

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for rate) DOCKET NO. 940917-WS
increase for increased water and) ORDER NO. PSC-95-0191-FOF-WS
wastewater rates in Seminole,) ISSUED: February 9, 1995
Orange, and Pasco Counties by)
UTILITIES, INC. OF FLORIDA)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER SUSPENDING PROPOSED RATES
AND GRANTING INTERIM RATE INCREASE

BY THE COMMISSION:

Case Background

Utilities Inc. of Florida (UIF or utility) is a Class A utility providing water and wastewater service in Marion, Orange, Pasco, Pinellas and Seminole Counties. This application involves thirteen systems: nine systems in Seminole County, three systems in Orange County, and one in Pasco County. According to its minimum filing requirements (MFRs), UIF's Seminole County water systems serve 2,614 customers, its Orange County water systems serve 359 customers, and its Pasco County water system serves 595 customers.

The Seminole and Orange County systems are located in the St. Johns River Water Management District Water Conservation Area. The Orangewood system, located in Pasco County, has been designated as a water use caution area by the Southwest Florida Water Management District. Water use caution areas are areas in which water supply has become critical or is anticipated to become critical within the next 20 years.

On November 17, 1994, UIF filed an application for an interim and permanent rate increase for its systems in Pasco, Orange and Seminole Counties, pursuant to Sections 367.081 and 367.082, Florida Statutes. November 29, 1994, was established as the official filing date. The utility has requested that we process its request as Proposed Agency Action.

DOCUMENT NUMBER-DATE

01518 FEB-95

FPSC-RECORDS/REPORTING

The utility's test year is the calendar year 1993. In 1993, the utility recorded total revenues of \$523,116 for the Seminole County water systems, \$77,353 for the Orange County water systems, and \$90,896 for the Pasco County water system. Interim rates have been requested for all but the Seminole County wastewater systems mentioned above.

UIF states that a rate increase is necessary because it is earning less than a fair rate of return on its investment. The last general rate increase was in 1981 for the Seminole and Orange County systems (Order No. 10049 issued June 9, 1981) and in 1989 (Order No. 21552 issued July 17, 1989) for the Pasco County system. Index and pass-through increases were last granted in August, 1994.

For interim purposes, the utility has requested revenues of \$572,981, \$97,091, and \$104,569 for its Seminole, Orange, and Pasco County systems, which represent increases of \$32,823 (6.08 percent), \$13,567 (16.24 percent), and \$9,987 (10.56 percent) over adjusted test year revenues, respectively. UIF has requested final revenues of \$615,969, \$101,014, and \$112,412 for the Seminole, Orange, and Pasco County systems, respectively.

Suspension of Proposed Rates

Section 367.081(6), Florida Statutes, provides that the rate schedules proposed by the utility shall become effective within sixty (60) days after filing unless the Commission votes to withhold consent to implementation of the requested rates.

We have reviewed the utility's application, the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. We believe that further explanation and corroboration of the information is necessary. Accordingly, we find it appropriate to suspend the utility's proposed rates.

Interim Rate Increase

UIF requested interim water rates for its systems in Seminole, Orange and Pasco County designed to generate \$572,981, \$97,090 and \$102,233 in annual revenues, respectively. The utility did not request interim rates for its wastewater system in Seminole County. The utility filed rate base, cost of capital, and operating statements to support its requested water rate increases.

Rate Base

Our calculations of rate base, for interim purposes, are depicted on Schedules Nos. 1-A and 1-B, as applicable, for each

County. Those adjustments that are self-evident or mechanical in nature are depicted without further discussion.

Section 367.082(5)(b)(1), Florida Statutes, requires that the achieved rate of return be calculated by applying appropriate adjustments consistent with those used in the most recent rate case of the utility. This Commission has interpreted this section to require that the same methodology used to calculate working capital in the most recent rate proceeding be used to calculate interim rates.

In this proceeding, the utility used the balance sheet method to compute working capital for all systems in this docket. In its most recent rate proceedings for the Seminole and Orange County systems, UIF used the balance sheet method to calculate working capital. Accordingly, no adjustment is necessary for these systems. In its last rate proceeding for the Pasco County (Orangewood) system, however, UIF used the formula method, or one-eighth of operation and maintenance expenses, to calculate working capital. The formula method results in a working capital provision of \$8,253, or an increase of \$4,641 to the requested amount.

Cost of Capital

Our calculations of cost of capital are depicted on Schedule No. 2, for each County. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on that schedule without further discussion.

Return on Equity

The utility's requested cost of capital for interim purposes includes a return on equity of 10.89 percent for the Seminole and Orange County systems. The minimum of the range of the last authorized return on equity for these systems was 15 percent. See Order No. 10049, issued June 9, 1981. For the Pasco County system, the utility's requested cost of equity for interim purposes was 10.69 percent. The minimum of the range of the last authorized return on equity for this system was 11.69 percent. See Order No. 21552, issued July 17, 1989.

A utility may always request a lower return on equity than the rate of return required by the interim statute. Therefore, we have utilized the utility's requested return on equity to determine the interim cost of capital.

Accumulated Deferred Investment Tax Credits (ITCs)

For all of the water systems, the utility included ITCs in the cost of capital at zero cost. For the Seminole County system only,

the utility reduced its income tax provision by the amortization of ITCs. This treatment is inconsistent with Section 46(f), Internal Revenue Code (IRC).

Under Section 46(f), IRC, utilities were required to elect either Option 1 or 2 for the treatment of ITCs. Under Option 1, ITCs are included in the capital structure at zero cost and amortization of the ITCs occurs below the line. Option 2 companies include ITCs in the capital structure at the weighted cost of debt the ITCs displace and amortization of the ITCs occurs above the line as a deduction to the income tax expense included in the cost of service.

We are not sure which option this utility elected. The MFR schedule requiring the utility to show proof of its election included an energy tax credit schedule, not its election of ITCs. Therefore, we have used the methodology used for each system in the last rate proceeding. In Seminole and Orange Counties, the last treatment for ITCs appears to have been Option 1. Therefore, the only adjustment necessary is to remove the ITC amortization from the Seminole County system's income tax expense.

In the Pasco County system's last rate case, the utility was granted a cost rate for its ITCs. This indicates that the Orangewood system was an Option 2 company. Accordingly, we have included the ITCs in the cost of capital at the weighted cost. Further, we have reduced the income tax provision by \$2,356 to reflect the amortization of ITCs above the line.

Based on the above, we find that the appropriate overall interim cost of capital is 8.64 percent for the Seminole and Orange County systems, and 8.95 percent for the Pasco County system.

Revenue Requirement

Our calculations of cost of net operating income are depicted on Schedules Nos. 3-A and 3-B, for each County. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected without further discussion.

Using the actual operating expenses for the year ended December 31, 1993, and overall rates of return as described above, we have calculated interim revenue requirements for each of the three water systems. Our adjustments for the Seminole and Orange County systems generate revenue requirements higher than those requested by the utility. In such circumstances, it has been our practice to limit the revenue requirements to the levels requested. Therefore, UIF is hereby authorized to collect, on an interim basis, subject to refund, the following annual operating revenues:

	<u>Revenues</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Seminole County	\$572,981	\$32,823	6.08 percent
Orange County	\$ 97,090	\$13,567	16.24 percent
Pasco County	\$102,233	\$ 7,651	8.09 percent

Interim Rates

UIF's present rates, its requested rates for interim purposes, and the rates approved herein are depicted on Schedule No. 4.

In addition to its request for interim rate increases, UIF has requested to establish initial residential service rates for 1.5-, 2-, 3-, 4-, and 6-inch meters for all of the systems. It has also requested to establish initial general service rates for 4- and 6-inch meters in Seminole County, 3-, 4-, and 6-inch meters in Pasco County, and 1.5-, 2-, 3-, 4-, and 6-inch meters in Orange County. We find it appropriate to grant UIF's request for initial service rates for these meter sizes. The rates shall be based on equivalent residential connection factors for each meter size, in accordance with standards provided by the American Water Works Association and consistent with the base facility charges for the other meter sizes for these systems.

The approved revenue increases will result in water rate increases of 6.16 percent for Seminole County 16.74 percent for Orange County, and 8.27 percent for Pasco County. These rates shall be effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code. The rates may not be implemented until tariff sheets are filed that are consistent with the Commission's vote, the appropriate security has been filed with the Commission, and proper notice has been received by the customers. The utility should provide proof of the date notice was given within ten days after the date of notice.

Security to Guarantee the Interim Increases

Pursuant to Section 367.082, Florida Statutes, the excess of interim rates over the previously authorized rates shall be collected under guarantee and subject to refund with interest. According to our calculations, the amount that should be held subject to refund is \$33,818. Our Division of Auditing and Financial Analysis has reviewed the financial data of Utilities Inc. of Florida (UIF) and determined that, while the utility has an adequate liquidity and equity ratio trend, it has a negative profitability. Therefore, UIF, by itself, does not qualify for a corporate undertaking. Its parent company, Utilities, Inc. (UI), has acceptable liquidity, an adequate equity ratio and good

profitability. UI is currently guaranteeing a corporate undertaking in the amount of \$26,027, in Docket No. 930826-WS. With the \$33,818 corporate undertaking amount in this case, UI's total exposure would be \$59,845. Accordingly, UIF may guarantee any potential refund by corporate undertaking if UI is willing to act as the guarantor. UIF shall provide a report, by the twentieth day of each month, indicating the monthly and total revenues collected subject to refund, pursuant to Rule 25-30.360(6), Florida Administrative Code.

It is, therefore,

ORDERED by the Florida Public Service Commission that the proposed rate schedules of Utilities Inc. of Florida are hereby suspended, in accordance with Section 367.081(6), Florida Statutes. It is further

ORDERED that Utilities Inc. of Florida is hereby authorized to collect increased rates, on an interim basis, as set forth in the body of this Order. It is further

ORDERED that, prior to its implementation of the rates approved herein, Utilities Inc. of Florida shall submit revised tariff pages consistent with this Order. It is further

ORDERED that, prior to its implementation of the rates approved herein, Utilities Inc. of Florida shall submit a proposed notice to its customers of the increased rates. It is further

ORDERED that, prior to its implementation of the rates approved herein, Utilities Inc. of Florida shall submit a corporate undertaking, guaranteed by its parent, Utilities, Inc., in the amount of \$33,818. It is further

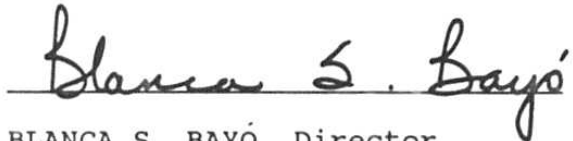
ORDERED that the rates approved herein shall be effective for service rendered on or after the stamped approval date on the revised tariff pages, provided that customers have received notice. It is further

ORDERED that the revised tariff pages shall be approved upon Staff's verification that they are consistent with our decision, the appropriate security has been filed, and that notice has been received by the customers. It is further

ORDERED that Utilities Inc. of Florida shall provide proof of notice within ten (10) days after the date of the notice.

ORDER NO. PSC-95-0191-FOF-WS
DOCKET NO. 940917-WS
PAGE 7

By ORDER of the Florida Public Service Commission, this 9th
day of February, 1995.

A handwritten signature in cursive script that reads "Blanca S. Bayó". The signature is written in dark ink and is positioned above a horizontal line.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

RJP

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

UTILITIES, INC. OF FLORIDA - SEMINOLE COUNTY				SCHEDULE NO. 1-A		
SCHEDULE OF WATER RATE BASE				DOCKET NO. 940917-WS		
TEST YEAR ENDED 12/31/93						
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	
1 UTILITY PLANT IN SERVICE	\$ 2,133,346	\$ 0	\$ 2,133,346	\$ 0	2,133,346	
2 LAND	19,845	0	19,845	0	19,845	
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0	
4 ACCUMULATED DEPRECIATION	(507,722)	0	(507,722)	0	(507,722)	
5 CIAC	(716,583)	0	(716,583)	0	(716,583)	
6 AMORTIZATION OF CIAC	299,995	0	299,995	0	299,995	
7 ACQUISITION ADJUSTMENTS -NET	0	0	0	0	0	
8 ADVANCES FOR CONSTRUCTION	(52,000)	0	(52,000)	0	(52,000)	
9 DEFERRED TAXES	0	0	0	0	0	
10 WORKING CAPITAL ALLOWANCE	61,678	0	61,678	0	61,678	
RATE BASE	\$ 1,238,559	\$ 0	\$ 1,238,559	\$ 0	1,238,559	

UTILITIES, INC. OF FLORIDA – SEMINOLE COUNTY
 CAPITAL STRUCTURE
 TEST YEAR ENDED 12/31/93

SCHEDULE NO. 2
 DOCKET NO. 940917-WS

DESCRIPTION	TOTAL CAPITAL	SPECIFIC ADJUSTMENTS (EXPLAIN)	PRO RATA ADJUSTMENTS	CAPITAL RECONCILED TO RATE BASE	RATIO	COST RATE	WEIGHTED COST
PER UTILITY							
1 LONG-TERM DEBT	\$ 305,916	\$ 0	\$(190,606)	115,310	9.31%	6.00%	0.56%
2 INTERCOMPANY PAYABLE	1,132,734	0	(705,803)	426,931	34.47%	9.47%	3.26%
3 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
4 COMMON EQUITY	1,419,271	0	(884,337)	534,934	43.19%	10.89%	4.70%
5 CUSTOMER DEPOSITS	62,105	0	(38,696)	23,409	1.89%	6.00%	0.11%
6 DEFERRED ITC'S-ZERO COST	135,686	0	(84,534)	51,152	4.13%	0.00%	0.00%
7 DEFERRED ITC'S-WTD COST	0	0	0	0	0.00%	0.00%	0.00%
8 DEFERRED INCOME TAXES	<u>230,454</u>	<u>0</u>	<u>(143,631)</u>	<u>86,823</u>	<u>7.01%</u>	<u>0.00%</u>	<u>0.00%</u>
9 TOTAL CAPITAL	\$ <u>3,286,166</u>	\$ <u>0</u>	\$ <u>(2,047,607)</u>	<u>1,238,559</u>	<u>100.00%</u>		<u>8.63%</u>
PER COMMISSION							
10 LONG-TERM DEBT	\$ 305,916	\$ 0	\$(190,616)	115,300	9.31%	6.00%	0.56%
11 SHORT-TERM DEBT	1,132,734	0	(705,805)	426,929	34.47%	9.47%	3.26%
12 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
13 COMMON EQUITY	1,419,271	0	(884,346)	534,925	43.19%	10.89%	4.70%
14 CUSTOMER DEPOSITS	62,105	0	(38,698)	23,407	1.89%	6.00%	0.11%
15 DEFERRED ITC'S-ZERO COST	135,686	0	(84,546)	51,140	4.13%	0.00%	0.00%
16 DEFERRED ITC'S-WTD COST	0	0	0	0	0.00%	0.00%	0.00%
17 DEFERRED INCOME TAXES	<u>230,454</u>	<u>0</u>	<u>(143,596)</u>	<u>86,858</u>	<u>7.01%</u>	<u>0.00%</u>	<u>0.00%</u>
18 TOTAL CAPITAL	\$ <u>3,286,166</u>	\$ <u>0</u>	\$ <u>(2,047,606)</u>	<u>1,238,560</u>	<u>100.00%</u>		<u>8.64%</u>
RANGE OF REASONABLENESS					<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY					<u>15.00%</u>	<u>17.00%</u>	
OVERALL RATE OF RETURN					<u>10.41%</u>	<u>11.28%</u>	

UTILITIES, INC. OF FLORIDA - SEMINOLE COUNTY
 STATEMENT OF WATER OPERATIONS
 TEST YEAR ENDED 12/31/93

SCHEDULE NO. 3-A
 DOCKET NO. 940917-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 523,116	\$ 49,865	\$ 572,981	\$(32,823)	\$ 540,158	\$ 32,823	572,981
OPERATING EXPENSES:						6.08%	
2 OPERATION AND MAINTENANCE	\$ 339,650	0	\$ 339,650	0	\$ 339,650	\$	339,650
3 DEPRECIATION	47,645	0	47,645	0	47,645		47,645
4 AMORTIZATION	0	0	0	0	0		0
5 TAXES OTHER THAN INCOME	43,553	2,552	46,105	(1,477)	44,628	1,477	46,105
6 INCOME TAXES	(12,814)	45,454	32,640	(10,334)	22,306	11,795	34,102
7 TOTAL OPERATING EXPENSES	\$ 418,034	\$ 48,006	\$ 466,040	\$(11,811)	\$ 454,229	\$ 13,273	467,502
8 OPERATING INCOME	\$ 105,082	\$ 1,859	\$ 106,941	\$(21,012)	\$ 85,929	\$ 19,550	105,479
9 RATE BASE	\$ 1,238,559		\$ 1,238,559		\$ 1,238,559		\$ 1,238,559
RATE OF RETURN	8.48%		8.63%		6.94%		8.52%

UTILITIES, INC. OF FLORIDA – SEMINOLE COUNTY ADJUSTMENTS TO OPERATING STATEMENTS TEST YEAR ENDED 12/31/93		SCHEDULE NO. 3-B DOCKET NO. 940917-WS PAGE 1 OF 1
EXPLANATION	WATER	
(1) OPERATING REVENUES		
a) Reverse utility's proposed revenue increase	\$	<u>(32,823)</u>
(2) TAXES OTHER THAN INCOME TAXES -		
a) Regulatory assessment fees related to revenue adjustment	\$	<u>(1,477)</u>
(3) INCOME TAXES		
a) Remove ITC amortization from above the line	\$	(2,356)
b) Income taxes associated with adjusted test year income	\$	<u>(7,978)</u>
	\$	<u>(10,334)</u>
(4) OPERATING REVENUES		
a) Adjustment to reflect recommended revenue requirement	\$	<u>32,823</u>
(5) TAXES OTHER THAN INCOME TAXES		
a) Regulatory assessment taxes on additional revenues	\$	<u>1,477</u>
(6) INCOME TAXES		
a) Income taxes related to recommended income amount	\$	<u>11,795</u>

UTILITIES, INC. OF FLORIDA - ORANGE COUNTY				SCHEDULE NO. 1-A		
SCHEDULE OF WATER RATE BASE				DOCKET NO. 940917-WS		
TEST YEAR ENDED 12/31/93						
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	
1 UTILITY PLANT IN SERVICE	\$ 200,533	\$ 0	\$ 200,533	\$ 0	200,533	
2 LAND	3,558	0	3,558	0	3,558	
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0	
4 ACCUMULATED DEPRECIATION	(53,264)	0	(53,264)	0	(53,264)	
5 CIAC	(49,779)	0	(49,779)	0	(49,779)	
6 AMORTIZATION OF CIAC	19,980	0	19,980	0	19,980	
7 ACQUISITION ADJUSTMENTS -NET	0	0	0	0	0	
8 ADVANCES FOR CONSTRUCTION	0	0	0	0	0	
9 DEFERRED TAXES	0	0	0	0	0	
10 WORKING CAPITAL ALLOWANCE	3,546	0	3,546	0	3,546	
RATE BASE	\$ 124,574	\$ 0	\$ 124,574	\$ 0	124,574	

UTILITIES, INC. OF FLORIDA -- ORANGE COUNTY
CAPITAL STRUCTURE
TEST YEAR ENDED 12/31/93

SCHEDULE NO. 2
DOCKET NO. 940917-WS

DESCRIPTION	TOTAL CAPITAL	SPECIFIC ADJUSTMENTS (EXPLAIN)	PRO RATA ADJUSTMENTS	CAPITAL RECONCILED TO RATE BASE	RATIO	COST RATE	WEIGHTED COST
PER UTILITY							
1 LONG-TERM DEBT	\$ 305,916	\$ 0	\$(294,318)	11,598	9.31%	6.00%	0.56%
2 INTERCOMPANY PAYABLE	1,132,734	0	(1,089,793)	42,941	34.47%	9.47%	3.26%
3 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
4 COMMON EQUITY	1,419,271	0	(1,365,467)	53,804	43.19%	10.89%	4.70%
5 CUSTOMER DEPOSITS	62,105	0	(59,752)	2,353	1.89%	6.00%	0.11%
6 DEFERRED ITC'S--ZERO COST	135,686	0	(130,541)	5,145	4.13%	0.00%	0.00%
7 DEFERRED ITC'S--WTD COST	0	0	0	0	0.00%	0.00%	0.00%
8 DEFERRED INCOME TAXES	<u>230,454</u>	<u>0</u>	<u>\$(221,721)</u>	<u>8,733</u>	<u>7.01%</u>	<u>0.00%</u>	<u>0.00%</u>
9 TOTAL CAPITAL	\$ <u>3,286,166</u>	\$ <u>0</u>	\$ <u>\$(3,161,592)</u>	<u>124,574</u>	<u>100.00%</u>		<u>8.63%</u>
PER COMMISSION							
10 LONG-TERM DEBT	\$ 305,916	\$ 0	\$(294,319)	11,597	9.31%	6.00%	0.56%
11 SHORT-TERM DEBT	1,132,734	0	(1,089,793)	42,941	34.47%	9.47%	3.26%
12 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
13 COMMON EQUITY	1,419,271	0	(1,365,468)	53,803	43.19%	10.89%	4.70%
14 CUSTOMER DEPOSITS	62,105	0	(59,751)	2,354	1.89%	6.00%	0.11%
15 DEFERRED ITC'S--ZERO COST	135,686	0	(130,542)	5,144	4.13%	0.00%	0.00%
16 DEFERRED ITC'S--WTD COST	0	0	0	0	0.00%	0.00%	0.00%
17 DEFERRED INCOME TAXES	<u>230,454</u>	<u>0</u>	<u>\$(221,718)</u>	<u>8,736</u>	<u>7.01%</u>	<u>0.00%</u>	<u>0.00%</u>
18 TOTAL CAPITAL	\$ <u>3,286,166</u>	\$ <u>0</u>	\$ <u>\$(3,161,591)</u>	<u>124,575</u>	<u>100.00%</u>		<u>8.64%</u>
RANGE OF REASONABLENESS					LOW	HIGH	
RETURN ON EQUITY					<u>15.00%</u>	<u>17.00%</u>	
OVERALL RATE OF RETURN					<u>10.41%</u>	<u>11.28%</u>	

UTILITIES, INC. OF FLORIDA – ORANGE COUNTY
STATEMENT OF WATER OPERATIONS
TEST YEAR ENDED 12/31/93

SCHEDULE NO. 3-A
DOCKET NO. 940917-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 77,353	\$ 19,737	\$ 97,090	\$(13,567)	\$ 83,523	\$ 13,567	97,090
OPERATING EXPENSES:						16.24%	
2 OPERATION AND MAINTENANCE	\$ 69,766	\$ 0	\$ 69,766	\$ 0	\$ 69,766	\$	69,766
3 DEPRECIATION	5,160	0	5,160	0	5,160		5,160
4 AMORTIZATION	0	0	0	0	0		0
5 TAXES OTHER THAN INCOME	6,509	1,379	7,888	(611)	7,277	611	7,888
6 INCOME TAXES	(5,477)	8,997	3,520	(4,876)	(1,356)	4,876	3,519
7 TOTAL OPERATING EXPENSES	\$ 75,958	\$ 10,376	\$ 86,334	\$(5,487)	\$ 80,847	\$ 5,486	86,333
8 OPERATING INCOME	\$ 1,395	\$ 9,361	\$ 10,756	\$(8,080)	\$ 2,676	\$ 8,081	10,757
9 RATE BASE	\$ 124,574	\$	\$ 124,574	\$	\$ 124,574	\$	\$ 124,574
RATE OF RETURN	1.12%		8.63%		2.15%		8.63%

UTILITIES, INC. OF FLORIDA – ORANGE COUNTY
 ADJUSTMENTS TO OPERATING STATEMENTS
 TEST YEAR ENDED 12/31/93

SCHEDULE NO. 3-B
 DOCKET NO. 940917-WS
 PAGE 1 OF 1

EXPLANATION	WATER
(1) <u>OPERATING REVENUES</u>	
a) Reverse utility's proposed revenue increase	\$ <u>(13,567)</u>
(2) <u>TAXES OTHER THAN INCOME TAXES</u>	
a) Regulatory assessment fees related to revenue adjustment	\$ <u>(611)</u>
(3) <u>INCOME TAXES</u>	
a) Income taxes associated with adjusted test year income	\$ <u>(4,876)</u>
(4) <u>OPERATING REVENUES</u>	
a) Adjustment to reflect recommended revenue requirement	\$ <u>13,567</u>
(5) <u>TAXES OTHER THAN INCOME TAXES</u>	
a) Regulatory assessment taxes on additional revenues	\$ <u>611</u>
(6) <u>INCOME TAXES</u>	
a) Income taxes related to recommended income amount	\$ <u>4,876</u>

UTILITIES, INC. OF FLORIDA - ORANGEWOOD (PASCO COUNTY)				SCHEDULE NO. 1-A		
SCHEDULE OF WATER RATE BASE				DOCKET NO. 940917-WS		
TEST YEAR ENDED 12/31/93						
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	
1 UTILITY PLANT IN SERVICE	\$ 247,716	\$ 0	\$ 247,716	\$ 0	247,716	
2 LAND	1,753	0	1,753	0	1,753	
3 NON-USED & USEFUL COMPONENTS	0	0	0	0	0	
4 ACCUMULATED DEPRECIATION	(69,064)	0	(69,064)	0	(69,064)	
5 CIAC	(37,160)	0	(37,160)	0	(37,160)	
6 AMORTIZATION OF CIAC	6,994	0	6,994	0	6,994	
7 ACQUISITION ADJUSTMENTS -NET	0	0	0	0	0	
8 ADVANCES FOR CONSTRUCTION	0	0	0	0	0	
9 DEFERRED TAXES	0	0	0	0	0	
10 WORKING CAPITAL ALLOWANCE	3,612	0	3,612	4,641	8,253	
RATE BASE	\$ 153,851	\$ 0	\$ 153,851	\$ 4,641	158,492	
	=====	=====	=====	=====	=====	

ORDER NO. PSC-95-0191-FOF-WS
DOCKET NO. 940917-WS
PAGE 18

UTILITIES, INC. OF FLORIDA - ORANGEWOOD (PASCO COUNTY)
ADJUSTMENTS TO RATE BASE
TEST YEAR ENDED 12/31/93

SCHEDULE NO. 1-B
DOCKET NO. 940917-WS
PAGE 1 OF 1

EXPLANATION	WATER
(1) <u>WORKING CAPITAL</u> a) Adjustment to agree with the formula approach	\$ <u>4,641</u>

UTILITIES, INC. OF FLORIDA – ORANGEWOOD (PASCO COUNTY)
 CAPITAL STRUCTURE
 TEST YEAR ENDED 12/31/93

SCHEDULE NO. 2
 DOCKET NO. 940917-WS

DESCRIPTION	TOTAL CAPITAL	SPECIFIC ADJUSTMENTS (EXPLAIN)	PRO RATA ADJUSTMENTS	CAPITAL RECONCILED TO RATE BASE	RATIO	COST RATE	WEIGHTED COST
PER UTILITY							
1 LONG-TERM DEBT	\$ 305,916	\$ 0	\$(291,592)	14,324	9.31%	6.00%	0.56%
2 INTERCOMPANY DEBT	1,132,734	0	(1,079,702)	53,032	34.47%	9.47%	3.26%
3 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
4 COMMON EQUITY	1,419,271	0	(1,352,823)	66,448	43.19%	10.69%	4.62%
5 CUSTOMER DEPOSITS	62,105	0	(59,197)	2,908	1.89%	6.00%	0.11%
6 DEFERRED ITC'S-ZERO COST	135,686	0	(129,332)	6,354	4.13%	0.00%	0.00%
7 DEFERRED ITC'S-WTD COST	0	0	0	0	0.00%	0.00%	0.00%
8 DEFERRED INCOME TAXES	<u>230,454</u>	<u>0</u>	<u>(219,669)</u>	<u>10,785</u>	<u>7.01%</u>	<u>0.00%</u>	<u>0.00%</u>
9 TOTAL CAPITAL	\$ <u>3,286,166</u>	\$ <u>0</u>	<u>\$(3,132,315)</u>	<u>153,851</u>	<u>100.00%</u>		<u>8.55%</u>
PER COMMISSION							
10 LONG-TERM DEBT	\$ 305,916	\$ 0	\$(291,162)	14,754	9.31%	6.00%	0.56%
11 SHORT-TERM DEBT	1,132,734	0	(1,078,102)	54,632	34.47%	9.47%	3.26%
12 PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
13 COMMON EQUITY	1,419,271	0	(1,350,819)	68,452	43.19%	10.69%	4.62%
14 CUSTOMER DEPOSITS	62,105	0	(59,110)	2,995	1.89%	6.00%	0.11%
15 DEFERRED ITC'S-ZERO COST	0	0	0	0	0.00%	0.00%	0.00%
16 DEFERRED ITC'S-WTD COST	135,686	0	(129,142)	6,544	4.13%	9.70%	0.40%
17 DEFERRED INCOME TAXES	<u>230,454</u>	<u>0</u>	<u>(219,339)</u>	<u>11,115</u>	<u>7.01%</u>	<u>0.00%</u>	<u>0.00%</u>
18 TOTAL CAPITAL	\$ <u>3,286,166</u>	\$ <u>0</u>	<u>\$(3,127,673)</u>	<u>158,493</u>	<u>100.00%</u>		<u>8.95%</u>
RANGE OF REASONABLENESS					LOW	HIGH	
RETURN ON EQUITY					<u>11.69%</u>	<u>13.69%</u>	
OVERALL RATE OF RETURN					<u>9.39%</u>	<u>10.25%</u>	

UTILITIES, INC. OF FLORIDA - ORANGEWOOD (PASCO COUNTY)
 STATEMENT OF WATER OPERATIONS
 TEST YEAR ENDED 12/31/93

SCHEDULE NO. 3-A
 DOCKET NO. 940917-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 90,896	\$ 13,673	\$ 104,569	(\$ 9,987)	\$ 94,582	\$ 7,651	102,233
OPERATING EXPENSES:						8.09%	
2 OPERATION AND MAINTENANCE	\$ 77,726	(\$ 11,700)	\$ 66,026	\$ 0	\$ 66,026	\$	66,026
3 DEPRECIATION	7,557	0	7,557	0	7,557		7,557
4 AMORTIZATION	0	0	0	0	0		0
5 TAXES OTHER THAN INCOME	13,802	(243)	13,559	(449)	13,110	344	13,454
6 INCOME TAXES	(4,876)	9,138	4,262	(6,007)	(1,745)	2,749	1,005
7 TOTAL OPERATING EXPENSES	\$ 94,209	(\$ 2,805)	\$ 91,404	(\$ 6,456)	\$ 84,948	\$ 3,094	88,042
8 OPERATING INCOME	\$ (3,313)	\$ 16,478	\$ 13,165	(\$ 3,531)	\$ 9,634	\$ 4,557	14,191
9 RATE BASE	\$ 153,851		\$ 153,851		\$ 158,492		\$ 158,492
RATE OF RETURN	-2.15%		8.56%		6.08%		8.95%

UTILITIES, INC. OF FLORIDA - ORANGEWOOD (PASCO COUNTY) ADJUSTMENTS TO OPERATING STATEMENTS TEST YEAR ENDED 12/31/93		SCHEDULE NO. 3-B DOCKET NO. 940917-WS PAGE 1 OF 1
EXPLANATION	WATER	
(1) OPERATING REVENUES		
a) Reverse utility's proposed revenue increase	\$	<u>(9,987)</u>
(2) TAXES OTHER THAN INCOME TAXES		
a) Regulatory assessment fees related to revenue adjustment	\$	<u>(449)</u>
(3) INCOME TAXES		
a) Income taxes associated with adjusted test year income	\$	<u>(6,007)</u>
(4) OPERATING REVENUES		
a) Adjustment to reflect recommended revenue requirement	\$	<u>7,651</u>
(5) TAXES OTHER THAN INCOME TAXES		
a) Regulatory assessment taxes on additional revenues	\$	<u>344</u>
(6) INCOME TAXES		
a) Income taxes related to recommended income amount	\$	<u>2,749</u>

UTILITY: UTILITIES INC. OF FLORIDA
 COUNTY: SEMINOLE
 DOCKET NO. 940917-WS
 TEST YEAR ENDED: DECEMBER 31, 1993

Schedule 4-a

RATE SCHEDULE

WATER

Monthly Rates

	<u>Current</u>	<u>Utility Requested Interim</u>	<u>Utility Requested Final</u>	<u>Commission Approved Interim</u>
<u>Residential and General Service (a)(b)</u>				
Base Facility Charge:				
Meter Size:				
5/8"x3/4"	\$4.65	\$4.92	\$5.33	\$4.94
1"	\$11.63	\$12.30	\$13.33	\$12.35
1-1/2"	\$23.24	\$24.60	\$26.67	\$24.67
2"	\$37.21	\$39.35	\$42.66	\$39.50
3"	\$74.39	\$73.79	\$80.00	\$78.97
4"		\$122.98	\$133.33	\$123.68
6"		\$245.95	\$266.65	\$246.82
Gallage Charge, per 1,000 Gallons	\$1.42	\$1.51	\$1.62	\$1.51

Typical Residential Bills

<u>5/8" x 3/4" meter</u>				
3,000 Gallons	\$8.91	\$9.45	\$10.19	\$9.46
5,000 Gallons	\$11.75	\$12.47	\$13.43	\$12.47
10,000 Gallons	\$18.85	\$20.02	\$21.53	\$20.01

- (a) Customers are billed bi-monthly.
 (b) General Service consist of commercial and irrigation

UTILITY: UTILITIES INC. OF FLORIDA
 COUNTY: ORANGE
 DOCKET NO. 940917-WS
 TEST YEAR ENDED: DECEMBER 31, 1993

Schedule 4-b

RATE SCHEDULE

WATER

Monthly Rates

	<u>Current</u>	<u>Utility Requested Interim</u>	<u>Utility Requested Final</u>	<u>Commission Approved Interim</u>
<u>Residential and General Service (a)(b)</u>				
Base Facility Charge:				
Meter Size:				
5/8"x3/4"	\$4.69	\$5.51	\$5.89	\$5.48
1"	\$11.71	\$13.79	\$14.71	\$13.67
1-1/2"		\$27.57	\$29.43	\$27.38
2"		\$44.11	\$47.08	\$43.80
3"		\$82.71	\$88.28	\$82.13
4"		\$137.85	\$147.13	\$136.88
6"		\$275.70	\$294.25	\$273.76
Gallage Charge, per 1,000 Gallons	\$1.58	\$1.84	\$1.90	\$1.84
<u>Typical Residential Bills</u>				
<u>5/8" x 3/4" meter</u>				
3,000 Gallons	\$9.43	\$11.03	\$11.59	\$11.01
5,000 Gallons	\$12.59	\$14.71	\$15.39	\$14.70
10,000 Gallons	\$20.49	\$23.91	\$24.89	\$23.92

- (a) Customers are billed bi-monthly.
 (b) General Service consist of commercial and irrigation.