20, 2006.

2. The DEP reviewed the Discharge Monitoring Reports (DMRs) for the Utility and found that from April through November 2005, and January, February and May 2006 the nitrate results exceeded the permit limit of 12 mg/l. The DEP found the nitrate exceedances were not reported to the DEP within the required 24 hour period of receiving the sample results.

In its Consent Order, the DEP stated that the above issues constitute violations of Rules 62-600.410(6), 62-600.740(2)(a), 62-600.740(2)(c), 62-610.5 10(1), and 62-620.610(20), F.A.C., and Section 403.161(l)(b), F. S. According to the Consent Order, the Utility agreed to comply with the following orders and actions within the stated time periods as described below.

1. Within 30 days of the effective date of this Consent Order, the Utility shall pay to the DEP $14,600 in settlement of the matters addressed in the Consent Order.

2. Within 90 days of the effective date of the Consent Order, Plantation shall submit to the DEP an Engineering Study of the Utility that provides a time frame and plan of action that addresses the nitrate exceedances.

3. Within 60 days of the effective date of the Consent Order, all necessary repairs shall be completed to bring the south train and the east filter back into operation.

4. In any event, by April 1, 2008, the Utility shall be in complete compliance with all DEP rules and regulations that are the subject of the Consent Order.

5. The Utility agrees to pay the DEP stipulated penalties in the amount of $200 per day for each and every day the Utility fails to timely comply with any of the requirements of the Consent Order.

Regarding required action number 1, in its letter dated September 18, 2007, to the Utility, the DEP confirmed that it received a check from Plantation in the amount of $14,600 on June 14, 2007, in settlement of the matters addressed in the Consent Order.

Regarding required action number 2, according to the Utility's letter dated August 10, 2007, the Utility submitted an engineering study to the DEP that provides a time frame and plan of action to address the nitrate exceedances. In this letter, Plantation indicated that placing the south treatment train into service should resolve the issue.

Regarding required action number 3, according to the DEP's letter dated September 13, 2007, the DEP inspected the Utility's WWTP on August 22, 2007. The DEP found that the east filter was in operation, but the south treatment train was not in operation due to the lack of a blower/motor system. Plantation installed the blower/motor system and placed the south treatment train into operation on August 24, 2007. However, the Utility was required to bring the south train and the east filter back into operation by July 14, 2007. Therefore, since Plantation failed to timely comply with the requirements of the Consent Order, the Utility was required to pay the DEP the stipulated penalty in the amount of $8,000. According to the Utility's letter dated September 19, 2007, to the DEP and Check No. 435957183, Plantation paid $8,000 to resolve the matter.

On August 22, 2007, the DEP again inspected the Utility. The inspector observed the following violations during her site inspection.

1. The DEP's inspector reviewed Plantation's logbook at it's WWTP. The Utility's logbook indicated that an unlicensed person was documenting himself as operating the plants on the required days of operator attendance. Rule 62-699.310(1), F.A.C, provides that the permittee shall employ certified operators to fulfill the required on-site time at the facilities.

2. Plantation's logbook indicated that the operator did not attend to the Utility's WWTP on Monday, May 28, 2007, (Memorial Day Holiday), and Wednesday, July 4, 2007, and failed to make up the time during that week. Rule 62-699.310,

F.A.C, provides that the permittee shall ensure that a certified operator is scheduled to fulfill the required staffing at the facilities.

3. In 2006, residuals were not sampled and analyzed at Plantation's WWTP.

4. The inspector observed that the surface aerator on the north treatment train was removed for repairs, which left the Utility without the ability to treat the incoming wastewater for several days due to the lack of backup equipment. Rule 62-600.740(2)(c), F.A.C, provides that failure to maintain equipment in a condition that will enable the intended function is prohibited.

5. Plantation has not submitted any Discharge Monitoring Reports (DMR) since December 2006.

According to the DEP's Consent Order, dated April 3, 2008, to the Utility, the DEP stated that the corrective actions for the above violations required to bring Plantation into compliance have been performed. The DEP stated that, since Plantation has paid its civil penalties in full and has been returned to compliance status, the Utility's case has been closed.

In general, during the engineering field inspection, maintenance at the wastewater plant-site appeared to have been given adequate attention. The wastewater plant equipment and percolation ponds appeared to have been receiving periodic maintenance and were functioning properly. The plant ground within the fenced in area was organized. All things considered, the operational conditions at the wastewater plant should be considered satisfactory at this time.

Utility's Attempt to Address Customer Satisfaction

An informal customer meeting was held on February 13, 2008, at the Chain of Lakes Complex in Winter Haven, Florida. In the afternoon, four customers from the Plantation Landings Home Association asked to meet with staff to discuss issues related to the rate increase. The customers were concerned about the rate increase and the Utility's failure to bill its general service customers.

The evening meeting was open to all customers at 5:00 p.m. at the Chain of Lakes Complex. Sixteen people attended the meeting, including two Utility representatives. Eight customers went on record with comments and concerns about Plantation Landings. The customers were concerned about the rate increase, the rate structure, the Utility's failure to bill its general service customers, smell of the water, leaks, and the calibration of the meter at the water plant.

Regarding the rate increase, our staff explained to the customers that the high increase is due to the fact that the Utility has never had a rate case.

The Plantation Landings Home Associations' representative and a few other customers were concerned about general service customers. They complained that the general service customers, such as the club house and sales office, which belong to Plantation's owner, are not being billed. Regarding this issue, staff explained to the customers that staff is aware of this matter and the revenues would be adjusted to impute revenues for the general services customers.

A few customers complained that the water occasionally smells like rotten eggs and at other times smells like chlorine. Staff reported the matter to the PCHD.

A few customers complained that leaks occurred during the construction of a new shopping center.

One customer asked if the Utility calibrates the flow meter at the water plant. During its site investigation, staff asked the Utility to calibrate the flow meters at the well site and submit the documentation to staff after the calibration is completed. On March 13, 2008, Plantation submitted the Certificate of Calibration of the flow meter at the Utility's water plant. According to this certification, Plantation actually had calibrated the flow meter at the plant on December 7, 2007. Before the calibration of the meter at the water plant, the flow meter accuracy was 98.5 percent.

Staff believes that the Utility owner is putting forth a sufficient good faith effort to respond to customer complaints. Therefore, staff recommends that Utility's attempts to resolve customer complaints should be considered satisfactory.

Based on all of the above, staff recommends that the overall quality of service provided by the Utility be considered satisfactory.

Issue 2: Does the Utility have excessive unaccounted for water and, if so, what adjustments should be made?

Recommendation: Yes. The Utility had approximately 9.72% excessive unaccounted for water during the test year period. Therefore, allowable expenses for purchased electricity and chemicals should be reduced by 9.72% for the WTP during the test year period. (Fletcher)

Staff Analysis: It is Commission practice to allow 10% of the total water treated as an acceptable amount of unaccounted for water in order to allow for a reasonable amount of non-revenue producing water caused by stuck meters, line flushing, etc.

The total treated water pumped from the wells was compared with the total water sold to the customers. The total unaccounted for water was determined to be 10.25 gpm. The reasonable unaccounted amount (10% of average daily flow) was determined to be 5.20 gpm. The excessive unaccounted for water (EUW) was calculated to be 5.05 (10.25 – 5.20) gpm or 9.72%. This percentage represents the difference between treated water leaving the plant and the metered water sold to the customers. It appears that a large portion of the unmetered water is the result of inaccurate metering.

Staff recommends that electrical power and chemical costs for the water system be reduced by 9.72% during the test year period. The Utility should not be entitled to recover the additional power and chemical expenses associated with the unaccounted for water.

Issue 3: What portions of Plantation Landings' systems are used and useful?

Recommendation: The following used and useful percentages are appropriate for the Utility's water and wastewater systems:

Water Treatment Plant	100 percent
Water Distribution System	100 percent
Wastewater Treatment Plant	100 percent
Wastewater Collection Systems	100 percent

(Fletcher)

Staff Analysis: Staff has performed an analysis of the Utility's facilities, and its analysis and recommendations are discussed below.

Water Treatment Plant

The existing water system consists of two wells, rated at 350 gallons per minute (gpm) each. The raw water is treated by filtration and then disinfected with a liquid sodium hypochlorite solution and pumped into the 15,000-gallon hydropneumatic tanks and then flows by pressure into the water system. The single maximum day in the test year of 160,100 gpd (112 gpm) occurred on March 21, 2006. The Utility's records indicate unaccounted for water of 19.72 percent of the amount produced; therefore, the peak day demand should be reduced by 5 gpm to reflect the excessive unaccounted for water. A regression analysis was performed to anticipate a growth of zero ERC for next year. However, the Utility connected a new shopping center and a public storage facility (total 25 ERCs) to its WTP in October 2007. Therefore, the total customer growth for the 5-year period was determined to be 25 ERCs, or 13 gpm. The Utility has 12 working fire hydrants in the service area and is required by Polk County to have fire flow capacity of 500 gpm for 2 hours. The firm reliable capacity of the water system is 350 gpm. Therefore, the water treatment plant is 100 percent used and useful as shown on Attachment A. In addition, because the Plantation Landings service area is built out, the water treatment plant should be considered 100 percent used and useful, pursuant to Rule 25-30.4325, F.A.C.

Water Distribution System

The water distribution system has the potential of serving 423 customers (estimated to be 449 ERCs). The average number of customers served during the test year was 406 customers (estimated to be 424 ERCs). Since the Utility connected a new shopping center (total 25 ERCs) to its WTP in October 2007, the total customer growth for the 5-year period was determined to be 25 ERCs. Therefore, staff recommends that the water transmission and distribution lines are 100 percent used and useful. In addition, the Utility's service area is built out.

Wastewater Treatment Plant

Pursuant to Rule 25-30.432, F.A.C, used and useful percentages for a wastewater treatment plant shall be calculated by comparing test year flows to the DEP permitted capacity, using the same method for measuring flows. The wastewater treatment plant, which uses extended aeration for treatment, has a rated capacity of 80,000 GPD based on a three-month average annual daily flow (TMADF). Pursuant to the above rule, the TMADF for the historical test year for the WWTP should be measured and calculated.

According to the DEP discharge monitoring reports (DMR), the Utility's operator claimed the flow meter at the WWTP was broken from the month of July 2006 through September 2006 and in the month of December 2006. Also, staff believes that the data for the other months in the provided DMR do not correlate to the water consumption in those months. Because the provided data in the 2006 DMRs were not accurate, staff was not able to use any data in the provided DMRs for the used and useful calculation.

It is Commission practice that 80% of the water sold to residential customers is returned as wastewater and 96% of the water purchased by general service customers is returned as wastewater. In order to get more accurate and valid data for the actual three-month average daily flow treated at the WWTP, staff took 80% of the three-month average daily flow of the water sold plus the daily allowable infiltration and inflow (I&I). The flow from the customers for the historical test year for the WWTP was calculated to be 62,461 gpd. The allowable I&I was calculated to be 16,854 gpd. As a result, the TMADF treated in the WWTP was calculated to be 79,315 gpd.

A regression analysis was performed with an anticipated growth of zero ERCs for next year. However, the Utility connected a new shopping center and a public storage facility (total 16 ERCs) to its WWTP in October 2007. Therefore, the total customer growth for the 5-year period was determined to be 16 ERCs. The total growth was calculated to be 3,054 gpd. According to the provided data by the Utility, there does not appear to be an excessive infiltration problem occurring within the collection system. Based on the above, staff recommends that the WWTP is 100% percent used and useful as shown on Attachment B. In addition, because the Plantation Landings service area is built out, the wastewater treatment plant should be considered 100 percent used and useful, pursuant to Rule 25-30.4325, F.A.C.

Wastewater Collection System

The collection system has the potential of serving 417 customers (estimated to be 421 ERCs). The average number of customers served during the test year was 405 customers (estimated to be 405 ERCs). Since the Utility connected a new shopping center (total 16 ERCs) to its WWTP in October 2007, the total customer growth for the 5-year period was determined to be 16 ERCs. Therefore, staff recommends that the wastewater collection lines are 100 percent used and useful. In addition, the Utility's service area is built out.

Issue 4: What is the appropriate average test year rate base for the Utility?

Recommendation: The appropriate average test year rate base for the Utility is $105,270 for water and $170,190 for wastewater. (Hudson)

Staff Analysis: The appropriate components of the Utility's rate base include utility plant in service (UPIS), accumulated depreciation, and a working capital allowance.

Staff selected a test year ended December 31, 2006, for this rate case. Rate base for this utility has never been established. Pursuant to Audit Finding No. 1, the company was unable to provide any original cost records to substantiate its 2006 rate base balances. Sufficient records of the original construction were not available and are considered lost. Absent these records, the auditor requested that an original cost study be performed by the staff engineer. The original cost study was derived by the use of an available map, DEP records, county health department records, and physical inspection of the facilities during the engineer's on-site investigation. Adjustments have been made to match rate base component balances with the engineer's original cost study and to update rate base through December 31, 2006. A summary of each component and the adjustments follows.

Utility Plant in Service (UPIS): Plantation recorded $314,715 and $905,644 of UPIS for the test year ended December 31, 2006, for water and wastewater, respectively. Staff has made an adjustment to decrease UPIS by $70,284 for water and $501,827 for wastewater to reflect the appropriate plant balances per the original cost study completed by staff's engineer. Staff has increased water UPIS by $2,511 and $2,203 to reclassify plant additions from Acct Nos. 620 and 636, respectively. Staff has decreased water UPIS by $2,357 to reflect an averaging adjustment.

Staff's net adjustment to UPIS is a decrease of $67,927 for water and a decrease of $501,827 for wastewater. Staff's recommended UPIS balance is $246,788 and $403,817 for water and wastewater, respectively.

Land & Land Rights: Plantation recorded $14,970 for water and $78,192 for wastewater in Account Nos. 303 and 353, respectively. The National Association of Regulatory Utility Commissioners Uniform System of Accounts (NARUC USOA) states that the cost of land should be recorded at its original cost when first dedicated to utility service. According to Audit Finding No. 3, Plantation purchased 214.523 acres of land for $725,000 or $3,380 per acre in 1986. The water plant site is located on .3444 acres. This results in an original land cost of $1,164 ($3,380 x .3444) for the water plant site. The wastewater plant site is located on .8368 acres. This results in an original land cost of $2,827 for the wastewater plant site. The Utility's wastewater percolation ponds are located on land that was acquired through a related party transaction. The related party transferred to the Utility 45.30 acres for $115,000 or $2,539 per acre. The percolation ponds are located on 5.8398 acres. This results in an original land cost of $14,827 for the wastewater percolation ponds. The wastewater total original cost for land is $17,678 ($2,827 + $14,851). Staff decreased water and wastewater land balances by $13,806 and $60,514, respectively. Staff recommends land and land rights of $1,164 for water and $17,678 for wastewater.

Accumulated Depreciation: The Utility recorded a balance for accumulated depreciation of $207,738 for water and $686,578 for wastewater for the test year. Staff has calculated accumulated depreciation using the prescribed rates set forth in Rule 25-30.140, F.A.C. As a result, staff has decreased this account by $56,494 for water and $422,748 for wastewater to reflect depreciation calculated per staff. Staff has decreased this account by $3,048 and $4,235 to reflect an averaging adjustment for water and wastewater, respectively. These adjustments result in average accumulated depreciation of $148,196 for water and $259,595 for wastewater.

Working Capital Allowance: Working capital is defined as the investor-supplied funds necessary to meet operating expenses or going-concern requirements of a utility. Consistent with Rule 25-30.433(2), F.A.C., staff used the one-eighth of the O&M expense formula approach for calculating working capital allowance. Applying this formula, staff recommends a working capital allowance of $5,514 for water (based on water O&M of $44,110) and $8,290 for wastewater (based on wastewater O&M of $66,319). Working capital has been increased by $5,514 and $8,290 to reflect one-eighth of staff's recommended O&M expenses for water and wastewater, respectively.

Rate Base Summary: Based on the forgoing, staff recommends that the appropriate test year average rate base is $105,270 for water and $170,190 for wastewater. Rate base is shown on Schedule Nos. 1-A and 1-B, and staff's adjustments are shown on Schedule 1-C.

Issue 5: What is the appropriate return on equity and overall rate of return for this utility?

Recommendation: The appropriate return on equity is 12.01% with a range of 11.01% to 13.01%. The appropriate overall rate of return is 6.02%. (Hudson)

Staff Analysis: According to staff's audit, the Utility recorded negative retained earnings of $4,453,634. Since including negative equity would penalize the Utility's capital structure by understating the overall rate of return, staff has adjusted the negative equity to zero.[2] The Utility's capital structure consists of long term debt in the amount of $7,126,735.

The appropriate rate of return on equity is 12.01% using the most recent Commission-approved leverage formula.[3] The Utility's capital structure has been reconciled with staff's recommended rate base. Staff recommends a return on equity of 12.01% with a range of 11.01% to 13.01%, and an overall rate of return of 6.02%.

The return on equity and overall rate of return are shown on Schedule No. 2.

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[2] See Order Nos. PSC-95-0480-FOF-WS, issued April 13, 1995, in Docket No. 940895-WS, In Re: Application for a staff-assisted rate case in Palm Beach County by W.P. Utilities, Inc.; PSC-97-0263-FOF-SU, issued March 11, 1997, in Docket No. 960984-SU, In Re: Investigation of possible overearnings in Volusia County by North Peninsula Utilities Corporation; and PSC-01-1574-PAA-WS, issued July 30, 2001, in Docket No. 000584-WS, In Re: Application for approval of staff-assisted rate case in Martin County by Laniger Enterprises of America, Inc.

[3] See Order No. PSC-07-0472-PAA-WS, issued June 1, 2007, in Docket No. 070006-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), Florida Statutes.

Issue 6: What are the appropriate amounts of test year revenues in this case?

Recommendation: The appropriate amounts of test year revenues in this case are $43,261 for the water system and $33,719 for the wastewater system. (Lingo)

Staff Analysis: The Utility reported revenues of $37,724 for the water system and $37,723 for the wastewater system during the test year. Staff's auditors discovered numerous irregularities in the Utility's billing data. In addition, the Utility failed to bill its general service and irrigation customers (all related parties to the Utility), thereby understating revenues.

Based on detailed test year billing information obtained from the Utility, staff recalculated revenues, resulting in the imputation of $5,537 in additional revenues for the water system and a reduction in revenues of $4,004 for the wastewater system. The net effect of staff's recommended adjustments is an increase of $1,533 to total utility revenues during the test period. Staff's recommended revenues also reflect the correction of any irregular billing cycles that may have occurred during the test period. Imputation of revenues in this case is consistent with how unbilled customers and the associated revenues have been handled in prior cases.[4]

Based on the foregoing, staff recommends that the appropriate amounts of test year revenues in this case are $43,261 for the water system and $33,719 for the wastewater system.

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[4] Order No. PSC-97-0931-FOF-WU, issued August 5, 1997 in Docket No. 961447-WU, In re: Application for staff-assisted rate case in Lee County by Spring Creek Village, Ltd.

Issue 7: What are the appropriate operating expenses?

Recommendation: The appropriate amount of operating expenses for the Utility are $53,344 for water and $79,894 for wastewater. (Hudson)

Staff Analysis: The Utility recorded operating expenses of $196,038 for water and $251,296 for wastewater during the test year ending December 31, 2006. The test year O & M expenses have been reviewed and invoices, canceled checks, and other supporting documentation have been examined. Staff made several adjustments to Plantation's operating expenses, as summarized below.

Salaries and Wages – Employees – (601/701) – The Utility recorded $14,500 for water and $16,523 for wastewater in this account during the test year. Pursuant to Audit Finding No. 6, Plantation has five employees that provide services for the utility operations. In comparing the general ledger for direct salary expense from Century Realty Fund (CRF) to the payroll reports created by its payroll vendor, staff auditors sampled the months of April 2006, through August 2006, and determined that the general ledger direct salary amount is overstated by 10.32 percent for the five pay periods tested. The Utility could not explain the difference. CRF's direct salary allocation is $6,260, each, for water and wastewater. Therefore, staff has decreased water and wastewater by $646 ($6,260 x 10.32%) to remove the unexplained difference in direct salary expense. Also, with the sampling, staff auditors determined that the general ledger direct salary expenses balances for both water and wastewater O&M expense is misstated by $139. The first eight payroll periods of 2006 were posted to the wastewater salary expense rather than allocating 50% to water salary expense. Staff has increased water and decreased wastewater by $139, each, to correct the error.

Pursuant to Audit Finding No. 6, Plantation was allocating $11,878 (50%) of the total salary and living expense of the resident park manager, which then was split evenly between water and wastewater resulting in an allocation of $5,939, each. Based on the park managers' duties and time allocations, the staff auditor determined the Utility operations' allocation should be $2,512 which should be equally split between water and wastewater at $1,256, each. Staff has decreased both water and wastewater by $4,683 ($5,939 - $1,256).

During the test year, the company had a contract with Southeast Utilities, Inc. to operate its water and wastewater plant. When the contract expired, Plantation did not renew it. The Utility now performs this operation utilizing its in-house plant operator; therefore, staff increased this account by $2,642 ($5,284/2) for water and wastewater to reflect the salary expense for Plantation's plant operator. Staff recommends salaries and wages – employee of $11,952 for water and $13,697 for wastewater.

Sludge Removal Expense – (711) – The Utility recorded $6,550 in this account during the test year. Pursuant to Audit Finding No. 7, Plantation recorded a $200 invoice for a report prepared for DEP. Staff has reclassified $200 for the DEP report to Acct. No. 736 – Contractual Services Other. Staff recommends sludge removal expense of $6,350 ($6,550 - $200).

Purchased Power – (615/715) – The Utility recorded $3,509 and $10,077 in this account during the test year for water and wastewater, respectively. Per staff's auditor, Plantation has 9.72%

EUW. Staff has decreased Acct. No. 615 by $341 to reflect EUW. Pursuant to Audit Finding No. 7, the Utility included 12 monthly bill for five distinct electric service connections. However, a field tour of Plantation's operations indicated there are only four service connections. Staff has decreased Acct. No. 715 by $152 for the non-utility electric service connection. Staff recommends purchased power expense of $3,168 for water and $9,925 for wastewater.

Chemicals – (618/718) – The Utility recorded balances of $5,170 and $9,603 in Acct. Nos. 618 and 718 – Chemicals, respectively, for the 12 months ended December 31, 2006. Pursuant to Audit Finding No. 8, staff has made the following adjustments to this account.

Description	Amount	Acct. No. 618	Acct. No. 718
Remove previous years invoice	($483)	($179)	($304)
Remove previous years invoice	($523)	($200)	($323)
Add reclassified invoice	$375	$128	$247
Reclassify company allocation	$0	$381	($381)
Audit Finding No. 8 Net Adjustments		$130	($761)

Per staff's engineer's EUW calculation, staff has also decreased Acct. No. 618 by $515 to remove chemical expense. Staff recommends chemical expense of $4,785 ($5,170 + $130 - $515) for water and $8,842 ($9,603 - $761) for wastewater.

Materials and Supplies – (620/720) – Plantation recorded $4,852 in Acct. No. 620 and $8,533 in Acct. No. 720 for the 12 months ended December 31, 2006. Pursuant to Audit Finding No. 9, staff has made the following adjustments to this account.

Description	Amount	Acct. No. 620	Acct. No. 720
Reclassified to Acct. No. 334 – see issue 3	($2,511)	($2,511)	
Reclassified to Acct. Nos. 618 and 718	($375)		($375)
Remove testing	($400)	($400)	
Remove non-utility related services	($178)	($89)	($89)
Audit Finding No. 9 Net Adjustments		($3,000)	($464)

Staff recommends materials and supplies expense of $1,852 ($4,852 - $3,000) for water and $8,069 ($8,533 - $464) for wastewater.

Contractual Services - Professional – (631/731) – The Utility recorded $128,530 for water and $130,975 for wastewater. According to Audit Finding No. 10, staff auditors determined that Plantation's contract with Southeast Utilities, Inc. was canceled as of December 31, 2006, and the Utility now performs this operation utilizing its own employees. Therefore, staff has removed contracted operator expenses of $3,380 for water and $6,300 for wastewater. Staff has decreased wastewater by $275 to remove a non-utility DEP fine. Also, staff has decreased both water and wastewater by $123,700 to remove non-utility and unsupported expenses. Staff recommends contractual services – professional of $1,450 for water and $700 for wastewater for the test year.

Contractual Services – Testing – (635/735) –Plantation recorded $254 for water and $0 for wastewater in this account for the test year.

State and local authorities require that several analyses be submitted in accordance with Chapter 62-550, F.A.C. The list below includes monthly monitoring and other less frequent tests required by DEP for the water and wastewater systems, respectively:

Water

Rule		Description	Frequency	Cost per year
62-550.518	F.A.C.	Microbiological	monthly	$552
62-550.310(1)	F.A.C.	Primary Inorganics	36 months.	$52
62-550.320(1)	F.A.C	Secondary Inorganics	36 months.	$30
62-550.511	F.A.C.	Asbestos	1/9 year	$35
62-550.512(1)	F.A.C.	Nitrate & Nitrite	monthly	$180
62-550.515	F.A.C.	Volatile Organics	qtr'ly/1st year/36 month. Subsequent/Annual	$59
62-550.516	F.A.C.	Pesticides & PCB	36 months.	$150
62-550.519(1)	F.A.C.	Radionuclides		0
		Group I	36 months.	$29
		Group II	36 months	$30
62-550.521	F.A.C.	Unregulated Organics		0
		Group I	qtr'ly/1st yr/9 year.	$112
		Group II	36 months	$18
		Group III	36 months.	$83
62-551	F.A.C.	Lead & Copper	36 months	$240
62-550	F.A.C.	TTHM	Yearly	$75
		Total		**$1,645/yr**

Wastewater

Rule		Description	Frequency	Cost
62-600	F.A.C.	CBOD/TSS (influent)	monthly	$503/yr
62-600	F.A.C.	CBOD/TSS (effluent)	monthly	$503/yr
62-600	F.A.C.	Fecal Coliform	monthly	$180/yr
62-600	F.A.C.	Nitrate, Nitrite	quarterly	$168/yr
62-600	F.A.C.	Sludge Analysis	yearly	$517/yr
			Total	**$1,871/yr**

Staff increased water by $1,391 ($1,645 - $254) and increased wastewater by $1,871 to reflect annual DEP testing. Staff recommends contractual services – testing expense of $1,645 for water and $1,871 for wastewater.

Contractual Services - Other – (636/736) – The Utility recorded $8,266 for water and $3,068 for wastewater. Pursuant to Audit Finding No. 11, staff has decreased water by $2,203 to reclassify capitalized water meters to Acct. No. 334. Staff has increased wastewater by $200 to reclassify an invoice for a DEP report from Acct. No. 711. Also, staff has decreased water by $402 because the Utility did not have any supporting documentation for the expense. Staff recommends contractual services – other of $5,661 ($8,266 - $2,203 - $402) for water and $3,268 ($3,068 + $200).

Insurance Expense – (655/755) – Plantation recorded $4,490 each for water and wastewater insurance expense. Pursuant to Audit Finding No. 12, the Utility included $349 in non-utility insurance, which staff has removed. The Utility, however, did not include an insurance allocation for two trucks used by the Utility. The Utility should have included $165 each for water and wastewater. Based on the removal of non-utility expense and inclusion of insurance allocation, staff recommends insurance expense for the test year of $4,306 for both water and wastewater.

Regulatory Commission Expense – (665/765) – The Utility recorded $0 in this account during the test year. Pursuant to Section 367.0816, F.S., rate case expense is amortized over a 4-year period. The Utility is required by Rule 25-22.0407, F.A.C. to mail notices of the customer meeting and notices of final rates in this case to its customers. For these notices, staff has estimated $333 for postage expense, $284 printing expense, and $41 for envelopes. The above results in a total rate case expense for noticing of $657. The Utility paid a $2,000 rate case filing fee for water and wastewater.

Plantation's attorney submitted actual expenses and estimated expenses to complete the case of $7,743. Included in the actual legal fees were expenses totaling $688 for reviewing prior PSC Orders, the 2006 Annual Report, researching and drafting and finalizing the application for the SARC, and responding to the PSC acceptance of the SARC application. Staff does not believe these expenses should be recovered as the need to file a case can easily be determined by a cursory review of the annual report and the SARC application was designed so that any regulated utility could easily fill in the required information. These expenses were disallowed in a prior case.[5] Staff has reviewed the actual and estimated expenses, and recommends that the Utility be allowed to recover the legal expenses of $7,055 ($7,743-$688).

Based on above, staff recommends that total rate case expense is $9,713 ($657 + $2,000 + $7,055), which amortized over four years is $2,428, allocating $1,214 each for water and wastewater.

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[5] See Order No. PSC-03-0740-PAA-WS, issued June 23, 2003, in Docket No. 021067-SU, In re: Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

Miscellaneous Expense – (675/775) – Plantation recorded $15,416 for water and $15,154 for wastewater for the test year. Pursuant to Audit Finding No. 13, staff has made adjustments to miscellaneous expense as follows: 1) decreased water by $262 to remove a county health department fine; 2) decreased water and wastewater general & administrative (G&A) expense allocation by $6,412, each, to remove all non-utility items discovered by the staff auditor; decreased water and wastewater by $377, each, to remove non-utility security expenses; and 3) decreased water and wastewater by $885, each, to remove excess telephone expenses. Staff's net adjustment to water is a decrease of $7,936 and a wastewater decrease of $7,674. Staff recommends miscellaneous expense for the test year of $7,480 ($15,416 - $7,936) for water and $7,480 ($15,154 - $7,674) for wastewater.

Operation and Maintenance Expense (O&M Summary) – Based on the above adjustments, O&M should be reduced $141,474 for water and reduced $139,251 for wastewater as shown on Schedule No. 3-C. Staff's recommended O&M expenses of $44,110 for water and $66,319 for wastewater are shown on Schedule Nos. 3-D and 3-E.

Depreciation Expense (Net of Amortization of CIAC) – The Utility recorded $8,263 for water and $41,413 for wastewater depreciation expense during the test year. Staff calculated test year depreciation expense using the rates prescribed in Rule 25-30.140, F.A.C. Staff's calculated test year depreciation expense is $6,097 for water and $8,469 for wastewater; therefore, staff has decreased this account by $2,166 ($8,263 -$6,097) for water and $32,944 ($41,413 - $8,469) for wastewater. Staff recommends net depreciation expense of $6,097 and $8,469.

Taxes Other Than Income (TOTI) – Plantation recorded taxes other than income of $2,191 for water and $4,313 for wastewater for the test year. As discussed in Issue 6, staff has increased test year revenue by $5,402 for water and decreased test year revenues by $3,869 for wastewater. Based on staff's recommended test year revenues, the 2006 RAFs should have been $1,941 for water and $1,523 for wastewater. Staff has made adjustments to increase RAFs by $244 ($1,941 - $1,697) for water and decrease RAFs by $175 ($1,698 - $1,523) for wastewater. Pursuant to Audit Finding No. 15, the Utility provided documents indicating water and wastewater property taxes are $494 and $2,615, respectively. Plantation's property tax allocations were recalculated based on the property tax invoices for the land occupied by the utility's facilities. This calculation resulted in water property tax of $283 and wastewater property tax of $2,536. Therefore, staff has reduced water and wastewater property taxes by $211 ($494 - $283) and $80 ($2,615 - $2,536), respectively. Also, staff has increased the water and wastewater balances by $914 and $1,048, respectively, for payroll taxes based on staff's recommended salary amounts.

Operating Expenses Summary – The application of staff's recommended adjustments to the audited test year operating expenses results in staff's calculated operating expenses of $53,344 for water and $79,894 for wastewater. Operating expenses are shown on Schedule Nos. 3-A and 3-B. The related adjustments are shown on Schedule 3-C.

Issue 8: What are the appropriate revenue requirements?

Recommendation: The appropriate revenue requirement is $60,462 for water and $92,792 for wastewater. (Hudson)

Staff Analysis: The Utility should be allowed an annual increase of $17,337 (40.20%) for water and $58,938 (174.09%) for wastewater . This will allow the Utility the opportunity to recover its expenses and earn a 6.02% return on its investment. The calculations are as follows:

	Water	Wastewater
Adjusted Rate Base	$105,270	$170,190
Rate of Return	x .0602	x .0602
Return on Rate Base	$6,337	$10,245
Adjusted O & M expense	$44,110	$66,319
Depreciation expense (Net)	$6,097	$8,469
Amortization	$0	$0
Taxes Other Than Income	$3,918	$7,759
Income Taxes	$0	$0
Revenue Requirement	$60,462	$92,792
Less Test Year Revenues	$43,125	$33,854
Annual Increase	$17,337	$58,938
Percent Increase/(Decrease)	40.20%	174.09%

Revenue requirement is shown on Schedule No. 3-A and 3-B.

Issue 9: What are the appropriate pre-repression billing determinants for ratesetting purposes for the respective water and wastewater systems?

Recommendation: The appropriate pre-repression billing determinants for ratesetting are 5,040 equivalent residential connections (ERCs) and 24,329.6 thousand gallons (24,329.6 kgals) for the water system and 4,812 ERCs and 7,639.2 kgals for the wastewater system. (Lingo)

Staff Analysis: The Utility's current rate structure consists of a base facility charge (BFC)/uniform gallonage charge rate structure. The Utility charges a fixed charge of $12.57 per month for combined water and wastewater service. This fixed charge includes each customer's first 3 kgals of usage each month. Customer usage in excess of 3 kgals per month is charged $1.26 for combined water and wastewater service.

Staff's calculation of ERCs and kgals for ratesetting for both the water and wastewater systems are set forth in Tables 8-1 and 8-2.

TABLE 8-1

CALCULATION OF ERCs FOR RATESETTING PURPOSES

Customers	Subdivision and Customer Class	Meter Size	Water ERCs	Wastewater ERCs
395	Plantation Landings (PL) – RS	5/8" x 3/4"	395.0	395.0
1	US 92 entrance irrigation – GS	1 ½"	5.0	
1	PL wastewater plant irrigation – GS	1"	2.5	
1	PL irrigation – GS	2"	8.0	
1	PL sales office – GS	5/8" x ¾"	1.0	1.0
1	PL clubhouse – GS	1 ½"	5.0	5.0
1	PL cul-de-sac irrigation – GS	5/8" x ¾"	1.0	
1	PL clubhouse irrigation – GS	1"	2.5	
402			**420.0**	**401.0**
		Annual ERCs	**5,040**	**4,812**

Sources: Staff auditor's and staff engineer's field work analysis of service area.

TABLE 8-2

CALCULATION OF KGALS FOR RATESETTING PURPOSES		
Line No.	**Description**	**Results**
1	Plantation Landings' water system kgals sold	24,329.6
2 = 1	**Equals water sold for ratesetting**	**24,329.6**
3	Plantation Landings' RS wastewater kgals treated @ 39.2% RS water sold	9,009.8
4	Times estimated percentage of RS wastewater kgals at 6 kgal cap	80.0%
5 = 3 x 4	**Equals total estimated RS wastewater kgals sold for ratesetting**	**7,207.9**
6	**GS water kgals sold = total GS wastewater kgals sold**	**431.3**
7 = 5 + 6	**Total wastewater kgals for ratesetting**	**7,639.2**

Source: Plantation Landings, Ltd., billing records, 2006 Monthly Operating Reports, 2006 Annual Report.

Issue 10: What are the appropriate rate structures for the Utility's water and wastewater systems?

Recommendation: The appropriate rate structure for the Utility's water system is the base facility charge (BFC)/uniform gallonage charge rate structure. The water system's 3 kgals allotment should be removed from the BFC, and the BFC cost recovery allocation should be set at 40%. The appropriate rate structure for the Utility's wastewater system is the BFC/gallonage charge rate structure. The wastewater system's 3 kgals allotment should be removed from the BFC, and the BFC cost recovery allocation should be set at 75%. The general service gallonage charge should be set at 1.2 times the corresponding residential gallonage charge. Charges for residential wastewater service should be capped at 6 kgals of consumption. (Lingo)

Staff Analysis: The Utility's current rate structure consists of a BFC/uniform gallonage charge rate structure in which the BFC includes a 3 kgals allotment for water and wastewater service. The Utility currently charges $12.57 per month for combined water and wastewater service. After the first 3 kgals of water and wastewater usage, the customer is charged $1.26 per kgal for combined water and wastewater usage. There is no consumption cap for residential wastewater usage charges. The general service customers are related parties to the Utility and have not been charged for service.

As discussed in Issue 7, staff's preliminary recommended revenue requirement increase is 40.2%. The average monthly consumption for residential customers 4.8 kgals. Staff believes a rate design goal is to design rates that result in lesser percentage increases to low-volume users, while sending progressively stronger price signals to higher-volume users. This is consistent with Commission practice.

Staff takes several things into consideration when designing rates, including, but not limited to: 1) the current rate structure; 2) characteristics of the utility's customer base; 3) setting the water system's BFC between 25% and 40% whenever possible; 4) setting the wastewater system's BFC at 50% or greater; 5) various conditions of the utility's Consumptive Use Permit; and 6) current and anticipated climatic conditions in the utility's service area. A detailed discussion of staff's rate structure methodology is contained in Attachment B.

Staff's pre-repression recommended rate design is shown on the following page on Table 9-1. Staff has also presented two alternative rate structures to illustrate other rate recovery methodologies. Staff was unable to design an inclining-block rate structure due to the problems contained in the Utility's billing data. All of staff's rate structures presented on Table 9-1 result in price decreases at zero consumption on both a pre- and a post-repression basis, and Alternatives 1 and 2 also result in price decreases at 1 kgal on both a pre- and post-repression basis. Staff believes that, due to the seasonal nature of the Utility's customer base, price reductions should be avoided to the greatest extent possible. Therefore, staff believes its recommended rate structure is appropriate.

TABLE 9-1

PLANTATION LANDINGS, LTD.
STAFF'S RECOMMENDED AND ALTERNATIVE
WATER RATE STRUCTURES

Current Rate Structure and Rates		**Recommended Rate Structure and Rates**	
BFC/uniform kgal charge for combined water and wastewater service, with 3 kgals allotment in BFC BFC = 72.4%		BFC/uniform kgal charge BFC = 40%	
BFC (incl 3 kgals) **(1)**	$6.44	BFC	$4.80
3 + kgals **(1)**	$0.91	All kgals	$1.49
Typical Monthly Bills (1)		**Typical Monthly Bills**	
Cons (kgal)		**Cons (kgal)**	
0	$6.44	0	$4.80
3	$6.44	3	$9.27
5	$8.26	5	$12.25
10	$12.81	10	$19.70
20	$21.91	20	$34.60
30	$31.01	30	$49.50
(1) Based on allocated rates for water system only.			

Alternative 1		**Alternative 2**	
BFC/uniform kgal charge BFC = 30%		BFC/uniform kgal charge BFC = 25%	
BFC	$3.60	BFC	$3.00
All kgals	$1.74	All kgals	$1.86
Typical Monthly Bills		**Typical Monthly Bills**	
Cons (kgal)		**Cons (kgal)**	
0	$3.60	0	$3.00
3	$8.82	3	$8.58
5	$12.30	5	$12.30
10	$21.00	10	$21.60
20	$38.40	20	$40.20
30	$55.80	30	$58.80

Based on the foregoing and the discussion contained in Attachment B, staff recommends that the appropriate rate structure for the Utility's water system is the BFC/uniform gallonage charge rate structure. The water system's 3 kgals allotment should be removed from the BFC, and the BFC cost recovery allocation should be set at 40%. The appropriate rate structure for the Utility's wastewater system is the BFC/gallonage charge rate structure. The wastewater system's 3 kgals allotment should be removed from the BFC, and the BFC cost recovery allocation should be set at 75%. The general service gallonage charge should be set at 1.2 times the corresponding residential gallonage charge. Charges for residential wastewater service should be capped at 6 kgals of consumption.

Issue 11: Are repression adjustments appropriate in this case, and, if so, what are the appropriate adjustments to make for this utility?

Recommendation: Yes, repression adjustments to both the water and wastewater systems are appropriate. Residential water consumption should be reduced by 19.2%, resulting in a consumption reduction of approximately 4,421.4 kgals. Total water consumption for ratesetting is 19,908.3 kgals. The corresponding residential wastewater consumption should be reduced by 15.4%, resulting in a consumption reduction of approximately 1,109.2 kgals. Total wastewater consumption for ratesetting is 6,529.9 kgals. The resulting water system reductions to revenue requirements are $576 in purchased power expense, $870 in chemicals expense and $65 in regulatory assessment fees (RAFs). The resulting wastewater system reductions to revenue requirements are $1,441 in purchased power expense, $1,284 in chemicals expense, $922 in sludge removal, and $164 in RAFs. The post-repression revenue requirements are $58,952 for the water system and $88,981 for the wastewater system.

In order to monitor the effects of both the changes in revenues and rate structure, the Utility should be ordered to file monthly reports detailing the number of bills rendered, the consumption billed and the revenues billed for each system. In addition, the reports should be prepared, by customer class and meter size. The reports should be filed with staff, on a quarterly basis, for a period of two years beginning the first billing period after the approved rates go into effect. To the extent the Utility makes adjustments to consumption in any month during the reporting period, the Utility should be ordered to file a revised monthly report for that month within 30 days of any revision. (Lingo)

Staff Analysis: Using our database of utilities that have previously had repression adjustments made, staff calculated a repression adjustment for this utility based upon the recommended increase in revenue requirements from the 2006 test year, and the historically observed response rates of consumption to changes in price. This is the same methodology for calculating repression adjustments that the Commission has approved in prior cases.[6]

Based on the foregoing, repression adjustments to both the water and wastewater systems are appropriate. Residential water consumption should be reduced by 19.2%, resulting in a consumption reduction of approximately 4,421.4 kgals. Total water consumption for ratesetting is 19,908.3 kgals. The corresponding residential wastewater consumption should be reduced by 15.4%, resulting in a consumption reduction of approximately 1,109.2 kgals. Total wastewater consumption for ratesetting is 6,529.9 kgals. The resulting water system reductions to revenue requirements are $576 in purchased power expense, $870 in chemicals expense and $65 in regulatory assessment fees (RAFs). The resulting wastewater system reductions to revenue requirements are $1,441 in purchased power expense, $1,284 in chemicals expense, $922 in sludge removal, and $164 in RAFs. The post-repression revenue requirements are $58,952 for the water system and $88,981 for the wastewater system.

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[6] Order No. PSC-01-2385-PAA-WU, issued December 10, 2001, in Docket No. 010403-WU, <u>In re: Application for staff-assisted rate case in Highlands County by Holmes Utilities, Inc.</u>; Order No. PSC-02-1168-PAA-WS, issued August 26, 2002, in Docket No. 010869-WS, <u>In re: Application for staff-assisted rate case in Marion County by East Marion Sanitary Systems, Inc.</u>

In order to monitor the effects of both the changes in revenues and rate structure, the Utility should be ordered to file monthly reports detailing the number of bills rendered, the consumption billed and the revenues billed for each system. In addition, the reports should be prepared, by customer class and meter size. The reports should be filed with staff, on a quarterly basis, for a period of two years beginning the first billing period after the approved rates go into effect. To the extent the Utility makes adjustments to consumption in any month during the reporting period, the Utility should be ordered to file a revised monthly report for that month within 30 days of any revision.

Issue 12: What are the appropriate rates for this utility?

Recommendation: The appropriate monthly water rates are shown on Schedule 4-A, and the appropriate monthly wastewater rates are shown on Schedule 4-B. Excluding miscellaneous service revenues, the recommended water rates are designed to produce revenues of $58,952, and the recommended wastewater rates are designed to produce revenues of $88,981. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date the notice was given no less than 10 days after the date of the notice. (Lingo)

Staff Analysis: Excluding miscellaneous service revenues, the recommended water rates are designed to produce revenues of $58,982, and the recommended wastewater rates are designed to produce revenues of $88,981. The recommended rates are shown on Schedule No. 4-A and Schedule No. 4-B. Approximately 40% (or $23,581) of the water monthly service revenues is recovered through the base facility charges, while approximately 60% (or $35,371) represents revenue recovery through the consumption charges. Approximately 75% (or $66,736) of the wastewater monthly service revenues is recovered through the base facility charges, while approximately 25% (or $22,245) represents revenue recovery through the consumption charges.

The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets pursuant to Rule 25-40.475(1), F.A.C. The rates should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

Issue 13: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, Florida Statutes?

Recommendation: The water and wastewater rates should be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for regulatory assessment fees and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The Utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If the Utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should 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. (Hudson)

Staff Analysis: Section 367.0816, F.S., requires that the rates be reduced immediately following the expiration of the four-year period by the amount of the rate case expense previously included in the rates. The reduction will reflect the removal of revenues associated with the amortization of rate case expense and the gross-up for RAFs which is $1,271 annually for both water and wastewater. Using the Utility's current revenues, expenses, capital structure and customer base the reduction in revenues will result in the rate decreases as shown on Schedule No. 4.

Plantation should be required to file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. The Utility also should be required to file a proposed customer notice setting forth the lower rates and the reason for the reduction.

If Plantation files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should 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

Issue 14: Should the recommended rates be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Plantation?

Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility. Prior to implementation of any temporary rates, the Plantation should provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed below in the staff analysis. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., Plantation should file reports with the Commission's Division of Economic Regulation no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund. (Hudson)

Staff Analysis: This recommendation proposes an increase in water and wastewater rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the Plantation, staff recommends that the recommended rates be approved as temporary rates. The recommended rates collected by the Utility should be subject to the refund provisions discussed below.

The Plantation should be authorized to collect the temporary rates upon the staff's approval of appropriate security for the potential refund and the proposed customer notice. Security should be in the form of a bond or letter of credit in the amount of $51,556. Alternatively, the Utility could establish an escrow agreement with an independent financial institution.

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

1) The Commission approves the rate increase; or

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

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

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

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

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

1) No refunds in the escrow account may be withdrawn by the Utility without the express approval of the Commission;

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

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

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

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

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

7) 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; and

8) The Commission Clerk must be a signatory to the escrow agreement.

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

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

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

Issue 15: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action issues files a protest within 21 days of the issuance of the order, a Consummating Order will be issued. However, the docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. When the PAA issues are final and the tariff and notice actions are complete, this docket may be closed administratively. (Brown)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action issues files a protest within 21 days of the issuance of the order, a Consummating Order will be issued. However, the docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. When the PAA issues are final and the tariff and notice actions are complete, this docket may be closed administratively.

Attachment A

Plantation Landings, Ltd.
Test Year Ending December 31, 2006
Water Treatment Plant Used and Useful Analysis

			Gallons	Gallons Per Minute
1	Firm Reliable Capacity (350 gpm and 350 gpm)			350
2	Single Maximum Day		160,100	112
3a	Total Test Year Water Produced	100%	27,282,100	
3b	Total Test Year Accounted For Water	80.28%	21,902,070	
3c	Total Test Year Unaccounted for Water	19.72%	5,380,030	
3d	Excessive Unaccounted for Water	9.72%	2,651,820	5
4a	Average Test Year Customers	424 ERCs		
4b	Annual Customer Growth	5 ERCs		
4c	Statutory Growth Period	5 Years		
4d	Gallons per ERC (112 - 5)*1440/424	363 gallons		
4e	Growth Allowance (capped @ 25%)	25 ERCs	9,085	6
5	Fire Flow Allowance			500
6	**Used and Useful Water Treatment Plant**[7]			**100%**

[7] [2 x (Max Day – EUW) + Growth + FF]/FRC = [2(112 – 5) +6 + 500]/350 = (225+500)/350 = >100%

Attachment B

Plantation Landings, Ltd.
Test Year Ending December 31, 2006
Wastewater Treatment Plant Used and Useful Analysis

				Gallons Per Day
1	Permitted Capacity (AADF)			80,000
2	Three-Month Average Annual Daily Flow			79,315
3a	Wastewater treated	79,315		
3b	WW customer water usage @ 80%	62,461		
3c	Estimated flows returned from customers	62,461		
3d	Estimated I&I		16,854	
4a	Estimated infiltration @ 500 gpd/inch-dia/mile	10,865		
4b	Estimated inflow @ 10% water usage	5,989		
4c	I&I Allowance		16,854	
5	Excess I&I (16,854 – 16,854)			N/A
6a	Average Test Year Customers	417 ERCs		
6b	Annual Customer Growth	3 ERCs		
6c	Statutory Growth Period	5 Years		
6d	Gallons per ERC (80,000 – 0)/417	192		
6e	Growth Allowance (capped @ 25%)	16 ERCs		3,072
7	**Used and Useful Wastewater Treatment Plant[8]**			**100%**

[8] (TMADF – I&I + Growth)/AADF Capacity = (80,000 – 0 + 3,072)/80,000 => 100 %

PLANTATION LANDINGS, LTD
TEST YEAR ENDING 12/31/06
SCHEDULE OF WATER RATE BASE

SCHEDULE NO. 1-A
DOCKET NO. 070416-WS

	DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUST. TO UTIL. BAL.	BALANCE PER STAFF
1.	UTILITY PLANT IN SERVICE	$314,715	($67,927)	$246,788
2.	LAND & LAND RIGHTS	14,970	(13,806)	1,164
3.	NON-USED AND USEFUL COMPONENTS	0	0	0
4.	CIAC	0	0	0
5.	ACCUMULATED DEPRECIATION	(207,738)	59,542	(148,196)
6.	AMORTIZATION OF CIAC	0	0	0
7.	WORKING CAPITAL ALLOWANCE	0	5,514	5,514
8.	WATER RATE BASE	$121,947	($16,677)	$105,270

PLANTATION LANDINGS, LTD | **SCHEDULE NO. 1-B**
TEST YEAR ENDING 12/31/06 | **DOCKET NO. 070416-WS**
SCHEDULE OF WASTEWATER RATE BASE

	DESCRIPTION	**BALANCE PER UTILITY**	**STAFF ADJUST. TO UTIL. BAL.**	**BALANCE PER STAFF**
1.	UTILITY PLANT IN SERVICE	$905,644	($501,827)	$403,817
2.	LAND & LAND RIGHTS	78,192	(60,514)	17,678
3.	NON-USED AND USEFUL COMPONENTS	0	0	0
4.	CIAC	0	0	0
5.	ACCUMULATED DEPRECIATION	(686,578)	426,983	(259,595)
6.	AMORTIZATION OF CIAC	0	0	0
7.	WORKING CAPITAL ALLOWANCE	0	8,290	8,290
8.	WASTEWATER RATE BASE	$297,258	($127,068)	$170,190

PLANTATION LANDINGS, LTD TEST YEAR ENDING 12/31/06 ADJUSTMENTS TO RATE BASE		SCHEDULE NO. 1-C DOCKET NO. 070416-WS	
		WATER	**WASTEWATER**
	UTILITY PLANT IN SERVICE		
1.	To reflect plant per original cost study	($70,284)	($501,827)
2.	To reclassify plant addition from Acct No. 620	2,511	0
3.	To reclassify plant addition from Acct No. 636	2,203	0
4.	To reflect averaging adjustment	(2,357)	0
	Total	($67,927)	($501,827)
	LAND		
.	To reflect the appropriate land purchase price	($13,806)	($60,514)
	ACCUMULATED DEPRECIATION		
1.	To reflect accumulated depreciation per Rule 25-30.0140	$56,494	$422,748
2.	To reflect an averaging adjustment	3,048	4,235
	Total	$59,542	$426,983
	WORKING CAPITAL ALLOWANCE		
	To reflect 1/8 of test year O & M expenses.	$5,514	$8,290

PLANTATION LANDINGS, LTD
TEST YEAR ENDING 12/31/06
SCHEDULE OF CAPITAL STRUCTURE

SCHEDULE NO. 2
DOCKET NO. 070416-WS

	CAPITAL COMPONENT	PER UTILITY	SPECIFIC ADJUST-MENTS	BALANCE BEFORE PRO RATA ADJUSTMENTS	PRO RATA ADJUST-MENTS	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
1.	COMMON STOCK	$0	$0	$0					
2.	RETAINED EARNINGS	(4,453,634)	4,453,634	0					
3.	PAID IN CAPITAL	0	$0	0					
4.	TREASURY STOCK	0	$0	0					
5.	TOTAL COMMON EQUITY	($4,453,634)	$4,453,634	$0	$0	$0	0.00%	12.01%	0.00%
6.	LONG TERM DEBT	$7,126,735	$0	$7,126,735	($6,851,275)	$275,460	100.00%	6.02%	6.02%
8.	CUSTOMER DEPOSITS	$0	$0	$0	$0	$0	0.00%	6.00%	0.00%
9.	TOTAL	$2,673,101	$4,453,634	$7,126,735	($6,851,275)	$275,460	100.00%		6.02%

RANGE OF REASONABLENESS	LOW	HIGH
RETURN ON EQUITY	11.01%	13.01%
OVERALL RATE OF RETURN	6.02%	6.02%

PLANTATION LANDINGS, LTD TEST YEAR ENDING 12/31/06 SCHEDULE OF WATER OPERATING INCOME					SCHEDULE NO. 3-A DOCKET NO. 070416-WS
	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. **OPERATING REVENUES**	$37,723	$5,402	$43,125	$17,337	$60,462
				40.20%	
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	$185,584	($141,474)	$44,110	$0	$44,110
3. DEPRECIATION (NET)	8,263	(2,166)	6,097	0	6,097
4. AMORTIZATION	0	0	0	0	0
5. TAXES OTHER THAN INCOME	2,191	947	3,138	780	3,918
6. INCOME TAXES	0	0	0	0	0
7. **TOTAL OPERATING EXPENSES**	$196,038	($142,694)	$53,344	$780	$54,124
8. **OPERATING INCOME/(LOSS)**	($158,315)		($10,219)		$6,337
9. **WATER RATE BASE**	$121,947		$105,270		$105,270
10. **RATE OF RETURN**	-129.82%		-9.71%		6.02%

PLANTATION LANDINGS, LTD | **SCHEDULE NO. 3-B**
TEST YEAR ENDING 12/31/06 | **DOCKET NO. 070416-WS**
SCHEDULE OF WASTEWATER OPERATING INCOME

		TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1.	**OPERATING REVENUES**	$37,723	($3,869)	$33,854	$58,938	$92,793
					174.09%	
	OPERATING EXPENSES:					
2.	OPERATION & MAINTENANCE	$205,570	($139,251)	$66,319	$0	$66,319
3.	DEPRECIATION (NET)	41,413	(32,944)	8,469	0	8,469
4.	AMORTIZATION	0	0	0	0	0
5.	TAXES OTHER THAN INCOME	4,313	793	5,106	2,652	7,759
6.	INCOME TAXES	0	0	0	0	0
7.	**TOTAL OPERATING EXPENSES**	$251,296	($171,402)	$79,894	$2,652	$82,546
8.	**OPERATING INCOME/(LOSS)**	($213,573)		($46,040)		$10,245
9.	**WASTEWATER RATE BASE**	$297,258		$170,190		$170,190
10.	**RATE OF RETURN**	-71.85%		-27.05%		6.02%

PLANTATION LANDINGS, LTD **SCHEDULE NO. 3-C**
TEST YEAR ENDING 12/31/06 **DOCKET NO. 070416-WS**
ADJUSTMENTS TO OPERATING INCOME **PAGE 1 OF 2**

		WATER	WASTEWATER
	OPERATING REVENUES		
1.	To reflect test year revenues	$5,402	($3,869)
	Subtotal	$5,402	($3,869)
	OPERATION AND MAINTENANCE EXPENSES		
1.	Salaries and Wages - Employees (601,701)		
	a. To reduce salary expense overstatement (AF 6)	($646)	($646)
	b. To correct salary posting error (AF 6)	139	(139)
	c. To reflect the utility's allocation of park manager salary (AF 6)	(4,683)	(4,683)
	d. To reflect pro forma salary for new plant operator	2,642	2,642
	e. To reflect the appropriate meter reading expense	0	0
	Subtotal	($2,548)	($2,826)
2.	Sludge Removal Expense (711)		
	a. To reclassify expense for DEP report to Acct. No. 736		($200)
3.	Purchased Power (615,715)		
	a. To remove invoices for electric services for non-utility (AF 7)		($152)
	b. To reflect 9.72% EUW per engineer	($341)	0
	Subtotal	($341)	($152)
4.	Chemicals (618, 718)		
	a. To remove prior period expense (AF 8)	($379)	($627)
	b. To reclassify chemical expense from Acct No. 720 (AF 8)	128	247
	c. To reclassify chemical expense (AF 8)	381	(381)
	d. To reflect 9.72% EUW per engineer	(515)	0
	Subtotal	($385)	($761)
5.	Materials and Supplies (620,720)		
	a. To reclassify plant to Acct No. 334 (AF 9)	($2,511)	
	b. To reclassify plant to Acct No. 720 (AF 9)		($375)
	c. To remove testing (AF 9)	(400)	
	d. To remove non-utility expenses (AF 9)	(89)	(89)
	Subtotal	($3,000)	($464)
6.	Contractual Services - Professional (631, 731)		
	a. To remove invoices from Southeast Utilities	(3,380)	($6,300)
	b. To remove non-utility DEP Fine (AF 10)		(275)
	c. To reflect non-utility expenses (AF 10)	(123,700)	(123,700)
	Subtotal	($127,080)	($130,275)

(O & M EXPENSES CONTINUED ON NEXT PAGE

PLANTATION LANDINGS, LTD TEST YEAR ENDING 12/31/06 ADJUSTMENTS TO OPERATING INCOME			SCHEDULE NO. 3-C DOCKET NO. 070416-WS PAGE 2 OF 2
	(O & M EXPENSES CONTINUED)	WATER	WASTEWATER
7.	Contractual Services - Testing (635, 735)		
	a. To reflect testing per staff engineer	$1,391	$1,871
8.	Contractual Services - Other (636,736)		
	a. To reclassify and capitalize water meters (AF 11)	($2,203)	
	b. To reclassify expense for DEP report to Acct No. 736 (AF 7, 11)		$200
	c. To remove an unsupported expense (AF 11)	(402)	0
		($2,605)	$200
9.	Insurance Expense (655,755)		
	a. To remove non-utility insurance coverage (AF 12)	($349)	($349)
	b. To include insurance allocation for two trucks (AF 12)	165	165
	Subtotal	($184)	($184)
10.	Regulatory Commission Expense (665)		
	a. To reflect the 4 year amortization of rate case expense	$1,214	$1,214
11.	Miscellaneous Expense (675,775)		
	a. To remove Polk county health dept fine (AF 13)	($262)	
	b. To remove non-utility G&A allocation (AF 13)	(6,412)	($6,412)
	c. To remove non-utility expenses (AF 13)	(377)	(377)
	d. To remove excess telephone expense (AF 13)	(885)	(885)
	Subtotal	($7,936)	($7,674)
	TOTAL OPERATION & MAINTENANCE ADJUSTMENTS	($141,474)	($139,251)
1	**DEPRECIATION EXPENSE**		
	a. To reflect test year net depreciation expense	($2,166)	($32,944)
	Subtotal	($2,166)	($32,944)
2	**TAXES OTHER THAN INCOME**		
	a. To reflect the appropriate RAFs	$244	($175)
	b. To reflect the appropriate property taxes	(211)	($80)
	c. To reflect the appropriate payroll taxes	914	1,048
		$947	$793

PLANTATION LANDINGS, LTD | **SCHEDULE NO. 3-D**
TEST YEAR ENDING 12/31/06 | **DOCKET NO. 070416-WS**
ANALYSIS OF WATER OPERATION AND MAINTENANCE EXPENSE

	TOTAL PER UTILITY	STAFF PER ADJUST.	TOTAL PER PER STAFF
(601) SALARIES AND WAGES - EMPLOYEES	$14,500	($2,548)	$11,952
(603) SALARIES AND WAGES - OFFICERS	0	0	0
(604) EMPLOYEE PENSIONS AND BENEFITS	0	0	0
(610) PURCHASED WATER	0	0	0
(615) PURCHASED POWER	3,509	(341)	3,168
(616) FUEL FOR POWER PRODUCTION	0	0	0
(618) CHEMICALS	5,170	(385)	4,785
(620) MATERIALS AND SUPPLIES	4,852	(3,000)	1,852
(630) CONTRACTUAL SERVICES - BILLING	0	0	0
(631) CONTRACTUAL SERVICES - PROFESSIONAL	128,530	(127,080)	1,450
(635) CONTRACTUAL SERVICES - TESTING	254	1,391	1,645
(636) CONTRACTUAL SERVICES - OTHER	8,266	(2,605)	5,661
(640) RENTS	0	0	0
(650) TRANSPORTATION EXPENSE	597	0	597
(655) INSURANCE EXPENSE	4,490	(184)	4,306
(665) REGULATORY COMMISSION EXPENSE	0	1,214	1,214
(670) BAD DEBT EXPENSE	0	0	0
(675) MISCELLANEOUS EXPENSES	15,416	(7,936)	7,480
	$185,584	($141,474)	$44,110

PLANTATION LANDINGS, LTD | **SCHEDULE NO. 3-E**
TEST YEAR ENDING 12/31/06 | **DOCKET NO. 070416-WS**
ANALYSIS OF WASTEWATER OPERATION AND MAINTENANCE EXPENSE

	TOTAL PER UTILITY	STAFF ADJUST-MENT	TOTAL PER STAFF
(701) SALARIES AND WAGES - EMPLOYEES	$16,523	($2,826)	$13,697
(703) SALARIES AND WAGES - OFFICERS	0	0	0
(704) EMPLOYEE PENSIONS AND BENEFITS	0	0	0
(710) PURCHASED SEWAGE TREATMENT	0	0	0
(711) SLUDGE REMOVAL EXPENSE	6,550	(200)	6,350
(715) PURCHASED POWER	10,077	(152)	9,925
(716) FUEL FOR POWER PRODUCTION	0	0	0
(718) CHEMICALS	9,603	(761)	8,842
(720) MATERIALS AND SUPPLIES	8,533	(464)	8,069
(730) CONTRACTUAL SERVICES - BILLING	0	0	0
(731) CONTRACTUAL SERVICES - PROFESSIONAL	130,975	(130,275)	700
(735) CONTRACTUAL SERVICES - TESTING	0	1,871	1,871
(736) CONTRACTUAL SERVICES - OTHER	3,068	200	3,268
(740) RENTS	0	0	0
(750) TRANSPORTATION EXPENSE	597	0	597
(755) INSURANCE EXPENSE	4,490	(184)	4,306
(765) REGULATORY COMMISSION EXPENSES		1,214	1,214
(770) BAD DEBT EXPENSE		0	0
(775) MISCELLANEOUS EXPENSES	15,154	(7,674)	7,480
	$205,570	($139,251)	$66,319

PLANTATION LANDINGS, LTD TEST YEAR ENDING 12/31/06 MONTHLY WATER RATES				SCHEDULE NO. 4-A DOCKET NO. 070416-WS
-	UTILITY'S EXISTING RATES*	ALLOCATED EXISTING RATES **	STAFF RECOMMENDED RATES	MONTHLY RATE REDUCTION
Residential and General Service				
Base Facility Charge by Meter Size:				
5/8"X3/4"	$12.57	$6.44	$4.68	$0.10
3/4"			$7.02	$0.15
1"			$11.70	$0.25
1-1/2"			$23.40	$0.49
2"			$37.44	$0.79
3"			$74.88	$1.57
4"			$117.00	$2.46
6"			$234.00	$4.92
Residential and General Service Gallonage Charge				
* Base Facility Charge includes 3,000 Gallons	$0.00	$0.00	$0.00	$0.00
3,000+ Gallons	$1.26	$0.91	$0.00	$0.00
Per 1,000 Gallons	$0.00		$1.78	$0.00
General Service Gallonage Charge				
Per 1,000 Gallons	$1.73		$3.36	$0.07
Typical Residential 5/8" x 3/4" Meter Bill Comparison				
3,000 Gallons	N/A	$6.44	$10.02	
5,000 Gallons	N/A	$8.26	$13.58	
10,000 Gallons	N/A	$12.81	$22.48	

* These rates represent charges for COMBINED water and wastewater service

** Staff allocated the current tariffed rates between water and wastewater based on 2006 billing data. The resulting water BFC is $6.44, and the water Kgal charge is $.91. The typical bill comparisions at current rates are based on staff's allocated rates.

PLANTATION LANDINGS, LTD | **SCHEDULE NO. 4-B**
TEST YEAR ENDING 12/31/06 | **DOCKET NO. 070416-WS**
MONTHLY WASTEWATER RATES

	UTILITY'S EXISTING RATES*	**ALLOCATED EXISTING RATES****	**STAFF RECOMMENDED RATES**	**MONTHLY RATE REDUCTION**
Residential and General Service				
Base Facility Charge All Meter Sizes	$12.57	$6.13	$0.00	$0.00
Gallonage Charge				
Per 1,000 Gallons	$1.62	$0.35	$0.00	$0.00
Residential Service				
Base Facility Charge All Meter Sizes	$0.00		$13.87	$0.19
Gallonage Charge				
Per 1,000 Gallons (6,000 gallon cap)	$0.00		$3.36	$0.05
General Service				
Base Facility Charge by Meter Size:				
5/8"X3/4"	$0.00		$13.87	$0.19
3/4"	$0.00		$20.81	$0.29
1"	$0.00		$34.68	$0.48
1-1/2"	$0.00		$69.35	$0.95
2"	$0.00		$110.96	$1.52
3"	$0.00		$221.92	$3.04
4"	$0.00		$346.75	$4.75
6"	$0.00		$693.50	$9.50
Gallonage Charge per 1,000 gallons	$0.00		$4.03	$0.06
Typical Residential 5/8" x 3/4" Meter Bill Comparison				
3,000 Gallons	N/A	$6.13	$23.95	
5,000 Gallons	N/A	$6.83	$30.67	
10,000 Gallons	N/A	$8.58	$34.03	

* These rates represent charges for COMBINED water and wastewater service

** Staff allocated the current tariffed rates between water and wastewater based on 2006 billing data. The resulting wastewater BFC is $6.13, and the water Kgal charge is $.35. The typical bill comparisions at current rates are based on staff's allocated rates.