

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water and wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

DOCKET NO. 080121-WS  
ORDER NO. PSC-09-0385-FOF-WS  
ISSUED: May 29, 2009

The following Commissioners participated in the disposition of this matter:

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LISA POLAK EDGAR  
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ORDER APPROVING IN PART AND DENYING IN PART  
AQUA UTILITIES FLORIDA, INC.'S REQUEST FOR INCREASED  
WATER AND WASTEWATER RATES AND CHARGES

BY THE COMMISSION:

I. BACKGROUND

Aqua Utilities Florida, Inc. (AUF or Utility) is a wholly-owned subsidiary of Aqua America, Inc. (AAI). AUF provides water and wastewater service to 82 certificated service areas (57 water and 25 wastewater systems) in 16 counties. In 2007, the Utility recorded total regulated operating revenues of \$5,456,559 and \$3,093,735 for water and wastewater, respectively. AUF reported regulated net operating losses for 2007 of \$304,033 for water and \$502,259 for wastewater. In 2007, AUF had 16,964 and 6,653 respective water and wastewater customers for its regulated systems.

With the exception of the Utility's Village Water and Rosalie Oaks water and wastewater systems in Polk County, we have established rate base for AUF's water and wastewater systems. On April 20, 2004, AUF entered into an asset purchase agreement with Florida Water Services Corporation (FWSC or Florida Water). The closing took place on June 30, 2004, with the parties acknowledging that the sale was subject to our approval. On August 24, 2004, FWSC and AUF filed a joint application for transfer of FWSC's land, facilities, and certificates to AUF. By Order No. PSC-05-1242-PAA-WS, issued December 20, 2005, we approved the transfer.<sup>1</sup> The following tables reflect the respective orders by which we established rate base for AUF's other water and wastewater systems.

System	Commission Order No.	Issuance Date
Jasmine Lakes	PSC-93-1675-FOF-WS <sup>2</sup>	November 18, 1993
Arredondo Estates/Farms	PSC-96-0728-FOF-WS <sup>3</sup>	May 30, 1996
Ravenswood	PSC-96-1409-FOF-WU <sup>4</sup>	November 20, 1996
The Woods	PSC-97-0312-FOF-WS <sup>5</sup>	March 24, 1997
Haines Creek	PSC-97-0375-FOF-WU <sup>6</sup>	April 7, 1997
Lake Osborne Estates	PSC-97-1149-FOF-WU <sup>7</sup>	September 30, 1997

<sup>1</sup> In Docket No. 040951-WS, In re: Joint application for approval of sale of Florida Water Services Corporation's land, facilities, and certificates in Brevard, Highlands, Lake, Orange, Pasco, Polk, Putnam, a portion of Seminole, Volusia, and Washington counties to Aqua Utilities Florida, Inc.; and 040952-WS, In re: Joint application for approval of sale of Florida Water Services Corporation's land, facilities, and certificates for Chuluota systems in Seminole County to Aqua Utilities Florida, Inc.

<sup>2</sup> In Docket No. 920148-WS, In re: Application for a rate increase in Pasco County by Jasmine Lakes Utilities Corporation.

<sup>3</sup> In Docket No. 951234-WS, In re: Application of Arredondo Utility Corporation, Inc. for a staff-assisted rate case in Alachua County.

<sup>4</sup> In Docket No. 960716-WU, In re: Application for transfer of Certificate No. 123-W in Lake County from Theodore S. Jansen d/b/a Ravenswood Water System to Crystal River Utilities, Inc.

<sup>5</sup> In Docket No. 960643-WS, In re: Application for transfer of Certificates Nos. 507-W and 441-S in Sumter County from Sumter Water Company, Inc. to Crystal River Utilities, Inc.

<sup>6</sup> In Docket No. 960793-WU, In re: Application for transfer of Certificate No. 130-W in Lake County from Haines Creek Mobile Homesites Waterworks to Crystal River Utilities, Inc.



System	Commission Order No.	Issuance Date
South Seas	PSC-99-1910-PAA-SU <sup>8</sup>	September 27, 1999
Ocala Oaks	PSC-99-1925-PAA-WU <sup>9</sup>	September 28, 1999
J. Swiderski - 48 estates	PSC-99-2115-PAA-WS <sup>10</sup>	October 25, 1999
J. Swiderski - Kings Cove	PSC-99-2115-PAA-WS	October 25, 1999
J. Swiderski - Summit Chase	PSC-99-2115-PAA-WS	October 25, 1999
Lake Josephine	PSC-00-1389-PAA-WU <sup>11</sup>	July 31, 2000
Sebring Lakes	PSC-02-0651-PAA-WU <sup>12</sup>	May 13, 2002

On September 25, 2006, AAI's six regulated Florida subsidiaries filed a joint application for acknowledgement of corporate reorganization and approval of name change. The purpose of the reorganization was to consolidate and segregate all of AAI's Commission-regulated water and wastewater assets in Florida under the ownership and name of its Florida Corporation, Aqua Utilities Florida, Inc. By Order No. PSC-06-0973-FOF-WS,<sup>13</sup> we approved the corporate reorganization and request for name change, effective November 22, 2006.

On December 1, 2006, AUF filed an application for approval of interim and final water and wastewater rate increases, which was assigned Docket No. 060368-WS. On July 31, 2007, the Office of Public Counsel (OPC) and the Attorney General (AG) filed a Joint Motion to

<sup>7</sup> In Docket No. 961535-WU, In re: Application for transfer of Certificate No. 53-W in Palm Beach County from Lake Osborne Utilities Company, Inc. to Crystal River Utilities, Inc.

<sup>8</sup> In Docket No. 982017-SU, In re: Application for authority to transfer facilities of South Seas Utility Company and Certificate No. 268-S in Lee County to AquaSource Utility, Inc.

<sup>9</sup> In Docket Nos. 981030-WU, In re: Application for transfer of portion of Certificate No. 380-W in Marion County from A.P. Utilities, Inc. to Ocala Oaks Utilities, Inc., holder of Certificate No. 346-W, and amendment of certificates; and 981029-WU, In re: Application by Ocala Oaks Utilities, Inc. for limited proceeding to impose current water rates, charges, classifications, rules, regulations, and service availability policies on Hawks Point and 49<sup>th</sup> Street Village customers that are currently served by A.P. Utilities, Inc. in Marion County.

<sup>10</sup> In Docket No. 981779-WS, In re: Application for authority to transfer facilities of J. Swiderski Utilities, Inc. and Certificates Nos. 371-S and 441-W in Lake County to AquaSource Utility, Inc.

<sup>11</sup> In Docket No. 991001-WU, In re: Application for transfer of facilities and Certificate No. 424-W in Highlands County from Lake Josephine Water to AquaSource Utility, Inc.

<sup>12</sup> In Docket No. 011401-WU, In re: Application for authority to transfer facilities of Heartland Utilities, Inc., holder of Certificate No. 420-W in highlands county, to AquaSource Utility, Inc., holder of Certificate No. 424-W, and for cancellation of Certificate No. 420-W.

<sup>13</sup> Issued November 22, 2006, in Docket No. 060643-WS, In re: Joint application for acknowledgement of corporate reorganization and request for approval of name change on Certificate 268-S in Lee County from AquaSource Utility, Inc. d/b/a Aqua Utilities Florida, Inc.; Certificates 479-S and 549-W in Alachua County from Arrondondo Utility Company, Inc. d/b/a Aqua Utilities, Inc.; Certificates 053-W, 441-S, and 507-W in Palm Beach and Sumter Counties from Crystal River Utilities, Inc. d/b/a Aqua Utilities Florida, Inc.; and Certificate 346-W in Marion County from Ocala Oaks Utilities, Inc. d/b/a Aqua Utilities Florida, Inc.; for cancellation of Certificates 424-W, 371-S, 441-W, 503-S, and 585-W in Highlands, Lake, and Polk Counties held AquaSource Utility, Inc. d/b/a Aqua Utilities Florida, Inc.; Certificates 123-W, 510-S, and 594-W in Lake and Polk Counties held by Crystal River Utilities, Inc. d/b/a Aqua Utilities Florida, Inc.; and Certificates 083-S and 110-W in Pasco County held by Jasmine Lakes Utilities Corporation d/b/a Aqua Utilities Florida, Inc.; and for amendment of Certificates 422-W, 120-S, 106-W, 154-S, 209-W, 506-S, and 587-W in Highlands, Lake, Pasco, and Polk Counties held by Aqua Utilities Florida, Inc.

Dismiss the rate case.<sup>14</sup> AUF timely filed its Response in opposition on August 10, 2007. On August 16, 2007, our staff filed a recommendation to grant the Joint Motion to Dismiss for the reasons stated therein and for additional reasons warranting the dismissal of AUF's request for an increase in water and wastewater rates.<sup>15</sup>

On August 27, 2007, AUF filed a Notice of Voluntary Dismissal of the rate case without prejudice, including its application for interim and final rates, its request for increased service availability charges, and its request for approval of Allowance for Funds Prudently Invested (AFPI) charges. On that same date, AUF filed an agreement between AUF, OPC, and the AG (collectively referred to as "Parties") on the proposed resolution and disposition of the issues contained in our staff's recommendation. By Order No. PSC-07-0773-FOF-WS, we acknowledged AUF's notice of voluntary dismissal resulting in a return to the rates and charges in effect prior to the implementation of interim rates and in the refund of interim rates with interest. We also approved the Parties' agreement for the Utility's proposed resolution and disposition of the remaining other issues contained in our staff's recommendation.<sup>16</sup>

By letter dated February 29, 2008, AUF notified the Commission that it planned to file another petition for a rate increase. On March 11, 2008, OPC filed its Notice of Intervention in this proceeding, pursuant to Section 350.0611, Florida Statutes (F.S.).

On May 22, 2008, AUF filed its application for approval of interim and final water and wastewater rate increases. By letter dated June 20, 2008, our staff advised AUF that its Minimum Filing Requirements (MFRs) had several deficiencies. To resolve the deficiencies, AUF filed additional information on July 21, 2008. Even with the additional data, the MFRs were determined to be deficient. On August 28, 2008, AUF supplied additional data, which satisfied the deficiencies and August 28, 2008, was established as the official filing date.

The Utility's application for increased final water and wastewater rates is based on the historical 12-month period ended December 31, 2007, with requested adjustments for pro forma plant and operating expenses. In its filing, the Utility states that the rate increase is necessary because the Utility did not earn a fair and reasonable rate of return on its investment. AUF was seeking additional operating revenues of \$4,518,358 for water and \$3,856,180 for wastewater.

AUF's interim request was based on a historical test year ended December 31, 2007. The Utility-requested interim rates would produce additional revenues of \$2,946,615 for water operations and \$2,983,934 for wastewater operations. For interim rate purposes, AUF requested

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<sup>14</sup> OPC and the AG argued that AUF's MFRs regarding its operating expenses were irreparably flawed; that the Utility failed to provide sufficient or timely supporting documentation in response to discovery and audit requests to support its rate request; and failed to fully comply with two orders compelling discovery responses by dates certain.

<sup>15</sup> Our staff recommended that, in addition to the reasons set forth in the Joint Motion to Dismiss, AUF's rate case should be dismissed because the MFRs were irreparably flawed with respect to projected plant additions and engineering data; because AUF failed to provide sufficient documentation regarding the historical number of bills rendered or the number of gallons sold during either the 2005 test year or during 2006; its 2005 and 2006 gallons data was irreparably flawed; and AUF failed to support its 2006 and 2007 billing determinants projections.

<sup>16</sup> See Order No. PSC-07-0773-FOF-WS, issued September 24, 2007, in Docket No. 060368-WS, In re: Application for increase in water and wastewater rates in Alachua, Brevard, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

that the interim rate increase be capped at approximately the level of the final rates for the requested consolidated rate structure. For those systems that are capped and for which the Utility would actually collect less in interim rates than it was entitled, AUF requested that the difference over the term of the interim rates be recognized as a regulatory asset to be recovered over a period of two years once final rates are determined. The Utility states that it would not seek to recover interest on this deferred recovery, or have this amount included in the calculation of working capital.

By Order No. PSC-08-0343-PCO-WS, issued May 28, 2008, we acknowledged OPC's Notice of Intervention in this proceeding.

On June 10, 2008, Lake Suzy Utility, Inc. d/b/a Aqua Utilities Florida, Inc. (Lake Suzy) filed a Petition for Leave to Intervene. On the same day, Lake Suzy and AUF filed a joint application for acknowledgement of a corporate reorganization and approval of name change on Certificate Nos. 599-W and 514-S in DeSoto and Charlotte Counties from Lake Suzy to AUF. By Order No. PSC-08-0443-FOF-WS, issued July 10, 2008, we approved Lake Suzy and AUF's joint application for a corporate reorganization and approval of name change on Certificate Nos. 599-W and 514-S in DeSoto and Charlotte Counties from Lake Suzy to AUF.<sup>17</sup> Because Lake Suzy is now included in AUF, the Petition for Leave to Intervene is moot.

By petition, filed July 25, 2008, Bill McCollum, Attorney General, State of Florida, requested permission to intervene in this rate proceeding. By Order No. PSC-08-0497-PCO-WS, issued August 5, 2008, we granted the AG's petition to intervene in this proceeding.

On July 28, 2008, AUF filed its motion to withdraw its Chuluota System from its request for interim rate relief. By Order No. PSC-08-0534-FOF-WS, issued August 18, 2008, we approved the motion to withdraw the interim request for the Chuluota system, and approved interim rate increases of \$7,681,942 and \$5,464,764, for the other AUF water and wastewater systems. We also approved AUF's proposal to cap the interim increase to the approximate level of the final rates based on a consolidated rate structure.

The original 8-month statutory deadline for us to address the Utility's requested final rates was January 22, 2009. However, by letters dated February 6, 2008, and May 22, 2008, AUF agreed to extend the statutory timeframe to address the Utility's final requested rates. This Order addresses the Utility's requested final rates. We have jurisdiction pursuant to Sections 367.081 and 367.082, F.S.

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<sup>17</sup> In Docket No. 080311-WS, In re: Joint application for acknowledgement of corporate reorganization and request for approval of name change on Certificate 599-W and 514-S in DeSoto and Charlotte Counties from Lake Suzy Utilities, Inc. d/b/a Aqua Utilities Florida, Inc. to Aqua Utilities Florida, Inc.

## II. APPROVED STIPULATIONS

We have previously approved several stipulated issues, stipulated adjustments, and partially stipulated issues. The stipulated issues are reflected below, as well as in a consolidated list attached as Appendix I.

## III. ABBREVIATIONS AND TECHNICAL TERMS

The following is a list of acronyms and technical terms which have been used in the Order.

### Company And Party Names

AAI	Aqua America, Inc.
ACO	Aqua Customer Operations
AG	Attorney General
ASI	Aqua Services, Inc.
AUF	Aqua Utilities Florida, Inc.
OPC	Office of Public Counsel

### Technical Terms

3MADF	3 Month Average Daily Flow
ADIT	Accumulated Deferred Income Taxes
AFPI	Allowance for Funds Prudently Invested
BFC	Base Facility Charge
BR	Brief
BSP	Bates Stamp Page
CAPM	Capital Asset Pricing Model
CIAC	Contributions in Aid of Construction
CWIP	Construction Work in Progress
DCF	Discounted Cash Flow
DEP	Department of Environmental Protection
ERCs	Equivalent Residential Connections
EXH	Exhibit
F.A.C.	Florida Administrative Code
FRC	Firm Reliable Capacity
F.S.	Florida Statutes
FWSC	Florida Water Services Corporation
GPD	Gallons per Day
GPM	Gallons per Minute
HAA5	Haloacetic Acid 5
I&I	Infiltration and Inflow
IT	Information Technology
MCLs	Maximum Contaminant Levels
MFRs	Minimum Filing Requirements
MGD	Millions of Gallons Per Day

O&M	Operations and Maintenance
POD	Production of Documents
PWRCA	Priority Water Resource Caution Areas
RF	Radio Frequency
ROE	Return on Equity
SCADA	Supervisory Control and Data Acquisition
SEC	Securities and Exchange Commission
SJRWMD	St. Johns River Water Management District
SSU	Southern States Utilities, Inc.
SWFWMD	Southwest Florida Water Management District
TTHMS	Trihalomethanes
TR	Transcript
UPIS	Utility Plant in Service
U&U	Use and Useful
WAW	Water and Wastewater
WCI	Water Conservation Initiative
WMD	Water Management District
WTP	Water Treatment Plant
WUCA	Water Use Caution Areas
WWTP	Wastewater Treatment Plant

#### IV. MODIFICATION OF EXHIBIT 65, TAB 19

With Exhibit 65 (Staff's Composite Exhibit), in Tab 19, our staff had intended to include all documents produced in response to Production of Document (POD) requests 23 through 31. However, the Bates Stamp pages (BSP) listed for Exhibit 65 only contained documents pertaining to PODs 26, 27, 28, and 31, and inadvertently omitted the documents for POD Nos. 23, 24, 25, 29, and 30. To correct this error, our staff requested that the BSPs listed for Exhibit 65, Tab 19, should be acknowledged to include BSP 3202-7905 (the BSPs for PODs 23, 24, 25, 29, and 30).

Our staff contacted all parties, and all parties have stated that they have no objection to these pages being included. Therefore, Exhibit 65, Tab 19, shall include BSPs 3202-7905.

#### V. QUALITY OF SERVICE

Pursuant to Rule 25-30.433(1), Florida Administrative Code (F.A.C.), we determine the overall quality of service provided by the utility by evaluating the quality of the utility's product, the operating condition of the utility's plant and facilities, and the utility's attempt to address customer satisfaction. The utility's compliance history with the Department of Environmental Protection (DEP) and comments or complaints received from customers is also considered.

AUF believes that its quality of service is satisfactory. To support this statement, the Utility explained that it is in general compliance with DEP and Water Management District (WMD) standards, and has a strategy to maintain compliance. Further, the Utility is committed to customer service and is improving that service where needed. OPC asserted that the customers testified at service hearings and provided written communications demonstrating that

the customers are extremely dissatisfied with the Utility because of billing problems, the water quality, and customer service, especially the lack of customer service provided by customer account representatives at the Call center. Customers of Chuluota were especially vocal in expressing their dissatisfaction with the Utility. The AG argues that water quality issues are primarily focused in the Chuluota service area and water quality should be improved before any rate increase is granted. The AG also notes that customer complaints to the Utility's Call Center are not properly handled and billing errors have not been corrected.

For the reasons discussed below, we find the overall quality of service the Utility provides its customers is marginal, with the exception of the Chuluota system, where the service provided by the Utility is unsatisfactory.

#### A. Quality of the Product/Operational Conditions

OPC witness Dismukes testified that AUF's product and operational conditions were poor. She cited the testimony of numerous customers who testified at customer service hearings and complained about the water quality and customer service. She noted that customers complained of low pressure, odor, sediment, unpleasant taste, and DEP water quality reports showing excessive amounts of various chemicals. The witness also noted, especially for the Chuluota system, that customers complained about health concerns, corrosion of pipes, and appliance failures. A number of Chuluota customers said they did not drink the water and had been told by either their doctor or other customers not to bathe children in the water. She testified that Chuluota customers perceive that their water is unsafe.

OPC witness Poucher also testified that AUF's customer service was poor. He stated that 98 percent of the customer input in our correspondence file in this docket showed opposition and dissatisfaction for the Utility's rate request and customer service, including water quality. More than 60 percent of the customers were opposed to the rate increase and a significant number were concerned about water quality.

##### 1. Chuluota Water Quality

Many Chuluota customers testified at the service hearings that they were not happy with the water quality. Customers testified that Chuluota water stains plumbing fixtures and causes clothes to smell terrible. The customers are concerned about the safety and aesthetics of the water.

AUF witness Franklin testified that the Utility recognizes that the Chuluota water quality has caused a significant amount of frustration for many customers, and has taken action to resolve the water quality issues. The Utility states that since DEP test results showed the Utility violated the maximum contaminant levels (MCL) for total trihalomethanes (TTHMs),<sup>18</sup> the Utility went to quarterly testing, and the last three quarterly tests have shown that the water is meeting standards for TTHMs. In addition, the Utility retained Dr. James Taylor to assist with water quality issues. Interconnected with its TTHM problem, the Utility is also having a

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<sup>18</sup> The maximum contaminant levels for TTHMs is set by Rule 62-550.310, Table 3, F.A.C.

problem with sulfur and hydrogen sulfide. The Utility initially thought that water quality, specifically TTHMs, could be controlled with chemical feed and flushing, which proved to be unsuccessful. During the period that AUF has owned this system, while the system was on free chlorine, there were no incidents of black water. Because it was exceeding the allowed levels for TTHMs, the Utility spent \$700,000 to convert its disinfection process to chloramines in April 2008. However, in the summer of 2008, AUF discovered that the water quality analyzers had malfunctioned and there was a black water occurrence. AUF went back on free chlorine, and although this resolved the black water problem, the Utility again exceeded the allowed TTHM levels. In September 2008, AUF went back to using chloramines.

According to the Utility, steps are being taken to improve water quality such as looping water lines and increasing flushing. Some line replacements are being made, especially in conjunction with road projects. One customer expressed concern that water flushed from the system is being introduced to wetlands. AUF witness Lihvarcik testified that water flushed from the system is introduced to retention areas or is going into the woods, and he was not aware of it going into any wetlands.

AUF provides bottled water to a day care center that is located at the end of a dead-end line. The Utility determined it was less expensive to provide bottled water than flushing the distribution system line frequently since the day care is closed on weekends and water becomes stagnant. Once the line looping is completed, the purchase of bottled water will cease. The Utility is not seeking recovery of the cost of this bottled water.

AUF witness Franklin testified that improvements to water quality will continue to be made. The Utility's primary concern is to get the TTHMs under control. Beyond that, the Utility needs to do what it can to provide water that the customers can drink confidently. A long-term goal is to meet not only water quality standards, but to also achieve customer satisfaction. Witness Franklin acknowledged that the aesthetic quality of the water is related to customer service and is a priority. While meeting state and federal standards for water quality remains paramount, aesthetics is the next tier.

The Utility has offered the system for sale at rate base to the City of Oviedo (City); however, the City has not expressed much interest in purchasing it. Other discussions include purchasing water from the City, but that discussion is still in progress. CHP Engineers, a private engineering firm, has been retained by AUF to review the option of purchased water.

## 2. Questions About Chuluota Water Test Results, Hydrogen Sulfide, and Harmful Effects of Corrosive Water

During the Oviedo Service Hearings and the Technical Hearing, we made several requests of DEP or our staff concerning the quality of water provided by the Chuluota water system. Each of the requests is discussed below.

The first request involved DEP's comprehensive testing of Chuluota's water, and specifically, the testing of the water at the Walker Elementary School and whether the parents of the students were advised of any problems. The record indicates that water samples taken from

the Walker Elementary School cafeteria were gathered on August 4, 2008, and test results showed that TTHMs were detected at 140 micrograms per liter (ug/l), above the regulatory limit of 80 ug/l. No other contaminant exceeded the regulatory limit. Concerning TTHM notices sent to the school by the Utility, DEP contacted the Seminole County School Board and determined that these notices are posted at the school and sent to parents.

AUF witness Luitweiler testified that the Utility had taken water samples on July 25, 2008. These samples were tested at the Utility's Bryn Mawr laboratory for a wide array of potential possible contaminants, and witness Luitweiler testified that nothing was found to suggest any kind of contamination of the wells except for naturally occurring sulfides. Also, on August 5, 2008, DEP collected and tested water samples from six locations throughout Chuluota's distribution system. The tests on these samples showed that there was no detection of nitrite, nitrate, e. coli, or total coliform. Heterotrophic plate counts contained no growth.

Our next area of concern were the test results for the annual and three-year tests for water samples. DEP Rule 62-550, F.A.C., contains a table which shows the chemicals that are tested and the maximum contaminant levels (MCLs). In these annual and three-year tests, the water from Chuluota's wells is analyzed for nitrites, nitrates, e. coli, total coliform, heterotrophic plate counts (non-coliform bacteria), and volatile organic compounds. All tests were satisfactory except for the violation of the MCL for TTHMs.

We next had questions concerning the harmful effects of corrosive water. Some customers had testified that the water was corrosive, but they did not know if the corrosive water could affect their health. DEP stated that some byproducts of corrosive water such as lead and copper can have health effects. DEP gathered samples at consumer taps, the test results for which showed that the water is in compliance with the lead and copper limits. Regarding pitted faucets, DEP stated that based on the evidence that the raw water contains high levels of hydrogen sulfide, it is reasonable to believe that this condition contributes to pitting.

In addition, we had questions concerning whether the Utility had a hydrogen sulfide problem in the raw water. Hydrogen sulfide can cause the water to be corrosive and produce an odor. DEP stated that the results of water quality testing performed by Dr. James Taylor confirmed high levels of sulfide in the raw water at Chuluota. A rotten egg odor is characteristic of hydrogen sulfide presence. The levels of hydrogen sulfide (2.5 to 5 mg/l) are higher in Chuluota than at any of AUF's other systems.

We also requested that DEP test a Q-tip with a black residue, which was provided by a Chuluota customer. DEP stated that proper sample preservation and chain of custody are two essential requirements for obtaining valid analytical results. Without knowledge or assurance on how the sample was taken, maintained, or its age, DEP concluded that the analysis of the Q-tip would not provide any valid information regarding the quality of the community's water or the compliance status of the Utility. Therefore, DEP declined to have the Q-tip tested, and it was not tested at the time of the hearing. Subsequent to the hearing, our staff had the Q-tip tested by EMSL Laboratories, and test results showed the residue on the swab from the master bath sink drain was 88 percent mold, 10 percent quartz [sand], 1 percent organics, and 1 percent inorganics.



Finally, we inquired as to DEP's choice for testing points for water samples for the Chuluota system: 390 Lake Lenelle Drive and 803 Mazurka Drive. DEP stated that these locations represent maximum retention times where water is in the distribution system because these physical locations are the furthest points from the water treatment plant.

### 3. Open Consent Orders

As of the close of the evidentiary record, the Utility had open consent orders for each of the following systems: the Chuluota water system, The Woods water system, the Zephyr Shores water system, the Village Water wastewater system, and the South Seas wastewater system. Each consent order is discussed below.

For the Chuluota water system, AUF witness Luitweiler testified that in December 2006, while DEP was drafting the consent order requiring AUF to implement chloramination, the Utility retained an engineering firm to prepare the design. Staff witness Dodson testified that AUF signed a consent order for Chuluota on January 4, 2007, which addressed the TTHM MCL violations. DEP issued permits to modify the disinfection treatment processes at Chuluota's water treatment plants on March 12, 2007. AUF's modification went into service on April 7, 2008, changing from free chlorine disinfection to chloramine disinfection. TTHM results for sampling conducted on April 10, 2008, were below the MCL; however, TTHM results for sampling conducted on April 22, 2008, were above the MCL. On July 3, 2008, AUF temporarily reverted back to free chlorine disinfection. The cause for the MCL exceedance was malfunctioning equipment. AUF obtained new equipment and returned to chloramine disinfection on September 3, 2008. The results of TTHM compliance sampling for the third quarter in 2008, conducted on September 17, 2008, showed compliance with the MCL. Results of TTHM sampling conducted by AUF on November 11, 2008, were below the MCL.

For The Woods, staff witness Greenwell testified that a consent order for this water system in Sumter County was executed on April 26, 2007, and included a compliance schedule to address the TTHM and Haloacetic Acid 5 (HAA5) exceedences. The permit application to address the exceedences, issued on December 18, 2007, identified the installation of pressure filters and a static mixer which was completed in May 2008. DEP requires a minimum of four quarters of sampling demonstrating compliance with the MCL before closing the consent order. Test results from the first two quarters were favorable and compliance was expected by the fourth quarter. After our vote on February 24, 2009, addressing the Utility's revenue requirements, we received a letter from DEP stating that the Consent Order for The Woods had been closed.

For Zephyr Shores, staff witness Greenwell testified that this water system in Pasco County had an approximate population of 490 persons and in accordance with Rule 62-555.315(2), F.A.C., all community water systems serving a population of 350 or more require a second well. In addition, Rule 62-555.320(14), F.A.C., requires that auxiliary power requirements be met. AUF witness Lihvarcik stated that the Zephyr Shores system formerly had an interconnect with the city, but the city changed its disinfection to chloramines because of its TTHM problems. AUF chose not to convert to chloramines and the valve between the city and

the system had to be closed, after which the system failed to comply with the reliability requirements in Rules 62-555.315(2) and 62-555.320(14), F.A.C. A consent order was signed on June 18, 2007, to address the well construction and power requirements. On October 9, 2008, DEP requested AUF to conduct additional testing. Witness Lihvarcik testified that the well and generator were required by DEP and that the new well and generator were installed. The consent order remains open as DEP evaluates the effectiveness of existing treatment to address total sulfide concerns.

For Village Water, witness Greenwell testified that a consent order for this wastewater system in Polk County, issued on August 21, 2007, and amended with an effective date of June 27, 2008, addressed, among other things, the long-term effluent disposal capacity of the percolation ponds and the acquisition of a domestic wastewater permit to authorize operation of the facility. The existing wastewater permit issued on January 23, 2001, expired on January 22, 2006. The permit was administratively continued by the timely submittal of an application to renew the permit; however, the system had been operating without a permit since October 4, 2006, after the permit renewal was denied on September 15, 2006. AUF did not provide reasonable assurance to DEP regarding the adequacy of the disposal system, and, therefore, no permit was issued. In his rebuttal testimony, AUF witness Lihvarcik contends that the disposal ponds are operating as the system was designed and permitted. Therefore, there appears to be a difference of opinion between AUF and DEP which has yet to be resolved. This consent order remains open.

For South Seas, staff witness Kleinmann testified that a consent order was issued for this wastewater system in Lee County in August 2007, as a result of a discharge to two golf course ponds that were not authorized discharge sites under the current permit. On March 20, 2008, AUF proposed a pollution prevention project implementation plan, in lieu of paying a fine. The project, which proposes to replace the diffusers in two aeration tanks, is expected to be completed by December 2008, with a final report to DEP in January 2009. The discharge will be sent to a 0.450 mgd holding tank and used for irrigation on a 32-acre golf course.

#### 4. Outstanding Warning Letters

For Pomona Park, staff witness Davis testified that DEP reviewed enforcement issues related to the use of a replacement well in Putnam County. Because requirements for notification and clearance did not appear to have been met, a warning letter was issued on May 23, 2008. AUF did not provide the information required, and DEP is considering whether to issue a notice of violation. On rebuttal, AUF witness Lihvarcik testified that the Utility is currently working on providing the requested data for the new well. A new well is expected to be constructed, and a clearance request will be submitted to DEP to place the new well in service.

For Jasmine Lakes, staff witness Greenwell testified that DEP issued a warning letter on March 8, 2007, for this wastewater treatment facility in Pasco County for exceeding the ground water standards for sodium, chloride, and total dissolved solids, and for improper operation of the four percolation ponds such that it impacted the ground water. AUF was asked to either modify the effluent disposal system or interconnect with the Pasco County Regional Collection

System. Witness Lihvarcik testified on rebuttal that it is unclear if DEP has the authority to require ponds constructed prior to April 1989 to be rested and rotated. AUF has entered into a contract to address the improper operation of the wastewater ponds.

For Palm Terrace, staff witness Greenwell also testified that DEP issued a warning letter for that wastewater system in Pasco County regarding the improper operation of two percolation ponds, slow-rate restricted public access sprayfield systems, and its impact on effluent quality and groundwater. The effluent disposal system also exceeded the ground water standards for nitrates, total dissolved solids, and fecal coliforms. AUF witness Lihvarcik testified that this system is another system in which it is unclear if DEP has the authority to require ponds that were constructed prior to April 1989 to be rested and rotated. This issue has not been resolved between AUF and DEP.

For Arredondo Farms, staff witness Gerard testified that DEP issued a warning letter on June 12, 2008, regarding this wastewater system in Alachua County, addressing effluent violations for: (1) five-day carbonaceous biological oxygen demand for January, February, and March, 2008; (2) AUF's failure to report these effluent violations as abnormal events; and, 3) AUF's failure to calculate some annual averages correctly. AUF responded on June 27, 2008. Arredondo Farms was found to be out of compliance during the inspection that was performed in August 2008. A noncompliance letter was sent to AUF on October 6, 2008, indicating that there were sampling, facility site, flow measurement, and residual/sludge issues, and requiring a response 30 days from the date of the letter. This issue has not been resolved.

#### 5. Outstanding Noncompliance Letters

AUF has six outstanding noncompliance letters. Staff witness Gerard testified that the Silver Lake Oaks wastewater system in Putnam County has effluent violations relating to total dissolved solids, nitrates, and fecal coliforms. The witness also testified that the Arredondo Farms wastewater system had violations in the areas of sampling, facility cite, flow measurement, and residual/sludge issues. A response from AUF is expected. Staff witness Miller testified that the Florida Central Commerce Park wastewater system in Seminole County failed to submit pathogen (Giardia and Cryptosporidium) monitoring results every five years. AUF is to submit test results from samples to DEP as the next step. The Valencia Terrace wastewater system in Lake County is required to install a new bar screen and splitter box, and this equipment is expected to be completed by December 31, 2008. The Morningview wastewater plant in Lake County is not meeting the minimum chlorine contact time of 15 minutes and two reporting deficiencies were noted. Staff witness Kleinmann testified that the South Seas wastewater system had effluent violations for total suspended solids for the months of March, April, May, and August 2008, as well as a fecal coliform violation in July. AUF responded that these issues raised in all the letters will be corrected.

#### 6. Other Violations

Staff witness Miller testified that the Discharge Monitoring Reports for the Chuluota wastewater system showed that the annual average daily flow to the facility has been exceeding its permitted capacity. The operating permit expired on March 10, 2008, and the permit was

administratively extended as the Utility had applied for a permit renewal. DEP requested additional information from AUF regarding the permit application that was filed on December 6, 2007, and is awaiting a response.

AUF witness Lihvarcik testified that AUF provides an excellent product and excellent service to its customers. He further stated that the Utility's corporate office in Leesburg ensures that systems are operated in compliance with environmental regulations and corporate policies, and that capital improvements are planned to comply with state and federal regulations so that safe and reliable service to the customers can continue to be provided.

According to the Utility, it places a big priority on compliance with health standards and regulations regarding water quality. Additional testimony was provided explaining the raw water quality, the efforts made by the Utility involving chlorine, chloramines, and retention of a consultant to help improve Chuluota's water quality. Witness Luitweiler further testified that for The Woods, after removing former equipment for iron removal treatment and installing a green sand filter, the level of TTHMs is in compliance with standards.

Staff's witnesses from DEP testified about minor issues at a number of treatment plants, and indicated that the plants have come into compliance with DEP's requirements.

## B. Customer Satisfaction

### 1. Service Hearings

Ten customer service hearings were held around the state in nine locations between July 2, 2008, and September 26, 2008. Approximately 390 customers attended these noticed hearings. Although there were quality of service concerns brought up at these hearings, the most recurring theme appeared to be the time it took AUF to resolve complaints (primarily billing), and the treatment customers received when they called the Utility's Call Center. Also, the customers repeatedly expressed concern about the justification for the proposed rate increases and the personal hardship such rate increases would impose. AUF representatives were available at each meeting with computers linked to its main database to assist customers with service and billing issues.

The dates, locations, and number of customers participating at the service hearings follows:

DATE	LOCATION OF SERVICE HEARING	CUSTOMERS IN ATTENDANCE	CUSTOMER SPEAKERS
July 2, 2008	Gainesville	11	9
July 7, 2008	Sebring	15	9
July 8, 2008	Lakeland	29	14
July 16, 2008	Mount Dora	28	10
July 17, 2008	Oviedo – AM (I)	60	17
July 17, 2008	Oviedo – PM (II)	85	24
July 22, 2008	Palatka	15	8

DATE	LOCATION OF SERVICE HEARING	CUSTOMERS IN ATTENDANCE	CUSTOMER SPEAKERS
July 30, 2008	Chipley	17	7
Aug. 7, 2008	Green Acres	30	12
Sept. 26, 2008	New Port Richey	100	59
	Total	390	169

Most of the 169 customers who spoke had quality of water concerns, billing concerns, or both. Forty-eight percent of all concerns raised were water quality issues including taste, sediment, odor, color, and pressure. The remaining 52 percent were billing-related concerns involving meter reading problems, incorrect charges, and high rates.

In her testimony, staff witness Hicks noted that our Complaint Tracking System was reviewed for complaints filed against AUF pursuant to Rule 25-22.032, F.A.C. A total of 326 complaints were received from January 1, 2007, through September 30, 2008. An analysis of these complaints revealed 68 percent concerned billing issues, and the remaining 32 percent dealt with quality of service issues.

## 2. Customer Service

Utility witness Franklin stated that the Utility reviewed every complaint that was generated at the customer service hearings, and sent an individualized response to each of those customers. Witness Franklin further claimed that the Utility has made efforts to improve communication with its customers. For example, the Utility initiated a new program, AUF Connects, where senior management meets with customers to provide information about the company and discuss issues and concerns. AUF requested the cost of this program be included as a pro forma adjustment.

The Utility stated that twelve meetings are planned for 2009, including one planned for the last Friday in January 2009 at Tomoka View/Twin Rivers. For the meetings already held, the Utility stated that attendance was less than expected. By holding a meeting in conjunction with a homeowners meeting, witness Franklin said the attendance improved. The goal of AUF is to communicate more with its customers, making it more of an educational opportunity, and use Utility executives who are salaried rather than hourly employees, so that there would be no additional expense incurred.

The Utility states that it has hired several new management staff, including two former DEP employees to aid AUF in furthering its goal and commitment of environmental compliance. Additionally, the Utility has hired a new chief operating manager and an area manager, both of whom have prior experience in water and wastewater operations. Another new employee is an in-state Florida customer service representative who handles billing, meter reading, and general customer service issues. He was sent to AUF's customer service center in Texas for training and received additional training in Bryn Mawr, Pennsylvania, the Utility's home office.

Witness Franklin testified that overall he believes the average customer receives very good customer service from the three separate Call Centers and the Utility's billing group. He

further testified that he thought the service provided by AUF has continually improved over the last several quarters and the intent is to continue to improve.

A strong commitment to customer service is one of the tenets of the AUF organization, according to witness Lihvarcik. He explained how the customer service field supervisor in Florida interfaces with the three separate Call Centers, the billing group, and the customer service section. He also noted that the Call Center in Cary, North Carolina, can automatically route calls to the two other Call Centers in Pennsylvania and Illinois when necessary.

As stated earlier, OPC witnesses Poucher and Dismukes testified that many customers were dissatisfied with the service they received. In addition to concerns about the quality of water product, the customers seemed to be especially upset about the delay and difficulty for the Utility to correct billing errors, and the treatment they received from the Utility's service representatives at the Call Center.

Witness Poucher contacted customers who had testified at the customer service hearings about service problems, and who subsequently received letters from AUF addressing their complaints. The customers provided AUF's responses to OPC witness Poucher and expressed their displeasure with AUF's response. The customers disputed the conclusions reached in the letters by AUF. Further, the customers did not believe that AUF in many cases actually addressed their complaint, and that AUF's responses were nothing more than form letters. A review of the letters sent by AUF shows that some of the letters were identical, which was admitted by AUF witness Franklin.

Witness Poucher acknowledged that AUF's employees, including witness Lihvarcik, spent time at customer service hearings attempting to resolve customer problems. While this is something that he would expect to occur, he complimented the Utility for coming to the service hearings ready to resolve customer issues. Witness Poucher recommended a three-year course of action as follows: (1) penalize the Utility; (2) require the Utility to print the toll free number for the Commission on the front of customers' bills; (3) require a monthly report from AUF of complaints received from Florida customers, including a summary of the complaints by category, and the resolution and steps taken to prevent recurrence; (4) require our staff to visit AUF's Call Centers to see those operations; (5) place a moratorium on expansion of AUF facilities; (6) require our staff to review the data provided at the end of year one and year two, noting the progress made by the Utility; and (7) at the end of year three, require the Utility to demonstrate the service problems have been resolved, removing the penalty imposed three years before.

### 3. Billing

The Utility implemented a new billing system at the end of 2006. To improve the billing process, AUF is replacing all manually-read meters with remote telemetry meters. Fewer estimated bills and more accurate readings are expected. As of September 2008, 14,597 meters had been changed out, with the 2,413 remaining meters being budgeted for replacement.

Witness Franklin acknowledged billing issues involving the remote telemetry meters that have been installed. These meters were installed by outside contractors, and it often took a long

time for the contractor to supply the Utility with details of new meter installations. Thus, the Utility's billing system would show the former meter and not the new installation, which resulted in estimated bills. By removing contractors from reading meters and re-sequencing meter readings for greater efficiency, Utility witness Lihvarcik testified that the billing problems have been corrected. He further testified that the new telemetry meters have lessened the need for estimated bills.

Witness Franklin explained the review conducted by the Utility in response to a customer billing inquiry from a condominium association at Scottish Highlands (Silver Lake Estates system in Lake County), and acknowledged that it took a long time to resolve due to the complexity of the issues. The customer stated that it made "countless phone calls" to resolve a billing irregularity, with the last contact with AUF being October 14, 2008. Receiving no response from the Utility after that date, by letter dated November 10, 2008, the customer forwarded the billing inquiry to OPC for assistance. OPC received it on November 18, 2008, and on that same day forwarded it to the Utility for a response. As of a week after OPC forwarded the complaints, no one from AUF had yet contacted the customer. Witness Franklin testified that the customer should have been called back after the complaint was received, and pending the Utility having performed the necessary field work to resolve the billing inquiry.

OPC witness Dismukes testified that the majority of complaints to the Commission involved billing issues, citing specific incidents where billing to the customer was not correct. She also noted that customer billing issues were brought to our attention at the customer service hearings.

#### 4. The Call Center

The main Call Center handles about 4,500 calls per day each week from multiple states, and the Utility is able to track answered calls. The Call Center has hired ten new employees since the third quarter of 2007. The customer service representative makes a record on the customer's account of the date of the call, the discussion, and the representative's initials. Witness Franklin testified that Call Center records do not track transferred or disconnected calls, or if a voice message is left by a customer. The Utility states that training is provided to Call Center employees by its full-time training team, and an incentive program is in place based upon performance. The Utility has made efforts to evaluate the effectiveness of the customer service representatives and compare those ratings to industry standards. Witness Franklin stated that the scores from those evaluations compared favorably to industry standards and in some areas were better than standard. The Utility claims performance metrics in the Center have improved dramatically.

Customers complained at the service hearings about one particular Call Center employee being unhelpful. An internal review of this employee's performance was conducted, and the Utility determined the employee was dealing with difficult issues and that the employee was effective in doing so. Some customers had complained that when contacting the Call Center, they could not be passed to a supervisor, or that a supervisor did not call the customer back, even though a system is supposedly in place that requires supervisors to call a customer back within

24 hours. The Utility states that these call-backs are documented, and that the Call Center system described above can be and has been accessed by witness Franklin for follow-up.

OPC witness Dismukes testified about the Call Center. She noted the targets (call wait times, abandoned calls, speed to answer calls, and average call handling time) that AUF has set, and stated that the Utility rarely meets its targets. The majority of the questions from customers involved billing, water quality, and complaints that telephone calls were disconnected. If a return call was promised, she testified that many times no return call was made. Witness Dismukes acknowledges that while AUF has made improvements in its Call Center processes that should improve customer service, she thought that the level of service remained unacceptable.

### C. Commission Analysis on Quality of Service

#### 1. Quality of Product

While AUF is making strides to improve the water quality for those systems where problems exist, there is still more work to be accomplished. At the time of our decision on quality of service, both Chuluota and The Woods were under consent orders from DEP. Since that time, however, DEP has advised that, for The Woods, the Utility has met the requirements of that consent order and considers the case closed.<sup>19</sup> While the quality of service for The Woods now appears to be acceptable to DEP, the Chuluota system continues to have water quality issues even after the conversion to chloramines to reduce the TTHMs. Because of the customer complaints focusing on unacceptable water quality at Chuluota, as well as the outstanding consent order and compliance not yet achieved at Chuluota, we have significant concerns about the water quality for this system.

When there are water quality issues, our practice has been to look carefully at the situation, and focus on the efforts being made by the utility to improve the quality of the product. AUF is making efforts to improve reliability and the water quality in all its systems, with the goal of achieving the standards set forth by DEP. Testimony shows there have been setbacks, however, due to equipment failure, especially in Chuluota. Nonetheless, other AUF systems have issues with taste, odor, sediment, and color, similar to other water utilities' systems in Florida. AUF must continue to work on improving the water product quality.

#### 2. Operational Conditions

As stated by the staff DEP witnesses, attaining applicable DEP standards has been an issue for AUF. In most instances, the Utility has achieved compliance by correcting conditions at its treatment plants as directed by DEP. For water, the 57 water systems owned and managed by AUF had three outstanding consent orders and a warning letter in the last three years. In

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<sup>19</sup> Since we determined the service provided to The Woods was unsatisfactory at the February 24, 2009, Special Agenda concerning revenue requirements, we were provided with a letter from DEP to AUF closing The Woods' consent order. Based on this letter, the quality of service provided by AUF to The Woods shall no longer be considered unsatisfactory as we determined on February 24, 2009. However, as stated in Section V., D. of this Order, we will continue to monitor the quality of service provided by AUF to The Woods.



addition, there were 13 closed DEP violations. The outstanding consent orders relate to the Chuluota, Zephyr Shores, and The Woods water systems. It appears that The Woods has come into compliance and that Zephyr Shores is coming into compliance with DEP standards. However, Chuluota continues to have problems. AUF's actions to address the water quality issues, including the installation of analyzers at the treatment plants, use of auto flushers, the use of loops in dead-end lines in the network, control of hydrogen sulfide, and the retention of consultant Dr. James Taylor in dealing with water quality issues, should further improve the water quality at Chuluota.

For wastewater, at the time of the hearing, there were two open consent orders for Village Water and South Seas. It appears that the South Seas consent order may be resolved soon, but the Village Water consent order is still in dispute.

### 3. Customer Satisfaction

Water quality, in the opinion of many customers, remains unacceptable. OPC and customers cited numerous instances where service issues took a long time to resolve, including billing corrections. While improvements were made at the Call Center as explained by AUF witness Franklin, it remains that Call Center representatives failed to return calls to many customers. Supervisors have not been available to take calls from customers when the customer service representative was unable to resolve a complaint to the satisfaction of a customer. There were numerous instances where customers complained of disconnected customer calls by the Call Center. The follow-up by OPC witness Poucher shows that even when AUF made the effort to send letters to many of the customers who attended the customer service hearings, those customers remain dissatisfied with the handling of their complaints filed with AUF. Based on our review of the record, it appears that customer satisfaction falls short of what is expected.

### 4. Conclusion

Based on the record and discussion above, we find the overall quality of service for AUF's regulated systems to be marginal, except for Chuluota, which we find to be unsatisfactory. As noted above, concerning the 57 water and 25 wastewater systems owned by AUF, DEP issued five consent orders (three water and two wastewater), four warning letters, and six noncompliance letters. With respect to Chuluota, we find that the water quality at Chuluota needs improvement. A consent order from DEP signed in January 2007 apparently was needed to provide the incentive required for AUF to implement treatment to reduce TTHM levels at Chuluota. After the Utility reinstated its chloramine system in Chuluota in September 2008, the test results for TTHMs for the next two quarters were below the MCL. However, at the time of the hearing, Chuluota did not have four quarters of satisfactory testing as required by DEP, and the consent order remains outstanding. Similarly, a consent order was required at The Woods before the Utility implemented treatment to reduce TTHM and HAA5 levels at that water system.

Because of the poor service experienced by AUF's customers, we have calculated the mid-point of the return on equity (ROE) with this in mind. Further, we have reduced the ROE

for Chuluota because of the unsatisfactory service provided to customers within this system. These reductions are more fully discussed in Section VII. E. below.

#### D. AUF Quality Of Service Monitoring Plan

Because of our concerns with AUF's customer service, we shall closely monitor the service provided by AUF for the next six months. We have three major areas of concern: (1) AUF's failure to handle customer complaints properly; (2) the Call Centers' process for handling complaints; and (3) incorrect meter readings and resulting improper bills.

To allow us to closely monitor AUF's customer service, AUF shall submit the following:

1. AUF shall submit a monthly report to this Commission for the first six months after this order is issued. The report will list all customer complaints for each system for the month. The report shall include the customer name, address, phone number, account number, a description of the complaint, and how the complaint was resolved. We will audit a sample (sample will be chosen to determine with a 90 percent confidence level and a maximum error rate of 5 percent) of the reported customer complaints to determine whether the complaints were resolved appropriately ("appropriately" will be defined as any errors made by AUF are corrected and all issues in the complaint are addressed).
2. AUF shall submit to this Commission on a monthly basis all sound recordings of customer complaints from customers to this Commission for the first six months after this order is issued. Our staff will listen to a sample of these to determine if the customer complaints are handled in a professional and courteous manner.
3. AUF will provide our staff with route schedules that identify the day that meters will be read for AUF's regulated systems for the six months after this order is issued. The route schedules will be due to our staff by May 1, 2009. AUF shall also provide staff with the meter reading logs for the same six-month period. Based on the meter reading schedule, our staff will manually read a sample of AUF's meters on the same day that the Utility is scheduled to read them to verify the accuracy of the meter readings and resulting customer bills.

Upon the completion of these reporting requirements, our staff will present their conclusions regarding AUF's performance to us. If AUF is not performing adequately, we may initiate show cause proceedings, or take such other action as we may deem appropriate.

### VI. RATE BASE

#### A. Plant-in-Service

Because the Utility did not supply supporting documentation, staff witness Dobiac recommended rate base adjustments to the Utility's Lake Suzy water and wastewater systems, as well as Lake Josephine's water system, and AUF's Sebring water system.

### 1. Lake Suzy Water and Wastewater Systems

Staff witness Dobiac testified that the Utility did not provide supporting documentation for \$534,219 in plant additions for the Lake Suzy water system. This amount was later revised by witness Dobiac to \$526,322. (TR 942) She also recommended that contributions in aid of construction (CIAC) be decreased by \$137,077. Moreover, witness Dobiac stated that the Utility did not provide supporting documentation for \$1,119,520 in plant additions for Lake Suzy's wastewater system. The total water and wastewater plant additions identified as unsupported by witness Dobiac, therefore, were \$1,645,842.

AUF witness Griffin, testified that, prior to AUF acquiring the Lake Suzy system, this Commission, by Order No. PSC-97-0540-FOF-WS,<sup>20</sup> approved water and wastewater plant for Lake Suzy in the amount of \$1,239,799. Order No. PSC-97-0540-FOF-WS was included in witness Griffin's rebuttal testimony as Exhibit 141 and showed water plant-in-service of \$214,336 and wastewater plant-in-service of \$1,025,463, for a total water and wastewater amount of \$1,239,799. In his rebuttal testimony, witness Griffin states that, at the very least, the Lake Suzy plant which we approved in Order No. PSC-97-0540-FOF-WS, in the amount of \$1,239,799, should not be removed from AUF's rate base.

Witness Griffin also testified that the remaining plant eliminations should be denied because the Utility was not asked to provide supporting documentation for these assets and the great majority of the plant additions are contributed property. While the Utility provided revised adjustment amounts, no additional supporting documentation was provided for the remaining plant eliminations.

In consideration of the above, we find that the amounts for Lake Suzy included in Order No. PSC-97-0540-FOF-WS shall be recognized. Therefore, we shall decrease water plant by \$311,986 (\$526,322-\$214,336) and CIAC by \$81,256. We further find that the Lake Suzy wastewater plant shall be decreased by \$94,057 (\$1,119,520-\$1,025,463).

### 2. Lake Osborne and Mobile Terrace Water Systems

The amounts shown under OPC's position for Lake Osborne (\$3,289 decrease) and Mobile Terrace Water Systems (\$1,247 increase) have been stipulated to as correct.

### 3. Lake Josephine Water System

Staff witness Dobiac testified that for the Lake Josephine water system, the Utility included \$329,672 in the MFR plant in service balance without appropriate supporting documentation. Witness Dobiac explains that without supporting documentation, she finds accumulated depreciation and depreciation expense to be overstated by \$65,463 and \$10,615, respectively. Witness Dobiac explains that, subsequent to the issuance of the audit report, the Utility provided additional supporting documentation for the \$329,672 of plant additions. She

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<sup>20</sup> Issued May 12, 1997, in Docket No. 960799-WS, In re: Application for staff-assisted rate case in DeSoto County by Lake Suzy Utilities, Inc.

states that the Utility documented that \$258,695 was included in a prior order, and also provided a capital project schedule to support an addition of \$127,482.

Witness Griffin testified that the plant-in-service amounts included in the audit finding are primarily comprised of the beginning Utility balances shown in the June 30, 1999, audit. He stated that the June 30, 1999, beginning balances plus the Commission-ordered adjustments result in the last established rate base amounts and, therefore, it is inappropriate to write off the June 30, 1999, beginning balances. Witness Griffin additionally stated that the audit work papers revealed a plant-in-service difference of \$203 in account 331 and a CIAC difference of \$1,801.

We agree with witness Griffin's testimony and find that Lake Josephine's water system plant-in-service shall be increased by \$203 and CIAC be increased by \$1,801.

#### 4. Sebring Water System

Staff witness Dobiac recommended an adjustment for Sebring Lakes for unsupported additions of \$20,122. The \$20,122 adjustment included \$10,670 in Account 331, Transmission and Distribution Mains, \$3,222 in Account 333, Services, and \$6,230 in Account 334, Meters and Meter Installation. Witness Dobiac explained that these amounts were unsupported additions excluded from rate base in Commission Order No. PSC-02-0651-PAA-WU, issued May 13, 2002, and, therefore, should be removed for this filing. In its response to the staff audit report, the Utility took exception to the \$6,230 adjustment, stating that the reduction was recorded in December 2007. We agree with the Utility, and reduce plant by \$13,892 (\$20,122 - \$6,230).

#### 5. Conclusion

Based on the above, we find that the following adjustments to test-year plant-in-service are appropriate:

System	Account	Staff Audit	Approved Adjs.
Water			
Lake Suzy	Plant in Service	(\$526,332)	(\$311,996)
Lake Suzy	CIAC	\$137,077	\$81,256
Lake Josephine	Plant in Service	(\$329,672)	\$203
Lake Josephine	CIAC	\$0	(1,801)
Sebring	Plant in Service	(\$20,122)	(\$13,892)
Wastewater			
Lake Suzy	Plant in Service	(\$1,119,520)	(\$94,057)

#### B. Test-Year Land

Staff witness Dobiac, with respect to Audit Finding No. 18, states that the MFRs included a 13-month average land balance of \$429,459, which included land sold in December of 2007.

As described by witness Dobiac in her direct testimony, 19.55 acres was valued at \$294,856, but was reduced by \$94,656 to reflect 6.32 acres held for future use, for an adjusted balance of \$200,200. In June 2005, the prior owner of the Utility entered into litigation proceedings with AUF regarding the wastewater land. In December 2007, as part of a settlement agreement regarding this litigation, the Utility sold 5.97 acres for \$100,000. The settlement agreement also required AUF to make an annual lease payment of \$10,000. Witness Dobiac recommends that the 13-month average balance for land should be adjusted to remove all of the land sold for the entire year; otherwise, the Utility will earn a return on a portion of the land sold, as well as recover the \$10,000 annual lease payment.

Utility witness Griffin agreed in principle with Audit Finding No. 18. He believes, however, that the land value to eliminate from Lake Suzy's wastewater MFRs is \$171,677 and, therefore, the 13-month average of land value should be \$257,782, based on the December 31, 2007, land sale. Witness Griffin believes that our staff improperly adjusted the 13-month average calculation by reducing land as though the sale occurred in December 2006.

Though witness Griffin is correct that the land sale occurred in December 2007, we agree with witness Dobiac that the Utility should not earn a return on a portion of the land sold and also allow the annual lease payment of \$10,000. As a result, the 13-month average balance for the wastewater system shall be reduced by \$229,259 (\$429,459 - \$200,200). The annual lease expense is addressed below.

### C. Pro-Forma Plant

AUF's filing reflected pro forma plant additions of \$3,458,312 for water and \$1,025,262 for wastewater. Our staff requested support documents related to the pro forma plant additions reflected on MFR Schedules A-3 for all water and wastewater systems. Staff's request included, but was not limited to: allocation of corporate information technology (IT), meter replacement costs, retirements of existing meters, Supervisory Control and Data Acquisition (SCADA) telemetry systems, alternative effluent disposal projects, effluent disposal, effluent disposal sites, effluent pond rehabilitations, new water treatment plants, replacement of pumps and motors, and other miscellaneous plant equipment replacements.

For each addition listed above, AUF was requested to provide the following:

- A statement why each addition is necessary;
- A copy of all invoices and other support documentation if the plant addition has been completed or in process;
- A copy of the signed contract or any bids, if the plant addition has not been completed;
- A status of the engineering and permitting efforts, if the plant addition has not been through the bidding processing;
- The in-service date of all completed projects;
- The projected in-service date for each outstanding plant addition;

- All support documentation for the Utility's original cost of all its pro forma retirements, and,
- For any pro forma retirement for which the Utility cannot support the original cost, the original in-service date of the plant retired and the Utility's estimate of the original cost using the Handy-Whitman Index or any other appropriate index.

In response to our staff's requests, the Utility provided approximately 4,200 pages of documents. Our staff reviewed all documents and noted that the documents were not well organized, contained many duplicative invoices, contained numerous invoices from non-jurisdictional systems, and had several invoices of items that should have been expensed rather than capitalized. Below is a summary of the various pro forma plant additions.

### 1. Meter Replacements

The Utility included \$2,817,930 in pro forma plant for meter replacements. AUF has been in the process of replacing the meters for most of its jurisdictional Florida systems. All invoices relating to meter replacements were matched to the specific system. Based on this review, several adjustments are necessary to the costs of pro forma meter replacements in that the documentation provided severely understates the amounts reflected in the MFRs. Based on this analysis, \$2,212,206 shall be removed for undocumented pro forma meters. All adjustments for the pro forma meter replacements are reflected on Schedule 3-C of each system.

### 2. Allocated Corporate Information Technology (IT)

The Utility included \$387,192 in pro-forma plant for allocated Corporate IT. For the allocated Corporate IT, our staff applied the total invoiced amount of \$8,735,587 to the allocation method provided in the Utility's MFRs. According to these schedules, AUF's customer base is 4.28 percent of AUF's parent company, AAI. This percentage is then applied to the total invoiced amount for the Corporate IT project of \$8,735,587, which results in \$373,883 allocated to the Florida systems. The \$373,883 is then divided between jurisdictional systems and non-jurisdictional systems. According to AUF's MFRs, 65.847 percent of AUF's systems are jurisdictional, which results in \$246,191 being allocated to AUF's jurisdictional systems. The \$246,191 is then applied to each individual system and allocated based on each system's customer count. The difference between the \$387,192 included in the MFRs and our staff's calculated Corporate IT allocation is \$141,001 (\$387,192 - \$246,191). As a result, \$141,001 shall be removed from AUF's pro forma Corporate IT allocation. All adjustments for the pro forma allocated Corporate IT are reflected on Schedules 3-C for each system.

### 3. Other Pro Forma Plant Additions

Additionally, as stated by Utility witness Griffin, AUF has three pro forma plant projects that should be removed from pro forma plant additions because the projects will not be completed and placed into service by the end of 2008. The projects are the wastewater effluent disposal project at Chuluota, which results in a reduction of \$50,000; the wastewater effluent disposal project at South Seas, which results in a reduction of \$80,000; and the SCADA project

at Valencia Terrace, which results in a reduction of \$25,000. All these adjustments are reflected on Schedule 3-C of each system.

Furthermore, Utility witness Griffin stated that two other pro forma additions, the Village Water wastewater effluent disposal project and the new Lake Josephine wastewater treatment plant, need to be adjusted because amounts spent on the projects differ from the amount included in the Utility's MFRs. According to Utility witness Griffin, the Village Water wastewater effluent disposal site project was originally estimated to cost \$300,000, but has since been bifurcated such that only \$180,000 of the original estimated amount will be spent and closed to utility plant in service (UPIS) before December 31, 2008. The remaining \$170,000 of the wastewater effluent disposal site project will be deferred to a future time. The impact of this adjustment will result in a reduction in rate base of \$170,000. Utility witness Griffin also stated that the cost of the Lake Josephine new wastewater treatment plant project has increased from the original estimate of \$350,000 to \$694,000. All of these adjustments are reflected on Schedules 3-C for each system.

As noted above, our staff reviewed the documentation provided by the Utility in response to staff's POD 23. The documentation regarding the Village Water wastewater effluent disposal site project showed only \$12,450. Because the Utility has failed to provide further documentation regarding the Village Water wastewater effluent disposal site project, we find it is appropriate to reduce pro forma plant additions by \$337,550 for this project.

Regarding the Lake Josephine new wastewater treatment plant project, we received all invoices for the project and note that the cost has increased to \$694,000. Therefore, plant shall be increased by \$372,548 for this project.

The above-noted adjustments are reflected on Schedule 3-C of each system.

#### 4. Accumulated Depreciation and Depreciation Expense

Based on our adjustments above, we have recalculated accumulated depreciation and depreciation expense associated with the pro forma additions. Also, we note that the Utility recorded accumulated depreciation and depreciation expense in its MFRs based on a half-year convention but included the plant additions as if in service a full year. Consistent with our practice, both accumulated depreciation and depreciation expense associated with pro forma additions shall be recorded at full cost to match the recorded plant additions. All adjustments for accumulated depreciation and depreciation expense are reflected on Schedules 3-C and 4-C, respectively, of each system.

#### 5. Summary

In summary, based on our adjustments, the Utility's pro forma plant additions shall be decreased by \$1,959,734 for water and decreased by \$626,692 for wastewater. Accordingly, accumulated depreciation shall be decreased by \$110,297 for water and \$5,962 for wastewater, and depreciation expense shall be increased by \$6,230 for water, and decreased by \$2,175 for

wastewater. Based on those adjustments, the total pro forma plant additions shall be \$498,578 for water and \$398,570 for wastewater.

D. Excessive Unaccounted for Water

At the hearing, we approved the parties' stipulation that pursuant to Rule 25-30.4325(1)(e), F.A.C., 26 of the water systems have unaccounted for water in excess of 10 percent of the amount produced. A net reduction of \$15,887 shall be made to Purchased Water, Purchased Power, Fuel for Power, Chemicals, and Materials and Supplies, as shown in the table below:

System	EUW Over 10%	Adjustments to Utility Balances					Net Adjustment
		Purchased Water	Purchased Power	Fuel for Power	Chemicals	Materials & Supplies	
Arredondo Estates/Farms	17.17%	\$0	(\$1,708)	\$0	(\$175)	\$322	(\$1,561)
Chuluota	2.40%	\$0	(\$806)	\$0	(\$861)	\$0	(\$1,667)
Haines Creek	2.10%	\$0	(\$38)	\$0	(\$10)	\$0	(\$47)
Hobby Hills	1.90%	\$0	(\$36)	\$0	(\$4)	\$0	(\$40)
Interlachen Lake/Park Manor	37.43%	\$0	(\$2,105)	\$190	(\$538)	\$1,061	(\$1,392)
Jasmine Lakes	4.25%	\$0	(\$751)	\$0	(\$665)	\$177	(\$1,239)
Lake Gibson Estates	2.20%	\$0	(\$531)	\$0	(\$52)	\$0	(\$583)
Lake Osborne	0.10%	(\$188)	(\$0)	\$0	\$0	\$0	(\$188)
Leisure Lakes	19.60%	\$0	(\$1,097)	\$55	(\$572)	\$130	(\$1,485)
Palms MHP	8.35%	\$0	(\$69)	\$2	(\$54)	\$74	(\$47)
Picciola Island	1.50%	\$0	(\$40)	\$0	(\$5)	\$0	(\$44)
Piney Woods/Spring Lake	1.80%	\$0	(\$73)	\$0	(\$31)		(\$104)
Pomona Park	0.20%	\$0	(\$8)	\$0	(\$1)	\$0	(\$9)
Sebring Lakes	23.09%	\$0	(\$2,309)	\$74	(\$2,232)	\$413	(\$4,054)
Silver Lake Est/Western Shores	1.00%	\$0	(\$603)	\$0	(\$35)	\$0	(\$638)
Summit Chase	47.67%	\$0	(\$2,148)	\$345	(\$358)	\$484	(\$1,676)
Sunny Hills	1.10%	\$0	(\$319)	\$0	(\$9)	\$0	(\$328)
Tangerine	1.30%	\$0	(\$121)	\$0	(\$57)	\$0	(\$178)
Tomoka/Twin Rivers	5.64%	\$0	(\$60)	\$29	(\$418)	\$279	(\$169)
Welaka/Saratoga Harbour	4.34%	\$0	(\$76)	\$0	(\$18)	\$89	(\$5)
Wootens	25.31%	\$0	(\$149)	\$0	(\$36)	\$175	(\$10)
Zephyr Shores	17.46%	\$0	(\$434)	\$0	(\$131)	\$143	(\$423)
Net Adjustments		(\$188)	(\$13,480)	\$695	(\$6,262)	\$3,347	(\$15,887)

E. Excessive Infiltration and/or Inflow

We approved the parties' stipulation that an infiltration and inflow adjustment be made for Beecher's Point (38.85 percent), Florida Central Commerce Park (9 percent), Holiday Haven (12 percent), Jungle Den (37 percent), Rosalie Oaks (28 percent), and Summit Chase (22



percent). All of the appropriate adjustments have been made by AUF with the exception of Beecher's Point. Purchased wastewater for Beecher's Point shall be reduced by \$16,756.

#### F. Used and Useful (U&U) Percentages for the Water Treatment Facilities

Rule 25-30.4325, F.A.C., addresses the considerations to be used in determining the U&U percentages for water treatment systems. The U&U percentage is determined by dividing the numerator, which includes peak customer demand, less excessive unaccounted for water, plus fire flow, and a growth allowance by the denominator, which is based on the firm reliable capacity (FRC) of the wells. For systems with storage, the FRC is based on 16 hours of pumping. The rule also contains a provision by which an alternative calculation may be considered if supporting justification is provided, including service area or treatment capacity restrictions, changes in flows due to conservation or a reduction in the number of customers, and alternative peaking factors. As discussed above, the appropriate adjustments for excessive unaccounted for water have been stipulated.

##### 1. Parties' Arguments

AUF and OPC agreed on U&U percentages for many of the water treatment systems; however, no stipulation was reached for 15 of the systems. AUF witness Guastella found that only two of the water treatment systems that were not stipulated (Sebring Lakes and Welaka/Saratoga Harbor) were less than 100 percent U&U, and OPC witness Woodcock found that all of those systems were less than 100 percent U&U. The U&U issues on which the parties disagreed were primarily: (1) the appropriate U&U determination for systems with one well; (2) consideration of whether a system is built out and therefore 100 percent U&U; and (3) the appropriate fire flow to be included in the U&U calculation.

AUF's position is that pursuant to Rule 25-30.4325(4), F.A.C., a water treatment system should be considered 100 percent U&U if the system is built out or if the system is served by a single well. Witness Guastella testified that, while Rule 25-30.4325(3), F.A.C., provides for alternative calculations under certain conditions, subsection (4) eliminates the need for a calculation and controversy for obviously small systems with a single well or built out systems that clearly should be considered 100 percent U&U.

OPC witness Woodcock testified that, although he found 19 systems with a single well to be 100 percent U&U, there were three systems that he considered exceptions to Rule 25-30.4325(4), F.A.C. His criteria for calculating a U&U percentage for systems with one well included whether the well capacity is greater than 150 gpm, whether the calculated U&U percentage is less than 75 percent, and whether a further analysis would have a significant impact. He testified that these criteria provide a conservative basis for isolating a special case and recognize that a small well pump could easily approach 100 percent U&U with only a few additional customers.

AUF witness Guastella, in rebuttal, testified that the new rule was to limit controversy and the cost associated with U&U determinations. While Rule 25-30.432(3), F.A.C., provides for alternative calculations under certain conditions that would affect the formulas set forth in the rule, subsection (4) of the rule identifies two conditions, a built out system and single well

systems, for which the treatment would be considered 100 percent U&U without calculation. Witness Guastella stated that proposing an alternative calculation for a single-well system tends to reverse the efficiencies and cost-savings which the new rule is designed to accomplish. Also, he stated that the relatively minor cost of down-sizing a well or well pump is simply not consistent with prudence of investment or economy of scale considerations.

## 2. Commission Analysis

### a. Fire Flow

AUF witness Guastella included a provision for fire flow in his U&U analysis for three of the systems for which a stipulation was not reached, including Chuluota, Skycrest, and Silver Lake Estates/Western Shores. OPC witness Woodcock testified that fire flow should not be considered for those systems because the hydrants were not located in sufficient numbers to cover the full service area or the pipes for the hydrants were less than six inches in diameter. In cross examination, witness Woodcock conceded that the appropriate authority had not stated that the fire hydrants provide inadequate protection. In rebuttal, witness Guastella testified that these systems have hydrants and fire protection and that fire flow should be considered. Witness Guastella testified that if witness Woodcock believes that a system does not have a sufficient number of fire hydrants or spacing is inadequate, adjusting the U&U is inappropriate, and the recommendation should be that the Utility install additional hydrants.

Rule 25-30.4325(1)(c), F.A.C., provides that where fire flow is provided, a minimum of either the fire flow required by the local governmental authority or two hours at 500 gallons per minute should be included in the U&U calculation. In addition, we have consistently included fire flow in the U&U calculation over OPC's objections in prior cases, even when there are few hydrants in the service area. (See Order No. PSC-96-1320-FOF-WS,<sup>21</sup> issued October 30, 1996, in which we found that, while we do not test fire hydrants or require proof that hydrants are functional or capable of the flows requested, an investment in plant should be allowed; and Order No. PSC-03-1440-FOF-WS,<sup>22</sup> issued December 22, 2003, which also supports the position that fire flow should be included) We believe that Rule 25-30.4325(1)(c), F.A.C., and our policy are clear that fire flow shall be included in the U&U calculation when fire protection is available in the service territory.

### b. Growth

AUF witness Guastella testified that if a system is determined to be 90 percent U&U or greater, we should consider the system 100 percent U&U. OPC witness Woodcock testified that rounding overestimates the actual U&U of a system at the expense of the customers. He believes that it is appropriate to let the U&U percentage remain as calculated instead of rounding up, which favors the Utility. In rebuttal, witness Guastella testified that considering a system to be 100 percent U&U when the applicable formula produces a ratio of 90 percent is not merely an

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<sup>21</sup> Docket No. 950495-WS, In re: Application for rate increase and an increase in service availability charges by Southern States Utilities, Inc., for . . . Volusia, and Washington Counties.

<sup>22</sup> Docket No. 020071-WS, In re: Application for rate increase in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.

arithmetic rounding, but an evaluation of the costs that should be recognized as necessary to provide service to existing customers, taking into account prudence of investment, economies of scale and other factors, which witness Woodcock has ignored. We find that rounding to 100 percent U&U when a system is 90 percent U&U is excessive if all other provisions in Rule 25-30.4325, F.A.C., have been included, including a growth allowance. However, it should be noted that in numerous cases, we have found that for systems nearing build out or which have had no significant growth in the past five years, a U&U of 95 percent or greater should be considered 100 percent U&U. (See Order No. PSC-96-1320-FOF-WS, at page 82, where it was determined that whenever a U&U percentage was calculated equal to or greater than 95 percent, the U&U percentage was rounded to 100 percent).

Further, as described more fully below, it is unclear how witness Guastella determined the appropriate growth allowance for each system and whether the systems are built out, because the growth factors used in Schedules F-5 to calculate U&U do not match the projected growth calculated in Schedules F-8 which, in turn, do not reflect the average historical growth found in Schedules F-9. Witness Woodcock relied on the Utility's F-9 schedules, which show the change in single-family residential customers and the change in total demand from 2003 to 2007, to determine the appropriate growth factor for water treatment systems. If growth was negative, he used a growth factor of 1.00, and if growth exceeded 25 percent he capped the growth at 25 percent, pursuant to Section 367.081(2), F.S.

We find that the change in the average number of single-family residential customers from 2003 to 2007 shown on Schedules F-9 shall be relied on as the basis for growth because most of these systems are predominantly residential, with very few general service customers. The total change in demand shown on Schedules F-9 shall not be relied on to determine the appropriate growth factor because it includes not only changes in the number of customers, but also changes in customer usage patterns, such as conservation. Further, older systems that have had growth of one percent or less per year over the past five years shall be considered built out, pursuant to Rule 25-30.4325(4), F.A.C.

#### c. Water Treatment Systems With One Well

The following four systems that were not stipulated have one well: Fern Terrace, Rosalie Oaks, Twin River, and Zephyr Shores. There has been little or no growth in the service territories of these systems over the past five years, and, according to the Utility's maps, there is very little undeveloped area. OPC witness Woodcock acknowledged that we have consistently found that water systems with one well are 100 percent U&U unless it appears that the system was not prudently designed. He also testified that he found nothing imprudent in his evaluation of these systems.

The Fern Terrace water treatment system was found to be 100 percent U&U in the last rate case (Order No. PSC-96-1320-FOF-WS); however, witness Woodcock found the system to be 56.17 percent U&U based on the peak demand and firm reliable capacity of the single well. Witness Woodcock found the Rosalie Oaks system to be 10.00 percent U&U; however, he did not include fire flow in his analysis.

The Twin River system, which has one well and storage, is adjacent to but not connected with the Tomoka system; therefore, as discussed below, the Twin River system shall be evaluated separately. AUF witness Guastella evaluated the Tomoka/Twin River systems as a single system and found them 100 percent U&U. Witness Woodcock found the Twin River system to be 28.11 percent U&U.

Witness Woodcock calculated the Zephyr Shores water treatment system to be 20.32 percent U&U; however, his analysis was based on the system having two wells. According to the testimony, a second well was added after the test year, but the cost of the well was not included in this rate case. The water treatment system was found to be 100 percent U&U in the last rate case (Order No. PSC-96-1320-FOF-WS).

We find that there is nothing extraordinary with these one-well water systems that should cause deviation from Rule 25-30.4325(4), F.A.C. They are small systems with little or no growth in the past five years and very few vacant lots. Witness Woodcock provided no economic evaluation of the systems, but relied solely on the size of the well pump and the resulting U&U percentage to justify a separate U&U calculation. While witness Woodcock testified that his criteria for choosing which systems to evaluate is conservative, we find that he failed to provide specific documentation or justification that the Utility's investment in these systems was not prudent. Further, pursuant to Rule 25-30.4325(1)(c), F.A.C., a minimum of 500 gpm shall be included in the U&U analysis for Rosalie Oaks, if a U&U calculation is made, because the Utility's maps show that there are fire hydrants throughout the service area. In addition, the Zephyr Shores system shall be evaluated based on the one well that was in service during the test year. Therefore, pursuant to Rule 25-30.4325(4), F.A.C., the Fern Terrace, Rosalie Oaks, Twin River, and Zephyr Shores water treatment plants shall be considered 100 percent U&U as shown below:

Water Treatment Systems With One Well									
System	FRC	Demand	EUW	FF	Growth	Prior	AUF	OPC	Comm.
Fern Terrace (gpm)	180	98	0	0	1.00	100.00	100.00	56.00	100.00
Rosalie Oaks (gpm)	250	24	0	500	1.00	NA	100.00	10.00	100.00
Twin River (gpd)	257,280	71,600	4,432	0	1.00	NA	100.00	28.00	100.00
Zephyr Shores (gpm)	530	110	8	0	1.00	100.00	100.00	20.00	100.00

#### d. Water Treatment Systems With More Than One Well and No Storage

There are five systems with more than one well and no storage that were not stipulated: Arredondo Estates, Arredondo Farms, East Lake Harris/Friendly Center, Hobby Hills, and Skycrest. While witnesses Guastella and Woodcock agree that Arredondo Farms is 100 percent U&U, witness Guastella found that each of the remaining systems were built out and should be considered 100 percent U&U, and witness Woodcock believed a U&U calculation was necessary.

#### Arredondo Estates and Arredondo Farms

Witness Guastella combined the Arredondo Estates and Arredondo Farms systems as though they were interconnected, and excluded only one of the four wells in his U&U analysis. Based on his calculation, the Arredondo systems are 26.42 percent U&U; however, he believes

the systems are fully developed as planned and should be considered 100 percent U&U. Witness Woodcock testifies that the Arredondo systems are not interconnected, and, thus, an individual analysis needs to be performed. He found the Arredondo Estates system 89.99 percent U&U, the Arredondo Farms system 100 percent U&U, and the combined U&U to be 95.87 percent based on the weighted average number of customers in each system (see subsequent discussion regarding stand alone systems). Both systems were 100 percent U&U in the last rate case. See Order No. PSC-96-0728-FOF-WS, issued May 30, 1996, in Docket No. 951234-WS, In re; Application of Arredondo Utility Corporation, Inc., for a staff-assisted rate case in Alachua County. Although we agree with witness Woodcock's U&U calculations, we find that both the Arredondo Estates and Arredondo Farms systems shall be considered 100 percent U&U because they are older systems that have not had any significant growth in the past five years and are therefore, built out.

#### East Lake Harris/Friendly Center

Witness Guastella considered East Lake Harris and Friendly Center separate systems for purposes of calculating U&U. Because each system has one well, he believes that each should be found 100 percent U&U. Further, in the Utility's last rate proceeding, we found that the two systems were built out and, therefore, 100 percent U&U.<sup>23</sup> Witness Woodcock testified that the systems are interconnected and, therefore, should be evaluated as a single system. In rebuttal, witness Guastella agreed that the systems are interconnected for reliability. As discussed later in this Order, because the systems are interconnected, they shall be evaluated as a single system. There has been no significant growth in the service area in the past five years and it appears that there has been a reduction in demand since the last rate case; therefore, the systems shall be considered 100 percent U&U.

#### Hobby Hills

Witness Guastella testified that the Hobby Hills system is built out and, therefore, 100 percent U&U. Witness Woodcock found the water plant to be 38.50 percent U&U. There has been no significant growth in the service area in the past five years and it appears that there has been a reduction in demand since the last rate case; therefore, we find that the Hobby Hills water treatment system shall be considered built out and 100 percent U&U.

#### Skycrest

Witnesses Guastella and Woodcock disagree on whether to include fire flow in the U&U calculation for Skycrest. In addition, witness Guastella believes the system is built out and therefore 100 percent U&U. We agree with witness Guastella that, pursuant to Rule 25-30.4325(1)(c), F.A.C., a minimum of 500 gpm shall be included for fire flow because there are hydrants in a significant portion of the service area. Further, there has been no significant growth in the service area in the past five years; therefore, the systems shall be considered 100 percent U&U, consistent with our finding in the Utility's last rate case. See Order No. PSC-96-1320-FOF-WS, page 1128.

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<sup>23</sup> Order No. PSC-96-1320-FOF-WS, issued October 30, 1996, in Docket No. 950495-WS (Southern States Order)

Based on the discussion above, the Arredondo Estates, Arredondo Farms, East Lake Harris/Friendly Center, Hobby Hills, and Skycrest systems shall be considered 100 percent U&U. The following table reflects AUF's and OPC's proposed and our approved U&U percentage for each of these systems:

Water Treatment With More Than One Well and No Storage									
System	FRC	Demand	EUW	FF	Growth	Prior	AUF	OPC	Comm'n
Arredondo Estates	120	140	34	0	1.00	100.00	100.00	96.00	100.00
Arredondo Farms	250	172	0	0	1.00	100.00	100.00	96.00	100.00
E. Lk. Harris/Fr. Cen.	100	49	0	0	1.00	100.00	100.00	49.00	100.00
Hobby Hills	150	56	1	0	1.04	46.00	100.00	39.00	100.00
Skycrest	175	109	0	500	1.01	100.00	100.00	67.00	100.00

#### e. Water Treatment Systems With More Than One Well and Storage

There are seven water treatment systems with more than one well and storage that were not stipulated, including Chuluota, Interlachen Lake/Park Manor, Lake Josephine, Sebring Lakes, Silver Lake/Western Shores, Tomoka, and Welaka/Saratoga Harbor. Witness Guastella found that each of these systems, with the exception of Sebring Lakes and Welaka/Saratoga Harbor, were built out and should be considered 100 percent U&U. Witness Woodcock's recommendations are based on a U&U calculation.

##### Chuluota

Witnesses Guastella and Woodcock disagreed on whether to include fire flow in the U&U calculation for Chuluota as well as the appropriate growth allowance. Witness Guastella included 90,000 gpd of fire flow and a growth factor of 1.41, while witness Woodcock excluded fire flow and capped growth at 1.25. We agree with witness Guastella that, pursuant to Rule 25-30.4325(1)(c), F.A.C., fire flow shall be included because there are hydrants in a significant portion of the service area; however, pursuant to Section 367.081(2), F.S., the growth allowance shall be capped at 1.25. Based on peak demand of 839,900 gpd, EUW of 11,967 gpd, a growth factor of 1.25, fire flow of 90,000 gpd, and firm reliable capacity of 1,200,000 gpd, we calculate that the Chuluota water treatment system is 93.74 percent U&U.

##### Interlachen

Witnesses Guastella and Woodcock agree as to the capacity, demand, and growth for the Interlachen water system. However, witness Guastella believes that, because the U&U percentage is 90 percent or greater, the system should be considered 100 percent U&U. We do not believe that rounding from 93 percent to 100 percent is appropriate; however, because there has been no significant growth in the service area and demand has declined over the past five years, we find that the system shall be considered 100 percent U&U.

Lake Josephine and Sebring Lakes

Witnesses Guastella and Woodcock disagreed as to whether to combine Lake Josephine and Sebring Lakes or treat them separately. Witness Guastella testified that he calculated the U&U for Lake Josephine and Sebring Lakes separately because the systems were originally developed as separate systems and because, while the systems are interconnected, DEP required the interconnection to remain closed except for emergencies. Witness Woodcock provided a single U&U analysis for the systems. As discussed below, we agree with witness Guastella that because the interconnection remains closed, except for emergencies, the systems shall be evaluated separately.

Witness Guastella testified that the Lake Josephine system is fully developed as planned and, therefore, should be considered 100 percent U&U. We do not agree that the system is built out because there was a slight increase in customers over the past five years (6 percent) and there are additional vacant lots in the service area. In addition, the Utility used a firm reliable capacity of 384,000 gpd to calculate U&U (Schedule F-5); however, on Schedule F-3, the capacity is shown as 300,000 gpd. In addition, the Utility's DEP sanitary survey shows the capacity as 300,000 gpd, and in our prior order, it was noted that the capacity is limited to 300,000 gpd. Therefore, the Lake Josephine system shall be considered 91.51 percent U&U based on peak demand of 259,000, a growth factor of 1.06, and firm reliable capacity of 300,000 gpd.

Witness Guastella used a growth rate of 1.39 to find the Sebring Lakes system 51.97 percent U&U. As described above, witness Woodcock did not provide a separate calculation for the Sebring Lakes system. Pursuant to Section 367.081(2), F.S., growth shall be capped at 1.25. Therefore, the Sebring Lakes system shall be considered 45.00 percent U&U based on peak demand of 297,500 gpd, EUW of 10,666 gpd, a growth factor of 1.25, and firm reliable capacity of 796,800 gpd.

Silver Lake/Western Shores

Witnesses Guastella and Woodcock disagree as to whether to include fire flow in the U&U calculation for Silver Lake Estates/Western Shores. In addition, witness Guastella testified that the service area is fully developed as planned and, therefore, is 100 percent U&U. We agree that fire flow shall be included in the U&U calculation because there are fire hydrants throughout the majority of the service area; however, we do not agree that the service area is built out because there was a slight increase in customers over the past five years and there are additional vacant lots in the service area. As discussed below, the systems are interconnected and, therefore, shall be evaluated as a single system. Based on peak demand of 1,670,000 gpd, EUW of 9,548 gpd, a growth factor of 1.06, fire flow of 60,000 gpd, and firm reliable capacity of 1,944,000 gpd, we calculate that the Silver Lake Estates/Western Shores is 93.71 percent U&U.

Tomoka

AUF witness Guastella treated Tomoka and Twin River as a single system and found them 100 percent U&U because they are built out. Witness Woodcock treated them as separate systems, finding Tomoka 50.79 percent U&U. Because the systems are not interconnected, the

systems shall be evaluated separately. There has been no significant growth in the Tomoka service area in the past five years; therefore, the Tomoka water system shall be considered 100 percent U&U. Also, as state above, because Twin River has only one well, it shall be considered 100 percent U&U.

### Welaka/Saratoga

Witnesses Guastella and Woodcock disagreed on the firm reliable capacity of the wells and the appropriate growth factor for the Welaka/Saratoga water system. Witness Guastella relied on a firm reliable capacity of 72,960 gpd based on the smallest well of 76 gpd and a growth factor of 1.03. Witness Woodcock relied on a firm reliable capacity of 105,600 gpd based on the smallest well of 110 gpm and a growth factor of 1.0. In rebuttal, witness Guastella testified that there are two wells rated at 110 and 76 gpd. Based on the Utility's sanitary surveys, we agree with witness Guastella that the firm reliable capacity is 72,960 gpd. In addition, although the system appears to be built out because there has been no significant growth in the past five years, witness Guastella recommended that the Welaka/Saratoga water system be considered 79.72 percent U&U, instead of 100 percent U&U based on being built out. We find that witness Guastella's analysis is correct, and the Welaka/Saratoga water system shall be considered of 79.72 percent U&U.

A summary of our findings for the systems with two or more wells and storage is set out in the table below.

Water Treatment Systems with 2 or More Wells and Storage									
System	FRC	Demand	EUW	FF	Growth	Prior	AUF	OPC	Comm.
Chuluota	1,200,000	839,900	11,967	90,000	1.25	45.42	100.00	86.00	93.74
Interlachen	172,800	185,200	24,035	0	1.00	56.30	100.00	93.00	100.00
Lake Josephine	300,000	259,000	0	0	1.06	87.66	100.00	28.00	91.51
Sebring Lakes	796,800	297,500	10,666	0	1.25	NA	51.97	28.00	45.00
Silver Lk/W Sh	1,944,000	1,670,000	9,548	60,000	1.06	68.59	100.00	89.00	93.71
Tomoka	264,000	98,012	4,463	0	1.00	NA	100.00	51.00	100.00
Welaka/Saratoga	72,960	57,210	908	0	1.00	36.01	79.72	53.00	79.72

### 3. Conclusion

Based on the analysis above, we find that the four water treatment plants with one well that were not stipulated, Fern Terrace, Rosalie Oaks, Twin River, and Zephyr Shores, shall be considered 100 percent U&U pursuant to Rule 25-30.4325(4), F.A.C. The five systems with more than one well and no storage that were not stipulated, Arredondo Estates, Arredondo Farms, East Lake Harris/Friendly Center, Hobby Hills, and Skycrest, shall also be considered 100 percent U&U. For the seven water treatment systems with more than one well and storage that were not stipulated, Interlachen Lake and Tomoka are 100 percent U&U, Chuluota is 93.74 percent U&U, Lake Josephine is 91.51 percent U&U, Sebring Lakes is 45.00 percent U&U, Silver Lake/Western Shores is 93.71 percent U&U, and Welaka/Saratoga Harbor is 79.72 percent U&U. Account Nos. 307.2 (Wells and Springs), 311.2 (Pumping Equipment), 304.3 (Structures and Improvements), and 311.3 (Pumping Equipment) shall be adjusted accordingly.

In addition, stipulations were approved during the hearing for the following systems:



System	U & U Stipulation
48 Estates	100%
Carlton Village	95%
Gibsonia Estates	61%
Grand Terrace	100%
Haines Creek	100%
Harmony Homes	100%
Hermits Cove/St Johns Highlands	31%
Imperial Mobile Terrace	100%
Jasmine Lakes	100%
Kings Cove	100%
Lake Gibson	100%
Leisure Lakes	100%
Morningview	100%
Ocala Oaks	100%
Orange Hill/Sugar Creek	100%
Palm Port	100%
Palms Mobile Home Park	100%
Picciola Island	75%
Piney Woods/Spring Lake	100%
Pomona Park	100%
Quail Ridge	100%
Ravenswood	100%
River Grove	100%
Silver Lake Oaks	100%
Stone Mountain	100%
Summit Chase	100%
Sunny Hills	91%
Tangerine	100%
The Woods	100%
Valencia Terrace	100%
Venetian Village	74%
Wootens	100%

G. Used and Useful Water Storage

The following used and useful stipulations were approved during the hearing for water storage and related facilities:

System	U&U Stipulation
Chuluota	100%
Hermits Cove/St. Johns Highlands	100%
Interlachen/Park Manor	100%
Jasmine Lakes	100%

<b>System</b>	<b>U&amp;U Stipulation</b>
Lake Josephine/Sebring Lakes	100%
Leisure Lakes	100%
Piney Woods/Spring Lake	100%
Silver Lake Estates/Western Shores	100%
Silver Lake Oaks	100%
Summit Chase	100%
Sunny Hills	100%
Tomoka/Twin River	100%
Welaka/Saratoga	100%

#### H. Used and Useful Wastewater Treatment Facilities

Rule 25-30.432, F.A.C., addresses the considerations to be used in determining the U&U percentages for wastewater treatment plants. The U&U percentage is determined by dividing the numerator, which includes customer demand, less excessive infiltration and inflow, plus a growth allowance, by the denominator, which is based on the permitted capacity of the plant. Customer demand is defined in terms of the permitted capacity. For example, if a wastewater treatment plant is permitted based on average annual daily flow, then customer demand shall be expressed in terms of average annual daily flow. The rule also contains a provision for consideration of other factors, such as whether the service area is built out, whether the permitted capacity differs from design capacity, and whether flows have decreased due to conservation or a reduction in the number of customers. This rule does not apply to reuse projects pursuant to Section 367.0817(3), F.S. Pursuant to Section 367.081(2), F.S., a growth allowance is limited to 5 percent a year or 25 percent over 5 years.

##### 1. Parties' Arguments

AUF operates 25 wastewater systems, three of which rely on purchased wastewater treatment service. During the proceeding, the parties reached a stipulation on the U&U percentages for 10 wastewater treatment plants. Of the 12 remaining systems, AUF witness Guastella found that all of them were 100 percent U&U and OPC witness Woodcock found those systems to be 25 percent to 79.99 percent U&U. The primary U&U issues on which the parties disagreed were whether a system was built out and, therefore, 100 percent U&U, whether the Chuluota plant should be analyzed based on its permitted capacity or its design capacity, and whether The Woods should be analyzed based on the capacity of the wastewater treatment plant or the limitation of the effluent disposal capacity.

##### 2. Analysis

###### a. Chuluota

AUF witness Guastella recommends that the Chuluota wastewater treatment plant be considered 100 percent U&U based on the average annual daily demand of 113,170 gpd, a 1.79 growth factor, and the permitted plant capacity of 100,000 gpd. OPC witness Woodcock

recommends that this facility be considered 35.63 percent U&U based on an average daily demand of 114,000 gpd, a 1.25 growth factor, and the plant's design capacity of 400,000 gpd.

AUF completed an upgrade and expansion of the Chuluota wastewater treatment plant from 100,000 gpd to 400,000 gpd in 2006. AUF witnesses Lihvarcik and Luitweiler testified that the Utility inherited the Chuluota expansion project from FWSC, the former owner, who had already done the preliminary design work. The original plant was both old and in poor condition, and there was also a capacity issue. The expansion to 400,000 gpd was done in order to save costs, rather than incrementally expanding the plant later. In addition, witness Lihvarcik testified that the expansion was done in light of the possibility of extending lines out to the older sections of Chuluota where septic tanks exist, as well as accommodating possible new construction within the service area. Witness Luitweiler pointed out that AUF performed alternative analyses to look at what could have been done to build a smaller plant and determined that because of the duplication needs of some of the key treatment processes that were required, there would have been minimal savings in building a smaller plant. He indicated that the expansion had averted possible service problems. AUF acknowledges that the existing spray field is the same disposal facility that was matched with the former 100,000 gpd treatment plant, and that there is currently more treatment capacity than disposal capacity. Witness Luitweiler indicated that AUF is currently in negotiations with Utilities, Inc. to dispose of some of the treated wastewater, and that possibility was actually in the back of their minds when the upgraded plant, which included a disk filter to provide a very good reuse quality effluent, was built.

Witness Woodcock testified that in making a U&U determination, he looks at what the assets are, along with the capacity of those assets. Usually the design capacity is the permitted capacity; however, he believes that Chuluota is a special case and that the design capacity should be used, pursuant to the provision in Rule 25-30.432, F.A.C, which allows us to consider factors such as whether the permitted capacity differs from the design capacity. OPC believes that the Utility's election to create the mismatch between treatment and disposal capacities should not cause us to grossly understate the actual treatment capacity that physically exists. This is particularly true because the utility is attempting to recover all of its investment in this new wastewater treatment plant from its customers in this rate case.

AUF indicated in its brief that OPC ignored the DEP permitted capacity and instead used the design capacity in the denominator of the U&U calculation. AUF believes that this is in direct contravention of our U&U rule, where it indicates that permitted capacity shall be used in the denominator of the used and useful equation. AUF also noted that there has been no showing that the Chuluota wastewater treatment plant was imprudently designed.

AUF's position appears to be contradicted by its own witnesses who testified that, while the wastewater treatment plant design capacity is four times larger than the effluent disposal capacity, AUF is currently in negotiations with another party to dispose of the treated wastewater. This indicates that effluent disposal capacity may not be a limiting factor in the future and that the permitted plant capacity, which is currently restricted to effluent disposal limitations, could be permitted to match the design capacity if additional effluent disposal capacity is obtained. Further, the testimony that the plant was expanded to accommodate

possible future growth and AUF's use of a growth factor of 1.79, which would result in demand in excess of 200,000 gpd, supports OPC's position that the design capacity should be used.

AUF determined that because of the duplication needs of some of the key treatment processes that were required, there would have been minimal savings in building a smaller plant. Witness Luitweiler testified that analyses were performed that showed cost savings associated with expanding the plant to 400,000 gpd, rather than incrementally expanding the facility later; however, those analyses were not included in the Utility's testimony. Although there is merit to AUF's testimony regarding duplication needs and economies of scale, there is no analysis in the record that reflects the amount of those cost savings. Therefore, we find that it is appropriate to use the designed capacity, as opposed to the permitted capacity, in the U&U calculation for Chuluota. Further, we agree with witness Woodcock that, pursuant to Section 367.081(2), F.S., the 25-percent growth limitation shall be used. Therefore, based on the record, the Chuluota wastewater treatment plant shall be considered 35.63 percent U&U.

b. The Woods

AUF witness Guastella found The Woods wastewater treatment plant to be 100 percent U&U based on the Three-Month Average Daily Flow (3MADF) of 13,449 gpd, a 1.13 growth factor, and plant capacity of 15,000 gpd. OPC witness Woodcock found the system 61.34 percent U&U based on the annual average daily demand of 9,000 gpd, a 1.02 growth factor, and the plant capacity of 15,000 gpd based on annual average daily flows. Witness Woodcock testified that he used annual average demand, instead of 3MADF, because the capacity of the effluent disposal system of 15,000 gpd is based on annual average flows and should be used as a limiting factor.

AUF's position is that OPC used an improper demand-to-capacity equation for calculating the used and useful percentage for The Woods wastewater treatment plant. The record shows that the DEP permitted capacity is based on the 3MADF. By using annual average daily flows, AUF believes that OPC's flawed calculation causes a confiscatory understatement of the U&U percentage.

We agree with AUF that, pursuant to Rule 25-30.432, F.A.C., flows for The Woods wastewater treatment plant shall be based on the 3MADF, consistent with the DEP permitted capacity. However, the Utility's records indicate that the 3MADF is 10,348 gpd, instead of the 13,440 gpd used by witness Guastella. It should be noted that in the previous rate case, in Order No. 25139,<sup>24</sup> issued September 30, 1991, we found the wastewater treatment plant to be 87.00 percent U&U based on flows of 13,000 gpd in the peak month, while in the current test year, the peak-month flow was 11,284 gpd. In addition, the Utility's records indicate that there has been a reduction in customers in the service area over the past five years; therefore, a growth factor of 1.00 shall be used. Based on 3MADF of 10,348 gpd, and the permitted capacity of 15,000 gpd, we calculate The Woods wastewater treatment plant to be 66.67 percent U&U. However, there has been no growth in the service area in the past five years, the system is approximately 35

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<sup>24</sup> Order No. 25139, issued September 30, 1991, in Docket No. 900966-WS, In re: Application for a staff-assisted rate case in Sumter County for The Woods, a division of Homosassa Utilities, Inc., pages 4-5.

years old, and there has been a decline in the peak demand since the last rate case. Therefore, we find that the system is built out and it shall be considered 100 percent U&U pursuant to Rule 25-30.432, F.A.C., which allows us to consider whether flows have decreased due to conservation or a reduction in the number of customers.

c. South Seas and Venetian Village

AUF witness Guastella found both the South Seas and Venetian Village wastewater treatment plants to be 100 percent U&U because the areas the plants serve are fully developed. OPC witness Woodcock found the South Seas and Venetian Village wastewater treatment plants to be 46.59 percent and 29.54 percent U&U, respectively, based on flows.

In the prior rate case, we found that the South Seas wastewater treatment plant was 100 percent U&U because it had been prudently designed to serve the service area, which was at build out, and to meet DEP requirements.<sup>25</sup> In the previous rate case, the Venetian Village wastewater treatment plant was found to be 100 percent U&U based on average daily flow for the maximum usage month of 35,581 gpd and plant capacity of 36,000 gpd. Since that time, Rule 25-30.432, F.A.C., has been adopted. Pursuant to Rule 25-30.432, F.A.C., the flows and capacity used in the U&U calculation shall be based on the DEP permitted capacity. The Venetian Village wastewater treatment plant is permitted at 36,000 gpd based on average annual daily flow. During the test year, the average annual daily flow was 10,444 gpd. A comparison of flows between the present and former test years shows a significant reduction in plant flows, possibly due to conservation. The peak month flow for the test year was approximately 14,000 gpd, or 39 percent of the prior rate case peak month flow.

We find that the Venetian Village wastewater treatment plant shall be considered 100 percent U&U, pursuant to Rule 25-30.432, F.A.C., which allows consideration of a reduction in flows when determining the appropriate U&U percentage and because the system was found to be 100 percent U&U in the prior rate case. In addition, the South Seas wastewater treatment plant shall be considered 100 percent U&U because the system was found to be built out and 100 percent U&U in the prior rate case.

d. Arredondo, Florida Central Commerce Park, Jungle Den, Kings Cove, Morningview, Rosalie Oaks, Summit Chase, and Valencia Terrace

AUF witness Guastella testified that OPC witness Woodcock did not give consideration to the systems that are fully built out. AUF considers a system to be built out if there is no room for growth where there are mains and, in most cases, no room for growth in the entire service area. Witness Guastella noted in the MFRs for each of the remaining plants, except Arredondo, that the systems are fully developed as planned and that accordingly, all facilities and assets should be considered 100 percent U&U. Witness Woodcock believes the remaining wastewater treatment plants to be less than 100 percent U&U based on his calculation of the plant flows and growth. It should be noted that the parties reached a stipulation of 100 percent U&U for the

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<sup>25</sup> Order No. 21754, issued August 21, 1989, in Docket No. 881518-SU, In re: Application of South Seas Utility Company for a rate increase in Lee County.

Arredondo, Kings Cove, and Summit Chase collection systems. Also, as discussed below, the collection systems for the remaining systems, including Florida Central Commerce Park, Jungle Den, Morningview, Rosalie Oaks, and Valencia Terrace, are 100 percent U&U because the service areas are built out. Therefore, we find that the Arredondo, Florida Central Commerce Park, Jungle Den, Kings Cove, Morningview, Rosalie Oaks, Summit Chase, and Valencia Terrace wastewater treatment plants shall be considered 100 percent U&U because the service areas are built out.

The following table reflects the Utility's and OPC's positions, as well as the approved U&U percentage:

<u>Wastewater Treatment and Related Facilities Used and Useful</u>								
System	Capacity	Demand	I/I	Growth	Prior	Utility	OPC	Approved
Arredondo	60,000	46,000	0	1.00	64.00	100.00	76.67	100.00
Chuluota	400,000	113,170	0	1.25	43.50	100.00	35.63	35.63
Fl Cen Comm Pk	95,000	43,945	0	1.00	83.40	100.00	44.24	100.00
Jungle Den	21,000	14,819	4,598	1.03	39.00	100.00	41.81	100.00
Kings Cove	55,000	30,107	0	1.01	79.00	100.00	55.48	100.00
Morningview	20,000	5,485	0	1.00	43.55	100.00	25.00	100.00
Rosalie Oaks	15,000	13,600	2,926	1.00		100.00	79.99	100.00
South Seas	264,000	122,603	0	1.00	100.00	100.00	46.59	100.00
Summit Chase	54,000	28,600	6,098	1.00	44.00	100.00	41.55	100.00
The Woods	15,000	13,440	0	1.00	87.00	100.00	61.34	100.00
Valencia Terrace	80,000	36,792	0	1.01	79.24	100.00	56.25	100.00
Venetian Village	36,000	10,444	0	1.05	100.00	100.00	29.54	100.00

### 3. Conclusion

Based on the record and the analysis above, we find that all of the wastewater treatment plants that were not stipulated are 100 percent U&U with the exception of Chuluota, which is 35.63 percent U&U.

In addition, during the hearing, we approved the following U&U stipulations for the indicated systems:

<u>System</u>	<u>U&amp;U Stipulation</u>
Holiday Haven	75%
Jasmine Lakes	100%
Lake Suzy	100%
Leisure Lakes	39%
Palm Port	58%
Palm Terrace	100%
Park Manor	100%
Silver Lake Oaks	42%
Sunny Hills	49%
Village Water	45%

I. Used and Useful Water Distribution Facilities

During the proceeding, the parties reached a stipulation on the U&U percentages for the water distribution and related facilities for many of the systems; however, no stipulation was reached for 20 of the water systems. Of the 20 water systems for which no stipulation was reached, AUF witness Guastella found that only two of the systems (Palms MHP and Wootens) were less than 100 percent U&U. OPC witness Woodcock found all of those systems were less than 100 percent U&U.

1. Parties' Arguments

AUF's position is that it is our policy to use a ratio of equivalent residential connections (ERCs) to lots to determine the U&U percentage for the water distribution system, and that the courts have rejected attempts to change this policy by using a ratio of ERCs to ERCs. AUF argues that mains are not only designed to cover distance, but also to meet varying demands. A ratio of connected lots to total lots on lines would only consider distance; the ratio of ERCs to total lots on lines takes into account both distance and demands because ERCs reflect the higher demands of general service customers or customers with larger meters. AUF witness Guastella further testified that the distribution systems should be considered 100 percent U&U when the ratio of ERCs to total lots is found to be over 90 percent, after an allowance for margin reserve, and when the system is fully developed as planned. He found two systems to be less than 100 percent U&U.

OPC witness Woodcock compared ERCs to available ERCs to determine the U&U percentage of the distribution systems. Witness Woodcock testified that he based his calculations on lot and customer counts from the maps provided with the MFRs and assumed that the character of future development will be similar to that of past development in the service area with the same ratio of ERCs to developed lots as is currently present in the service area. His calculations resulted in U&U percentages ranging from 24 percent to 98 percent for the 20 systems for which a stipulation was not reached.

Witness Woodcock testified that witness Guastella's U&U calculation does not provide an accurate representation of the usage of the system and seeks to achieve the highest U&U for the system. He states that it is important to recognize that the units of the numerator and denominator are comparable, and you need to compare "apples to apples." So, an appropriate U&U calculation would use either developed lots to available lots or ERCs to available ERCs. In addition, OPC disagrees with AUF's position that a system should be considered 100 percent U&U if it is over 90 percent U&U and the system is fully developed as planned. Witness Woodcock testified that "fully developed as planned" does not consider that there are available lots in the service area.

In his rebuttal testimony, witness Guastella testified that when there is a mix of customer classes and customers with varying demands, the ratios of lots to lots or ERCs to ERCs do not provide sufficient costs for mains that are designed to meet demands as well as cover distances. While the ratio of ERCs to lots on lines appropriately recognizes costs that better represent the design of systems, he states even that ratio does not add anything for fire demands or, for

example, distribution grids where mains at intersections require more footage than captured by any of the ratios.

## 2. Analysis

### a. Numerator and Denominator

Citing two court cases, witness Guastella states that it is our policy to use a ratio of ERCs to lots to determine the U&U percentage for the water distribution system, and the courts have rejected our attempts to change that policy.<sup>26</sup> However, those court decisions clearly show that the courts did not reject the methodology used by this Commission per se; in fact, the courts specifically found that it is not for the reviewing court to dictate methodology or other policy within our statutorily delimited sphere. Rather, the courts found that the methodology used by us in those cases (lots to lots), where the systems were serving mixed use areas, did not reach a valid representation of the appropriate U&U percentage, and represented a departure from the methodology previously used (ERCs to lots). The courts further stated that such a shift in ratemaking policy must be supported by expert testimony, documentary evidence, or other evidence appropriate to the nature of the issue involved. See Palm Coast, 742 So. 2d at 485; Southern States Utilities, 714 So. 2d at 1057.

Pursuant to Section 367.081(2), F.S., in every rate proceeding, we must consider “all property used and useful in the public service.” The Florida Legislature (Legislature), however, has not prescribed the methodology that we must follow in doing so. Instead, the Legislature has provided us with “considerable discretion and latitude in the rate-fixing process.” Gulf Power Co. v. Bevis, 296 So. 2d 482, 487 (Fla. 1974). By its very nature, “ratemaking is never truly capable of finality.” See Sunshine Utilities v. Fla. Pub. Serv. Comm’n, 577 So. 2d 663, 666 (Fla. 1st DCA 1991)(hereinafter Sunshine Utilities). Because of the prospective nature of ratemaking, we are not bound to follow U&U findings from our previous orders. Section 367.081(2), F.S.; Citizens v. FPSC, 435 So. 2d 784, 786 (Fla. 1983).

Based on a review of our prior orders, including those noted in testimony and briefs, we have relied on several different types of analysis to determine the used and usefulness of water distribution systems. In Order No. PSC-00-2054-PAA-WS, issued October 27, 2000, in Docket No. 990939-WS, In re: Application for rate increase in Martin County by Indiantown Company, Inc., p. 8, we found that it was appropriate to use an ERC to ERC (and not lot to lot) methodology because the systems contained both residential and general service customers. See also Order No. PSC-06-1027-PAA-WU, issued December 11, 2006, in Docket No. 050563-WU, In re: Application for increase in water rates in Polk County by Park Water Company.

In this case, expert testimony was offered by both witnesses Guastella and Woodcock as to the appropriate methodology to be used and the two witnesses came to very different conclusions. We agree with witness Guastella that where there are a significant number of large general service customers, we should consider the potential additional demand those customers

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<sup>26</sup> See Southern States Utilities, Inc. v. FPSC, 714 So. 2d 1046 (Fla. 1st DCA 1998); Palm Coast Utility Corp. v. FPSC, 742 So. 2d 482 (Fla. 1st DCA 1999).



may place on the system compared with typical residential and small general service customers. As witness Guastella appropriately points out, the ultimate purpose of U&U calculations is to establish the cost of providing service. The distribution and collection lines must be designed to cover distance, as well as meet varying customer demands, and a ratio of connected lots to total lots on lines would only consider distance.

However, we disagree with witness Guastella's testimony that comparing ERCs to ERCs does not reflect the design and installation of varying mains to meet demands, as well as cover all distances in a grid. In fact, the opposite is true; using lots in the denominator, instead of ERCs, fails to recognize the larger capacity of the lines that are being used to provide the larger demand placed on the system by customers with larger meters. We agree with witness Woodcock that the analysis must be "apples to apples." That concept was fundamental in the development of the U&U rule<sup>27</sup> for wastewater treatment plants. We determined that the basis for determining the demand on the wastewater system (the numerator) should be the same as the basis used to determine the permitted capacity of the treatment plant (the denominator). For example, if a wastewater treatment plant's permitted capacity is based on the system's average annual daily flow, then the demand should be based on the system's average annual daily flow, and not the peak month.

Likewise, in determining the used and usefulness of a distribution or collection system, the same basis or criteria should be used for both the numerator and the denominator - an "apples to apples" comparison. By comparing ERCs to ERCs, the numerator will reflect the demand placed on the system, the denominator will reflect the capacity of the lines, and the resulting U&U percentage will fairly represent the cost of providing the service. For example, witness Guastella's U&U calculation for the Arredondo distribution system was based on 728.9 ERCs of projected demand compared with 711 lots fronting mains, or 102.5 percent. The Utility's map shows few undeveloped lots, so the ERCs to lot comparison would yield an even larger percentage as those remaining lots are developed. For systems with a significant number of large residential or general service customers, we find that both the numerator and denominator shall be stated in ERCs to determine the used and usefulness of the lines. For systems with only residential customers with small meters, a lot to lot analysis will yield the same U&U percentage as the ERC to ERC analysis.

We note that witness Guastella failed to consistently define how the numerator (year 2012 projected ERCs) on Schedule F-7 was determined for each of AUF's distribution systems. The following example demonstrates some of the discrepancies in the Utility's MFRs. For the Palm Port distribution system, Schedule F-7 shows that 129.2 projected ERCs in 2012 were used to calculate the U&U percentage; a footnote at the bottom of the page indicates that the 2012 trended ERCs are based on consumption and map counts. However, Schedule F-8 reflects 113.4 projected ERCs in 2012, trended from 110.6 average ERCs in 2007 using regression analysis. In addition, the Utility's billing analysis (Schedules E-2 and E-3) shows an average of 103 residential customers in 2007, all with 5/8"x 3/4" meters, and no general service customers. This type of conflicting information was prevalent throughout the Utility's U&U calculations for the distribution (and collection) systems, e.g.:

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<sup>27</sup> Rule 25-30.432, F.A.C.

Palm Port	E-2	F-7	F-8	F-9
2007 Average ERCs	103.0		110.6	104.5
2012 Projected ERCs		129.2	113.4	

Witness Woodcock used ERCs in both the numerator and denominator of his analysis. He testified that he relied on the Utility's maps; as well as visits to the service areas and assumed future development will be similar to that of past development in the service area. However, in several instances, the maps do not clearly demonstrate his assumptions. For example, Witness Woodcock's analysis did not include lots identified as having inactive connections, homes on two lots, or lots with private wells in Arredondo Farms, Arredondo Estates, Morningview, Orange Hill/Sugar Creek, Palms MHP, Palm Port, Piney Woods, Rosalie Oaks, and Zephyr Shores. However, if a lot has an inactive connection, then the lot should be included in the U&U calculation because capacity has been reserved for that lot. In addition, where homes are located on multiple lots, the second lot is not available for development and therefore should be included as a connection (numerator) or removed from the number of available lots (denominator).

Witness Woodcock included 16 residential customers in his U&U calculation for the Beecher's Point system, as shown on the water system map. The Utility's billing analysis shows an average of 45 residential water customers, while there are only 16 residential wastewater customers; therefore, it appears that the Utility's water system map incorrectly reflects the number of wastewater customers and the billing analysis shall be relied on to determine the appropriate number of residential customers to include in the U&U analysis.

Witnesses Guastella and Woodcock disagreed on the number of 2007 residential connections as well as the total number of lots in the Lake Josephine system. We relied on the billing analysis and the map to determine the number of 2007 connections and total lots.

While witnesses Guastella's and Woodcock's U&U calculations are similar for the Silver Lake Estates/Western Shores system, neither witness recognized that there are a significant number of residential customers with large meters that use considerably more water than the residential customers with small meters. Therefore, our analysis of the Silver Lake Estates/Western Shores distribution systems reflects more projected and existing ERCs than either witness; however, our resulting U&U percentage is very similar to that of both witnesses.

#### b. Growth

Witness Guastella testified that systems that are fully developed or built out should be considered 100 percent U&U, even though the U&U calculation resulted in less than 100 percent. In addition, witness Guastella testified that when a system is found to be 90 percent U&U based on a calculation of ERCs to lots, the Commission should find the system 100 percent U&U. Of the 20 distribution systems that were not stipulated, witness Guastella found 11 of those systems to be 100 percent U&U either because the calculated U&U percentage was between 90 percent and 100 percent (Orange Hill/Sugar Creek, Palm Port, Piney Woods, Ravenswood, River Grove, Silver Lake Estates/Western Shores) or because the system is fully developed as planned (Beecher's Point, Gibsonia Estates, Lake Josephine, Rosalie Oaks, and

Village Water). Witness Woodcock testified that “fully developed as planned” does not consider the fact that there are available lots in the service area and rounding from 90 percent up to 100 percent overestimates the actual U&U of a system at the expense of the customers. Witness Woodcock relied exclusively on his calculation of ERCs to ERCs, with no further adjustment.

We agree with witness Guastella that a system that is fully developed as planned should be considered 100 percent used and useful, even if the calculated U&U percentage is less than 100 percent. Rules 25-30.432 and 25-30.4325, F.A.C., both contain a provision for finding a water or wastewater treatment plant 100 percent U&U if the system is built out. Similarly, if a distribution (or collection) system is built out with no apparent potential for expansion, then the system should be considered 100 percent U&U. While witness Guastella does not specify the criteria for determining when a system is fully developed, the characteristics of the systems that he considered fully developed generally include negative or minimal growth over the past five years, few vacant lots, and small (2”) lines throughout the service area. Also, most of the AUF systems are 30 to 40 years old.

As described above, witness Guastella failed to consistently define how he determined the number of projected ERCs to be used in the numerator of the U&U formula. Further, it is also unclear how witness Guastella determined the appropriate growth factor. In numerous instances, Schedule F-9 shows a decline in the average number of residential customers and total ERCs from 2003 to 2007, but witness Guastella used a positive growth factor on Schedules F-7 and F-8 to determine the projected 2012 ERCs and, generally, the projected ERCs on Schedules F-7 and F-8 did not match. In addition, in some instances, witness Guastella included a growth allowance in excess of 25 percent.

Witness Woodcock relied on the Utility’s F-9 schedules to determine the appropriate growth factor for the distribution systems. If growth was negative, he used a factor of 1.00, and if growth exceeded 25 percent, he capped the growth factor at 1.25, pursuant to Section 367.081(2), F.S.

As previously discussed, the change in total ERCs in the F-9 schedules reflects both a change in customers and a change in usage patterns, such as conservation. Therefore, we relied on the change in the number of residential customers from 2003 to 2007 as shown on Schedules F-9 to determine the system’s historical growth for the water systems, because most of AUF’s systems are predominately residential, with very few general service customers. Further, the Utility’s filing did not contain information regarding the historical number of general service customers. We agree with witness Woodcock, that if growth was negative, a growth factor of 1.00 shall be used, and if growth exceeded 25 percent, the growth factor shall be capped at 1.25, pursuant to Section 367.081(2), F.S.

We agree with witness Woodcock that rounding up from 90 percent to 100 percent overestimates the actual U&U of a system. While we agree with witness Guastella that prudence and economies of scale should be considered in the U&U calculation, we find that those issues shall be specifically addressed and not merely assumed via rounding the U&U percentage from 90 percent to 100 percent. The U&U calculations include a growth allowance of up to 25 percent of the test-year demand; therefore, rounding from 90 percent to 100 percent U&U would

incorporate an additional allowance with no specific justification. However, we note that it has been our practice to round up from 95 percent to 100 percent in determining the appropriate used and usefulness of a system when the system is also the minimum size necessary to serve the development or the system is otherwise built out.<sup>28</sup> We believe that, based on our policy and prior orders,<sup>29</sup> it is appropriate to consider a system 100 percent U&U when the calculation results in a U&U of 95 percent or greater. Therefore, we find that a system shall be considered 100 percent U&U if the calculated U&U percentage is 95 percent or greater and if the growth factor is 1.05 or less, because minimal growth of 1 percent or less per year for five years is an indicator that the system is built out.

Based on our analysis of the record, we find that all of the AUF water distribution systems that were not stipulated and have a growth factor of 1.05 or less, shall be considered 100 percent U&U with the exception of Palms MHP, which shall be considered 87.73 percent U&U based on AUF's U&U calculation. Ravenswood shall be considered 100 percent U&U because the calculated U&U percentage is greater than 95 percent, the lines are the minimum size necessary to serve the area, and it was found to be 100 percent in the last rate case.<sup>30</sup> Silver Lake Estates/Western Shores shall be considered 100 percent U&U based on a comparison of projected 2012 ERCs to total ERCs. The Lake Josephine, Venetian Village, and Wootens U&U calculations are based on a comparison of projected 2012 ERCs to total ERCs.

The following table reflects AUF's and OPC's proposed U&U percentages and our approved U&U percentage based on a comparison of projected 2012 ERCs to total ERCs:

Water Distribution and Related Facilities Used and Useful							
System	Prior	2012	Total	Growth	AUF	OPC	Approved
Arredondo	70.69	736	737	1.00	100.00	89.00	100.00
Beecher's Point	64.71	49	78	1.00	100.00	24.00	100.00
Gibsonia Estates		290	311	1.05	100.00	92.00	100.00
Kingswood	89.71	6.7	6.7	1.0	100.00	100.00	100.00
Lake Josephine	39.17	626	731	1.06	100.00	66.00	85.65
Morningview	85.71	61	61	1.00	100.00	88.00	100.00
Orange Hill/Sugar Ck		255	265	1.00	100.00	94.00	100.00
Palm Port	80.29	106	116	1.00	100.00	80.00	100.00
Palms MHP	67.82	70	80	1.00	87.73	73.00	87.73
Piney Woods	79.53	195	214	1.02	100.00	87.00	100.00
Ravenswood	100.00	53	55	1.07	100.00	96.00	100.00
River Grove	87.39	108	113	1.01	100.00	95.00	100.00
Rosalie Oaks		119	123	1.00	100.00	82.00	100.00

<sup>28</sup> See Order No. PSC-03-1440-FOF-WS, issued December 22, 2003, in Docket No. 020071-WS, In re: Application for a rate increase in Marion, Orange, Pasco, Pinellas and Seminole Counties by Utilities, Inc. of Florida, pp. 41-44.

<sup>29</sup> See Order No. PSC-96-1320-FOF-WS, issued October 30, 1996, p. 82; and Order No. PSC-00-0248-PAA-WU, issued February 7, 2000, in Docket No. 990535-WU, In re: Request for approval of increase in water rates in Nassau County by Florida Public Utilities Company (Fernandina Beach System), pp. 11-12.

<sup>30</sup> See Order No. PSC-93-0901-FOF-WU, issued June 14, 1993, in Docket No. 921102-WU, In re: Application for a staff-assisted rate case in Lake County by Theodore S. Jansen d/b/a Ravenswood Water System, p. 2.

Water Distribution and Related Facilities Used and Useful							
System	Prior	2012	Total	Growth	AUF	OPC	Approved
Silver Lake Est/W Sh	79.25	4129	4044	1.06	100.00	91.00	100.00
Skycrest	100.00	143	160	1.01	100.00	68.00	100.00
Tomoka/Twin River		283	291	1.00	100.00	98.00	100.00
Valencia Terrace	100.00	345	358	1.00	100.00	91.00	100.00
Venetian Village	65.02	163	224	1.10	100.00	75.00	72.63
Village Water	50.68	564	791	1.00	100.00	60.00	100.00
Wootens	51.92	39	60	1.10	65.66	52.00	65.66
Zephyr Shores	77.59	527	534	1.00	100.00	79.00	100.00

### 3. Conclusion

Based on the testimony and analysis described above, we find that all of the water distribution and related facilities of the AUF systems that were not stipulated shall be considered 100 percent U&U, with the exception of Lake Josephine (85.65 percent), Palms MHP (87.73 percent), Venetian Village (72.63 percent), and Wootens (65.66 percent). Account No. 331.4 (Transmission and Distribution Mains) shall be adjusted accordingly.

In addition, we note that stipulations were approved during the hearing for the following systems:

System	U&U Stipulation
48 Estates	85%
Carlton Village	47%
Chuluota	100%
East Lake Harris	100%
Fern Terrace	100%
Friendly Center	100%
Grand Terrace	100%
Haines Creek	100%
Harmony Homes	100%
Hermits Cove	81%
Hobby Hills	100%
Holiday Haven	76%
Imperial Mobile Terrace	100%
Interlachen Lake Estates	83%
Jasmine Lakes	100%
Jungle Den	100%
Kings Cove	100%
Lake Gibson Estates	100%
Lake Osborne	100%
Lake Suzy	100%
Leisure Lakes	76%
Oakwood	97%
Ocala Oaks	100%
Palm Terrace	100%
Picciola Island	80%

System	U&U Stipulation
Pomona Park	51%
Quail Ridge	100%
Sebring Lakes	7%
Silver Lake Oaks	68%
St. Johns Highlands	72%
Stone Mountain	54%
Summit Chase	100%
Sunny Hills	13%
Tangerine	60%
The Woods	46%
Welaka/Saratoga Harbor	49%

#### J. Used and Useful Percentages for the Wastewater Collection Facilities

During the proceeding, the parties reached a stipulation on the U&U percentages for 18 of AUF's 25 wastewater collection systems. Of the seven remaining systems, AUF witness Guastella found that all of them were 100 percent U&U, and OPC witness Woodcock found those systems to be 50.76 percent to 96.46 percent U&U.

##### 1. Parties' Arguments

As discussed above, AUF's position is that OPC provides no legitimate basis for us to require AUF to deviate from its established practice of using ERCs to lots on lines as the ratio to calculate U&U percentages for collection lines and related facilities. The entire wastewater collection system is used to meet the actual maximum demand of existing customers. In addition, AUF believes that force mains and lift stations should not be subject to U&U adjustments. AUF points out that the testimony shows that there are no customers connected to wastewater force mains; instead, those force mains accommodate wastewater from multiple customers, as well as influent and infiltration. Witness Guastella testified that considerations of prudence of the investment, economies of scale, and other relevant factors are applicable to U&U evaluations of other components of Utility systems, including lift stations and force mains. The size and cost of lift stations and force mains would not significantly fluctuate if more or less customers are added to the gravity mains. Also, he points out that a ratio of ERCs to lots on lines is not similarly applicable to lift stations and force mains, and consideration of prudence and economies of scale supports the use of 100 percent for the used and usefulness of lift stations and force mains.

OPC witness Woodcock determined the U&U percentage of the wastewater collection systems by using the ERC to available ERC method. He assumed that the character of future development will be similar to that of past development in the service area, and that future development will be as dense, with the same ratio of ERCs to developed lots, as is currently present in the service area. In addition, witness Woodcock disagrees with witness Guastella's position that the U&U percentage should apply to the gravity collection system, but not force mains and lift stations. Witness Woodcock believes that witness Guastella ignored the fact that the collection lines, force mains, and lift stations act as a system to convey wastewater from the customers to the wastewater treatment plant. In evaluating the U&U of the wastewater

collection system, he states that prudent design would dictate that the lift stations and force mains are sized in a manner consistent with the gravity system. Therefore, if a collection system is 50 percent U&U, it follows that the corresponding force mains and lift stations would have a similar U&U of 50 percent.

## 2. Analysis

For all of the wastewater collection systems that were not stipulated, the customer growth from 2003 to 2007 was either negative or less than 1 percent per year. Consistent with the discussion above, we find that systems with little or no growth over the past five years shall be considered built out and, therefore, 100 percent U&U. In addition, we agree with OPC that the U&U adjustment shall apply to the entire collection system, including the force mains and lift stations, because they are typically designed in a manner that is consistent with the gravity system.

The following table reflects AUF's and OPC's proposed U&U percentages and our approved U&U percentage:

Wastewater Collection and Related Facilities Used and Useful								
System	2012	Total	Growth	Prior	AUF	OPC	Approved	
Beecher's Point	20	57	1.00	72.58	100.00	50.76	100.00	
Fl Central Comm Pk	41	50	1.00	84.51	100.00	84.05	100.00	
Jungle Den	157	171	1.03	87.41	100.00	92.01	100.00	
Morningview	42	42	1.00	75.00	100.00	92.50	100.00	
Rosalie Oaks	119	123	1.00		100.00	96.46	100.00	
Valencia Terrace	348	359	1.01	100.00	100.00	96.53	100.00	
Zephyr Shores	522	533	1.00	77.13	100.00	89.93	100.00	

## 3. Conclusion

Based on the testimony, we find that each of the seven wastewater collection systems that were not stipulated shall be considered 100 percent U&U. The U&U adjustment shall apply to the entire collection system, including force mains and lift stations.

In addition, stipulations were approved during the hearing for the following systems:

System	U & U Stipulation
Arredondo Farms	100%
Chuluota	100%
Holiday Haven	75%
Jasmine Lakes	100%
Kings Cove	100%
Lake Gibson Estates	100%
Lake Suzy	100%
Leisure Lakes	75%

System	U & U Stipulation
Palm Port	88%
Palm Terrace	100%
Park Manor	100%
Silver Lake Oaks	66%
South Seas	100%
Summit Chase	100%
Sunny Hills	38%
The Woods	60%
Venetian Village	100%
Village Water	47%

K. Calculation of Used and Useful Percentages for Interconnected Water Systems

1. Analysis

The AUF water systems that are interconnected include East Lake Harris and Friendly Center, St. Johns Highlands and Hermits Cove, Sebring Lakes and Lake Josephine, and Welaka and Saratoga Harbour.

AUF's position is that the U&U percentages of water treatment and related facilities that are interconnected should be individually evaluated as if each system were designed and constructed as an independent system. AUF Witness Guastella testified that East Lake Harris and Friendly Center, while now interconnected, are two different systems that were designed individually, and then interconnected for reliability. Sebring Lakes and Lake Josephine, while originally designed as separate systems, do have an interconnect. However, according to requirements from DEP, Sebring Lakes and Lake Josephine should operate independently and only activate the interconnect for emergency situations. The MFRs show no flows for Friendly Center, and state that the system is interconnected with East Lake Harris.

OPC witness Woodcock testified that these systems should be evaluated with the interconnected systems operating together. A key point made is that even though there are two water plants, these systems operate as one system. The witness stated that the interconnections required that these systems operate as one system. Witness Woodcock further testified that as a result of the Sebring Lakes and Lake Josephine interconnect, those systems require a combined unaccounted for water and growth analysis.

As discussed above, the interconnected St. Johns Highlands and Hermits Cove system is a single source system and its U&U percentage was stipulated. We do not agree with AUF's approach that interconnected systems should be evaluated as if those systems were stand-alone. We agree with witness Woodcock that the systems should be evaluated as they are being operated by the Utility, and to recognize the importance of an interconnection for reliability, safety, and in accordance with rules of DEP. DEP's rules require a second source of supply and a generator when a system serves 350 or more persons.



We do not agree with witness Woodcock that as a result of the interconnection, these systems are required to operate as one system. There is no requirement that this be the case. For safety and reliability, it is prudent to operate the interconnected systems as one, but there is no requirement cited that mandates such operation. One exception would be if the two systems had only one source of supply, as is the case for St. Johns Highlands and Hermits Cove, where the system is essentially one system due to a single source of supply.

Due to the independent operation of Sebring Lakes and Lake Josephine, and the interconnection that is used only for emergencies, those systems shall be considered as separate systems. East Lake Harris and Friendly Center shall be evaluated as one system because of its combined flows and operation as one system.

## 2. Conclusion

In conclusion, we find that the interconnected systems that operate as one system shall be evaluated as a single system for purposes of calculating U&U. However, Sebring Lakes and Lake Josephine shall be evaluated separately because these two systems are interconnected for emergencies only.

## L. Calculation of Used and Useful Percentages for Stand Alone Water Systems Combined for Rate Base Purposes

### 1. Analysis

AUF has three separate groups of water treatment facilities (Ocala Oaks – 12 systems, Arredondo Estates/Arredondo Farms - 2 systems, and Tomoka/Twin Rivers – 2 systems) whose stand-alone, non-interconnected systems have been combined into each group as one for rate base purposes. AUF believes that systems that are functionally integrated for accounting, management, administrative and operational purposes, but are physically stand-alone systems, should be evaluated as individual systems for calculating U&U percentages. This is because the cost to serve customers was incurred on an individual basis, and thus should be recognized for rate setting purposes on that basis. OPC witness Woodcock testified that he calculated a U&U percentage for each of the systems individually, and then generated a composite percentage for application to rate base based on the number of connected customers.

### 2. Conclusion

We do not agree with AUF's approach to combine all stand-alone plants of systems that have been functionally integrated, and treat them as a single entity for U&U purposes. OPC's approach is more realistic when it comes to evaluating these types of systems. We find that OPC's approach will better reflect the individual characteristics of these treatment plants, such as the number of wells, treatment processes, storage capabilities, and number of customers served. This approach is consistent with our U&U analysis of water treatment plants above. It is noted that the Ocala Oaks system's U&U was stipulated as 100 percent U&U. Therefore, we find that the U&U for stand-alone water systems shall be calculated separately, pursuant to Rule 25-30.4325, F.A.C., and weighted based on the connections to each system.

M. Appropriate Adjustments to Test Year Accumulated Depreciation

1. Analysis

Due to the lack of supporting documentation, Commission witness Dobiac recommended rate base adjustments to the Lake Suzy's water and wastewater systems, as well as Lake Josephine's and Sebring's water systems.

a. Lake Suzy Water and Wastewater Systems

Commission witness Dobiac testified that the Utility did not provide supporting documentation for \$534,219 in plant additions for the Lake Suzy water system as discussed above. The related accumulated depreciation adjustment recommended by witness Dobiac is \$108,901. She also recommended an adjustment to accumulated depreciation of \$359,506 related to the \$1,119,520 reduction in plant additions for Lake Suzy's wastewater system, as discussed above.

In his rebuttal testimony, AUF witness Griffin argued that, prior to AUF acquiring the Lake Suzy system, by Order No. PSC-97-0540-FOF-WS, we approved water and wastewater plant for Lake Suzy in the amount of \$1,239,799. Order No. PSC-97-0540-FOF-WS was included in witness Griffin's rebuttal testimony as Exhibit 141, and reported water accumulated depreciation of \$68,714 and wastewater accumulated depreciation of \$108,680. Witness Griffin, in his rebuttal testimony, stated that at the very least, the Lake Suzy plant approved in Order No. PSC-97-0540-FOF-WS should not be removed.

We find that the amounts in Order No. PSC-97-0540-FOF-WS shall be recognized, as discussed above. Based on the plant adjustments approved, we find that Lake Suzy's accumulated depreciation for water shall be adjusted by \$40,187 (\$108,901 - \$68,714), and Lake Suzy's accumulated depreciation for wastewater shall be adjusted by \$250,826 (\$359,506 - \$108,680).

b. Lake Josephine Water System

Witness Dobiac recommended a decrease in accumulated depreciation of \$17,395 as this amount was included in the MFR accumulated depreciation but was not included in previous Commission orders. Witness Griffin agrees with the \$17,395 adjustment to decrease accumulated depreciation for the Lake Josephine water system. We agree with the \$17,395 adjustment to reduce accumulated depreciation.

c. Sebring Lakes Water System

Witness Dobiac stated that the related adjustment to accumulated depreciation is a reduction of \$4,005. Witness Griffin, in his response to our audit, supports the \$4,005 reduction to accumulated depreciation. We agree with the \$4,005 adjustment to reduce accumulated depreciation for the Utility.

## 2. Conclusion

Based on the above, we approve the adjustments reflected in the following table:

System	Account	Commission Audit	Approved Adjs.
Water			
Lake Suzy	Accumulated Depr.	\$108,901	\$40,187
Lake Josephine	Accumulated Depr.	\$17,395	\$17,395
Sebring	Accumulated Depr.	\$4,005	\$4,005
Wastewater			
Lake Suzy	Accumulated Depr.	\$359,506	\$250,826

## N. Test Year Accumulated Amortization of CIAC

The following adjustments to test year accumulated amortization of CIAC were stipulated to by the parties:

System	Account	Adjustment	Reason for Adj.
Water			
Lake Suzy	Accum. Amort. of CIAC	\$8,891	Unsupported Balance
Ocala Oaks	Accum. Amort. of CIAC	(\$11,418)	Unsupported Balance
Tangerine	Accum. Amort. of CIAC	\$2,830	Correct for Duplicate Reduction
Water and Wastewater Systems			
Multiple Systems	Accum. Amort. of CIAC	\$95,580	Failure to Amortize CIAC Subaccounts.

## O. Appropriate Adjustments to Accounts Receivable for Officers and Employees

In its MFRs, AUF included \$1,000 in accounts receivable for officers and employees. OPC witness Merchant testified that the amount represents unpaid loans to AUF's officers and employees. In its brief, the Utility indicated that this account is a normal recurring business operation and should be included in the working capital calculation. OPC Merchant testified that the receivables are not necessary, do not relate to the delivery of water and wastewater services, and should not be included in the working capital calculation.

Consistent with the our recent treatment of accounts receivable, we find that the \$1,000 included in accounts receivable for officers and employees shall be removed.<sup>31</sup>

P. Appropriate Adjustments to Other Deferred Debits

1. Analysis

OPC witness Dismukes noted several inconsistencies in the amortization periods of various deferred maintenance projects. She provided an example of the Village Water wastewater system which incurred costs related to pond berm clearing in February 2004, but the amortization did not begin until March 2005. Witness Dismukes also stated, "In some cases the Company used an amortization period of less than five years. However, no justification was provided to demonstrate that a period of less than five years is appropriate." Further, Dismukes recommends that, "any deferred maintenance projects that will be completed before the end of 2008 be removed from the test year expenses." Dismukes recommended reducing test year expenses by \$22,978 to account for her changes made to the amortization periods, and to remove test-year expenses that will be fully amortized prior to year-end 2008.

OPC witness Merchant recommended two adjustments related to the amount of Other Deferred Debits. Her first adjustment agreed with witness Dismukes' recommended adjustments to the amortization of deferred maintenance. Witness Merchant determined the impact of those adjustments on the average balance included in working capital. AUF had requested a total balance of Other Deferred Debits of \$229,104. Witness Merchant recommended reducing Other Deferred Debits by \$11,213, which resulted in a net balance of Other Deferred Debits of \$217,890. Witness Merchant also recommended that the approved balance of deferred maintenance be included in the overall working capital allowance that is spread to the total Utility. Witness Merchant's direct testimony stated:

I believe that it is improper to specifically add these deferred debits to each system's previously allocated working capital allowance. These deferred debits relate to maintenance project were performed [sic] on a plant specific basis and the amortization, where appropriate, should be specifically assigned to each individual system. However, once the project is deferred the deferral is recorded on a total company balance sheet where the asset is used by the company as a whole. This is no different than how net income or debt is recorded on the total company balance sheet and allocated to individual systems. By adding the deferred maintenance to working capital on an individual system basis [sic] overstates the investment of that one system when the whole company is allowed to benefit from this deferral. The true nature of working capital for a company of

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<sup>31</sup> See Order Nos. PSC-08-0327-FOF-EI, p. 28, issued May 19, 2008, in Docket Nos. 070300-EI, In re: Review of 2007 Electric Infrastructure Storm Hardening Plan filed pursuant to Rule 25-6.0342, F.A.C., submitted by Florida Public Utilities Company and 070304-EI, In re: Petition for rate case increase by Florida Public Utilities Company; and 10557, issued February 1, 1982, in Docket No. 810136-EU, In re: Petition of Gulf Power Company for Authority to Increase its Rates and Charges. In those dockets, we treated loans to employees as non-utility receivables.

this size and with the large number of systems is that working capital funds are included in one big “fund” that is used to serve all systems in the company.

AUF believes that no adjustments are necessary to other deferred debits. When answering the question of why AUF did not begin amortization on some projects the month after the expense was incurred, AUF witness Szczygiel contended, “The practice is to amortize these costs over the life of the permit, based on the issuance date. Although these expenses may have been incurred several months prior to issuance, they are not amortized until the permit is actually issued.” With regard to witness Dismukes’ change to AUF’s amortization period of Operation and Maintenance (O&M) Manuals, AUF witness Szczygiel believed that witness Dismukes’ suggestion of excluding multiple period expenses did not make practical sense. Witness Szczygiel also referred to Audit Finding No. 6, in which AUF justified a shorter amortization period.

AUF witness Griffin testified why he believed adjustments to other deferred debits were inappropriate. Regarding amortization period changes, Griffin says, “The Company’s accounting method consistently and properly identifies payments to each individual system and then records the deferred debit and offsetting expense amortization to the individual system’s accounting unit.” Witness Griffin disagreed with witness Merchant’s recommendation that AUF should collect the balance of other deferred debits as part of the working capital allowance, saying the recommendation attempted to replace a rational and supportable process with one that was flawed. AUF believes that the deferred debits should remain specifically assigned to each system instead of spreading the deferred debits throughout the entire company.

## 2. Conclusion

AUF’s amortization of deferred debits was inconsistent, as proven by the testimonies of both AUF witnesses Szczygiel and Griffin. Witness Szczygiel asserted that deferral of maintenance projects were normally amortized to match the expenses of projects over the period of the benefits. For example, permit renewals were amortized over the life of the permit, while tank inspections were amortized over five years, consistent with DEP inspection requirements. Conversely, witness Griffin testified, “The Company practice has consistently deferred and amortized larger recurring maintenance and repair projects over three years.”

Rule 25-30.433(8), F.A.C., provides: “Non-recurring expenses shall be amortized over a five (5) year period unless a shorter or longer period of time can be justified.” Based on the systems addressed by witness Dismukes in Schedule 24, we recalculated the impact on deferred debits based on a five-year amortization period for all systems. Our calculation resulted in a reduction of \$17,326 to deferred debits.

We find that the second recommendation proposed by OPC witness Merchant was not supported. Witness Merchant did not make an adjustment to remove specific adjustments from each system’s working capital; however, she made one combined adjustment to reflect the total working capital adjustment per system. We find that the recommendation provided by witness Merchant was not supported by any statistical data; thus, the entire impact cannot be determined. Moreover, we find AUF’s direct method to be reasonable.

Based on the above, deferred debits shall be reduced by \$18,323. This amount includes the reduction of \$17,326 for the changes in the amortization periods of all systems listed on witness Dismukes' Schedule 24, and a reduction of \$997 for Imperial Mobile Terrace's water system discussed below.

Q. Appropriate Adjustments to Accrued Taxes

1. Analysis

In his direct testimony, staff witness Winston stated, "Audit Finding 7 discusses accrued taxes. The ending balance for accrued taxes for all systems, as included in the working capital allowance, is a year-end debit balance of \$2,860,234 and a 13-month average debit-balance of \$1,155,342." In AUF's response to Audit Finding No. 7, the Utility explains:

The accrued tax amount of \$2,860,234 (debit) predominantly represents amounts owed to Aqua Utilities Florida, Inc. from the parent company Aqua America, Inc. for the tax benefit of the losses that were included in the 2006 and 2007 Federal Income Tax returns. The amounts will be paid by Aqua America, Inc. to Aqua Utilities Florida, Inc. when the 2007 Federal Income returns are finalized and trued up in the 4th Quarter, 2008. . . .

In its response to Audit Finding No. 7, AUF provided a schedule containing the accrued tax detail. That schedule shows a year-end negative amount (debit-balance) of \$2,884,818 for Accrued Federal Tax.

OPC recommends that accrued taxes be adjusted to reflect a positive (credit) balance in the working capital calculation in the amount of \$657,340. This equates to an adjustment of \$1,812,682. OPC witness Merchant testified:

I agree with the staff auditors that the balance in accrued taxes should be normalized to recognize that the company will be given a fully compensatory income tax expense through its revenue requirement. While the company reported losses in 2006 and 2007, the parent and AUF have benefitted from the net operating losses that AUF has generated. If the Commission finds that some rate relief is required, the company will be given the opportunity to collect compensatory rates including income tax expense. This rate increase will include a revenue increase that commonly takes the negative income tax expense up to a positive expense on the revenue requirement calculated. Because the customers have to pay rates sufficient to bring the negative income tax expense up to the positive level on the new revenue requirement, it would be unfair for the customers to also pay a return on negative accrued taxes. . . .

AUF did not dispute that an adjustment should be made to normalize the accrued tax balance, only that witness Merchant's calculations contain flaws. In his rebuttal testimony, AUF witness Griffin refutes the amount of witness Merchant's adjustment, and states:

Ms. Merchant recommends an Accrued Taxes adjustment of \$1,812,682 to recognize that the Company will be given a fully compensatory income tax expense through its revenue requirement. However, her \$1,812,682 adjustment is a full year effect, but is applied dollar for dollar against the Company's average accrued tax balance of (\$1,155,342), which is based on a thirteen month methodology. Had Ms. Merchant's recommended adjustment been based on a thirteen month method, approximately one half of the adjustment, or \$906,341 would be applied against the Company's average accrued tax balance.

## 2. Conclusion

Since the debit-balance in accrued taxes is caused by tax benefits related to losses included in prior federal income tax returns, and the Utility will be reimbursed these amounts by its parent company, the taxes owed to AUF in the amount of \$2,884,818 shall be removed from the 13-month average to normalize the balance. To normalize the accrued tax balance for purposes of setting rates, the negative amount of federal income tax included in AUF's accrued tax detail schedule shall be removed from the accrued taxes balance for the test year. The 13-month average balance for accrued taxes less the amounts included for federal income tax results in a net credit balance of \$179,622. This equates to an adjustment of \$1,334,964 to normalize the accrued taxes balance for the test year. As a result, we find that an adjustment of \$1,334,964 shall be made to accrued taxes.

## R. Appropriate Adjustments to Pensions and Other Operating Reserves

### 1. Analysis

In MFR Schedule A-17, the Utility provided its calculation of working capital, and included Miscellaneous Current and Accrued Liabilities in the calculation. OPC witness Merchant stated in direct testimony that AUF properly included Pensions and Other Operating Reserves as part of Miscellaneous Current and Accrued Liabilities in 2006, but did not do so in the 2007 test year. Witness Merchant calculated an average balance of \$84,225 for Pensions and Other Operating Reserves for 2007, and recommended that this amount be added to the liabilities included in the working capital calculation for the test year.

In its Post-Hearing Brief, AUF stated that the pension reserves and miscellaneous operating reserves are already included in the working capital calculation on MFR Schedule A-17. In rebuttal testimony, Utility witness Griffin responded to other aspects of witness Merchant's testimony, but did not provide rebuttal to her assertion regarding this issue.

### 2. Conclusion

The level of detail included in MFR Schedules A-17 and A-19 is not sufficient to determine exactly which accounts are included in Miscellaneous Current and Accrued Liabilities for the test year. In view of AUF's failure to provide specific rebuttal testimony, we find that witness Merchant's proposed adjustment shall be made, and that working capital shall be reduced by \$84,225 to reflect the inclusion of Pensions and Other Operating Reserves.

S. Appropriate Adjustments to Deferred Rate Case Expense

1. Analysis

AUF initially included in its MFRs \$1,364,000 in rate case expense. Using a four-year amortization period as required by section 367.0816, F.S., AUF calculated an annual amortization of \$341,000. The Utility included \$1,023,000 (\$1,364,000 less \$341,000) of deferred rate case expense in its working capital allowance.

In its brief, AUF asserted that inclusion of the average of deferred rate case expense in working capital is consistent with our past practice. Further, AUF asserted that the appropriate amount of deferred rate case expense should be updated to include the revised rate case expenses set forth in Exhibit 217.

OPC witness Merchant testified that one-half of the total rate case expense allowed by us should be included in working capital. Witness Merchant stated that working capital will increase by the average, unamortized balance of deferred rate case expense that will be in effect during the four-year amortization period. In its brief, OPC stated that the appropriate amount of deferred rate case expense is \$399,301, which reflects one-half of the amount of rate case expense recommended by OPC.

2. Conclusion

Consistent with our practice, we determine the provision for deferred rate case expense shall be the average unamortized balance of the total approved rate case expense.<sup>32</sup> As discussed below, we are approving a total rate case expense of \$1,501,609. Therefore, the average unamortized balance of current rate case expense to be considered in the working capital calculation is \$750,805. This results in a \$272,195 reduction to the Utility's requested amount of \$1,023,000.

T. Appropriate Working Capital Allowance

1. Analysis

In its filing, AUF requested a total jurisdictional working capital allowance of \$3,345,346. As addressed above, we reduced accounts receivable for officers and employees by \$1,000, reduced deferred debits by \$18,323, increased accrued taxes by \$1,334,964, reduced pensions and other operating reserves by \$84,225, and reduced deferred rate case expense by \$272,195. In addition to those adjustments, we find that further adjustments are necessary

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<sup>32</sup> See Order Nos. PSC-01-0326-FOF-SU, issued February 6, 2001, in Docket No. 991643-SU, In re: Application for increase in wastewater rates in Seven Springs System in Pasco County by Aloha Utilities, Inc., p. 40; PSC-00-0248-PAA-WU, issued February 7, 2000, in Docket No. 990535-WU, In re: Request for approval of increase in water rates in Nassau County by Florida Public Utilities Company (Fernandina Beach System); and PSC-07-0130-SC-SU, issued February 15, 2007, in Docket No. 060256-SU, In re: Request for approval of increase in wastewater rates in Seminole County by Alafaya Utilities, Inc.



regarding system specific regulatory assets approved in the Utility's 2004 transfer docket<sup>33</sup> and the applicable regulatory assets created by our approval of AUF's capped interim rate methodology in this docket.<sup>34</sup>

#### Regulatory Assets Approved in 2004 Transfer Docket

AUF witness Griffin testified that AUF utilized the balance sheet method to calculate cash working capital which included a direct assignment of the unamortized regulatory asset balance for specific systems that were approved in a prior order. According to its filing, the Utility included an unamortized balance of \$418,030 for water and \$148,459 for wastewater, which totaled \$566,489.

OPC witness Merchant testified that the balance of regulatory assets approved by Order No. PSC-05-1242-PAA-WS, which total \$564,563, should be added on a system-specific basis.

By Order No. PSC-05-1242-PAA-WS, pages 10 and 37, we approved regulatory assets for specific systems which totaled \$489,535 for the water systems and \$174,657 for the wastewater systems. We also required that the total regulatory asset of \$664,192 be amortized over 10 years beginning on January 1, 2006. Based on its 13-month average calculation, we agree with OPC witness Merchant's calculated \$564,563 unamortized test year balance. Based on the above, working capital shall be reduced by \$1,926 (\$564,563 less \$566,489). Accordingly, corresponding adjustments shall be made to increase O&M expenses for the Chuluota water system by \$2,001 and to decrease O&M expenses for the Sunny Hills water system by \$75.

#### 2. Conclusion

Based on the above, we find that total jurisdictional working capital shall be \$2,595,638. This represents a total reduction of \$749,710 of the Utility's total requested working capital allowance of \$3,345,348. Corresponding adjustments are made to increase O&M expenses for the Chuluota water system by \$2,001 and to decrease O&M expenses for the Sunny Hills water system by \$75.

#### U. Negative Acquisition Adjustment

##### 1. Analysis

Rule 25-30.0371(1), F.A.C., defines an acquisition adjustment as the difference between the purchase price of utility system assets to an acquiring utility and the net book value of the utility assets. Pursuant to Rule 25-30.0371(3), F.A.C., an acquisition adjustment shall not be included in rate base unless there is proof of extraordinary circumstances or where the purchase price is less than 80 percent of rate base. Additionally, pursuant to Rule 25-30.0371(3)(a),

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<sup>33</sup> See Order No. PSC-05-1242-PAA-WS, issued December 20, 2005, in Docket No. 040951-WS, In re: Joint application for approval of sale of Florida Water Services Corporation's land, facilities, and certificates in Brevard, Highlands, Lake, Orange, Pasco, Polk, Putnam, a portion of Seminole, Volusia, and Washington counties to Aqua Utilities Florida, Inc.

<sup>34</sup> See Order No. PSC-08-0534-FOF-WS, pp. 5-6, issued August 18, 2008, in this docket.

F.A.C., any entity that believes a full or partial negative acquisition adjustment should be made has the burden to prove the existence of extraordinary circumstances.

In direct testimony, OPC witness Dismukes proposed that AUF be required to recognize a negative acquisition adjustment of \$2,702,963. This amount is the difference between the purchase price of the systems acquired from FWSC and the rate base approved by us for those systems at the time of the transfer.<sup>35</sup> During cross examination, witness Dismukes revised the amount of her proposed adjustment to \$1,892,074, in recognition of the provision in Rule 25-30.0371(3)(a), F.A.C., that a purchaser shall not be required to record more than 70 percent of a negative acquisition adjustment.

Witness Dismukes acknowledged that we considered whether to include a negative acquisition adjustment at the time of the transfer and did not do so. However, she thought that the condition of several of the systems acquired from FWSC was so poor that considerable funds would be required to improve and operate them properly. In support of this contention, she cited examples of the Utility's references to the condition of various systems and to customer dissatisfaction in the quality of the systems as expressed in responses to OPC Interrogatories 140 and 150. Witness Dismukes indicated that, in her opinion, the circumstances associated with the purchase of the FWSC systems should be considered extraordinary, and that a negative acquisition adjustment is warranted, even though the purchase price exceeded 80 percent of the approved rate base.

Witness Dismukes also cited a case involving Jasmine Lakes Utility in which we imposed a negative acquisition adjustment even though we had declined to do so in a previous transfer docket based on additional evidence adduced after the transfer.<sup>36</sup>

In its Post-Hearing Brief, AUF stated that imposing a negative acquisition adjustment would violate principles of *res judicata* and due process and would contradict past Commission precedent. Further, the Utility suggested that, in its determination of whether to acquire the FWSC systems, it relied on our past decision not to include a negative acquisition adjustment in the transfer docket.

In rebuttal testimony, AUF witness Griffin noted that we expressly considered the issue of whether an acquisition adjustment should be implemented during the transfer docket and declined to do so. Witness Griffin pointed out that OPC was an active participant in the transfer docket and could have argued the issue at the time. Further, witness Griffin stated that OPC did not protest the PAA Order on the basis of our finding that no acquisition adjustment was necessary, even though OPC has challenged other orders on this issue.

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<sup>35</sup> See Order No. PSC-05-1242-PAA-WS [PAA Order], issued December 20, 2005, in Docket No. 040951-WS, In re: Joint application for approval of sale of Florida Water Services Corporation's land, facilities, and certificates in Brevard, Highlands, Lake, Orange, Pasco, Polk, Putnam, a portion of Seminole, Volusia, and Washington counties to Aqua Utilities Florida, Inc., and Docket No. 040952-WS, In re: Joint application for approval of sale of Florida Water Services Corporation's land, facilities, and certificates for Chuluota systems in Seminole County to Aqua Utilities Florida, Inc.

<sup>36</sup> See Order No. PSC-93-1675-FOF-WS, issued November 18, 1993, in Docket No. 920148-WS, In Re: Application for a Rate Increase in Pasco County by Jasmine Lakes Utilities Corporation.

Witness Griffin disagreed with OPC's assertion that the facts presented in the Jasmine Lakes case are comparable to those in the instant case. He noted that the Jasmine Lakes decision was rendered in 1993, while the current version of Rule 25-30.0371, F.A.C., was adopted in 2002. He also stated that the conditions which existed in the Jasmine Lakes case were clearly extraordinary, while the repairs and upgrades required for the systems acquired from FWSC reflect operational issues encountered in operating any water and wastewater utility and were not an indication of prior neglect or abandonment.

## 2. Conclusion

We find that OPC has not met its burden of showing that extraordinary circumstances exist which justify the imposition of a negative acquisition adjustment in this case. The record indicates that a full investigation of the condition of the acquired systems was conducted at the time of the transfer docket, and that OPC had ample opportunity to protest our decision at that time. We agree with AUF's assertion that it had a reasonable expectation of relying on our decision in the transfer docket. Therefore, we determine that it is inappropriate to include a negative acquisition adjustment in this case.

## V. Appropriate Rate Base for the Test Year

Based upon the Utility's adjusted 13-month average test year balances, the approved stipulations, and our adjustments, the appropriate 13-month average rate base is \$15,420,431 for the water systems and \$13,531,413 for the wastewater systems. In calculating the above total water and wastewater rate bases, we adjusted the negative rate bases for Sebring Lakes water, Leisure Lakes wastewater, and Silver Lake Oaks water to zero, which is consistent with our practice.<sup>37</sup> Schedules 3-A and 3-B reflect our approved rate base calculation. Our approved adjustments to rate base are shown on Schedules 3-C.

## VII. COST OF CAPITAL

### A. Appropriate Capital Structure

AUF requested a capital structure based on a 13-month average as of December 31, 2007, consisting of common equity in the amount of \$37,220,000 (62.31 percent) and long-term debt in the amount of \$22,517,000 (37.69 percent) as a percentage of investor-supplied capital. Expressed as a percentage of total capital, AUF believed that a capital structure of approximately 36 percent debt, 60 percent equity, and 4 percent for deferred taxes and customer deposits is appropriate.

OPC recommended a capital structure consistent with that of AUF's parent company, AAI, on a consolidated basis as of June 8, 2008, consisting of 44 percent common equity and 56

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<sup>37</sup> See Order Nos. PSC-97-0540-FOF-WS, p. 13, issued May 12, 1997, in Docket No. 960799-WS, In Re: Application for staff-assisted rate case in DeSoto County by Lake Suzy Utilities, Inc.; PSC-94-0245-FOF-WS, p. 9, issued March 4, 1994, in Docket No. 930524-WS, In Re: Application for a Staff-Assisted Rate Case in Marion County by TRADEWINDS UTILITIES, INC.; and 16238, p. 3, issued June 6, 1986, in Docket No. 840247-WU, In Re: Application of PLACID LAKES UTILITIES, INC. for staff assistance on a rate increase in Highlands County, Florida.

percent debt as a percentage of investor-supplied capital. Based on his review of AAI's financial statements filed with the Securities and Exchange Commission (SEC), OPC witness Rothschild testified that AAI has \$392 million in debt that has been used to finance the equity portion of its regulated subsidiaries' capital structure. Witness Rothschild stated that the \$392 million debt is not reflected on the books of any of AAI's subsidiaries. In his direct testimony, witness Rothschild stated:

It cannot be stressed strongly enough that the reported capital structure of wholly owned subsidiaries such as AUF does not provide insight into what capital structure management believes will produce the lowest overall cost of capital.

This was a major concern of witness Rothschild, and for this reason, he recommended the capital structure of AAI be used for purposes of setting rates in this proceeding.

### 1. Analysis

The record shows that there are three flaws with OPC witness Rothschild's recommended capital structure. First, witness Rothschild's recommended capital structure failed to comply with Rule 25-30.433(4), F.A.C. Second, witness Rothschild disregarded our past practice. Third, witness Rothschild did not examine the books and records related to AUF, but instead confined his analysis to the capital structure reported in AAI's financial statements.

Rule 25-30.433(4), F.A.C., dealing with rate case proceedings, requires that we use the 13-month averaging method to calculate the cost of capital. Witness Rothschild proposed to use the equity ratio of AAI as of June 8, 2008, that he obtained from AAI's Form 8K filed with the SEC. Witness Rothschild disagreed with AUF witness Anzaldo's recommended capital structure, in part, because it reflected a 13-month average basis for AUF. The record shows that witness Rothschild's recommended capital structure is based on a "snap-shot" of AAI's financial statements at a time not included in the approved test year. Consequently, witness Rothschild's methodology failed to use a 13-month average as required by Rule 25-30.433(4), F.A.C.

Historically, we have determined the appropriate capital structure, in part, based upon the relationship between the regulated utility and its parent company. In a subsidiary relationship, we have used the capital structure of the regulated Florida subsidiary. In a divisional relationship, we have used the consolidated capital structure of the parent company. In Order No. PSC-08-0327-FOF-EI, we applied the capital structure of Florida Public Utilities Company (FPUC) on a 13-month average consolidated basis to allocate investor capital to each division.<sup>38</sup> FPUC has a divisional corporate structure. In Order No. PSC-05-0902-S-EI, the capital structure of Florida Power & Light Company (FPL) was applied.<sup>39</sup> FPL is a wholly-owned subsidiary of FPL Group, Inc.

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<sup>38</sup> Order No. PSC-08-0327-FOF-EI, issued May 19, 2008, in Docket No. 070304-EI, In re: Petition for rate increase by Florida Public Utilities Company, p. 38.

<sup>39</sup> Order No. PSC-05-0902-S-EI, issued September 14, 2005, in Docket No. 050045-EI, In re: Petition for Rate Increase by Florida Power & Light Utilities Company.

In the instant docket, all parties agreed that AUF is a wholly-owned subsidiary of AAI. OPC argued that we should not elevate form over substance by ignoring the consolidated capital structure when the Utility is operated as a subsidiary. However, OPC did not provide any compelling evidence or testimony that we should diverge from our prior practice and use the capital structure of AUF's parent company. The record shows that witness Rothschild was not aware of our practice regarding the application of the appropriate capital structure and failed to consider that practice in developing his recommendation on this issue.

Witness Rothschild testified that AAI failed to allocate \$392 million of debt to any of its subsidiaries, including AUF. However, the record shows that witness Rothschild did not review the books or records of AUF and reviewed only the consolidated financial statements of the parent company, AAI, that were filed with the SEC. During cross-examination, AUF witness Anzaldo testified that a portion of the \$392 million debt of AAI is allocated to AUF and recorded on the subsidiary's books, general ledger, and in its 2007 Annual Report filed with us. Witness Anzaldo also testified that the note payable from AUF to the parent company is included as part of the notes payable on the consolidated statement of capitalization of AAI.

## 2. Conclusion

Based on the aforementioned, the record indicates that witness Rothschild's recommended capital structure lacks sufficient supporting evidence. Witness Rothschild's recommended capital structure fails to comply with Rule 25-30.433, F.A.C., disregards our past practice, and is not based on any review of financial data related to AUF. Based on the above, we determine that the appropriate capital structure to use for rate setting purposes is the capital structure of AUF.

### B. Appropriate Amount of Accumulated Deferred Taxes

The record shows that both OPC and AUF agreed that accumulated deferred taxes in the capital structure should be increased to account for the taxes related to Corporate IT equipment and 2008 pro forma plant additions. AUF failed to include the deferred taxes related to 2008 pro forma plant additions in the capital structure when the MFRs were originally filed. In its response to OPC Interrogatory No. 102, AUF provided a schedule titled "Deferred Tax on 2008 pro forma additions," that showed the amount of the deferred taxes generated by AUF's 2008 pro forma plant additions. The amount of deferred tax shown on the schedule is \$117,477 for Corporate IT Equipment, and \$712,841 for Utility Property, for a total of \$830,318.

The parties agreed to the amount of deferred taxes omitted from the MFRs, but disagreed with the amount that should be applied in the adjustment. AUF argued that the average amount of the deferred taxes should be applied; whereas, OPC argued that the full amount of the deferred taxes should be applied. AUF witness Anzaldo testified that the appropriate deferred tax adjustment is \$395,098. In his rebuttal testimony, witness Anzaldo stated:

The deferred taxes related to 2008 pro forma adjustments of \$712,841 represent the full year accumulation of taxes based on accelerated depreciation in 2008. Based on the half-year convention used for depreciation in the pro-forma rate base

adjustment, this would not be the appropriate amount to be used to adjust the average capital structure. Rather, the appropriate adjustment would be to use the average amount of \$356,421.

Witness Anzaldo testified that the deferred taxes of \$117,477 for Corporate IT equipment represented the total amount for AUF, but only 65.85 percent, or \$77,353, should be allocated to the systems in this rate case, and the average balance of \$77,353, or \$38,677, is the appropriate adjustment for the deferred taxes related to Corporate IT equipment. The total adjustment recommend by AUF is the sum of \$365,421 and \$38,677, or \$395,098.

In her testimony, witness Merchant recommended that deferred taxes should be increased by \$852,382. In its post-hearing brief, OPC reduced its recommended adjustment to \$830,318, after omitting a duplicative adjustment of \$22,064 for Corporate IT and Corporate Structure and Improvements that had already been allocated to the capital structures of each AUF system. OPC argued that the amount of deferred taxes for Corporate IT equipment was provided by AUF in its response to OPC Interrogatory 102, and it is unpersuasive for AUF to change its answer in witness Anzaldo's rebuttal testimony without documentation.

We agree with AUF that only 65.85 percent of the deferred taxes for Corporate IT equipment shall be allocated to the systems in this rate case. According to AUF's MFRs, 65.847 percent of AUF's systems are jurisdictional, thus, only 65.847 percent of the deferred taxes for Corporate IT equipment, or \$77,355, shall be included in deferred taxes. This adjustment matches the pro forma plant addition adjustment for allocated Corporate IT equipment discussed above.

The treatment of deferred taxes must match the treatment of the assets that gave rise to the deferred taxes. Using average amounts when making pro forma adjustments, as witness Anzaldo recommended, is not consistent with our past practice.<sup>40</sup> Further, AUF witness Griffin testified that when making 2008 pro forma additions of assets to rate base, the entire amount of the asset is included in the rate base. Therefore, because the full amount of the 2008 pro forma plant additions was added to the rate base, and the full-year convention for depreciation was applied to those assets, the full amount of deferred taxes shall be included in the capital structure. The amount of deferred taxes included in the capital structure without adjustment is \$818,261. Based on the aforementioned, we find that an adjustment of \$712,841 for Utility Property, plus an adjustment of \$77,355 for Corporate IT equipment, results in an accumulated deferred tax balance in the capital structure of \$1,608,457.

### C. Appropriate Amount of Customer Deposits

The parties stipulated that the appropriate 13-month average balance of customer deposits is \$217,122 on an aggregate basis. To correct an error in the test year deposit activity, customer deposits shall be reduced by \$62,301. For Ravenswood, Rosalie Oaks, and Summit Chase, customer deposits shall be reduced by \$42, \$172, and \$712, respectively. The adjustments to the

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<sup>40</sup> Order No. PSC-08-0812-PAA-WS, issued December 16, 2008, in Docket No. 070695-WS, In re: Application for increase in water and wastewater rates in Martin County by Miles Grant Water and Sewer Company, p. 6.

Utility's other respective individual systems are reflected on Page 22 of 50 and Page 23 of 50 in Exhibit CJW-1 of the Direct Testimony of staff witness Winston.

#### D. Cost Rates for Short and Long-Term Debt

OPC witness Rothschild advocated using the parent company's capital structure in lieu of the AUF subsidiary capital structure for purposes of setting rates in this proceeding. AAI's capital structure included short-term debt at a cost rate of 5.90 percent. While agreeing that AAI's capital structure includes short-term debt at a cost rate of 5.90 percent, AUF witness Anzaldo disagreed that it would be appropriate to use AAI's capital structure for purposes of this proceeding. AUF is a separate, wholly-owned subsidiary of AAI and has its own capital structure. As discussed above, we found that it was appropriate to use the AUF subsidiary capital structure for purposes of setting rates in this proceeding. AUF's subsidiary capital structure contains no short-term debt, so the short-term cost rate does not apply to any amounts contained within the approved capital structure.

The cost rate for long-term debt of 5.10 percent reflected in AUF's capital structure was accepted by all parties. Based on the record and consistent with our finding above, the appropriate cost rate for long-term debt is 5.10 percent.

#### E. Appropriate Return on Equity (ROE)

##### 1. Analysis

As recognized by the First District Court of Appeal, "[t]he Legislature has given the PSC very broad authority in determining rates" for water and wastewater utilities. Southern States Utilities v. Florida Public Service Commission, 714 So. 2d 1046, 1051 (Fla. 1st DCA 1998). We are bound by the record and Legislative directive to set "just, reasonable, compensatory, and not unfairly discriminatory" rates. Section 367.081(2)(a), F.S. A regulated public utility is entitled to "an opportunity to earn a fair and reasonable rate of return on its invested capital,"<sup>41</sup> and what constitutes a fair rate of return for a utility depends on the facts and circumstances of each utility.<sup>42</sup> Pursuant to Subsection 367.081(4)(f), F.S., "a utility, in lieu of presenting evidence on its rate of return on common equity, may move the commission to adopt the range of rates of return on common equity that has been established under this paragraph," i.e., by using the water and wastewater ROE leverage formula.

To avoid the rate case expense associated with hiring an ROE witness for this case, AUF witness Anzaldo testified that we should use the leverage formula in effect at the time of our vote, and, based on the leverage formula in effect at the time of filing calculated that the appropriate ROE was 10.25 percent.<sup>43</sup> Based on the capital structure included in AUF's filing and the ROE leverage formula at the time of our vote in Order No. PSC-08-0846-FOF-WS, a

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<sup>41</sup> United Tel. Co. v. Mann, 403 So.2d 962, 966 (Fla. 1981).

<sup>42</sup> United Tel. Co. v. Mayo, 345 So.2d 648 (Fla. 1977).

<sup>43</sup> 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), F.S.

10.77 percent ROE would have resulted.<sup>44</sup> However, OPC thought that under the circumstances of this case, use of the ROE leverage formula was not appropriate, and offered testimony as to the appropriate ROE.

OPC witness Rothschild's recommended ROE is linked to the outcome of the appropriate capital structure to use for rate setting purposes. If we had adopted his recommendation to use the consolidated capital structure of AAI for setting rates, witness Rothschild testified the ROE should be 9.47 percent. However, if we were to use AUF's capital structure for setting rates, witness Rothschild recommended an ROE of 8.75 percent. Witness Rothschild's recommended returns were based on the results of a discounted cash flow (DCF) model and a capital asset pricing model (CAPM) analysis. His DCF analysis indicated a cost of equity between 9.28 percent and 9.71 percent. His CAPM analysis indicated a cost of equity of 8.68 percent. Based on these results, witness Rothschild recommended an ROE of 8.75 percent, if AUF's equity ratio of 62.31 percent was used.<sup>45</sup> Witness Rothschild recommended a lower ROE at the higher equity ratio to recognize the lower financial risk associated with a lower percentage of debt in the capital structure.

Witness Rothschild testified that these equity returns were appropriate, given that utilities in general are at the low end of the risk spectrum of equity investments. With the significant decline in interest rates for long-term treasuries, he believed it was time to expect equity returns in the single digits and that the time of double digit returns was over. In response to questioning on the recent disruption in the capital markets, witness Rothschild stated that with companies struggling to earn a profit, a water utility with "a reasonable opportunity to earn in the nines is a good return today." Finally, in this environment with U.S. Treasury bonds paying such a small return, he believed "an awful lot of investors would love to see a return of 9.0, 9.5 percent."

AUF witness Moul testified that witness Rothschild's recommended ROE in this proceeding "is entirely inadequate to reflect the current risk of common stocks." Witness Moul stated that witness Rothschild has failed to adequately take into account the recent volatility in the capital markets that has resulted from the current financial crisis. He further testified that "if the Commission were to adopt the proposals of Mr. Rothschild in this case, it would provide a disincentive for further investment by Aqua America in Florida operations because higher returns could be obtained in other jurisdictions."

Witness Moul testified that the DCF and CAPM approaches as applied by witness Rothschild are flawed and understate AUF's cost of equity. Witness Moul testified that the growth rate used in witness Rothschild's DCF analysis understated investors expected growth resulting in indicated returns that fail to meet investors' expectations. Witness Moul testified that an error made in the measurement of historical returns in witness Rothschild's CAPM approach resulted in an understatement of total returns for the market in today's environment.

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<sup>44</sup> Order No. PSC-08-0846-FOF-WS, issued December 31, 2008, in Docket No. 080006-WS, In re: Water and Wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

<sup>45</sup> If we had used AAI's capital structure, witness Rothschild recommended a higher ROE of 9.47 percent at the lower equity ratio of 44.03 percent to recognize the higher financial risk associated with a higher percentage of debt in the capital structure.



With the yield on A-rated public utility bonds over 7.50 percent, witness Moul believed witness Rothschild's CAPM return of 8.68 percent was not reasonable.

With the current volatility in the capital markets, witness Moul testified that an ROE based on our ROE leverage formula is conservatively low. Based on his recommended adjustments to witness Rothschild's models, witness Moul determined DCF returns of 10.86 percent to 11.17 percent and CAPM returns of 10.26 percent to 11.29 percent for the group of gas companies in witness Rothschild's proxy group. Witness Moul also testified that the rates of return established in rate setting proceedings for other AAI subsidiaries are all above the level of return recommended by witness Rothschild. The rates of return approved in these other seven states range from 10.00 percent to 12.00 percent with a weighted average ROE of 10.86 percent. The utility systems in these seven states represent approximately 93 percent of AAI's total net property, plant, and equipment. In comparison to the indicated returns for gas utilities based on witness Moul's adjustments to witness Rothschild's models, the returns recently authorized for other AAI subsidiaries, and the most recently available yield on A-rated public utility bonds, witness Moul believed witness Rothschild's recommended ROE in this proceeding understated the cost of equity of AUF.

## 2. Conclusion

Pursuant to Section 367.081(2)(a)1., F.S., we are required to fix rates which are "just, reasonable, compensatory, and not unfairly discriminatory," such that they give the utility a chance to earn a fair rate of return on its investment used and useful in the public service. Also, Section 367.111(2), F.S., states in pertinent part:

If the Commission finds that a utility has failed to provide its customers with water or wastewater service that meets the standards promulgated by the Department of Environmental Protection or the water management districts, the Commission may reduce the utility's return on equity until the standards are met.

The Courts have affirmed reductions to ROE for poor quality of service or mismanagement, as long as the reductions kept the Utility's rate of return within the fair rate of return range.<sup>46</sup>

We have previously reduced the ROE of utilities that have provided either marginal or unsatisfactory quality customer service. In Order No. PSC-96-1320-FOF-WS (Southern States Order), issued October 30, 1996, in Docket No. 950495-WS,<sup>47</sup> we imposed a 25-basis point

<sup>46</sup> See Gulf Power Company v. Wilson, 597 So. 2d 270, 271 (Fla. 1992), where Commission's reduction of utility's ROE by 50 basis points for corrupt practices was approved by the Supreme Court of Florida. See also Order No. PSC-02-0593-FOF-WS, issued April 30, 2002, in Docket No. 010503-WU, In re: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc. The Order was "Per Curiam. Affirmed" on appeal (See Aloha Utilities, Inc. v. Fla. PSC, 848 So. 2d 307 (Fla. 1st DCA 2003)). In the Aloha Order, we reduced the ROE by 100 basis points, upon finding that the quality of the utility's product and operational conditions to be satisfactory, but customer satisfaction and overall quality of service to be unsatisfactory.

<sup>47</sup> In re: Application for rate increase in service availability charges by Southern States Utilities, Inc. for Orange-Osceola Utilities, Inc. in Osceola County, and in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Highlands, Lake, Lee, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, St. Johns, St. Lucie, Volusia, and Washington counties.

reduction for marginal quality of service. See also, Order No. 17760, issued June 29, 1987, in Docket No. 850646-SU, In Re: Application of Ocean Reef Club, Inc. for increased rates for Sewer Service in Monroe County (Ocean Reef Order), where we reduced the ROE by 50-basis points for marginal quality of service. In the Southern States Order, we cited the basis for our reduction as follows:

We have noted quality problems for some of SSU's service areas, and customer dissatisfaction with customer service and information provided by the utility to customers. We have required remedial measures, quarterly reports and customer education for several specific situations. However, we find that the utility's less than satisfactory customer service also merits an adjustment in the utility's return on equity. Therefore, in addition to the corrective measures imposed upon the utility, we find it appropriate to make an adjustment to reduce the utility's return on equity by 25 basis points.

(p. 31) We find ourselves in a similar situation here with respect to the Chuluota system. In addition to the corrective measures described above in our monitoring plan, we also find there shall be a 100-basis-point reduction to ROE for the Chuluota water and wastewater systems. In addition, because of the unsatisfactory quality of service provided to the Chuluota customers, no increase whatsoever is authorized for the Chuluota systems, and these systems shall have stand-alone rates as discussed in Section XII., D. below. We believe we have authority to reduce the rate of return for mismanagement or poor service as long as the rate is within a reasonable rate of return<sup>48</sup> and the authority to deny a rate increase for poor service.<sup>49</sup> Because we find that the overall quality of service for the Chuluota water system is unsatisfactory, the ROE for the Chuluota system shall be reduced by 100 basis points to 8.75 percent which shall remain in effect until DEP closes the Consent Order and satisfactory standards are met for that system.<sup>50</sup>

Based on the facts and circumstances of this case, we are setting the midpoint of the ROE for the remaining systems at 9.75 percent, with a range of plus or minus 100 basis points. The midpoint of 9.75 percent shall be used to set rates utility wide, except for the Chuluota systems.

#### F. Weighted Average Cost of Capital

As discussed above, we adjusted the balance of accumulated deferred taxes. Also, as discussed above, we found that the appropriate cost rate for long-term debt was 5.10 percent (with no short-term debt). Finally, for ROE, we found the appropriate midpoint to be 9.75 percent. However, because of unsatisfactory service, we found that the ROE for the Chuluota

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<sup>48</sup> Gulf Power v. Wilson, 597 So.2d 270 (Fla. 1992). See also notes 20 and 21, *supra*.

<sup>49</sup> North Florida Water v. Bevis, 302 So.2d 129 (Fla. 1974).

<sup>50</sup> For The Woods water system, we initially found that the quality of service was unsatisfactory. Since that finding, we have been provided with a letter from DEP that shows the water standards for that system are now being met and the Consent Order for that system has been closed. Therefore, the ROE for The Woods shall now be set at 9.75 percent, and only the ROE for Chuluota's water system shall be reduced by 100 basis points to 8.75 percent. However, the increase for The Woods shall be subject to refund with interest if The Woods should become subject to a DEP Consent Order within 18 months of the date of this Order as discussed in Section XII., D. below.

water system shall be set at the bottom of the range, i.e., 8.75 percent. As discussed above, we shall use AUF's capital structure in lieu of using the parent company's (AAI's) capital structure.

The net effect of these adjustments is a decrease in the overall cost of capital from the 8.38 percent return requested by AUF to the return of 7.53 percent approved herein. Schedules 1-A and 1-B show the approved test year capital structure. Based upon the proper components, amounts, and cost rates associated with the capital structure for the test year ended December 31, 2007, we find the appropriate weighted average cost of capital for AUF for purposes of setting rates in this proceeding is 7.53 percent for all systems except the Chuluota water system. For this system, the appropriate overall cost of capital is 6.95 percent.

### VIII. TEST YEAR REVENUES

#### A. Adjustments to Annualized Test Year Revenues

In its filing, AUF made annualized revenue adjustments for all its systems totaling a \$989 increase adjustment for water and a \$34,624 decrease adjustment for wastewater. A review of the billing determinants shows that no adjustments to AUF's billing determinants is required. However, we have recalculated annualized revenues for each system in order to ensure there were no calculation errors by the Utility.

##### 1. Billing Determinants

The billing determinants list the number of bills rendered and number of gallons sold during the test year by customer class for each of AUF's 82 systems. The raw data for these schedules originates in AUF's billing records. MFR Schedule E-2 is an annual summarization of the number of bills and gallons sold by customer class by meter size, and together with the applicable tariffs, are used to calculate test year revenues. MFR Schedule E-3 details the number of annual bills by month, customer class and system. MFR Schedule E-14 shows the actual number of test year bills for each system rendered in 1,000-gallon increments by customer class and meter size. Because each of these schedules are based upon the same billing records, there should be little, if any, discrepancy between the numbers being reported on these schedules.<sup>51</sup>

In comparing the information in the MFR schedules originally filed, our staff discovered a systematic pattern of variation between the number of water and wastewater residential bills reported on the E-2 and E-14 Schedules versus those reported on the E-3 Schedules. Of the Utility's 82 systems, 80 of them had some form of billing determinant discrepancy, with the vast majority of customer bills being reported on MFR Schedule E-3 being greater than those reported on Schedule E-2. For the Utility's water systems, the total number of bills reported on Schedule E-3 was 5.6 percent greater than those reported on the E-2's, and 5.5 percent greater for the wastewater systems. Again, because each of these schedules should be based on the same billing records, there should be little, if any, discrepancy between the numbers being reported on these schedules.<sup>52</sup>

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<sup>51</sup> See Order No. PSC-08-0534-FOF-WS, issued August 18, 2008, in this Docket.

<sup>52</sup> Id.

To account for the aforementioned discrepancies in the calculation of interim rates, we adjusted each system's revenues for the respective percentage difference of residential bills between Schedules E-2 and E-3. With the exception of four water and wastewater systems, the customers of the remaining systems benefitted from these adjustments.<sup>53</sup> AUF subsequently revised its E-3 Schedules so that the numbers reflect the actual number of customers billed. Therefore, adjustments to the billing determinants due to discrepancies between the E-3 Schedules and actual test year billing data are no longer necessary.

A great deal of testimony was presented during the pendency of this proceeding regarding customer billing, including the practice of estimating consumption for billing purposes. AUF's customers, as well as witnesses Hicks and Dismukes, provided information regarding problems with the Utility's billing. At the 10 service hearings held throughout the Utility's service area, there were a total of 49 exhibits obtained from customers, many of which contained examples of customers' bills. Witness Hicks sponsored an exhibit providing a summary listing of customer complaints during the 2007 test year filed against AUF pursuant to Rule 25-22.032, F.A.C. Approximately 67 percent of the complaints in 2007 related to improper billing.

Exhibit 86, Schedule 7, attached to witness Dismukes' testimony, summarized some of the errors that were reflected in the billing records provided by the Utility in response to OPC's Third Request for POD No. 153. The schedule depicts revenue effects of the billing errors for the water system ranging from 2 percent to 129 percent, while the corresponding errors for the wastewater system ranged from 2 percent to 106 percent. Witness Dismukes also expressed concerns about adjustments to several systems' actual billed consumption in order to show a variance within one percent between booked and billed revenue.

Witness Prettyman disputed the content of witness Dismukes' Schedule 7. Witness Prettyman testified that witness Dismukes' analysis was flawed because she made a faulty assumption that billing errors existed because of variances between gross billed and booked revenues. Witness Prettyman testified that witness Dismukes failed to deduct credit adjustments from the gross billing data in order to get the net billing information. The net billing figure is the appropriate figure to use to reconcile to booked revenues. In addition, the Utility made adjustments or true ups during the test year which are typical in the normal course of utility business. The majority of these adjustments resulted from the interim rate refund we ordered.

Ultimately, although billing errors were made during the test year, witness Dismukes testified that: (1) the errors appear to have been corrected; and (2) she did not make an adjustment to test year revenues. Furthermore, the adjustments to billed consumption made by witness Prettyman were to the benefit of customers. Therefore, based on the foregoing discussion, we find that no adjustments to billing determinants for revenue or rates calculation purposes is necessary.

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<sup>53</sup> Id.

## 2. Calculation of Annualized Revenues

As stated above, we have recalculated annualized revenues for each system in order to ensure that there were no calculation errors by the Utility. Based on this recalculation, we find that the appropriate annualized test year revenue adjustments are those contained in AUF's filing except for Chuluota wastewater, Florida Central Commerce Park wastewater, Rosalie Oaks wastewater and Village Water wastewater. Accordingly, the test year revenues for Chuluota wastewater, Rosalie Oaks wastewater and Village Water wastewater shall be increased by \$24, \$428, and \$153, respectively, and Florida Central Commerce Park, Valencia Terrace, and Zephyr Shores wastewater shall be decreased by \$1,124, \$308, and \$661, respectively.

### B. Miscellaneous Service Revenues Adjustment

In its filing, AUF requested an increase in its miscellaneous service charges. As discussed below, we are approving an incremental increase of \$7 for initial connections, as well as, normal and violation reconnections. In addition, we are approving an incremental increase of \$12 for premises visits.

AUF asserted that miscellaneous service revenues should not be adjusted. Moreover, AUF stated that there is nothing in the record to support any adjustments. In their respective briefs, neither OPC nor the AG reflected any position on this issue.

Using the approved incremental increase to miscellaneous service charges and the historical connections, reconnections, and premises visits, we calculate an aggregated pro forma increase of miscellaneous service revenues of \$18,229. The adjustment is necessary to properly reflect the revenues the Utility is projected to receive in the test year based on the increased miscellaneous service revenues charges addressed below. As such, miscellaneous service revenues shall be increased by \$18,229 on an aggregated basis. This imputation of pro forma miscellaneous service revenues is consistent with our prior decisions.<sup>54</sup> The specific adjustments for each WAW system are reflected on their respective Schedule 4-C.

### C. Non-Utility Income

AUF witness Szczygiel stated that the marketing agreement with Home Services USA Corporation only applied to Pennsylvania customers. Additionally, witness Szczygiel stated there were no benefits derived from using any of AUF's customer lists in Florida, because Florida customer lists were not given to Home Services. OPC witness Dismukes agreed with witness Szczygiel that if the expenses were recorded below-the-line, then the revenue should be recorded below-the-line as well. The amount applicable to the AUF operations is \$9,627. Based on the record, we note that OPC and AUF agree on this issue, and we find that the revenues and expenses are properly recorded below-the-line.

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<sup>54</sup> See Order Nos. PSC-07-0130-SC-SU, p. 22, issued February 15, 2007, in Docket No. 060256-SU, In re: Application for increase in wastewater rates in Seminole County by Alafaya Utilities, Inc.; and PSC-07-0205-PAA-WS, p. 22, issued March 6, 2007, in Docket No. 060258-WS, In re: Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corp.

D. Adjustments to Remove Out-of-Period Costs

The adjustment to remove out-of-period costs was stipulated to by the parties. To remove prior period expenses, allocated expenses from AAI totaling \$12,255 are disallowed in this rate proceeding. The respective individual system adjustments are reflected on Page 26 of 50 and Page 27 of 50 in Exhibit 113 of the Direct Testimony of staff witness Winston. In addition, we have made the following adjustments:

System	Account	Adjustment	Reason for Adj.
Water Systems			
Lake Suzy	Purchased Water	(\$20,531)	Out of Period Expense
Morningview	Chemicals	(\$50)	Out of Period Expense
Wastewater Systems			
Rosalie Oaks	Contractual Services – Testing	(\$120)	Out of Period Expense
Lake Suzy	Contractual Services – Testing	(\$190)	Out of Period Expense
Lake Suzy	Rental of Building / Real Property	(\$15,833)	Out of Period Expense
Florida Central Commerce Park	Materials & Supplies	(\$302)	Out of Period Expense
Lake Suzy	Contractual Services – Other	(\$941)	Out of Period Expense
Morningview	Purchased Power	(\$73)	Out of Period Expense
Village Water	Chemicals	(\$110)	Out of Period Expense

E. Adjustments to Remove Non-Utility Expenses

In its filing, AUF included an expense of \$32,134 for certain shareholder expenses. This amount was included in Account 636, Shareholder Services Expenses in Contractual Services - Other. These shareholder services expenses were for a transfer agent, registrar, and investor communication services that included the annual stockholders' meeting, shareholders correspondence, stock certificate mailings, stock accounts maintenance, and salaries.

Audit Finding No. 12 provided a detailed explanation as to why these expenses should be disallowed and referenced the Southern States Order,<sup>55</sup> wherein we disallowed the same type of expense. However, in this case, we have found that we should not use the WAW ROE leverage formula, which includes an adjustment that compensates WAW utilities for not being publicly traded. To the extent Southern States Utilities, Inc. (SSU) was publicly traded, we found it could either use the ROE leverage formula, which included this adjustment, or get express recovery of

<sup>55</sup> See Order No. PSC-96-1320-FOF-WS, p. 82, issued October 30, 1996, in Docket No. 950495-WS.

shareholder expenses, but not both. Because we are not using the ROE leverage formula<sup>56</sup> in this case, shareholder expenses shall be allowed.

Based on Audit Finding No. 15, AUF included \$2,695 in Account 731, Contractual Services - Engineering for the year ended December 31, 2007. The amount represents a 2005 preliminary Engineering Study project for the Lake Suzy system, which was abandoned. This part of the issue has been stipulated, and the \$2,695 for Contractual Services – Engineering shall be disallowed. However, expenses of \$21,317 for shareholders services expenses shall be allowed.

#### F. Disallowance of Fines and Penalties

To correct a misclassification of fines and penalties incurred by the Utility, we approved the parties' stipulation that Miscellaneous Expense shall be reduced by \$61,736 for water and \$23,215 for wastewater. The respective individual system adjustments are reflected on page 37 of Exhibit 113 of the direct testimony of staff witness Winston.

#### G. Charges from Affiliates

OPC asserts that we should closely examine the relationship between AUF and its affiliates because in the absence of regulation, there is no assurance that affiliate transactions and allocations will not translate into unnecessarily high charges for AUF's customers. While the Utility has claimed that there are economies of scale for the 82 systems, which is discussed by both Utility witnesses Franklin and Lihvarcik, OPC believes the affiliate relationship does not show any economies of scale associated with the AUF systems being part of a larger organization. OPC witness Dismukes thought that the evidence shows that the opposite is true, i.e., there are diseconomies of scale associated with being part of the AUF family.

OPC witness Dismukes discussed diseconomies in her comparative analysis. As shown on Exhibit 86, Schedule 12, when compared to all Class A combined WAW companies that operate in the State of Florida, witness Dismukes concluded that AUF's costs are substantially higher than the average -- just the opposite of what would be expected if there were economies of scale.

According to OPC witness Dismukes, AUF's water O&M expense per ERC is \$293. Compared to the average of all Class A WAW companies of \$146, AUF's costs are more than 100 percent higher than the industry average. Of the 14 water companies depicted in Exhibit 86, Schedule 12, none have O&M costs per ERC higher than the company's costs.

The same is true with respect to the Utility's wastewater operations. O&M expenses for 2007 were \$450 per ERC compared to the average of only \$232, or 94 percent higher than average. Of the 14 wastewater companies shown, only two have higher costs per ERC than AUF.

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<sup>56</sup> See Order No. PSC-08-0846-FOF-WS, issued December 31, 2008, in Docket No. 080006-WS.

According to OPC, other comparable companies that operate under the same or similar conditions as AUF are able to operate with much lower expense levels. The comparable group used by witness Dismukes provides a wide distribution of WAW companies that operate throughout the State of Florida. In all but two instances, OPC notes that AUF operates in the same counties as the comparison group.<sup>57</sup>

OPC asserts that we should adopt the recommendations of witness Dismukes as the only credible analysis of the reasonableness of the charges from Aqua Services Inc. (ASI) and AAI to AUF. The adjustment recommended by witness Dismukes is based upon a comparison of the cost for salaries and wages, including salaries and wages of officers, benefits, and contractual services-management fees compared to other Class A WAW companies. This comparison addresses the fundamental question of whether or not the labor-related charges from ASI combined with the AUF's labor costs (both direct and allocated within AUF) exceed the going market rate when compared to comparably sized companies.

Based on witness Dismukes analysis, OPC recommends test year expenses be reduced by \$641,156 for the Utility's water operations and by \$329,646 for the Utility's wastewater operations for affiliated charges which are excessive when compared to other Class A WAW companies that operate in the State of Florida.

According to the Utility, AAI is a holding company that has a number of operating subsidiaries, including AUF. Like other utility holding companies, AAI has a service company, ASI, which provides AUF with necessary services including accounting, engineering, customer service, communications, corporate secretarial, human resources, information services, legal, purchasing, rates and regulatory, and water quality. The Utility states that the services that ASI provides to AUF are billed to AUF at cost, and argues that the record shows the costs allocated by ASI to AUF are both reasonable, necessary and below market. Furthermore, AUF states that the evidence in the record confirms that the executive compensation structure of AAI and its affiliates are at or below benchmarks compared to other utilities.

AUF contends that OPC witness Dismukes does not take issue with the methodology whereby ASI's costs are allocated to AUF, nor does she address the reasonableness and the necessity of specific affiliated charges. Furthermore, witness Dismukes does not propose any adjustments to specific affiliated charges. Rather, she recommends that we make a significant "blanket" adjustment of \$970,802 to test-year expenses for water and wastewater operations based on a general and unsupported claim that AUF's relationships with its parent AAI and ASI are not cost-effective.

According to AUF, we have rejected this type of "blanket" adjustment by witness Dismukes in Order No. PSC-93-1288-FOF-SU, issued September 9, 1993, in Docket No. 920808-SU, In Re: Application for Rate Increase by South Fort Myers Division of Florida Cities Water Company in Lee County ("We find it is inappropriate to make a reduction when the record

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<sup>57</sup> AUF operates in DeSoto and Highlands County. There are no Class A water and wastewater companies that operate in these counties.



does not support an argument that any specific [affiliate] charge is unreasonable." ).<sup>58</sup> Additionally, Florida courts have made clear that it would be improper to rely solely on witness Dismukes' "comparative analysis" to test the reasonableness and the necessity of AUF's affiliated charges. In Sunshine Utilities of Central Florida v. Florida Public Service Commission 624 So. 2d 306 (Fla. 1st DCA 1993), the First District Court of Appeal held that a comparative analysis of the salaries of other utility executives did not constitute competent, substantial evidence to support a downward adjustment to the utility president's salary in a rate case.

The Utility also argues that OPC witness Dismukes failed to:

demonstrate that the other utilities in her comparison group have 82 separate utility systems operating throughout Florida as does AUF. Furthermore, Ms. Dismukes makes no showing that her comparison group has system costs, system designs, service territories, customer demographics, or any other operating characteristics that are similar to AUF. Uncontradicted evidence in the record shows that the operations of the utilities in Ms. Dismukes' comparison group are "very different" from AUF's operations and AUF's relationship with its parent, AAI.

AUF also contends that "Ms. Dismukes' recommended adjustment to affiliated charges based on a ratio of AUF expenses to revenues" is flawed, and that:

Ms. Dismukes overlooks the fact that none of AUF's systems have received a rate increase in over 12 years. Thus, an analysis of today's costs compared to revenues established over 12 years ago is improper.

AUF argues that not only is:

OPC witness Dismukes' comparative analysis inappropriate for setting rates in this case, the schedules that witness Dismukes has attached as exhibits cannot be relied upon. Witness Dismukes' comparative analysis contains serious errors. The record shows that witness Dismukes' comparative analysis was pulled from different sources, had embedded inconsistencies, and contained mathematical errors.

Based on the record, according to the Utility, the cost allocated by ASI to AUF are both reasonable and necessary. The Utility argues that OPC's recommendation to adjust affiliated charges based on the purported cost structures of other business entities, while ignoring the actual cost of the Utility, violates fundamental principles of cost-of-service regulation and must be rejected.

It is the Utility's burden to prove that its costs are reasonable. See Florida Power Corp. v. Cresse, 413 So. 2d 1187, 1191 (Fla. 1982)(hereinafter Cresse). Additionally, In GTE Florida,

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<sup>58</sup> Order No. PSC-93-1288-FOF-SU, p. 27, issued September 7, 1993, in Docket No. 920808-SU, In Re: Application for rate increase by South Fort Myers Division of Florida Cities Water Company in Lee County.

Inc. v. Deason, 642 So. 2d 545, 548 (Fla. 1994), the Florida Supreme Court established that the standard to use in evaluating affiliate transactions is “whether those transactions exceed the going market rate or are otherwise inherently unfair.”

In order to determine the reasonableness of AUF’s affiliate transactions, our staff performed an audit of the affiliate transactions for the test year 2007 in accordance with Commission audit procedures. During the audit, our staff obtained and reviewed the total expenses allocated to the individual systems from AAI and AUF. Total AAI and AUF allocation expenses allocated to the individual systems were traced to the general ledgers. Our staff reviewed and recalculated the allocated expenses from AAI and AUF, and sampled allocated expenses for the proper amount, period, classification, and whether the expense was utility-related, non-recurring, unreasonable and/or imprudent. There was nothing found in the audit to suggest that the affiliate charges were unreasonable or imprudent.

Additionally, we do not believe that OPC witness Dismukes’ methodology for her recommended adjustments is appropriate. Although AUF is considered a Class A utility, we note that it is actually a collection of many different widely dispersed systems, most of which would be considered class C utilities if on a stand-alone basis. The comparison group proposed by witness Dismukes does not take this into account and inaccurately compares AUF to Class A single systems. We find that the comparison analysis proposed by witness Dismukes does not provide an appropriate basis to warrant an adjustment being made.

In summary, based on our staff’s audit and our review of the record, we find that no adjustment is needed for charges from affiliates.

#### H. Relocation Expenses

We approved the parties’ stipulation that relocation expenses shall be reduced by \$14,228 to normalize the test year expense level.

#### I. Advertising Expense

The Utility included \$1,050 in advertising expenses in the test year. AUF did not respond to OPC Interrogatory 44, which requested a breakdown of advertising and marketing expenses included in the test year and previous four years.

OPC witness Dismukes testified that the \$1,050 advertising expense was used as image enhancement and goodwill. OPC further notes that we have disallowed all image enhancing advertising in the past. Pursuant to Order No. 24049,<sup>59</sup> we stated in pertinent part:

We agree with OPC that institutional or image advertising benefits the non-regulated portions of the business to a greater extent than the regulated operations and that the UTLD compensating payment is for benefits already funded by the

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<sup>59</sup> Order No. 24049, issued January 31, 1991, in Docket Nos. 891231-TL and 891239-TL, In Re: Petition of the Citizens of the State of Florida to permanently reduce the authorized ROE of United Telephone Company of Florida.

ratepayers. We will continue our policy of excluding institutional or image advertising from the cost of service.

The advertisement in question appeared in the Florida Insider magazine. It states, in part:

Investing now in water quality . . . before the well runs dry. . . . Aqua Utilities Florida is an investor-owned water and wastewater company whose business depends on sustainable water resources. Our capital spending for pumps, pipes, wells and treatment plants totaled approximately \$30 million between 2005 and 2007 – and we'll continue to invest in Florida's future in 2008.

AUF witness Szczygiel disagrees with OPC witness Dismukes' analysis of the message, testifying instead that: "While I believe that advertisement references AUF as an investor-owned company, I think it is important for AUF to distinguish itself from prior owners and educate AUF consumers of the capital it is investing in the state." Szczygiel also testified that the advertisement also references the importance of protecting water as a resource.

We agree with witness Dismukes' assessment of the image-enhancing nature of the advertisement. The advertisement is meant to impress upon consumers that AUF is an environmentally-conscious utility and a superior one; therefore, the consumer should invest in AUF. Clearly, the nature of the advertisement is to enhance the Utility's image.

Therefore, consistent with our past practice, the image enhancing advertising expenses of \$691<sup>60</sup> included in the test year shall be disallowed.

#### J. Lobbying Expenses

AUF incurred \$39,387 for charges from Mr. George Lane and Cynergy. In response to OPC Interrogatory 217, the Utility stated the following:

AUF answers that George Lane was previously registered as a lobbyist until December 31, 2005, at which time he had five registered clients, one of which was AUF. George Lane has not been registered as a lobbyist since January 1, 2006.

George Lane was a rural marketing consultant and a media management specialist for AUF with more than 40 years experience with the Florida news media. His role had been to provide input on media articles, customer letters, managing situations where news media is involved and recommending newspaper outlets for AUF to place required regulation notices.

With Mr. Lane's knowledge of Florida, he provided background information on cities, towns and counties in which AUF would like to purchase water or wastewater systems. At times he would set up meetings with various department

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<sup>60</sup> The \$691 figure represents the jurisdictional amount included in the MFRs. When applying the jurisdictional percentage of 65.847 percent to the total amount of \$1,050, it yields the jurisdictional amount of \$691.

heads, or administrators to discuss these potential acquisitions. With his contacts throughout the state, Mr. Lane would facilitate a meeting if a community, developer, or builder required water or wastewater utility services.

AUF ceased to utilize the services of George Lane in mid 2007.

Cynergy currently provides legislative services for AUF. This includes monitoring and advising AUF of any pending or potential legislative actions and/or issues related to the water and wastewater industry either on the state or local level. Cynergy also participates in customer relation issues when requested.

(emphasis supplied by AUF)

OPC witness Dismukes testified that the charges from Mr. Lane and Cynergy are related to lobbying efforts and/or acquisition efforts both of which are not allowed by this Commission. According to witness Dismukes' Revised Schedule 29 attached to her testimony, the Utility recorded these costs as advertising expenses. Witness Dismukes asserted that we do not allow lobbying charges to be recovered from ratepayers as such efforts are for the benefit of stockholders, not ratepayers. With regard to Mr. Lane's recommendations about newspaper outlets for regulation notices, OPC argues that there is no reason this could not have been handled by AUF employees, as was apparently done during part of 2007 and will be in the future, because Mr. Lane left AUF's employ in mid-2007.

AUF witness Szczygiel testified that Mr. Lane's recommendations about newspaper outlets for regulation notices are normal business operations. With regard to Mr. Lane's help in purchasing water and wastewater systems, witness Szczygiel contended that acquiring WAW facilities is beneficial for ratepayers and, therefore, this expense is reasonable. In its brief, the Utility agreed with witness Dismukes' adjustment to remove charges it incurred from Cynergy; however, AUF argued that her adjustment is overstated because it removed non-jurisdictional amounts that were never included in the Utility's MFRs.

The burden of proof in ratemaking cases in which a utility seeks an increase in rates rests on the utility. See South Fla. Natural Gas Co. v Pub. Serv. Comm'n, 534 So. 2d 695, 697 (Fla. 1988)(hereinafter South Fla. Natural Gas); Cresse, 413 So. 2d at 1191; Sunshine Utilities, 577 So. 2d at 666.

As discussed above, all parties agree that the charges incurred by AUF from Cynergy should be removed. Also, because it is our practice to disallow acquisition costs,<sup>61</sup> all time spent by Mr. Lane on acquisition efforts shall be disallowed. We find that the Utility has not met its burden of proof as to the jurisdictional nature of the systems acquired with the assistance of Mr. Lane. Further, AUF has not provided documentation to support the time the Utility alleges Mr.

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<sup>61</sup> See Order Nos. PSC-03-0602-PAA-SU, issued May 13, 2003, in Docket No. 020409-SU, In re: Application for rate increase in Charlotte County by Utilities, Inc. of Sandalhaven; PSC-98-0524-FOF-SU, issued April 16, 1998, in Docket No. 971065-SU, In re: Application for a rate increase in Pinellas County by Mid-County Services, Inc.; and PSC-93-1713-FOF-SU, issued November 30, 1993, in Docket No. 921293-SU, In re: Application for a rate increase in Pinellas County by Mid-County Services, Inc.

Lane spent on recommending newspaper outlets for regulation notices. However, Ms. Dismukes' adjustment is overstated because the lobbying charges the Utility incurred from Cynergy is for both jurisdictional and non-jurisdictional systems. Based on the above, O&M expenses shall be reduced by \$32,632. Our adjustments for each jurisdictional system are reflected on the respective Schedule 4-C.

#### K. Executive Risk Insurance

During the test year, ASI, an AUF sister service company, incurred \$522,702 in insurance for its executives. In response to OPC Interrogatory 37, the Utility stated that its directors and officers liability insurance contains two types of coverage. The first reimburses AAI when it is legally obligated to indemnify corporate directors and officers for their acts and the second provides direct coverage to directors and officers when AAI is not legally obligated to indemnify them. In its response to OPC Interrogatory 36, AUF stated that no customer has ever filed a claim against a director or officer of the Utility.

OPC witness Dismukes testified that the stockholders should bear these costs because this insurance protects directors from financial losses that they might incur for wrong doing and any claim would most likely come from shareholders or employees. Witness Dismukes recommended that test year expenses should be reduced by \$12,399.

AUF witness Szczygiel testified that this insurance coverage provides a fund from which to pay claims covered under the policy, rather than having claims paid out of the general assets of the company. Witness Szczygiel asserted that, depending on the size and nature of a claim, absent an insurance policy, the Utility could face financial impairment. Such impairment could impact the Utility's ability to continue its business, which in turn, could potentially harm the ratepayers. In addition, witness Szczygiel contended that if there was no protection for individuals who serve as directors and officers of a company from such claims, it would be difficult, if not impossible, to retain qualified people to serve in that capacity.

It is our practice to remove director or officer liability insurance because it has no primary benefit to the ratepayers.<sup>62</sup> We agree with OPC witness Dismukes that AUF shall reduce its total expenses by \$12,399; however, only \$8,164 of that amount relates to the Utility's jurisdictional systems. Therefore, consistent with our practice, AUF's test year expenses shall be reduced by \$8,164 for its jurisdictional systems. Our adjustments for each jurisdictional system are reflected on the respective Schedule 4-C.

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<sup>62</sup> See Order Nos. PSC-07-0505-SC-WS, p. 44, issued June 13, 2007, in Docket No. 060253-WS, In re: Application for increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida; PSC-03-1440-FOF-WS, p. 84, issued December 22, 2003, in Docket No. 020071-WS, In re: Application for rate increase in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida; and PSC-99-1912-FOF-SU, pp. 20-22, issued September 27, 1999, in Docket No. 971065-SU, In re: Application for rate increase in Pinellas County by Mid-County Services, Inc.

L. Contractual Services – Other and Contractual Services – Testing

As shown on Exhibit 170, the Utility agrees to the following audit adjustments. These adjustments have already been stipulated pursuant to Order No. PSC-08-0807-PHO-WS and approved by us at the hearing:

- Consistent with AUF's response to Audit Finding No. 17, Contractual Services-Other shall be reduced by \$11,841 for Village Water. See Order No. PSC-08-0807-PHO-WS, page 54.
- Consistent with AUF's response to Audit Finding No. 11, Contractual Services-Other shall be reduced by \$4,986 for Imperial Mobile Terrace. This amount has been stipulated. See Order No. PSC-08-0807-PHO-WS, page 54.
- Consistent with AUF's response to Audit Finding No. 10, Contractual Services-Other shall be reduced by \$10,065 for all systems. This amount has been stipulated. See Order No. PSC-08-0807-PHO-WS, page 53.
- Consistent with AUF's response to Audit Finding No. 16, Contractual Services-Testing shall be reduced by \$120 for Rosalie Oaks and by \$190 for Lake Suzy. See Order No. PSC-08-0807-PHO-WS, page 53.

In addition, the record shows that AUF agrees to the following adjustments recommended by OPC:

- The amortization of Fuel for Purchased Power shall be reduced by \$355 for additional fuel needed because of a tank leak. The Utility agreed with this reduction.
- Pursuant to stipulation, legal expenses for Jasmine Lakes was incorrectly booked to the Village water system in the amount of \$25,572, and shall be removed from that system.
- With the reclassification noted immediately above, the parties stipulated that the 5-year amortization of the Jasmine Lakes legal expenses shall increase expenses for that system by \$5,142.

Additionally, OPC contends that the following further adjustments need to be made:

- Leisure Lakes Water expenses should be reduced by \$2,348 for repairs and maintenance expenses that occurred during the test year that are not recurring. OPC witness Dismukes testified that the Utility deferred and amortized such expenses for several systems in 2005. However during the test year, the Utility expensed similar repair costs all in one year. Therefore, the repairs and maintenance expenses should be amortized over three years to normalize the costs consistent with the Utility's treatment of similar repairs.

- Florida Central Commerce Wastewater test year expenses should be reduced by \$11,447 due to several abnormal expenses in the test year, including a large pond clean-up, repairs, grounds and pond maintenance, major maintenance for a pump, and lift station cleaning.
- Jungle Den test year water expenses should be reduced by \$1,000 for the repair of a water pipe. Wastewater expenses should be reduced by \$840 for lift station maintenance and cleaning. Both of these expenses are not normal recurring expenses and therefore should be amortized over three years.
- Sunny Hills Wastewater test year expenses should be reduced by \$1,575 in connection with a cleaning/pumping of the chlorine contact chamber of the sewer plant, as it is not a recurring expense.
- During the test year the company included expenses associated with deferred maintenance that will be fully amortized by the end of the pro forma test year or should be amortized over a longer period of time. OPC witness Dismukes recommends that test year expenses be reduced by \$22,978 to reflect the fact that 14 projects will be fully amortized before year-end 2008, and for nine other projects, the company's amortization period was too short.
- For Contractual Services -- Testing expenses, witness Dismukes testified that adjustments to the following systems should be made because test year expenses were abnormal compared to the 2005-07 three-year average: Fern Terrace Water \$474; Grand Terrace Water \$832; Jasmine Lakes Wastewater \$3,071; Lake Gibson Wastewater \$182; Pomona Park Water \$1,677; River Grove Water \$434; and Zephyr Shores Water \$1,437.

AUF contends that OPC witness Dismukes' adjustments to expenses which she claims to be "abnormal" or "non-recurring" compared to prior years are inappropriate. In its brief, AUF argues:

Testimony in the record however shows that these expenses are not abnormal; in fact, many are budgeted annually by AUF at its various systems. (TR. 1564.) Moreover, close review of the record reveals that OPC witness Dismukes has only conducted a "normalization" adjustment for those test year expenses which she deems abnormally high. She fails to make corresponding "normalization" adjustments when test year expenses are abnormally lower than those of prior years. The Commission has rejected Ms. Dismukes "heads I win, tails you lose" approach to normalization in prior rate cases. *See* Order No. PSC-93-1288-FOF-SW (the Commission specifically found that "Ms. Dismukes' adjustment should be rejected on the basis that you can't choose just one expense account to normalize and ignore the rest."). There is no valid reason for the Commission to accept that selective approach now.

The Utility further opposes OPC's proposed removal of deferred maintenance projects from test year expenses which OPC claims have been improperly amortized. AUF asserts that such claims are not supported by the record, and are refuted by AUF witness Szczygiel. The Utility states, that consistent with our practice, AUF amortizes deferral of maintenance projects to match project expense over the period of expected project benefits. For example, the record shows that permit renewals are amortized over the life of the permit based on the issuance date. Although permit renewal expenses may be incurred prior to permit issuance, those expenses are not amortized until the permit is actually issued. This is because it is not until the permit is issued that the duration and full cost of the permit is realized, and thus proper amortization can begin. Additionally, the record shows that tank inspections that are required by DEP every five years are amortized over five years. The Utility argues that the fact that some of the inspection cost may be fully amortized in 2008 does not warrant an adjustment to expenses. Exhibit 154 shows that there are numerous other tank inspections that will be required for other systems throughout the state. The record also shows that AUF will incur similar expenses in subsequent years.

AUF also asserts that OPC's claims for additional adjustments are without merit. For example, OPC witness Dismukes recommends adjustments based on what she claims to be "abnormal" testing expenses for Fern Terrace, Grand Terrace, Jasmine Lakes, Lake Gibson, Pomona Park, River Grove, and Zephyr Shores. The Utility states that these claims were refuted by AUF witness Szczygiel and that the record shows that these testing expenses are not abnormal. Instead, they are reasonable recurring costs that the Utility has incurred and will continue to incur in order to comply with DEP requirements and respond to normally occurring weather events.

Upon review of the record, all adjustments agreed to by the Utility shall be made. However, we find that the further adjustments recommended by OPC are inappropriate as the costs incurred by AUF are recurring and reasonable.

#### M. Purchased Power Expenses

Witness Dismukes believes AUF's flushing was unusually high for several systems, which has increased purchased power and chemical expenses. Dismukes' methodology compared the amount of flows with the level of flushing. The years examined were 2005, 2006, and the 2007 test-year. Witness Dismukes developed her recommendation by dividing the test year chemical and purchased power expenses by test-year flows to arrive at a chemical cost per gallon. In addition, she estimated the normal level of flushing, by averaging flushing of either the most recent two years or most recent three years. Further, the difference between the estimated normal level of flushing and test year flushing was multiplied by the chemical expense per gallon to arrive at an adjustment amount for each system. The total of witness Dismukes' recommended adjustment using the aforementioned methodology is a reduction of \$2,388, which includes \$1,993 for purchased power expenses.

Dismukes' second recommendation is to the Lake Josephine system. Rehabilitation work was performed at the Lake Josephine system, causing the system to be temporarily offline. After the work was completed, the Lake Josephine system was brought back online, and correlating



line flushing contributed to increased purchased power expenses. Dismukes recommends that we reduce test-year expenses by \$3,795 to recognize the higher level of expense included in the test year relative to a more normal level. The sum total of purchase power expense witness Dismukes is recommending is \$5,788.

AUF attributes any extraordinary increases in flushing to water quality treatment procedures that are necessary to maintain regulatory compliance with DEP requirements. AUF believes witness Dismukes' recommended adjustment would punish the Utility for remaining in compliance with regulatory rules. Witness Lihvarcik addressed the abnormal flushing issue raised by witness Dismukes in his rebuttal testimony. He stated in part:

For most of the systems that she has picked, the service lines are in an aged condition and prone to breaks. These systems require routine flushing to maintain water quality and chlorine residuals throughout the system and I would not characterize the flushing as high. In addition, some of the systems have dead end lines which require routine flushing to maintain chlorine residuals and water quality.

AUF contends all increases in flushing are needed in order to comply with DEP regulations, and no adjustment is needed for purchased power expenses.

Operation and Maintenance of Public Water Systems, Rule 62-555.350(2), F.A.C., states in pertinent part: "Dead-end water mains conveying finished drinking water shall be flushed quarterly or in accordance with a written flushing program established by the supplier of water; additionally, dead-end or other water mains conveying finished water shall be flushed as necessary whenever legitimate water quality complaints are received." Further, Rule 62-555.350(6), F.A.C., states in pertinent part: "If at any time the residual disinfectant concentration in any portion of a distribution system falls below the required minimum level, the supplier of water shall increase the disinfectant dose as necessary and flush said portion of the distribution system until the residual disinfectant concentration is restored to the required minimum level." Consequently, we find AUF's explanation for increased flushing is justifiable.

An examination of the table filed with witness Dismukes' testimony shows that the information is skewed. Consistency cannot be accomplished by using a two-year average for some systems and using a three-year average for other systems. Also, flow information was not provided for the Palms Mobile Home Park system; thus, an accurate calculation cannot be made. Portions of the flushing information were not provided in witness Dismukes' table for Picciola Island, Skycrest, and Tomoka/Twin Rivers' systems. Accordingly, we find witness Dismukes' recommended adjustment of \$5,788 to purchased power expenses is inappropriate, and no adjustment shall be made.

#### N. Sludge Hauling Expenses

In her direct testimony, OPC witness Dismukes recommended a reduction in sludge hauling expenses for Sunny Hills in the amount of \$350. Witness Dismukes asserts that the cleaning/pumping of the chlorine contact chamber at the sewer plant is not a normal recurring expense, and should be normalized for ratemaking purposes.

AUF states that no adjustment is necessary or appropriate and AUF's sludge hauling expenses are supported in the record.

We agree with witness Dismukes that the expense incurred for Sunny Hills for cleaning/pumping of the chlorine contract chamber at the sewer plant should be normalized, and, therefore, the expense shall be reduced by \$350.

O. Maintenance Expenses and Materials and Supplies Expenses

OPC witness Dismukes noted two adjustments related to expense accounts that had significant increases over the prior year without sufficient explanation from the Utility. These adjustments result in reductions to Materials and Supplies in the amount of \$197 for the Oakwood water system, and \$172 for the Imperial Mobile Terrace water system. Witness Dismukes cited in her testimony a portion of AUF's response to OPC Interrogatory 179:

Materials & supplies are purchased on an 'as needed' basis. These are items needed in the daily operations and maintenance of the systems that are not capital. Unexpected repairs and maintenance can make this account more variable than other more predictable expense items.

OPC recommends that Materials and Supplies be reduced by \$197 for the Oakwood water system, and by \$172 for the Imperial Mobile Terrace water system.

OPC is also recommending that the test year Materials and Supplies expense be reduced for the Imperial Mobile Terrace water system by the unamortized balance of an expense incurred for a hand evacuation of a 2-inch water main and the installation of gate valves with valve boxes and pads. The total amount of this expense was \$4,986, which OPC recommends be amortized over a three-year period. In witness Dismukes testimony, she also cited a portion of the Utility's response to OPC POD Request 214 relating to the Utility's policy regarding the appropriate amortization period for O&M repairs: "The Company practice for O&M type costs is to amortize them over a maximum of 3 years, as repairs or replacements are likely to recur beyond that length of time." Applying AUF's stated policy would result in a reduction to Materials and Supplies expense of \$3,324.

Further, the Utility included a \$408 expense associated with the updating of the O&M manual for the Jungle Den's wastewater system which will be fully amortized by the end of the test year. However, OPC recommends that these expenses be amortized over a three-year period and that test year expenses be reduced by \$136 for the Jungle Den wastewater system.

After careful consideration and analysis of the recommended adjustments put forth by OPC, and the lack of any specific rebuttal by AUF, we find that the Utility has not met its burden of proof in including several of these expenses in the Materials and Supplies Expense. It is the Utility's burden to prove that its costs are reasonable. See Cresse, 413 So. 2d at 1191.

We also agree with OPC that \$197 and \$172 shall be removed from Materials and Supplies Expense for the Oakwood water and Imperial Mobile Terrace water systems,

respectively. In addition, the \$408 charge associated with the updating of the O&M manual for the Jungle Dens wastewater system shall be amortized. However, the appropriate amortization period for the non-recurring maintenance expense is five years, not the three-year period used by witness Dismukes in her adjustment. Rule 25-30.433(8), F.A.C., states in pertinent part, "non-recurring expenses shall be amortized over a five (5) year period unless a shorter or longer period of time can be justified." We find that the Utility did not meet its burden of proof to use an amortization period less than five years. The result of using a five-year amortization period is a reduction of \$3,989 for Imperial Mobile Terrace and a reduction of \$326 for Jungle Den. As such, the Materials and Supplies Expense shall be reduced by a total of \$4,684 ( $197 + 172 + 3,989 + 326$ ).

#### P. Fuel for Power Production Expenses

OPC witness Dismukes believes that adjustments to several systems should be made for fuel purchased for the Utility's hurricane preparedness program and a tank leak.

##### 1. Hurricane Preparedness Program

Witness Dismukes testified that AUF purchased and installed generators at several of its treatment plants as part of its hurricane preparedness program. In the Utility's response to OPC's discovery, AUF stated in pertinent part:

That as part of its hurricane preparedness program, the utility purchased and installed generators for its treatment plants. These purchases were to provide a back-up power source for these plants during times of power outages due to adverse weather conditions. The increased costs were due to the need to purchase fuel for the back-up generators. There was no capacity for an old generator. There are no cost reductions associated with the installation of the new generator.

(Emphasis added by AUF) Because we typically require that costs associated with hurricanes be amortized over four years, witness Dismukes recommended that incremental fuel associated with these generators should be amortized over four years for the following systems: 48 Estates, Chuluota, Friendly Center, Grand Terrace, Haines Creek, Hobby Hills, Holiday Haven, Lake Josephine, Lake Suzy, Leisure Lakes, Ocala Oaks, Picciola Island, Rosalie Oaks, The Woods, Sebring Lakes, South Seas, Summit Chase, and Sunny Hills.

AUF witness Szczygiel testified that witness Dismukes overlooked several important facts. First, the variance for these systems occurred for the purchase of fuel for generators that did not exist previously. Second, as a part of its hurricane preparedness program, fuel had to be purchased in order to test the generators by starting and running them. These tests are commonly performed during DEP and/or Department of Health inspections. Third, these generators are also used during emergency situations, in the event of power failure. Moreover, witness Szczygiel asserted that witness Dismukes was referring to our past practice of amortizing hurricane damage and repairs over a 4-year period, which does not apply here.

AUF witness Lihvarcik testified that the generators cannot merely be stored, unused, but must be started and tested. Witness Lihvarcik stated that in addition to hurricanes, Florida has numerous thunderstorms which produce lightning and may trigger use of these generators throughout the year. Fuel purchases are necessary for running the generators and for testing them periodically. In support of his position, witness Lihvarcik cited to DEP Rule 62-555.350(2), F.A.C., which states in pertinent part:

Suppliers of water shall keep all necessary public water system components in operation and shall maintain such components in good operating condition so the components function as intended. Preventive maintenance on electrical or mechanical equipment - including exercising of auxiliary power sources, checking the calibration of finished-drinking-water meters at treatment plants, testing of air or pressure relief valves for hydropneumatic tanks, and exercising of isolation valves - shall be performed in accordance with the equipment manufacturer's recommendations or in accordance with a written preventive maintenance program established by the supplier of water; however, in no case shall auxiliary power sources be run under load less frequently than monthly.

(Emphasis in original) Witness Lihvarcik testified that to disallow the fuel expense would unnecessarily penalize the Utility's efforts to comply with DEP standards and rules.

We agree with AUF witnesses Szczygiel and Lihvarcik, and find no adjustments are necessary for the additional fuel purchased for the new generators. In so finding, we note that "[i]t is the PSC's prerogative to evaluate the testimony of competing experts and accord whatever weight to the conflicting opinions it deems necessary." See Gulf Power Co. v. Florida Pub. Serv. Commission, 453 So. 2d 799, 805 (Fla. 1984). Therefore, no adjustments are necessary for the additional fuel purchased associated with the new generators.

## 2. Tank Leak

Witness Dismukes recommended that the Utility's test-year fuel for power production expenses for its Ravenswood water system be reduced because of additional fuel required due to a tank leak and for the repair of the leak. Using a three-year amortization period, witness Dismukes asserted that fuel for power production expenses should be reduced by \$355 for the Ravenswood water system. AUF witness Szczygiel agreed with witness Dismukes' adjustment for amortization of fuel due to the tank leak. Thus, fuel for power production expenses shall be reduced by \$355 for the Ravenswood water system.

## 3. Conclusion

Based on the above, fuel for power production expenses shall be reduced by \$355 for the Utility's Ravenswood water system in order to amortize fuel related to the repair of a tank leak over a three-year period. No further adjustments shall be made for fuel purchased to test generators purchased and installed as part of AUF's hurricane preparedness program.

Q. Chemical Expenses

OPC witness Dismukes' testimony shows that the amount of flushing that occurred during the test year in several instances was more than double the prior years and in a number of cases was more than 10 times greater than prior years. Witness Dismukes' recommendation amortizes the additional costs associated with this abnormal event over three years. OPC asserts that for all systems where witness Dismukes recommends an adjustment for excessive line flushing, the Utility provided no rebuttal testimony, and we should reduce chemical expenses.

AUF states that the record is devoid of evidence that it has engaged in abnormal flushing activities. AUF further states that, to the contrary, testimony clearly demonstrates that flushing activities are an accepted water quality treatment protocol that is necessary in order to maintain regulatory compliance with DEP requirements. AUF asserts that the adjustments recommended by OPC would, in effect, penalize its efforts to address regulatory compliance.

As discussed above, AUF believes OPC witness Dismukes' recommended adjustment would punish the Utility for complying with regulatory rules. Utility witness Lihvarcik addressed the abnormal flushing issue raised by witness Dismukes in his rebuttal testimony. Witness Lihvarcik stated in pertinent part:

For most of the systems that she has picked, the service lines are in an aged condition and prone to breaks. These systems require routine flushing to maintain water quality and chlorine residuals throughout the system and I would not characterize the flushing as high. In addition, some of the systems have dead end lines which require routine flushing to maintain chlorine residuals and water quality.

As stated above, a review of OPC witness Dismukes' testimony shows that the information is skewed. Consistency cannot be accomplished by using a two-year average for some systems and using a three-year average for other systems. As such, we find that witness Dismukes' recommended adjustment of \$395 to chemical expenses is inappropriate, and no adjustment is necessary.

R. Legal Expenses

We approved the parties' stipulation that legal expenses incorrectly booked to Village Water in the amount of \$25,572 shall be removed. These expenses shall be charged to Jasmine Lakes; however, the amount shall be amortized over five years. Therefore, Jasmine Lakes' legal expenses shall be increased by \$5,142.

S. Salaries and Wages

1. Corporate Development and Acquisitions

OPC witness Dismukes recommends excluding the Utility wages and benefits of Mr. Carl Smith in the amount of \$93,541, and the charges allocated by ASI for Mr. Kropilak of \$3,953, from test-period expenses. This is because their job descriptions indicate that the functions they

perform are not normal utility functions, but are instead associated with acquisition efforts. In response to OPC Interrogatory 19, the Utility provided the following job descriptions:

Carl Smith, Director of Corporate Development at Aqua Utilities Florida, Inc. is responsible for the acquisition of water and wastewater systems at Aqua Utilities Florida, Inc. Carl also acts as AUF's Tapping Agent and coordinates main extensions for areas outside the company's service territory. Additionally, Carl is responsible for working with developers on new satellite systems in Florida.

Mark Kropilak, Senior Vice President-Corporate Development, is an employee of Aqua Services, Inc. Mark is responsible for reviewing potential acquisitions in all states to determine if the acquisition is an appropriate fit for the company. . . . Mark also provides assistance in structuring deals and preparing the necessary documentation.

Witness Dismukes stated that the 26 systems or companies that AAI acquired in 2006 resulted in additional revenue of \$9.6 million of which \$7.9 million is attributable to non-regulated acquisitions. Witness Dismukes also stated that in 2007, AAI acquired 27 systems, of which six were in Florida and that, in total, these acquisitions result in additional revenue to AAI of \$27.9 million. Witness Dismukes testified that we disallowed the costs associated with the personnel that were responsible for acquisitions in Docket No. 950495-WS, which involved many of the same WAW systems that are part of AUF.

Witness Szczygiel testified that witness Dismukes reasoning is flawed and overlooks the customer benefits to be derived from acquisitions. He stated that witness Dismukes recognizes in her testimony that acquisitions allow utility costs to be spread over a greater customer base and that she advocates the addition of newly acquired customers to AUF's customer count that should be accounted for in AUF's next rate case. Witness Szczygiel testified that the Corporate Development position is actively involved with other non-acquisition related dockets at the Commission. He explained that the position works with our staff on customer complaints throughout the year, and has worked with the Bureau Chief of rate cases, as well as the supervisor of certification. Witness Szczygiel stated that Mr. Smith's timesheets for the test year ended 2007, indicated that approximately 76 percent of his work hours were spent on matters other than acquisitions and corporate development.

Based on the above, we find that 24 percent (100 percent less 76 percent) of Mr. Smith's \$93,541 salary and benefits, or \$14,783 (after further applying a jurisdictional percentage of 65.847) shall be removed from test year expenses. Also, \$3,953 of Mr. Kropilak's salary allocated from ASI to AUF shall be removed from test year expenses. These charges relate to acquisition and corporate development activity which shall be recorded below-the-line and have been disallowed by us in past proceedings as referenced above. Also, the associated payroll taxes for Mr. Smith and Mr. Kropilak of \$1,433 shall be removed from test year expenses.

## 2. Meter Readers

Witness Dismukes stated that AUF had seven employees responsible for meter reading. She stated that according to AUF, upon conversion to radio frequency (RF) meters, only two employees will be responsible for obtaining meter readings, and the remaining five employees will spend their time performing maintenance work, answering customer service calls, and responding to daily calls. Witness Dismukes stated the Utility intends to only use two meter readers in the future, but made no adjustment to reflect the cost savings resulting from the other five meter readers that it will no longer use. In the absence of a demonstration by the Utility that the five displaced meter readers will be efficiently absorbed in other positions, Witness Dismukes recommended that we reduce test year expenses by the \$55,813 associated with these five meter readers.

Witness Griffin testified that AUF made a decision to aggressively replace all of the aging meters with new RF meters. He stated that this decision was made not only to address its customers' concerns, but to ensure efficient and accurate meter readings. Witness Griffin testified that the other five employees will be able to address any maintenance issues that may not have been previously addressed, and it will further reduce operating costs since these issues will now be resolved by AUF employees instead of outside contractors.

Based on the record, we believe there will be savings associated with the new RF meters. According to the Utility's filing, AUF did not make any reductions to contractual services expenses as a result of the reassignment of the meter readers to address maintenance issues. It is the Utility's burden to prove that its requested expenses are reasonable. See Cresse, 413 So. 2d at 1191. Because AUF failed to recognize any reduction in contractual services expenses, we find that test year expenses for the five meter readers of \$36,751 (\$55,813 times the jurisdictional percentage of 65.847) shall be removed in order to reflect the cost savings associated with the installation of the new RF meters. Accordingly, a corresponding adjustment shall be made to reduce payroll taxes by \$2,811.

## 3. South Seas Contract Operator

Witness Szczygiel testified that in January 2008, AUF entered into a new contract for plant operations oversight at its South Seas wastewater treatment plant. Witness Szczygiel agreed that the adjustment to increase the expenses for a new operator at South Seas amounted to \$102,276. He explained that the South Seas operations are rather remote relative to the other operations, and it was felt that it was the best decision to hire a contractor to oversee that plant. Witness Szczygiel testified that the test year expenses were reallocated to another system but was not sure which system these expenses were reallocated to.

OPC believes we should remove \$39,514 from South Seas associated with the employee that is no longer providing services to South Seas. OPC states that it is clear from the testimony of witness Szczygiel that no adjustment was made to test year expenses to remove these salaries, wages, and benefits from South Seas.

Witness Szczygiel testified that he was not sure where the expenses related to the employee no longer providing service was allocated. He stated that he had no adjustment that would show the allocation of these expenses. Because the Utility did not carry its burden of proof, we find that \$39,514 plus related payroll taxes of \$3,023 shall be removed from test year expenses to reflect that these expenses are no longer being incurred by South Seas.

#### 4. Prior Period Adjustment

Based on our approval of the parties' stipulation, Employee Pension and Benefits related to prior period expenses allocated to AUF from AAI in the amount of \$1,540 shall be removed.

#### 5. Conclusion

Based on the above, 24 percent (100 percent less 76 percent) related to Mr. Smith's \$93,541 salary and benefits of \$14,783 (after further applying a jurisdictional percentage of 65.847) and \$3,953 of Mr. Kropilak's salary allocated from AUF shall be removed from test year expenses along with the related payroll taxes of \$1,433. These charges relate to acquisition and corporate development activity which shall be recorded below-the-line and have been disallowed by us in past proceedings. An adjustment to remove test year expenses related to five meter reader salaries and benefits of \$36,751 and related payroll taxes of \$2,811 to recognize the savings being realized by the installation of new RF meters shall be made. Finally, an adjustment to remove test year expenses that are being replaced by a new contract operator for South Seas of \$39,514 and related payroll taxes of \$3,023 shall be made. The total salaries and wages adjustment removing test year expenses is \$95,001, with \$40,654 related to water and \$54,347 related to wastewater. The corresponding adjustment to payroll taxes is \$3,110 for water and \$4,158 for wastewater.

#### T. Miscellaneous Expenses

In its brief and Order No. PSC-08-0807-PHO-WS (Prehearing Order), p. 31, OPC stated: "[c]onsistent with Staff Audit Findings 10 and 14, miscellaneous expenses should be reduced by \$24 and \$1,345, respectively." Also, in the Prehearing Order, p. 32, OPC stated the \$1,345 adjustment for unamortized debt issuance costs was addressed in the issue addressing unamortized debt issuing costs. In addition, we approved the stipulation whereby the \$24 adjustment mentioned above was included in the \$12,255 adjustment. As such, no further adjustments to miscellaneous expenses are necessary.

#### U. Bad Debt Expense

In its filing, AUF reflected historical test year bad debt expense of \$136,011 for the Utility's jurisdictional systems. AUF also requested a pro forma increase in bad debt expense of \$123,681 due to the Utility's proposed rate increase. This represents a total requested jurisdictional bad debt expense of \$259,692.

OPC witness Dismukes testified that the Utility experienced an abnormally high bad debt expense during the test year. Witness Dismukes believes a couple of factors contributed to



AUF's test-year bad debt expense. First, she stated that AAI's 2007 Annual Report disclosed that during certain periods in 2007, collection efforts were temporarily discontinued in some of its divisions in connection with the installation of a new billing system which resulted in higher bad debt expense. Second, witness Dismukes contended that the Utility experienced significant billing problems associated with the change in the billing system and the installation of new meters, which in turn, led to higher bad debt expense during the test year.

In an effort to normalize bad debt expense, witness Dismukes compared the ratio of bad debt to revenues of AUF to a group of 12 Class A WAW utilities. Witness Dismukes adjusted the Utility's bad debt expense by the difference in the bad debt to revenue ratio of her comparison group with AUF's individual system ratios, which represented a reduction of \$106,049 on a total jurisdictional basis. Witness Dismukes asserted that her comparison approach is consistent with our decision in *St. George Island Utility Company, Ltd.'s 1994 rate case*, Docket No. 940109-WU, wherein that utility's bad debt expense was compared to that experienced by other Class B utilities.<sup>63</sup>

AUF witness Szczygiel testified that the Utility has an established practice in place for terminating service of customers for non-payment and assigning the accounts to collection agencies. Witness Szczygiel asserted that AUF's accounting policy calls for bad debt expense to be set at the sum of all accounts written in a year plus the change in open accounts receivable greater than 90 days multiplied by 70 percent. In rebutting witness Dismukes' testimony regarding the temporary discontinuance of collection efforts in some AAI divisions, witness Szczygiel stated that those divisions were in states other than Florida. Witness Szczygiel testified that the collection activities in Florida were suspended in the last quarter of 2006; however, all collections processes were back in place by January 2007.

Witness Szczygiel disagreed with the use of witness Dismukes' comparison group because her analysis lacked support on the bad debt policies and business practices for those Class A companies. In its brief, AUF asserted that it is our practice to use a three-year or four-year average to test the reasonableness of a utility's bad debt expense for ratemaking purposes. Witness Szczygiel stated that the Utility's three-year and four-year averages of bad debt percentages, on total jurisdictional basis, were 1.8 percent and 2.6 percent, respectively.

The burden of proof in ratemaking cases in which a utility seeks an increase in rates rests on the utility. See South Fla. Natural Gas, 534 So. 2d at 697; Cresse, 413 So. 2d at 1191; Sunshine Utilities, 577 So. 2d at 666. With regard to AUF's pro forma bad debt expenses resulting from the Utility's proposed rate increase, we agree that bad debt expense could increase as a result of an approved rate increase. However, we find that AUF failed to satisfy its burden of proof that its requested pro forma bad debt expenses are reasonable. First, other than providing testimony to rebut witness Dismukes' recommended bad debt expense adjustment, the Utility failed to provide specific support for its assertion that the test year bad debt expense level would rise as a result of a rate increase. Second, witness Szczygiel testified that all Florida collection activities have been in place during the 2007 test year. Third, in accordance with its

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<sup>63</sup>See Order No. PSC-94-1383-FOF-WU, pp. 44-45, issued November 14, 1994, in Docket No. 940109-WU, In Re: Petition for interim and permanent rate increase in Franklin County by St. George Island Utility Company, Ltd.

approved tariffs, the Utility has approved customer deposits for all of its jurisdictional systems. Fourth, pursuant to Rule 25-30.311(7), F.A.C., a utility may require, upon reasonable written notice of not less than 30 days, an additional deposit, in order to secure payment of current bills. However, the total amount of the required deposit should not exceed an amount equal to the average actual charge for water and/or wastewater service for two billing periods for the 12-month period immediately prior to the date of notice.

Not only is collecting a customer deposit to recover this two-month period of service consistent with our past practice, it is also consistent with one of the fundamental principals of ratemaking, which is ensuring that the costs of providing service is recovered from the cost causer.<sup>64</sup> If utilities do not adequately collect deposits to cover the cost of providing service, the result would be an increase in its bad debt expense. Ultimately, the appropriate amount of bad debt expense is included in the Utility's revenue requirement, and is, therefore, included in the service rates charged to the general body of ratepayers. As such, we believe proper oversight of aging accounts receivable by AUF, coupled with a sufficient level of customer deposits, would mitigate a possible rise in bad debt expense resulting from a rate increase in this proceeding.

We have used comparison groups in the past to determine the appropriate level of bad debt expense for ratemaking purposes. In one case, the 1994 rate case for St. George Island Utility Company, Ltd., which witness Dismukes cited in her testimony,<sup>65</sup> witness Dismukes testified to our use of a comparison of other Class B utilities to establish an appropriate level of bad debt expense. Another case was a 1991 rate case by Florida Cities Water Company in which a comparison group of similar Class A utilities was used.<sup>66</sup>

However, we disagree with the use of the comparison group that witness Dismukes developed in this instant case. First, in the 1991 rate case by Florida Cities Water Company, the Class A utilities in the comparison group were similar. With respect to the current case, the utilities in witness Dismukes' comparison group are located in nine counties: Broward, Lake, Lee, Marion, Martin, Orange, Pasco, Pinellas, and Seminole Counties. We believe that there are varying socioeconomic factors, such as the cost of living, that might affect the bad debt expense of a given utility. For instance, the cost of living in Washington County would be significantly lower than Broward County, a county associated with Ms. Dismukes' comparison group, but not one of AUF's jurisdictional counties. When selecting the utilities in her comparison group, witness Dismukes admitted that she did not consider any socioeconomic factors for the comparison group customer bases, nor the customer bases of AUF's jurisdictional system customer bases.

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<sup>64</sup> See Order Nos. PSC-07-0813-TRF-WU, p. 3, issued October 10, 2007, in Docket No. 070366-WU, In re: Application to amend water tariff to allow collection of customer deposits by O&S Water Company, Inc.; and PSC-07-0789-PAA-SU, p. 19, issued September 27, 2007, in Docket No. 070074-SU, In re: Application for staff-assisted rate case in Okeechobee County by The Vantage Development Corporation.

<sup>65</sup> See Order No. PSC-94-1383-FOF-WU, pp. 44-45, issued November 14, 1994, in Docket No. 940109-WU, In Re: Petition for interim and permanent rate increase in Franklin County by St. George Island Utility Company, Ltd.

<sup>66</sup> See Order No. PSC-92-0811-FOF-WS, p. 14, issued August 12, 1992, in Docket No. 911194-WS, In re: Application for a rate increase in Collier County by FLORIDA CITIES WATER COMPANY, Golden Gate Division.

Second, with the exception of Utilities, Inc. of Florida (UIF), the remaining utilities in Ms. Dismukes' comparison group are located in a single county; whereas, UIF has water and/or wastewater systems located in five counties. Based on the water and wastewater revenue requirements approved in its 2006 rate case,<sup>67</sup> UIF's combined systems consisted of four Class C utilities and four Class B utilities. Unlike UIF's 50/50 split between Class B and C utilities, AUF's combined jurisdictional systems equate to 62 Class C utilities, 18 Class B utilities, and two Class A utilities. It is important to note that AUF only has two Class A utilities.

It is our practice to use a three-year or four-year average to test the reasonableness of a utility's bad debt expense for ratemaking purposes.<sup>68</sup> Based on our staff's search of our orders since 1992, we have set bad debt expense using the three-year average in three electric cases,<sup>69</sup> two gas cases,<sup>70</sup> and one water and wastewater case.<sup>71</sup> We have set bad debt expense using the four-year average in one electric case,<sup>72</sup> three gas cases,<sup>73</sup> and one water and wastewater case.<sup>74</sup> Also, we have set bad debt expense using the five-year average in one gas rate case.<sup>75</sup>

We find that witness Szczygiel's calculated 3-year and 4-year averages of bad debt percentages, on a total jurisdictional basis, of 1.8 percent and 2.6 percent, respectively, shall not be used to compare the reasonableness of the bad debt expense levels of the Utility's individual WAW systems. First, consistent with our decision in the 2006 UIF rate case, we find that AUF's individual system averages shall be used to determine their respective bad debt expense levels for ratemaking purposes. Second, the Utility's total jurisdictional bad debt ratios in 2004

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<sup>67</sup> See Order No. PSC-07-0505-SC-WS, pp. 89, 90, 97, 104, 105, 112, 119, and 120, issued June 13, 2007, in Docket No. 060253-WS, In re: Application for increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.

<sup>68</sup> See Order No. PSC-04-1110-PAA-GU, p. 22, issued November 8, 2004, in Docket No. 040216-GU, In re: Application for rate increase by Florida Public Utilities Company.

<sup>69</sup> See Order Nos. PSC-94-0170-FOF-EI, p. 20, issued February 10, 1994, in Docket No. 930400-EI, In Re: Application for a Rate Increase for Marianna electric operations by Florida Public Utilities Company; PSC-93-0165-FOF-EI, pp. 69-70, issued February 2, 1993, in Docket No. 920324-EI, In Re: application for a rate increase by Tampa Electric Company; and PSC-92-1197-FOF-EI, p. 48, issued October 22, 1992, in Docket No. 910890-EI, In Re: Petition for a rate increase by Florida Power Corporation.

<sup>70</sup> See Order Nos. PSC-92-0924-FOF-GU, p. 6, issued September 3, 1992, in Docket No. 911150-GU, In re: Application for a rate increase by PEOPLES GAS SYSTEM, Inc.; and PSC-92-0580-FOF-GU, pp. 30-31, issued June 29, 1992, in Docket No. 910778-GU, In Re: Petition for a rate increase by West Florida Natural Gas Company.

<sup>71</sup> See Order No. PSC-07-0505-SC-WS, pp. 41-42, issued June 13, 2007, in Docket No. 060253-WS, In re: Application for increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.

<sup>72</sup> See Order No. PSC-08-0327-FOF-EI, pp. 59-60, issued May 19, 2008, in Docket No. 070304-EI, In re: Petition for rate increase by Florida Public Utilities Company.

<sup>73</sup> See Order Nos. PSC-04-0128-PAA-GU, pp. 34-35, issued February 9, 2004, in Docket No. 030569-GU, In re: Application for rate increase by City Gas Company of Florida; PSC-01-0316-PAA-GU, p. 20, issued October 27, 2003, in Docket No. 030569-GU, In re: Application for rate increase by City Gas Company of Florida; and PSC-03-0038-FOF-GU, p. 8, issued January 6, 2003, in Docket No. 020384-GU, In re: Petition for rate increase by Peoples Gas System.

<sup>74</sup> See Order No. PSC-04-0820-PAA-WS, p. 13, issued August 23, 2004, in Docket No. 030444-WS, In re: Application for rate increase in Bay County by Bayside Utility Services, Inc.

<sup>75</sup> See Order No. PSC-04-1110-PAA-GU, p.22, issued November 8, 2004, in Docket No. 040216-GU, In re: Application for rate increase by Florida Public Utilities Company. (In this case, the Commission deviated from the use of a three-year or four-year average because the five-year average resulted in a more reasonable test year bad debt expense level.)

through 2007 were 4.76 percent, 1.33 percent, 2.47 percent, and 1.62 percent, respectively. Because the great disparity between the 2004 ratio and the ratios for 2005 through 2007, we find that the individual three-year averages shall be used to determine the bad debt expenses for each system.

Consistent with our practice and using the individual 3-year averages for each jurisdictional system, we calculate a total jurisdictional bad debt expense of \$99,205. Therefore, AUF's total requested bad debt expense of \$259,692 shall be reduced by \$160,487. Our adjustments for each jurisdictional system are reflected on the respective Schedule 4-C.

#### V. Unamortized Debt Issuing Costs

OPC witness Dismukes agrees with Audit Finding No. 14 that states the standby letters of credit expenses were used to obtain various loans for the Utility. AUF disagrees with the audit analysis. AUF states that the letters of credit are not debt and the fees charged on them should not be classified as debt issuance costs. Based on the information contained in the record, we agree with AUF that standby letters of credit shall not be considered debt issuance costs and thus the amounts shall be properly recorded in account 675 - Miscellaneous Expenses.

#### W. Appropriate Rate Case Expense

##### 1. Aqua's Argument

AUF initially submitted in their MFRs \$1,364,000 in rate case expense, for an annual amortization expense of \$341,000. After the hearing, AUF updated their actual and estimated rate case expense and submitted it in Late-Filed Exhibits 195 and 217. In its update, AUF requested a total rate case expense of \$1,782,586. This results in an increase of \$418,586 to the initial amount in the MFRs. Based on the Utility's requested rate case increase, the four-year amortization test year rate case expense would be \$445,647, increasing the MFRs amortization amount by \$104,647.

AUF believes that the increase in rate case expense was primarily due to two driving factors: having 82 separate systems involved with the current rate case, and the considerable amount of time required to respond to the massive number of discovery requests propounded by OPC. The Utility estimates that no less than 1,561 interrogatories and 625 requests for PODs were propounded by OPC in this case. AUF goes on to state that although the Prehearing Officer granted OPC's request to expand its discovery, the Prehearing Officer also specifically warned of increased rate case expense. AUF notes that in response to OPC's rate case expense schedule, AUF has included downward adjustments associated with costs for the prior rate case as well as costs associated with deficiencies. AUF concludes that the Utility's substitution of counsel, protocol regarding discovery, ROE issues, witness substitution, preparation of required billing analysis, and outside counsel hourly rates are appropriate and necessary expenses incurred for preparing and supporting this rate case. AUF asserts that they should be entitled to recover in rates the entire \$1,782,586 as set forth in Late-Filed Exhibits 195 and 217.

## 2. OPC's Argument

OPC notes that in response to witness Dismukes testimony, AUF has removed \$75,667 in legal and consulting fees that were deemed to be unreasonable. OPC states that although AUF had agreed to remove \$34,416 related to MFR deficiencies, the Utility failed to identify and remove all costs associated with responding to our staff's noted deficiencies. OPC identified additional costs associated with responding to MFR deficiencies totaling \$45,954, which OPC believes should further reduce rate case expense.

OPC also states that all costs associated with the Utility bringing unnecessary employees to the service hearings should also be disallowed. OPC cites that the expenses associated with the billing analysis performed by witness Prettyman are a result of the Utility's past billing problems and thus should not be borne by the ratepayers. OPC recommends a reduction in the amount of \$67,950 to rate case expense as a result of the billing analysis that could have been handled in-house. This adjustment was derived from the total number of hours billed, times the difference in the hourly rates of witness Prettyman and the average hourly cost had the analysis been conducted by AUF employees, i.e. \$175 per hour versus \$100 per hour. OPC also identifies \$6,984 in expenses incurred by the law firm Holland & Knight, LLC (H&K) pertaining to the production of hard copies of documents that OPC had requested be submitted electronically. OPC also notes \$10,785 in legal expenses related to Lake Suzy ownership matters that should be disallowed.

OPC additionally states that though AUF had agreed to remove \$5,072 from rate case expense, the Utility failed to identify and remove all costs associated with Mr. Rendell's involvement with this rate case. OPC asserts that an additional reduction of \$3,565 should be made based on invoices contained in the Utility's rate case expense update. OPC has also identified \$2,353 in legal expenses pertaining to the Law firm H&K monitoring and possible intervention in our separate leverage formula proceeding that should be disallowed. OPC also identifies \$160 in legal fees associated with the substitution of counsel, which OPC believes should be borne by the Utility and not the ratepayers. Lastly, OPC notes that the Utility has included considerable estimated hours to complete the case; OPC has found these estimations to be unreasonable and has recommended the following disallowances: (1) \$8,200 for Mr. Ward, as his hours were budgeted at 242 to complete the case and OPC believes that, given his role in the proceeding, 160 is more reasonable; (2) \$12,800 for Mr. Pasceri who estimated 240 hours and OPC believes 80 hours is more reasonable; (3) \$13,200 for Mr. Griffin who budgeted 252 hours and OPC believes 120 is more reasonable; and (4) \$9,520 for DTF Solutions, which budgeted 199 hours and OPC believes 80 hours is more reasonable.

OPC's disallowances total \$181,381 above and beyond the \$75,667 agreed to by AUF. OPC also asks us to consider this to be a minimum disallowance as not all of OPC's disallowance recommendations have been quantified. Finally, OPC recommends that we only pass on 50 percent of the total rate case expense to the customers, and the remaining 50 percent be borne by the shareholders. OPC witness Dismukes testified in part:

Customers do not directly benefit from a rate case and are not the party asking for rates to be increased. AQUA is the party asking for rates to be increased.

Furthermore, the beneficiary of increased rates is predominately the company's stockholders. A primary motivation for filing a rate increase is to increase shareholder wealth.

OPC continues on to state that other jurisdictions practice sharing rate case expense between the ratepayers and the shareholders. OPC recommends that we adopt the recommendation of witness Dismukes and allow a maximum rate case expense of \$798,602.

### 3. Analysis

AUF included in its MFRs, an estimate of \$1,364,000 for current rate case expense. Our staff requested an update of the actual rate case expense incurred, with supporting documentation, as well as the estimated amount to complete the case. On December 24, 2008, the Utility submitted a revised estimate of rate case expense of \$1,778,586, representing the amount necessary to complete the case. However, the tabulation of the projected future billing from ASI provided in the lead table of Late-Filed Exhibit 195 appears to be incorrect. The \$42,036 total shown in the summary table appears to be understated by \$4,000 compared to the summation of the projected future bills shown in the detailed table of the exhibit. The components of the corrected estimated rate case expense are as follows:

	MFR		Additional	Revised
	<u>Estimated</u>	<u>Actual</u>	<u>Estimated</u>	<u>Total</u>
Legal – Rutledge/Holland & Knight	\$275,000	\$223,159	\$103,820	\$326,978
Consultants – Ward, Pasceri, Guastella & Assoc., AUS, Griffin, Moul, DTF Solutions, Inc.	709,000	750,355	97,512	847,867
Service Company	190,000	228,174	46,036	274,210
Other	190,000	310,805	22,726	333,531
Total Rate Case Expense	<u>\$1,364,000</u>	<u>\$1,546,909</u>	<u>\$270,094</u>	<u>\$1,782,586</u>

In Late-Filed Exhibit 195, AUF made several adjustments to rate case expense based upon the proposed reductions and disallowances put forth by OPC in Late-Filed Exhibit 194. These include the removal of expenses from the consultants as follows: (1) legal services relating to deficiencies in the amount of \$10,545; (2) Timothy P. Ward relating to deficiencies in the amount of \$900; (3) Ronald J. Pasceri relating to deficiencies in the amount of \$3,200; (4) Guastella & Associates (Guastella) relating to deficiencies in the amount of \$2,535; (5) AUS Consultants relating to deficiencies in the amount of \$10,500; (6) DTF Solutions relating to deficiencies in the amount of \$4,496; as well as (7) a \$2,240 reduction for ASI employee Brian Devine regarding deficiencies.

Pursuant to Section 367.081(7), F.S., we must determine the reasonableness of rate case expenses and shall disallow all rate case expenses determined to be unreasonable. Also, it is the Utility's burden to justify its requested costs. See Cresse, 413 So. 2d at 1191. Further, we have broad discretion with respect to allowance of rate case expense; however, it would constitute an

abuse of discretion to automatically award rate case expense without reference to the prudence of the costs incurred in the rate case proceedings. See Meadowbrook Util. Sys., Inc. v. Fla. Pub. Serv. Comm'n, 518 So. 2d 326, 327 (Fla. 1st DCA 1987). As such, we have examined the requested actual expenses, supporting documentation, and estimated expenses as listed above for the current rate case. Based on our review, we find several adjustments are necessary to the revised rate case expense estimate.

a. Legal

Initially, AUF included in its MFRs, \$275,000 in rate case expense associated with Rutledge, Ecenia, Purnell & Hoffman, P.A. (Rutledge), the law firm formerly representing AUF. Based on review of invoices, we find several adjustments shall be made to Rutledge's actual costs.

For the first adjustment concerning Rutledge, we note that the firm listed 0.50 hours as time spent on the draft notice of substitution of counsel. These costs shall not be borne by the ratepayers and, \$160 shall be removed from rate case expense. In addition, Rutledge spent approximately 2.1 hours on matters relating to a deficient test year letter, and, \$645 shall be removed from rate case expense. Also, Rutledge spent approximately 1.9 hours responding to customer concerns regarding the participation of Troy Rendell in the current rate case. We find that all costs associated with Mr. Rendell's involvement shall be disallowed. As a result, \$608 shall be removed from rate case expense. The ratepayers shall not have to bear any of the above noted costs, and legal costs associated with Rutledge shall be reduced by \$1,413.

Second, AUF included in its MFRs \$275,000 in rate case expense associated with H&K, the law firm currently representing AUF in this rate case. On December 24, 2008, the Utility submitted an update of actual and estimated rate case expense of \$326,978 in Late-Filed Exhibits 195 & 217. Based on review of the invoices, several adjustments shall be made to H&K's actual costs. In the updated rate case expense, Late-Filed Exhibit 195, H&K included in its expenses, costs associated with Lake Suzy totaling approximately 21.5 hours resulting in \$6,225 that shall be removed from rate case expense. H&K also included approximately 21.6 hours resulting in \$7,481 that was related to issues arising from the involvement of Troy Rendell in the current rate case that shall be removed. In addition, approximately 13.3 hours were recorded by H&K related to MFR deficiencies resulting in \$4,557 in expenses that shall be removed from rate case expense. H&K also included approximately four hours for matters pertaining to the annual establishment of ROE for WAW utilities, addressed in Docket No. 080006-WS, resulting in \$1,341 that shall be removed from rate case expense. Also, there was approximately 1.5 and 1.6 hours related to the substitution of witnesses and of counsel, respectively, resulting in \$255 and \$584 in expenses that shall be removed from rate case expense. H&K also included approximately 0.7 hours for Extranet training, which resulted in \$98 of rate case expense that shall be removed as it is unclear why this cost should be borne by the ratepayers. H&K's invoices also included approximately 9.5 hours relating to other activities including the preparation of supplemental materials and time spent working with Extranet that result in \$1,587 that should not be borne by the ratepayers. Finally, two of the invoices submitted by H&K were incomplete, leaving \$3,881 and \$23,662 worth of rate case expense unaccounted for. Rate case expense shall be reduced by \$27,543 to remove these two expenses. Thus, in light of the

\$10,545 reduction made by the Utility in regards to responding to deficiencies, a further reduction of \$39,126 shall be made, resulting in a net reduction to legal costs of \$49,671.

Finally, we believe that the Utility's estimated legal costs of \$103,820 are excessive. H&K did not provide a detailed breakdown of the activities or duties to be performed in the 395 future projected hours, nor any time allocations. Taking the average monthly hours reported by H&K (889 hours/7 months = 127 hours/month) and carrying that forward for a reasonable duration for this rate case of three months, we find that a reduction of 14.0 hours billed at \$365 per hour, totaling \$5,110 shall be removed from rate case expense. Also, H&K indicated that among their other duties they are to prepare post-hearing pleadings. Because it is not known whether the Utility will file a post-hearing pleading, such as a motion for reconsideration of the Final Order or an appeal, it is premature to include this cost in rate case expense. It has been our practice not to include the allowance of cost estimates for reconsideration or appeals in rate case expense.<sup>76</sup> Because a post-hearing pleading is considered a possibility, not a certainty, rate case expense shall be reduced by 80 hours, which is consistent with our prior practice. This results in a reduction of rate case expense of \$29,200 (80 x \$365/hr). If a post-hearing pleading is filed, a determination will be made at a later time, upon request, as to the reasonableness of the amounts requested and whether inclusion of those amounts are appropriate.

#### b. Consultants

Based on review of the rate case expense support documentation provided by AUF, we find several adjustments are necessary for the numerous consultants that were retained by the Utility.

First, AUF included \$150,000 in its MFRs for accounting services provided by Ronald J. Pasceri. In Late-Filed Exhibits 195 and 217, the Utility submitted an update of actual and estimated rate case expense of \$145,728. Based on review of the invoices, we find that the \$3,200 AUF removed from rate case expense pertaining to deficiency responses is insufficient and that a total of \$5,364 shall be removed from rate case expense as it related to responding to deficiencies, for an additional reduction of \$2,164 (\$5,364 - \$3,200 = \$2,164). Further, we find that the Utility's estimated accounting costs of \$19,219 are excessive and unwarranted. The Utility provided no detailed breakdown of Mr. Pasceri's projected future involvement in this rate case. It appears that much, if not all, of Mr. Pasceri's duties have already been performed based on comments recorded in the MFRs. As such, \$19,219 shall be removed from rate case expense. Thus, for the above-noted reductions, rate case expense shall be reduced by \$21,383.

Second, AUF included \$120,000 for engineering services provided by witness Guastella. In Late-Filed Exhibits 195 and 217, the Utility submitted an update of actual and estimated rate case expense of \$169,175. Based on review of the invoices, we find that the \$2,535 removed from rate case expense, pertaining to deficiency responses, is insufficient, and a total of \$13,815 shall be removed from rate case expense as it related to responding to deficiencies. This equates

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<sup>76</sup> See Order No. PSC-01-0326-FOF-SU, issued February 6, 2001, in Docket No. 991643-SU, In re: Application for increase in wastewater rates in Seven Springs System in Pasco County by Aloha Utilities, Inc., and Order No. PSC-09-0057-FOF-SU, issued January 27, 2009, in Docket No. 070293-SU, In re: Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.



to an additional reduction of \$11,280 ( $\$13,815 - \$2,535 = \$11,280$ ). Mr. Guastella charged the Utility 936.3 hours at an average hourly rate of \$180 an hour. A review of several past rate proceedings shows that we generally have accepted hourly rates for engineers ranging from \$75 to \$140 per hour. Therefore, we find that Mr. Guastella's hourly rate is excessive. While AUF's decision to retain Mr. Guastella for his expertise is reasonable, it does not automatically follow that the customers should have to bear the full costs for his services. Because Mr. Guastella's hourly rate is high compared to other engineering and rate consultants who practice before us, we have previously reduced Mr. Guastella's hourly rate (See Order No. PSC-97-1225-FOF-WU, issued October 10, 1997, in Docket No. 970164-WU; and Order No. PSC-01-0327-PAA-WU, issued February 6, 2001, in Docket No. 000295-WU). We find that an hourly rate of \$140 equal to engineering consultant Mr. Seidman's rate shall be allowed. Based on the 936.3 hours charged by Mr. Guastella, this results in a decrease to engineering fees of \$37,135 ( $\$140 \times 936.3$ ). The same \$140 hourly rate shall be applied to the estimated future rate case expense indicated in Late-Filed Exhibit 195, which we find to be prudent, resulting in a further reduction to rate case expense of \$980. Thus, rate case expense shall be reduced by \$49,395 ( $\$11,280 + \$37,135 + \$980$ ) for the engineering services provided by Guastella.

Third, AUF included \$164,000 for consulting services provided by AUS Consultants (AUS). In Late-Filed Exhibits 195 and 217, the Utility submitted an update of actual and estimated rate case expense of \$165,264. Based on review of the invoices, we find that the \$10,500 removed from rate case expense pertaining to deficiency responses is insufficient. In addition to the \$10,500 removed for deficiency responses, \$4,638 shall also be removed for an invoice not included in Late-Filed Exhibit 217. Thus, rate case expense shall be reduced by \$4,638.

Fourth, AUF included \$0 for consulting services provided by Paul Moul (Moul). In Late-Filed Exhibits 195 and 217, the Utility submitted an update of actual and estimated rate case expense of \$21,000. Based on review of the invoices, we find that the entire \$13,515 of stated rate case expense for Moul's services shall be removed from rate case expense because the invoice is not included in Late-Filed Exhibit 217. In addition, without any supporting documentation of the duties already performed, nor any detailed estimate of future services to be provided, we find that the \$7,485 of estimated future rate case expense shall also be removed. Thus, rate case expense shall be reduced by \$21,000.

Finally, AUF included \$30,000 for consulting services provided by DTF Solutions (DTF). In Late-Filed Exhibits 195 and 217, the Utility submitted an update of actual and estimated rate case expense of \$70,504. Based on review of the invoices, we find that the \$4,496 removed from rate case expense pertaining to deficiency responses is insufficient, and a total of \$6,196 shall be removed from rate case expense as it relates to responding to deficiencies, for an additional reduction of \$1,700 ( $\$6,196 - \$4,496 = \$1,700$ ). Further, we find that the Utility's estimated consulting costs of \$15,958 are excessive and unwarranted. The last work performed by DTF was in October of 2008. The Utility provided no detailed breakdown of DTF's projected future involvement in this rate case. It appears that much, if not all, of DTF's duties have already been performed based on the duties reflected in the MFRs. As such, \$15,958 shall be removed from rate case expense. Thus, rate case expense shall be reduced by \$17,658.

c. ASI

First, AUF included \$190,000 in Utility time for ASI assistance in the rate case. Then, in Late-Filed Exhibits 195 and 217, the Utility submitted an up-to-date actual and estimated rate case expense of \$276,450 consisting of an actual amount of \$230,414 and an estimate of remaining costs of \$46,036. Also, in Late-Filed Exhibits 195 and 217, the Utility removed \$2,240 of rate case expense related to responding to deficiencies. After reviewing the timesheets provided by the Utility in Exhibit 171, as well as the Late-Filed Exhibit 217, we find that further adjustments are needed. The following ASI employees have rate case expense associated with hours worked that is not supported by the timesheets provided by the Utility: (1) J.R. Daubert 16 hours at \$47 per hour totaling \$752; (2) Brian Devine 48 hours at \$40 per hour totaling \$1,920; (3) Kelly Burns 50 hours at \$38 per hour totaling \$1,900; (4) Kim Joyce 115 hours at \$80 per hour totaling \$9,200; (5) David Shank 2 hours at \$72 per hour totaling \$144; and (6) Chad Nardelli approximately 61 hours at \$49 per hour totaling \$3,012. It is our practice to rely on time records to support Utility time spent on rate case matters.<sup>77</sup> As such, rate case expense shall be reduced by \$16,928.

In addition, after reviewing Late-Filed Exhibits 195 and 217, we find the Utility's updated amount of estimated future expense for ASI needs to be adjusted. No detailed description or breakdown was provided for any of the ASI employees' future services. We believe that some of the estimates of future expense are not reasonable and they shall therefore be adjusted. We have adjusted the amount of hours based on the average monthly hours that have been incurred for each employee and applied to the estimated future duration of this rate case. These adjustments are as follows: (1) Kelly Burns - reasonable estimate to complete the case is approximately 40.9 hours at \$38 per hour versus the 50.0 hours estimated by the Utility resulting in an adjustment of approximately 9.1 hours and a reduction of \$345; (2) Mary Hopper - reasonable estimate to complete is approximately 116.7 hours at \$78 per hour versus the 250.0 hours estimated by the Utility, resulting in an adjustment of approximately 133.3 hours and a reduction of \$10,395; (3) Kim Joyce - reasonable estimate to complete is approximately 106.6 hours at \$80 per hour versus the 250.0 hours estimated by the Utility, resulting in an adjustment of approximately 143.4 hours and a reduction of \$11,469; and (4) the complete removal of all \$988 of estimated future expense for Paul Moul as there is no support documentation of any kind for his involvement in this rate case. As such, rate case expense shall be reduced by \$23,198.

d. Other

The Utility originally filed in its MFRs \$190,000 for Other rate case expenses. Then, in Late-Filed Exhibits 195 and 217, the Utility submitted an up-to-date actual and estimated rate case expense of \$333,531 consisting of an actual amount of \$310,805 and an estimate for remaining costs of \$22,726. After reviewing the invoices, we find that adjustments shall be made. In Late-Filed Exhibit 195, the Utility recorded \$30,929 for Travel & Florida

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<sup>77</sup> See Order Nos. PSC-07-0130-SC-SU, p. 31, issued February 15, 2007, in Docket No. 060256-SU, In re: Application for increase in wastewater rates in Seminole County by Alafaya Utilities, Inc.; and PSC-07-0205-PAA-WS, p. 27, issued March 6, 2007, in Docket No. 060258-WS, In re: Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corp.

Meetings/Hearings; however, no documentation providing a detailed description of these expenses has been provided. Moreover, it would appear that any travel expenses have been subsumed into the invoices for Legal, Consultants, and ASI. As such, all \$30,929 shall be disallowed. Also, \$9,005 has been recorded as "Other expenses." No documentation providing a detailed description of these expenses has been provided. As such, the full \$9,005 shall be disallowed. Based on the above, rate case expense of \$39,934 shall be disallowed.

In addition, after reviewing the Late-Filed Exhibits 195 and 217, the Utility's updated amount of estimated future expense for "Other" needs to be adjusted. The Utility estimated future Travel & Florida Meetings/Hearings in the amount of \$9,071; however, the only documentation that has been provided to support this is an itemized summary of credit card charges made by Timothy Ward relating to the Florida hearing totaling \$1,070. As such, the estimated Travel & Florida Meetings/Hearings shall be reduced by \$8,001 ( $\$9,071 - \$1,070 = \$8,001$ ). Also, \$3,995 has been estimated for future "Other" expenses. Because there is no detailed description of what these charges represent, nor any indication as to how the Utility arrived at this estimate, the entire \$3,995 shall be disallowed. Based on these two adjustments, "Other" rate case expense shall be reduced by an additional \$11,996.

#### 4. Summary

In summary, rate case expense shall be decreased by \$280,977 for all of the aforementioned unsupported and unreasonable rate case expense. The appropriate total rate case expense is \$1,501,609. Our breakdown of rate case expense is as follows:

Expenses by Category	MFR Estimated	Utility Revised Actual & Estimated	Commission Adjustment	Allowed Total
Legal – Rutledge/Holland & Knight	\$275,000	\$326,978	(\$74,849)	\$252,130
Consultants – Ward, Pasceri, Guastella & Assoc., AUS, Griffin, Moul, DTF Solutions, inc.	709,000	847,867	(114,073)	733,794
ASI - Service Company	190,000	274,210	(40,126)	234,084
Other	190,000	333,531	(51,930)	281,601
Total Rate Case Expense	<u>\$1,364,000</u>	<u>\$1,782,586</u>	<u>(\$280,977)</u>	<u>\$1,501,609</u>
Annual Amortization Amounts	<u>\$341,000</u>	<u>\$445,647</u>	<u>(\$70,244)</u>	<u>\$375,402</u>

Therefore, rate case expense shall be increased by \$34,402 over the MFR requested amount of \$341,000. Based on a four-year amortization period, the total annual rate case amortization is \$375,402.

#### X. Normalization Adjustments

There are several normalization issues that have been brought forth by staff witness Dobiac and OPC witness Dismukes including: (1) a land lease for the Lake Suzy wastewater

system, (2) payroll taxes, (3) the Service Company's headcount, (4) AUF customer operations cost, (5) old billing system supported by Severn Trent, (6) wage increases, and (7) related Federal Insurance Contributions Act (FICA) tax adjustments.

### 1. Lake Suzy Land Lease

In Audit Finding No. 18, staff witness Dobiac disclosed that AUF entered into a settlement agreement with the prior owner of Lake Suzy, Mr. Dallas Shepard, regarding the wastewater land. As part of the settlement, AUF sold Mr. Shepard 5.97 acres for \$100,000. The settlement agreement required AUF to pay retroactive rent payments of \$15,833 for the period, June 2005 through December 2006, and annual rent payments of \$10,000 for calendar year 2007. As part of the sale, the Utility incurred legal and other costs of \$33,649. The net proceeds from the sale were \$66,352 (\$100,000 - \$33,649). Witness Dobiac also indicated that the Utility valued the land at \$173,434 at the time of the sale and calculated a loss of \$107,083 (\$173,434 - \$66,352). AUF is amortizing this loss over twenty-five years. However, witness Dobiac asserted that the net proceeds should be compared to the value included in rate base in Docket No. 960799-WS,<sup>78</sup> and recommends the recording of the gain on the sale, in Account 414, in the amount of \$3,934 (\$66,352 - \$62,381). In addition, witness Dobiac recommends the gain on the sale and the amortization expense be removed and amortized over the same twenty-five year period, resulting in the removal of \$157 in amortized gain calculated as follows:

Gross Proceeds from Sale of 5.97 acres	\$100,000
Less: Legal Expenses from Sale	(33,649)
Net Proceeds from Sale	<u>\$66,352</u>
The net proceeds from the sale	\$66,352
The amount included in rate base for the sale	<u>(62,381)</u>
Gain to be booked to Account 414	<u>\$3,934</u>
The gain is amortized over 25-year period	<u>\$157</u>

OPC witness Dismukes testified that the adjustment proposed by AUF reduces test year expenses for Lake Suzy by \$22,615. Witness Dismukes testified that pursuant to her examination of the workpapers supporting AUF's normalization adjustments, it became apparent that the Utility reduced this amount by an alleged loss on the sale of the related property. Witness Dismukes further asserted that AUF has not justified why customers should absorb this loss or that a loss was incurred. Witness Dismukes stated after removing the loss and including the gain on the lease payment, test year expenses should be reduced by \$27,056, calculated as follows:

Ms. Dismukes' Rent Expense Adjustment	\$27,056
Utility's MFRs Normalization Adjustment	<u>(22,615)</u>
MFR Adjusted Amount for Land Lease	\$4,441
Additional AUF Adjustment to reflect Current Lease Expense	<u>(4,284)</u>
Remaining Amount Represents Amortization of Gain	<u>\$157</u>

<sup>78</sup> See Order No. PSC-97-0540-FOF-WS, issued May 12, 1997, in Docket No. 960799-WS, In re: Application for staff-assisted rate case in DeSoto County by Lake Suzy Utilities, Inc.

AUF witness Szczygiel points out that the amounts in witness Dismukes testimony are different -- one specifies \$26,890, and Schedule 29, KHD-1, specifies \$27,056. However, witness Dismukes' work papers state that the Lake Suzy expense adjustment is \$27,056. The Utility calculated a normalization adjustment of \$22,615. AUF submitted in its MFRs, a total of \$14,283, and the Utility agrees that an additional adjustment of \$4,283 is appropriate. According to AUF, the on-going lease expense should be \$10,000 annually, calculated as follows:

Amount Booked in Account 741 (Rental of Building/Real Property)	\$36,899
Utility's MFRs Normalization Adjustment	(22,615)
MFR Adjusted Amount for Land Lease	\$14,284
Agreed-upon Annual Lease Amount by all Parties	(\$10,000)
Agreed-upon Adjustment to reflect Current Lease Expense	\$4,284
Agreed-upon Annual Lease Amount by OPC and our Staff	157
Total Adjustment	\$4,441

We agree with staff witness Dobiac and OPC witness Dismukes; AUF should have imputed a gain on the sale for Lake Suzy. The only issue separating the Utility, OPC, and staff witness Dobiac is the amortization of the gain calculated to be \$157. It is the Utility's burden to prove that its costs are reasonable. See Cresse, 413 So. 2d at 1191. The Utility has failed to justify that a loss has even occurred. Therefore, the Utility shall include the amortization of the \$157 gain, and AUF's test year Real Property expense for Lake Suzy shall be reduced by \$4,441. This adjustment includes \$157 for the amortization on the gain.

## 2. Payroll Taxes, Service Company Headcount, and Aqua Customer Operations Cost

In its filing, AUF reflected normalization adjustments to its 2007 test year. In its brief, AUF indicated that it has provided support for its adjustments and asserts that no other reductions are warranted. In its brief, OPC states that it has made adjustments to entirely remove property taxes, personnel expenses, and customer operations.

OPC witness Dismukes testified that AUF's normalization adjustment of \$247,827 relates to allocated payroll taxes from the administration department. AUF also normalized cost increases allocated from ASI resulting from increases in headcounts. AUF's normalization adjustment for these cost allocations is \$7,420. An additional increase of \$37,777 was proposed by the Utility to normalize customer operation costs. This last adjustment was made by taking the fourth quarter expenses and multiplying it by four. Witness Dismukes recommends that we reject these adjustments as the Utility failed to supply sufficient documentation to support these adjustments.

AUF witness Szczygiel testified that he disagrees with witness Dismukes that AUF did not provide supporting documentation for these adjustments. Witness Szczygiel outlines AUF's normalization adjustments in Exhibit 154. In addition, while preparing the MFRs, it was discovered that during the test year, payroll taxes from the administration department were not allocated by the accounting department to various systems. Although the expenses were recorded in an account that should have been allocated, these expenses were inadvertently not allocated. Although they were recorded on the books of AUF, they were not included in the financial statements or MFRs of the individual systems. An adjustment was necessary to show

the allocation of these payroll taxes, which is an ongoing business expense. In addition, witness Szczygiel agrees with witness Dismukes that he took the fourth quarter AUF customer operation charges and normalized them for the test year 2007. He asserted that it would not only recognize any change with the headcount, but the actual services billed. Moreover, witness Szczygiel agrees with the 2007 excess normalization adjustment but does not agree with witness Dismukes when she applied only 9/12 of the salary actually received, effective April 1, 2008. He states that this adjustment is not for the purpose of restating the actual salary amounts for 2008, but is a pro forma adjustment to reflect these salaries on a prospective basis to coincide with the actual rates in place. He testifies that to do otherwise would under-state AUF's true on-going salary expense and cause an under-recovery.

With respect to payroll taxes, our staff analyzed the amount of payroll taxes included in AUF's MFRs. Based on its MFRs, AUF reported a negative value for payroll taxes. This supports witness Szczygiel's assertion that the Utility did not allocate payroll taxes from the administration department. To ensure that AUF's payroll tax normalization adjustment was justified, we calculated the total direct salaries included in the MFRs and multiplied this by 7.65 percent, the current FICA rate. Based on this calculation, AUF's payroll tax normalization adjustment is reasonable and we find that no adjustment is appropriate.

While AUF witness Szczygiel testified that he provided OPC with workpapers for all of AUF's proposed normalization and pro forma adjustments, we do not believe the workpapers provided justify all of AUF's proposed adjustments. It is the Utility's burden to prove that its costs are reasonable. See Cresse, 413 So. 2d at 1191. Therefore, we agree with OPC witness Dismukes, and the ratepayers shall not have to bear this apparent increase in expenses.

We disagree with AUF's proposed adjustment to normalize employee headcount increases that occurred during the test year 2007. AUF did not justify why it needed to increase the number of employees of ASI, or how these increases would benefit AUF ratepayers. As AUF has included a net adjustment of \$4,886 for employee increases (\$7,420 total normalized increase less the non-jurisdictional component of \$2,534) which we find is not justified, \$4,886 shall be removed from Contractual Service - Management Fee.

In addition, we reject AUF's proposed normalization associated with its customer operations. Again, AUF has not justified why these cost increases are necessary or how these increases would benefit Florida ratepayers. As a result, \$24,875 shall be removed for the jurisdictional portion associated with AUF's proposed normalization adjustment. The non-jurisdictional portion, \$12,902, was removed by AUF as reflected in the MFRs.

### 3. Severn Trent

OPC witness Dismukes testified that the cost associated with the old billing system provided by Severn Trent is included in the test year and should be removed. Witness Dismukes stated that the costs are duplicative as the services are being provided by Aqua Customer Operations (ACO). Witness Dismukes proposed the removal of \$29,035 in test year expenses as they are duplicative and non-recurring expenses.

AUF witness Szczygiel testified that important information is on the old billing system and it should be maintained. Witness Szczygiel claims that pursuant to Rule 25-30.335(7), F.A.C., AUF must maintain records for each customer account for the most current two years, and that it is necessary to incur this expense to remain in compliance with our rules, at least through the end of 2008. While AUF does not believe this is a duplicative expense, if we believe an adjustment should be made, witness Szczygiel testified that it should be amortized over five years as a non-recurring expense and not removed entirely.

We find that the test year costs were necessary to comply with Rule 25-30.335(7), F.A.C. However, after two years from the date Severn Trent ceases having any oversight over the Utility's billing system, their services shall no longer be needed in order to comply with the record retention requirement mentioned in Rule 25-30.335(7), F.A.C. In accordance with Rule 25-30.433(8), F.A.C., we find these costs are non-recurring and they shall be amortized over a five-year period. Based on the \$29,035 amount included in AUF's MFRs, the yearly amortization is \$5,807. Therefore we have included \$5,807 in test year expenses for the yearly amortization, and test year expenses shall be reduced by \$23,228 ( $\$29,035 - \$5,807 = \$23,228$ ).

#### 4. 2007 Four-Percent Wage Increase

OPC witness Dismukes testified that the methodology used by the Utility to normalize the increase actually overstates the amount of the increase. OPC argues that AUF has essentially compounded the impact of the pay increase effective on April 1, 2007, by increasing the salary amount as of December 31, 2007, by one percent. However, the correct method would be to apply four percent to the salary amount before the increase. The Utility then carried this error into its 2008 pro forma adjustment by starting with an inflated salary, then increasing it again by four percent for the 12 months of 2008. Pursuant to witness Dismukes, AUF's normalization adjustment should be reduced by \$694 and the associated FICA taxes should be reduced by \$53. AUF agrees with witness Dismukes' adjustment. Therefore, AUF salaries shall be reduced by \$694, and the associated payroll taxes shall be reduced by \$53.

In regards to the four percent increase given in 2007, AUF argues that its normalization adjustment is appropriate. Witness Szczygiel testified that he disagrees with witness Dismukes' assertion that AUF did not provide support for its normalization adjustments. Witness Szczygiel argues that AUF supplied OPC with workpapers for all of its normalization adjustments.

We find that AUF has failed to justify its four percent increase. No support was provided to justify why four percent was appropriate. Simply providing documents of calculations does not constitute support. We do recognize, however, that the Utility should be entitled to give its employees a cost of living increase. Applying our 2008 price index of 2.39, which is based on the Gross Domestic Product increase for the year ending September 2007,<sup>79</sup> we calculate that salaries for AUF employees shall be reduced by \$268, and, salaries for ASI and ACO employees

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<sup>79</sup> See Order No. PSC-08-0104-PAA-WS, issued February 18, 2008, in Docket No. 080005-WS, Annual reestablishment of price increase or decrease index of major categories of operating costs incurred by waster and wastewater utilities pursuant to Section 367.081(4)(a), F.S.; and Consummating Order No. PSC-08-0140-CO-WS, issued March 5, 2008.

shall be reduced by \$1,306. Associated payroll taxes shall be reduced by \$21 for AUF employees, and \$101 in total for ASI and ACO employees.

### 5. Conclusion

Based on the above discussion, we find that the following adjustments shall be made to AUF's normalization adjustments:

Adjustments to the Utility's Normalization Adjustments	
Reduce Acct. 741 to reduce land lease expense related to Lake Suzy	\$4,441
Reduce Accts. 634/734 to remove normalization of SSI employees	\$4,886
Reduce Accts. 636/736 to remove normalization of ACO	\$24,875
Reduce Accts. 636/736 to remove maintenance costs of AUF's retired billing system	\$23,228
Reduce Accts. 601/701 to reduce payroll costs to correct AUF's normalization calculation	\$694
Reduce FICA taxes for the impact of correcting the payroll normalization calculation	\$53
Reduce Accts. 601/701 to reduce 4 percent payroll increase to 2.39 percent to AUF employees	\$268
Reduce FICA taxes for impact of reducing payroll increase from 4 to 2.39 percent	\$21
Reduce Accts. 634/734 to reduce payroll increase from 4 to 2.39 percent for ASI and Accts. 636/736 to reduce 4 percent payroll increase to 2.39 for ACO	\$1,306
Reduce Accts. 634/734 for tax impact of reducing payroll increase to 2.39 percent for ASI and Accts. 636/736 for tax impact of reducing payroll increase to reduce to 2.39 percent for ACO	\$101

### Y. Pro Forma Expense Adjustments

#### 1. Four Percent Wage Increase and Related Payroll Taxes for AUF

AUF included in its MFRs a pro forma adjustment of \$70,095 to reflect a four-percent wage increase effective April 1, 2008. OPC witness Dismukes testified that the adjustment is overstated because of an inflated salary error carried forward from its 2007 normalization adjustment, and, its assumption that the four-percent wage increase would be effective four months early. As discussed above, AUF witness Szczygiel testified in his deposition that he was in agreement with OPC witness Dismukes' methodology for the 2007 normalization adjustment, because her methodology provides more precision.

With respect to the pro forma adjustment for the four-percent wage increase, OPC witness Dismukes testified that the Utility normalized the April 1, 2008, wage increase back to January 1, 2008, as if the increase would be effective the entire 2008, and not just nine months. She further indicated that the Utility's methodology overstates the adjustment. AUF witness Szczygiel testified that the adjustment was not for the purpose of restating the actual salaries for 2008, but to reflect the appropriate salaries on a going forward basis to coincide with the implementation of the rates. He further testified that witness Dismukes' methodology with regard to the pro forma adjustment would understate the Utility's true ongoing salary expense



and cause an under-recovery. While we agree with AUF witness Szczyguel's methodology for calculating the pro forma adjustment to include 12-months, we do not believe the Utility has justified the four-percent wage increase.

Also, while we find that AUF did not support its four-percent increase, we recognize that the Utility should be entitled to a cost of living increase, and this can be achieved by applying our 2009 price index of 2.55 percent.<sup>80</sup> Based on the above, the pro forma adjustment for wage increases shall be reduced by \$21,073, and the related payroll taxes shall be reduced by \$1,612.

## 2. Four-Percent Wage Increase and Related Payroll Taxes for ASI and ACO

AUF also proposed pro forma adjustments to recognize a four-percent wage increase for ASI and ACO of \$12,783 and \$5,423, respectively, along with related FICA taxes. The Utility failed to provide the workpapers supporting how these adjustments were calculated. AUF witness Szczyguel indicated in his rebuttal, that he provided pro forma workpapers, the support documentation, and schedules, supporting these adjustments. AUF witness Szczyguel contends that this support for an ASI and ACO four-percent wage increase can be found in the file named OPC\_POD-Set3\_#147\_Supplemental Attachment 2 of 3 (Potential O&M Expenses Adjustments.xls).xls., and he indicated that the hard copy was enclosed with the filing of his rebuttal testimony. A review of all the exhibits of AUF witness Szczyguel's rebuttal testimony shows that other than page one of Exhibit 168 (Pro Forma Workpapers Listing -- labeled at the bottom with "OPC\_POD\_Set#\_#147\_Supplemental Attachment 2 of 3 (Potential OM Expenses Adjustments.xls).xls"), no other justification for the four-percent wage increase was provided. We find that this page is inadequate to support the adjustments for ASI and ACO.

Because the Utility has not provided adequate support documentation for its pro forma four-percent wage increase adjustment for ASI and ACO, and because the burden of proof in ratemaking cases in which a utility seeks an increase in rates rests on the utility, the four percent wage increase shall not be allowed. See South Fla. Natural Gas, 534 So. 2d at 697; Cresse, 413 So. 2d at 1191; Sunshine Utilities, 577 So. 2d at 666. Based on this disallowance, AUF's four-percent wage increase for ASI and ACO of \$12,783 and \$5,423 shall be removed. The related FICA taxes for ASI and ACO of \$978 and \$415, respectively, shall be removed.

## 3. Market Based Adjustment

AUF witness Lihvarcik testified that AUF has issues with attracting and retaining qualified facility operators and utility technical personnel. AUF witness Lihvarcik indicated that AUF contracted Saje Consulting Group (Saje) to complete a Market Based Study which included evaluating AUF's current salaries and making recommendations as to where salaries should be increased. As result of the study, AUF applied a 10-percent across-the-board increase to its facility operators and utility technical personnel. Therefore, the Utility included in its MFRs an adjustment of \$95,166 for a market-based salary increase, as well as an increase of \$5,162 for FICA taxes related to the market-based salary increase.

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<sup>80</sup> See Order No. PSC-08-0104-PAA-WS, issued February 18, 2008, in Docket No. 080005-WS, In re: Annual reestablishment of price increase or decrease index of major categories of operating costs incurred by water and wastewater utilities pursuant to Section 367.081(4)(a), F.S.

OPC witness Dismukes testified that at the 10-percent increase proposed by the Utility, using the low, middle, and high end of the market-based ranges, all 42 employees would exceed the low end of the range, 36 would exceed the mid-point of the range, and 6 would exceed the high end. OPC witness Dismukes further indicated that even without any market-based increase, every position listed would exceed the low end of the market-based ranges. OPC witness Dismukes also testified that given the economic conditions of today and the Utility's failure to demonstrate that its salaries are below normal, it did not seem reasonable to assume a blanket 10-percent increase across all positions. Therefore, OPC witness Dismukes recommended that we allow an increase of four percent consistent with the increases allowed for other employees and that the pro forma market based increase be removed.

AUF witness Szczygiel contends that witness Dismukes has provided no evidence to disprove the Utility's position that it is paying below market rates. AUF witness Szczygiel further testified that witness Dismukes is ignoring AUF's legitimate business objective of attracting and maintaining well-trained and effective employees. AUF witness Lihvarcik believes that Saje's recommendations should be implemented so that the Utility may continue to attract, retain, and maintain a stable workforce.

AUF witness Lihvarcik testified that Saje's market based study and the subsequent market based increase were consistent with past Commission decisions. In its brief, AUF stated that we had found that an electric utility had taken the appropriate action to assure that its employee salaries are on the same level as other utility employees so that the utility would be competitive in hiring and retaining well-trained and effective employees.<sup>81</sup>

In analyzing OPC witness Dismukes' comparison of the Utility's salaries at the low, middle, and high end, we believe witness Dismukes used the benchmarks already in place and not the recommendations of the market-based study conducted by Saje. AUF witnesses Lihvarcik and Szczygiel both provided the market-based study as an exhibit to their rebuttal testimony. The salary recommendations included a starting salary range and ending salary range by years of experience, as well as, a mid-point salary for the facility operator and Utility technicians positions.

A comparison of the facility operators and utility technicians' position's salaries to the recommendations of the consulting group after the Utility's across the board increase shows that out of the 42 positions, 21.4 percent would earn below the recommended low end, 23.8 percent would earn between the low end to middle end, 23.8 percent would earn between the middle to high end, and 31 percent would earn above the high end. Our staff also did an analysis comparing the facility operators and utility technician positions' salaries to the recommendations of Saje prior to the Utility's across-the-board increase. Out of a total of 42 positions, 33.33 percent would earn below the recommended low end, 47.6 percent would earn between the low to middle end, 19 percent would earn between the middle to high end, and no position would earn above the high end.

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<sup>81</sup> See Order No. PSC-08-0327-FOF-EI, p. 54, issued May 19, 2008, in Docket Nos. 070300-EI, In re: Review of 2007 Electric Infrastructure Storm Hardening Plan filed pursuant to Rule 25-6.0342, F.A.C., submitted by Florida Public Utilities Company and 070304-EI, In re: Petition for rate increase by Florida Public Utilities Company.

AUF's across the board increase would cause 31 percent of these positions to earn above the high end, and 23.8 percent would earn between the middle to high end of the salary range. As shown by the percentages at the various levels, the 10-percent increase makes AUF exceedingly competitive at the expense of the ratepayers. While AUF should be competitive in order to attract and retain qualified operators, we find that, given the current economic conditions, a 10-percent across-the-board increase for all positions is unwarranted.

As stated above, when comparing the salaries of the facility operator and utility technicians to the respective recommendation of Saje prior to any market based increase, of the 42 positions, 33 percent (or 14 positions) were earning below the low range. Our staff identified three classifications of the positions where the majority of employees within the classification fell below the low range of the position salary. These positions include the Utility Technicians I, II, and III. Therefore, these three classifications of positions shall be allowed a market based increase of 10 percent. With the 10-percent increase, five positions previously below the low range would move above the low range. The remaining positions that were below the low range would move closer to exceeding the low range. By limiting the market based increase to those positions where the salaries are below the low range of Saje's recommendation these positions would become competitive, and we find that the positions not allowed an increase are already competitive.

Based on the above, the pro forma adjustment for market based salary increases shall be reduced by \$53,111 and the related FICA taxes shall be reduced by \$4,063. Also, AUF proposed pro forma salary increases for a Lake County facility operator and a Sebring Lakes facility operator and the salaries included the market based increase. Consistent with the above, these positions shall be reduced by \$2,397 and \$3,640 for the Lake County and Sebring Lakes facility operator, respectively.

#### 4. Rates Manager Salary and Office Rent

AUF included in its MFRs a pro forma adjustment of \$62,555 to reflect the jurisdictional salary of the new Rates Manager position, as well as a pro forma adjustment of \$5,531 for the jurisdictional rent of the Rates Manager's office space. The Utility indicated that the primary functions of the Rates Manager are to ensure regulatory compliance, serve as the primary contact for AUF with the Commission Clerk, respond to customer inquiries, handle index and pass through filings, and provide assistance in rate cases and other regulatory proceedings. In his rebuttal testimony, AUF witness Szczygiel testified that the Rates Manager's duties also involve certification matters, accounting requirements of the Utility, and assisting with the annual budgeting process. AUF contends that since the regulatory industry is highly specialized, it would be imprudent for not only AUF but other regulatory utilities not to have a position of this nature.

OPC witness Dismukes testified that she questioned to what degree this position will benefit ratepayers. The Rates Manager filed testimony in this rate proceeding; however, his testimony was later adopted by AUF witness Smeltzer. OPC witness Dismukes also indicated that customers had valid concerns about the Rates Manager's involvement in the instant rate proceeding considering his past employment with this Commission. Further, witness Dismukes

testified to the Rates Manager's salary being capitalized as deferred rate case expense as indicated in AUF's response to OPC Interrogatory 165. For all the reasons above, OPC stated that the Rates Manager position should be removed.

In his rebuttal testimony, AUF witness Szczygiel testified that having a Rates Manager will provide definitive benefits to ratepayers by ensuring efficient utility regulatory operations and facilitating consistent and more timely rate cases that would prevent rate shock and encourage prudent investment to the benefit of AUF's customers. AUF witness Szczygiel indicated that OPC witness Dismukes failed to make note of the Florida Ethics Commission ruling that there was nothing inappropriate with the Rates Manager participating in the instant rate case. AUF witness Szczygiel contended that at the time the budget was prepared, the accounting for the position was not fully developed. AUF witness Szczygiel further testified that as an employee, whose duties include working on rate cases, it would be appropriate to recover the salary through salary expenses and not rate case expense.

In response to OPC Interrogatory 165, AUF indicated that the Rates Manager's time was budgeted for 25 percent being charged to acquisitions. At his deposition, AUF witness Szczygiel testified that the Rates Manager participated in acquisitions that were completed prior to his arrival, but needed additional work. Witness Szczygiel testified that the Rates Manager also works with the Florida management team relative to acquisition opportunities. He also testified that one of the Rates Manager's duties does include involvement with future Utility acquisitions but it only accounts for zero to five percent of his time.

Based on the above, we find that the pro forma adjustment for the Rates Manager salary is appropriate. Therefore, the pro forma adjustment of \$62,555 to reflect the jurisdictional salary of the new Rates Manager position, as well as a pro forma adjustment of \$5,531 for the jurisdictional rent of the Rates Manager's office space, shall be allowed.

#### 5. Controller

AUF included a pro forma adjustment of \$49,385 to reflect a salary for its Controller position. AUF witness Szczygiel testified that the position was vacant during the test year and filled in March of 2008. OPC witness Dismukes testified that the Utility failed to show that the position is needed or would be beneficial to customers. AUF witness Szczygiel testified at his deposition that another employee was pulling double duty by taking on the duties of the Controller. OPC's brief stated that the Utility was functioning adequately without the position since the position had been vacant from early 2007 to March of 2008, when the new Controller was hired.

We disagree with OPC's position that because the position was not filled until 2008 means the Utility was functioning without this position. Although the Utility was functioning without a Controller for approximately one year, there is no evidence in the record to measure whether or not the employee pulling double duty was performing all the duties at 100 percent. We find the Controller position is a vital position for the Utility and having this position is not uncommon in the majority of organizational structures. Therefore, no adjustment shall be made for the Controller's salary.

#### 6. Purchased Water and Wastewater

AUF witness Szczygiel testified that the Utility has experienced significant increases to its purchased WAW expenses from various cities and counties, and adjustments were necessary to reflect current costs. In its MFRs, the Utility included the following pro forma adjustments: (1) \$271 for Zephyr Shores purchased wastewater; (2) \$55,766 for Lake Gibson Estates purchased wastewater, and (3) \$94,443 for Lake Suzy purchased water.

While we agree that the Utility should make adjustments to reflect the increases in purchased water and purchased wastewater expenses, we disagree with the amounts of the adjustments. In review of the supporting schedules provided in response to OPC POD No. 2, our staff found a calculation error. When calculating the monthly change in expense as a result of the increase, AUF used the consumption for January for the entire year. Our staff recalculated the monthly change using each month's respective consumption. Based on this recalculation, we find that purchased wastewater shall be reduced by \$28 for Zephyr Shores and increased by \$2,332 for Lake Gibson Estates.

AUF has a bulk water agreement with DeSoto County for purchased water for its Lake Suzy system. The Utility has included in its MFRs an adjustment of \$94,443 which reflects an increase in purchased water expense for Lake Suzy. OPC's brief contended that AUF witness Szczygiel, the sponsor of the adjustment, testified he had not looked at the bulk water agreement and was not even certain if the adjustment was calculated correctly.

Witness Szczygiel testified that the bulk water agreement with DeSoto County is a take and pay contract which obligates the Utility to pay for consumption regardless or whether or not it is used. Effective October 1, 2008, for the fiscal year 2009, the purchased water increased by \$7,870 for usage of .302 millions of gallons per day (MGD). OPC's brief indicated that the 2009 purchased consumption is more than three times the test year usage of .1040 MGD. AUF's MFRs reflect an average annual growth rate of 1.4 percent. AUF witness Szczygiel testified that he did not know the specifics behind the agreement with regard to the Utility paying for more than it uses when the system has shown little growth.

OPC's brief stated that Lake Suzy's pro forma adjustment should be removed because the Utility has not met its burden of proof. We agree with OPC. Other than the actual bulk water agreement itself, there is no evidence in the record that demonstrates the Utility decision to enter into a take and pay contract was a prudent decision. The burden of proof in ratemaking cases in which a utility seeks an increase in rates rests on the utility. See South Fla. Natural Gas, 534 So. 2d at 697; Cresse, 413 So. 2d at 1191; Sunshine Utilities, 577 So. 2d at 666. Based on the above, AUF's \$94,443 pro forma adjustment to Lake Suzy's purchased water shall be removed.

#### 7. Sludge Removal

According to witness Szczygiel, the exclusive disposer for sludge in Pasco County is Pasco County Utilities. At the time the Utility filed its testimony, Pasco County's sludge disposal fee had increased to \$0.0994 per gallon of sludge disposed at its facility. The rate was approved by the County Commissioners in July 2007, and took effect on October 1, 2007. Witness Szczygiel testified that an adjustment was made to recognize the increase for sludge

hauling and disposal for its Pasco County systems. AUF included in its MFRs an adjustment of \$16,057 and \$13,597 for its Jasmine Lakes and Palm Terrace systems, respectively.

We find that the Utility's sludge hauling expense shall reflect the increase in rates by Pasco County Utilities. However, Pasco County Utilities rates increased on October 1, 2008, to \$.10650 per gallon. To ensure that the sludge disposal expense is not understated, the expense shall be calculated based on the 2008 rates and the Utility's historical gallons. Therefore, sludge removal expense shall be increased by \$2,093 and \$1,751 for Jasmine Lakes and Palm Terrace, respectively.

#### 8. Transportation

In its MFRs, AUF included a pro forma adjustment of \$42,156 to transportation expense. AUF witness Szczygiel testified that the adjustment was necessary to recognize the continuing increase in the cost of fuel not experienced during the test year. The Utility used a projected price of \$3.36 which it obtained from the United States Energy Information Administration Short-Term Energy Outlook Report dated March 2008 and found on the U.S. Government Energy Statistics website. AUF then applied that price to its historical number of gallons purchased.

AUF witness Szczygiel agreed in his deposition that, subsequent to his calculation, the retail gasoline prices have shown a downward trend. Witness Szczygiel indicated that the information obtained from the website was appropriate to use for projected prices of retail gasoline. Witness Szczygiel testified that prices have come down due to the change in the market relative to oil prices. He further testified that he had no objections to using the website based on today's market. However, witness Szczygiel did not make any changes to his pro forma transportation expense to reflect today's market.

Based on the most recent United States Energy Information Administration Short-Term Energy Outlook Report dated December 2008, retail gasoline prices are expected to be an annual average of \$2.03 per gallon. A recalculation of transportation expense based on the updated projection shows the expense to be lower than the historical test year. Therefore, the Utility's pro forma transportation expense adjustment of \$42,156 shall be removed.

#### 9. Aqua Connects

The Utility initiated a new program developed to educate and communicate with its customers through meetings called Aqua Connects. AUF included a pro forma adjustment of \$39,508 in its MFRs for this new program. The Utility's Aqua Connects' guidebook explains the three situations when the Aqua Connects program will be used: (1) to welcome new customers where Aqua purchased water systems; (2) to nurture relationships with customers well ahead of rate cases; and, (3) in a contentious rate case, educate the customers. It further states that customers, whether existing or new, can benefit from attending an Aqua Connects event by learning about the complete scope of the Utility's work. Further, the events will create good will in communities and, additionally, will explain the necessity of a rate increase when appropriate.

In its brief, AUF asserted that the purpose of Aqua Connects is not image enhancement. The Utility indicated that the meetings are held to foster good communications with customers by educating customers on water usage, water conservation, along with customer contact information in the event of billing questions and emergencies. It further asserted that the program provides a beneficial forum for complaint resolution by providing customers with access to employees with live billing resolution authority.

OPC witness Dismukes testified that there may be some educational aspects to the Aqua Connects program. However, she believes the purpose of the meetings is for public relations and image enhancement. She also indicated that the three situations when the program is to be used is further indication of the Utility's plan to enhance its image, create an environment of acceptance, or create goodwill to make customers more accepting of a rate increase or a acquisition by AUF.

We find the first guideline is image enhancement. The other two guidelines that the Utility includes in its guidebook for having a meeting are duplicative of events that take place in the course of a rate proceeding before this Commission. In a normal rate proceeding, the Utility is required to notice customers of a pending rate case. Also, service hearings are held which are also attended by Utility representatives. We find that customers shall not have to pay for services that are already afforded them through the normal rate case proceeding. It has been our practice to disallow costs that serve to improve the image of the Utility, resulting in direct benefit to the Utility's shareholders, not to the customers.<sup>82</sup> Therefore, while we agree that the program has some educational aspects, we find the primary purpose is public relations and image enhancement. Therefore, pro forma expenses shall be reduced by \$36,508 to reflect the disallowance of the Aqua Connects program.

#### 10. Other Pro Forma Adjustments

The Utility included an adjustment of \$3,290<sup>83</sup> for allocations from ASI related to 2008 increases in head count. In addition, the Utility made an adjustment of \$8,709<sup>84</sup> related to the employee benefits associated with the increased head counts. Further, the Utility made an adjustment of \$39,088<sup>85</sup> related to additional 2008 ACO employee benefits. OPC witness Dismukes testified that she was unable to locate any workpapers supporting these adjustments. OPC witness Dismukes further indicated that all proposed adjustments where the Utility has failed to provide supporting workpapers and documentation should be disallowed.

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<sup>82</sup> See Order Nos. PSC-97-0618-FOF-WS, issued May 30, 1997, in Docket No. 960451-WS, In re: Application for rate increase in Duval, Nassau, and St. Johns Counties by United Water Florida Inc.; and PSC-96-1320-FOF-WS, issued October 30, 1996, in Docket No. 950495-WS.

<sup>83</sup> OPC witness Dismukes' adjustment reflected the total company of \$4,996. Our adjustment is the jurisdictional adjustment of \$3,290 ( $\$4,996 \times 65.85\%$ ).

<sup>84</sup> OPC witness Dismukes' adjustment reflected the total company of \$13,227. Our adjustment is the jurisdictional adjustment of \$8,709 ( $\$13,227 \times 65.85\%$ ).

<sup>85</sup> OPC witness Dismukes' adjustment reflected the total company of \$59,362. Our adjustment is the jurisdictional adjustment of \$39,088 ( $\$59,362 \times 65.85\%$ ).

AUF witness Szczygiel testified in his rebuttal that the workpapers were provided for these adjustments in response to OPC's POD No. 3. AUF witness Szczygiel indicated the workpapers had been provided for these adjustments; however, he provided Exhibit 168 and 169 to support the \$8,709 pro forma adjustment for ASI benefits and \$39,088 pro forma adjustment for ACO, respectively.

We agree with OPC that these pro forma adjustments should be disallowed because the Utility did not provide the supporting documentation for these adjustments. In Exhibits 168 and 169, witness Szczygiel did provide a summary of ASI and ACO pro forma adjustment for the employee benefits. However, there should be additional schedules to support the numbers in the exhibit. The burden of proof in ratemaking cases in which a utility seeks an increase in rates rests on the utility. See South Fla. Natural Gas, 534 So. 2d at 697; Cresse, 413 So. 2d at 1191; Sunshine Utilities, 577 So. 2d at 666. Based on the above, the following adjustments shall be removed: (1) \$3,290 for additional allocations for ASI's 2008 head count; (2) \$8,709 for ASI's allocated increases in employee benefits; and (3) \$39,088 for additional 2008 ACO employee benefits.

#### 11. Conclusion

Based on the above, the Utility's pro forma expense adjustments shall be reduced by \$394,627 (\$388,952 for pro forma O&M expenses and \$5,675 for pro forma payroll taxes).

#### Z. Test Year Depreciation Expense

AAI allocated to AUF, \$17,352 in depreciation expenses associated with Account 403 - Depreciation Expenses. The amount allocated from AAI is related to plant recorded on ASI's books, although the plant was not in the service territory of AUF. In Audit Finding No. 19 sponsored by witness Winston, four specific questions were asked by the auditors. The answers provided by witness Szczygiel are below:

1. **Question:** Are these plant items already included in the allocation from Aqua America, Inc., to Aqua Utilities Florida, Inc., along with depreciation?  
**Response:** No, these are other Service Company assets.
2. **Question:** Provide total Aqua America, Inc., plant in service and the allocated portion to the states including Florida.  
**Response:** Aqua America, Inc. plant in service associated with these depreciation expenses is not being allocated, just the depreciation expenses are being allocated.
3. **Question:** Why is this depreciation expense accrual included with Operation and Maintenance Expenses instead of depreciation expenses?  
**Response:** Since this plant is recorded on the Service Company books, not the Florida or Aqua Utilities Florida, Inc. books, it is treated as a management fee instead of depreciation.



4. **Question:** Is there a corresponding entry included in accumulated depreciation that is also being allocated to Aqua Utilities Florida, Inc? If so, please provide.

**Response:** There is no corresponding accumulated depreciation being allocated, only the depreciation expenses.

AAI allocated the depreciation expenses to AUF, excluding plant in service to AUF. If the plant in service allocated to AUF by AAI, genuinely represents a benefit to AUF customers, then plant in service, depreciation and accumulated depreciation all should have been allocated to AUF systems.

Rule 25-30.140, F.A.C., provides that depreciation expense is the periodic charge to allocate the original cost of a depreciable group of assets over the life of those assets. Because the plant in service is a service company asset, and there is no reasonable benefit to the customers of AUF, the depreciation expense included shall be disallowed.

An abbreviated list of expense adjustments by system is supplied on Schedule 55-A (Exhibit 113, pp. 49-50). The difference between the \$17,352 total contained in the audit report and our total of \$11,495 is a result of the eight non-Commission regulated systems (Castle Lake, Fairways, Kenwood North, Peace River, Pine Valley, Sarasota, The Meadows, and West Citrus) being excluded from the total.

DEPRECIATION EXPENSE ADJUSTMENT BY SYSTEM			
		Audit Finding 19	
County	System Name	Schedule 2	
Alachua	48 Estates-Water	W	(38.92)
Alachua	Arrendondo Estates	W	(110.10)
Alachua	Arrendondo Farms	W W	(165.84)
Alachua	Arrendondo Farms	W	(168.14)
Putnam	Beecher's Point	W	(23.95)
Putnam	Beecher's Point	W W	(8.29)
Lake	Carlton Village	W	(111.22)
	<u>Castle Lake</u>	W	(49.98)
Seminole	Chuluota	W	(645.48)
Seminole	Chuluota	W W	(278.22)
Lake	East Lake Harris Est.	W	(81.54)
	<u>Fairways</u>	W W	(54.58)
	<u>Fairways</u>	W	(54.58)
Lake	Fern Terrace	W	(57.58)
Seminole	FL Central Commerce	W W	(29.71)
Lake	Friendly Center	W	(14.28)
Polk	Gibsonia Estates	W	(90.29)
Lake	Grand Terrace	W	(50.67)

DEPRECIATION EXPENSE ADJUSTMENT BY SYSTEM			
			Audit Finding 19
County	System Name		Schedule 2
Lake	Haines Creek	W	(51.13)
Seminole	Harmony Homes	W	(29.48)
Putnam	Hermit's Cove	W	(84.30)
Lake	Hobby Hills	W	(47.91)
Lake	Holiday Haven	W	(57.58)
Lake	Holiday Haven	W W	(51.13)
Lake	Imperial Mobile Terrace	W	(114.01)
Putnam	Interlachen Lakes	W	(132.20)
Pasco	Jasmine Lakes	W	(719.56)
Pasco	Jasmine Lakes	W W	(715.88)
Volusia	Jungle Den	W	(52.98)
Volusia	Jungle Den	W W	(63.11)
	<u>Kenwood North</u>	W	(22.57)
Lake	King's Cove	W	(96.51)
Lake	King's Cove	W W	(92.13)
Brevard	Kingswood	W	(29.48)
Polk	Lake Gibson Estates	W	(388.34)
Polk	Lake Gibson Estates	W W	(146.95)
Highlands	Lake Josephine	W	(263.26)
Palm Beach	Lake Osborne Estates	W	(216.05)
Desoto	Lake Suzy	W	(260.27)
Desoto	Lake Suzy	W W	(124.14)
Highlands	Leisure Lakes	W	(133.59)
Highlands	Leisure Lakes	W W	(129.91)
Lake	Morningview	W	(17.51)
Lake	Morningview	W W	(16.58)
Brevard	Oakwood	W	(106.41)
Marion	Ocala Oaks	W	(837.01)
Polk	Orange Hill/Sugar Creek	W	(111.94)
Putnam	Palm Port	W	(49.52)
Putnam	Palm Port	W W	(49.06)
Pasco	Palm Terrace	W	(546.34)
Pasco	Palm Terrace	W W	(472.18)
Lake	Palms MHP	W	(28.56)
Putnam	Park Manor	W W	(14.28)
	<u>Peace River</u>	W	(45.14)
	<u>Peace River</u>	W W	(43.76)
Lake	Picciola Island	W	(68.87)
	<u>Pine Valley</u>	W	(21.65)
Lake	Piney Woods	W	(82.46)
Putnam	Pomona Park	W	(81.54)

DEPRECIATION EXPENSE ADJUSTMENT BY SYSTEM			
		Audit Finding 19	
County	System Name	Schedule 2	
Lake	Quail Ridge	W	(44.22)
Lake	Ravenswood	W	(20.73)
Putnam	River Grove	W	(49.29)
Polk	Rosalie Oaks	W	(44.68)
Polk	Rosalie Oaks	W W	(44.68)
	<u>Sarasota</u>	W	(2,140.45)
	<u>Sarasota</u>	W W	(3,368.80)
Highlands	Sebring Lakes	W	(35.47)
Putnam	Silver Lake Oaks	W	(20.27)
Putnam	Silver Lake Oaks	W W	(19.81)
Lake	Silver Lake/Western Shores	W	(741.66)
Lake	Skycrest	W	(56.20)
Lee	South Seas	W W	(31.09)
Putnam	St John's Highlands	W	(45.61)
Lake	Stone Mountain	W	(4.61)
Lake	Summit Chase	W	(101.35)
Lake	Summit Chase	W W	(100.42)
Washington	Sunny Hills	W	(266.95)
Washington	Sunny Hills	W W	(82.92)
Orange	Tangerine	W	(128.95)
	<u>The Meadows</u>	W	(24.42)
Sumter	The Woods	W	(35.01)
Sumter	The Woods	W W	(33.17)
Volusia	Tomoka/Twin Rivers	W	(124.84)
Lake	Valencia Terrace	W	(163.07)
Lake	Valencia Terrace	W W	(160.54)
Lake	Venetian Village	W	(76.01)
Lake	Venetian Village	W W	(43.76)
Polk	Village Water	W	(84.29)
Polk	Village Water	W W	(16.12)
Putnam	Welaka/Saratoga	W	(71.40)
	<u>West Citrus</u>	W	(30.40)
Putnam	Wootens	W	(13.36)
Pasco	Zephyr Shores	W	(240.00)
Pasco	Zephyr Shores	W W	(238.40)
	Subtotal		(17,351.60)
	Less: Non-Jurisdictional		
	Systems		(5,856.33)
	Total		(11,495.27)
Note: The italicized and underlined areas represent non-PSC regulated systems.			

Witness Dobiac proposed three additional test year depreciation expense adjustments. The adjustments are: (1) Reduce Sebring Lakes' water depreciation expense by \$640 for lack of support documentation, (2) Reduce Lake Osborne's water depreciation expense by \$84 for lack of support documentation, and (3) Increase Imperial Mobile Terrace's water depreciation expense by \$58. AUF agreed with the first and second adjustments to reduce Sebring Lakes' water depreciation expense by \$640 and to reduce Lake Osborne's water depreciation expense by \$58 in its response to Audit Finding No. 4. The adjustment to increase Imperial Mobile Terrace's water system by \$58, is addressed in our calculation of test year accumulated depreciation, and is accompanied by an adjustment to depreciation expense as a fallout issue.

To summarize, the total adjustment to test year depreciation expenses is a negative \$12,161. Inclusive in the negative \$12,161 total is the negative \$11,495 adjustment to depreciation expense for plant in service, and one adjustment each to Sebring Lakes water, Lake Osborne water, and Imperial Mobile Terrace's water systems of a negative \$640, a negative \$84, and a positive \$58, respectively.

#### AA. Test Year Amortization of CIAC Expense

We have approved the parties stipulation that amortization of CIAC shall be increased by \$176,456, which is reflected as a decrease to depreciation expense. In addition, the Utility's reduction to amortization of CIAC on non-used and useful depreciation expense shall be removed. This reflects a total decrease to depreciation expense of \$12,368 for water and \$126 for wastewater.

#### BB. Property Taxes

AUF asserts that its property taxes are properly stated in its MFRs and are supported in the record. Moreover, AUF argues that support for AUF's property taxes was provided to OPC and to our staff in response to discovery.

AUF's filing reflected property taxes relating to pro forma plant additions of \$55,040 for water and \$16,571 for wastewater. As discussed above, we have made several adjustments to pro forma plant. Based on those adjustments, we have recalculated the property taxes relating to pro forma plant additions based on each system's millage rate reflected in AUF's MFRs. Based on this recalculation, the Utility's property taxes shall be decreased by \$33,570 for water and \$11,339 for wastewater, for total property taxes relating to pro forma plant additions of \$21,531 for water and \$5,284 for wastewater. All adjustments to property taxes are reflected on Schedule 4-C for each system.

### IX. NET OPERATING INCOME

Based on the adjustments discussed in previous issues, the test year operating losses before any provision for increased revenues is \$809,066 for water and \$566,712 for wastewater. The test year operating losses before any provision for increased revenues by plant is shown in the attached individual operating income schedules. The schedules for WAW operating income are attached as Schedules Nos. 4-A, and 4-B for each individual system in alphabetical order.

## X. REVENUE REQUIREMENT

Consistent with our determinations of rate base, cost of capital, and net operating income adjustments, the total pre-repression revenue requirement is an increase in water revenues of \$3,338,857 (58.96 percent), for total water revenues of \$9,001,854, and an increase in wastewater revenues of \$2,689,723 (77.45 percent), for total wastewater revenues of \$6,162,722. The pre-repression revenue requirement for each of the Utility's WAW systems is reflected in Schedule Nos. 2, 4-A, and 4-B.

## XI. METHODOLOGY TO CALCULATE REPRESSION ADJUSTMENT

According to witness Smeltzer, AUF originally contemplated proposing an adjustment of -0.4 per 1 percent increase applied only to the residential discretionary usage. However, upon further analysis, this amount of repression created conflicts with subsidy levels in the rate structure. Therefore, to address affordability, AUF proposed an adjustment of -.2 per 1 percent increase applied to the discretionary usage. Witness Smeltzer also proposed setting the threshold for discretionary usage at 5,000 gallons per month, because he believes it represents the statewide average usage of residential customers.

Witness Yingling was the Southwest Florida Water Management District's (SWFWMD or District) project manager for a recently completed statewide study of water price elasticities for single family residential customers. This was the largest known study of single family residential water use in the United States. The summary results of the study, which are attached to his testimony, indicate that when customers have substitutes available, the price elasticities range from -0.39 to -0.84, while corresponding elasticities without substitutes range from -0.28 to -0.65. Witness Yingling testified that not taking into account the repression effect of estimated price elasticities in ratemaking creates the risk of falling short of revenue requirements.

Witness Stallcup testified that he would ordinarily say a response rate, or price elasticity of demand, of -0.2 is too low. Based on our staff's analysis of customer response rates in prior cases, the average response rate is an approximate 4 percent reduction in discretionary usage for every 10 percent increase in price. Therefore, witness Stallcup believed that a price elasticity of -0.4 would be a better estimate of how AUF's customers will react to an increase in rates. He further testified that because the Utility is apparently willing to accept a lower response rate as a business decision to help achieve the goal of rate consolidation, he recommended that we accept the Utility's proposed value of -0.2 for the price elasticity of demand for discretionary usage. Adoption of a repression factor of -0.2 for usage above 5,000 gallons will help reduce customer bills, while at the same time enhance the ability to consolidate rates.

Witness Stallcup further testified that setting a threshold between nondiscretionary and discretionary water consumption is important because customers will reduce their non-essential consumption in response to price changes, while essential consumption remains relatively unresponsive to price changes. He testified that 5,000 gallons per month as a threshold for differentiating between nondiscretionary and discretionary usage is appropriate, because it represents a "middle ground" between the discretionary threshold levels of both the small

retirement communities and suburban systems served by AUF. Witness Walker testified that 5,000 gallons is a reasonably conservative quantity for essential domestic use.

In his rebuttal testimony, witness Smeltzer testified that if we ultimately adopt a three-tiered conservation rate structure, the repression factor should be changed from a value of -0.2 to -0.4 to address the greater volatility in customers' water bills due to changing usage patterns. Witness Smeltzer further specified that witness Yingling cites a price elasticity factor range of -.23 to -.81, suggesting that the -0.4 factor is a better match than the -0.2 factor initially recommended by AUF.

During his deposition, witness Smeltzer reiterated that if we adopt a three-tiered rate structure, a price elasticity factor of -0.4 is appropriate to address greater volatility in customers' bills. Although he testified that increasing the repression factor to -0.4 would increase the resulting rates, he also testified that the subsequent gallons billed would decline, so the customer's bill would essentially remain the same. Witness Smeltzer further testified that while increasing price elasticity from -0.2 to -0.4 does technically increase rates, if it is used properly and derived properly, it doesn't increase the bill. Witness Smeltzer testified, however, that he has never personally measured a customer or customers' consumption changes in response to changes in rates.

Both witnesses Yingling and Stallcup discuss rate structure as well as repression; however, neither witness has provided testimony that discusses or supports the notion that a greater price elasticity factor should be applied to more aggressive rate structures. Although there are areas of disagreement between witnesses Smeltzer and Stallcup, they both agree, albeit for different reasons, that 5,000 gallons per month represents an appropriate level of nondiscretionary usage. They also agree that: (1) a price elasticity factor of -0.2 won't allow the utility full revenue requirement recovery; and (2) a price elasticity factor of -0.4 has negative implications regarding affordability concerns.

The results of the statewide price elasticity study presented by witness Yingling indicate that the minimum price elasticity value to be expected is -0.28, or approximately -0.3. We believe that the minimum expected price elasticity value of approximately -0.3 represents a compromise between the competing concerns of: (1) a price elasticity value of -0.2 and full revenue requirement concerns; versus (2) a price elasticity value of -0.4 and the related affordability concerns. Based on the foregoing, we find the appropriate methodology to calculate a repression adjustment shall be application of a price elasticity factor of -0.3 to residential water consumption greater than 5,000 gallons per month.

## XII. Rate Structure

### A. Limits on Subsidy and Affordability Values

A great deal of testimony was presented on the topics of subsidies and affordability. Witness Smeltzer testified on direct examination that one of the benefits of a consolidated rate structure is that it can protect customers from unaffordable rates. He testified that: (1) AUF's proposal of a statewide uniform rate structure is consistent with and in furtherance of the specific rate structure goals and objectives – including affordability and rate continuity/stability – previously established by this Commission; and (2) that AUF has addressed both the competing objectives of affordability and fairness, to the extent subsidies exist. Witness Smeltzer further testified that many of the systems purchased by AUF have experienced infrastructure problems, and that these problems can be most efficiently addressed with minimal rate impact to its customers through a uniform rate structure that spreads these costs among all of AUF's customers subject to our jurisdiction.

Witness Franceski testified on direct examination that AUF's proposed rate calculations take into consideration the guidelines on subsidies and affordability discussed by witness Stallcup's testimony in Docket No. 060368-WS. Witness Franceski also testified that for wastewater, the various systems' resulting rates after applying subsidy and affordability caps would not allow recovery of the revenue requirement.

On cross examination, witness Franceski testified that the subsidy and affordability guidelines discussed by witness Stallcup in the prior AUF rate case were taken into account by AUF in this docket. These consisted of a subsidy guideline of \$5.90, and affordability guidelines of \$71 for water and \$90 for wastewater. However, witness Franceski testified that some of AUF's proposed consolidated rates contained in its MFRs exceed those guidelines.

Witness Stallcup testified that subsidies are created when low average cost systems are combined with high average cost systems. The result is that the customers of the low cost systems will be paying a subsidy, resulting solely from the imposition of rate consolidation. It is important that we consider subsidies because Section 367.081(2)(a)1, F.S., states that in setting rates for water or wastewater systems, "the commission shall, either upon request or upon its own motion, fix rates which are just, reasonable, compensatory, and not unfairly discriminatory." On cross examination, witness Stallcup testified that we have approved uniform rates for all or almost all of the electric and gas utilities in the state, and that the ratemaking statutes for electric and gas utilities has a prohibition similar to the prohibition contained in the water and wastewater statute. The electric and gas statutory prohibition regarding rates being unduly discriminatory has not stopped this Commission from adopting uniform rates for electric and gas utilities. He further testified that, because of the extreme values of the stand-alone rates involved in this case, there is particular merit to rate consolidation. In order to ensure that rates resulting from consolidation are not unfairly discriminatory across customer groups, witness Stallcup testified that we must evaluate the subsidies resulting from rate consolidation to determine whether the rates satisfy the requirements of the statute.

Witness Smeltzer testified on rebuttal that this Commission has already determined that it is appropriate to consider a number of goals and objectives in evaluating a proposed rate structure, including: (1) the affordability of rates for all customers; (2) ease of administration; (3) customer acceptance and understandability; (4) fairness (the degree to which subsidies will occur); (5) rate continuity/stability for all customers; (6) conservation and resource protection; (7) revenue stability and predictability for the utility; and (8) impact of rate structure on future acquisitions. Witness Smeltzer further testified that the subsidization levels referenced by witness Stallcup from our prior orders are somewhat arbitrary, and that subsidies change throughout time depending on numerous factors, including capitalization needs. The focus should really be on fairness, not on a specific dollar amount. Witness Smeltzer testified that he agreed with witness Stallcup that there is no single right or wrong answer for determining the appropriate subsidy values. A utility's rate design can be divided in a myriad of different ways to address many issues. Witness Franceski testified on direct that AUF's proposed rate calculations take into consideration the guidelines on subsidies and affordability discussed by witness Stallcup's testimony in Docket No. 060368-WS.

We believe that affordability is subjective in nature – what constitutes affordability to one person may represent unaffordability to another person. In an attempt to make the discussion of affordability more objective, our staff compiled data from all water and wastewater rate cases decided by this Commission during the period 2004 through 2008. Using our approved rates for each utility, our staff calculated the monthly water bills at 7,000 gallons of water consumption (the AUF average monthly residential consumption) and 6,000 gallons of wastewater consumption (based on a monthly cap of 6,000 gallons), and presented the results in the table entitled "Analysis of Recommended Affordability Limits" (Affordability Table) shown on the following page.



AQUA UTILITIES FLORIDA, INC.				
DOCKET NO. 080121-WS				
ANALYSIS OF AFFORDABILITY LIMITS				
Utility	Docket No.	Type	Bills From Commission-Approved Rates	
			Water ( 7 Kgal)	Wastewater (6 Kgal)
Keen Sales	040254-WU	SARC	\$38.70	
Tymber Creek	040300-SU	SARC		\$40.75
Indiantown Company	040450-WS	F/S	\$22.49	\$41.99
Holiday (Phase 2)	041145-WU	SARC	\$22.50	
Timberwood	050274-WS	SARC	\$49.11	\$41.57
Plantation Bay	050281-WS	F/S	\$31.35	\$39.17
Dixie Groves	050449-WU	SARC	\$32.01	
Park (Phase 2)	050563-WU	F/S	\$41.46	
County-Wide	050862-WU	SARC	\$26.27	
Gold Coast	060246-WS	F/S	\$33.45	\$45.43
Utilities, Inc. of Florida – Marion	060253-WS	F/S	\$19.15	\$31.74
Utilities, Inc. of Florida – Seminole	060253-WS	F/S	\$20.63	\$44.89
Utilities, Inc. of Florida – Orange	060253-WS	F/S	\$24.70	
Utilities, Inc. of Florida – Pasco	060253-WS	F/S	\$31.04	\$67.76
Utilities, Inc. of Florida – Pinellas	060253-WS	F/S	\$31.40	
Mid-County Services	060254-SU	F/S		\$34.82
Tierra Verde	060255-SU	F/S		\$71.65
Alafaya	060256-SU	F/S		\$36.92
Cypress Lakes	060257-WS	F/S	\$32.59	\$49.44
Sanlando	060258-WS	F/S	\$8.03	\$21.39
Lake Placid	060260-WS	F/S	\$38.07	\$47.32
Utilities, Inc. of Pennbrooke	060261-WS	F/S	\$16.82	\$33.31
Utilities, Inc. of Sandalhaven (Phase 2)	060285-SU	F/S		\$56.20
Crooked Lake Park	060406-SU	SARC		\$33.93
Colonial Manor	060540-WU	F/S	\$53.03	
Useppa Island	060575-WS	SARC	\$79.55	\$115.99
Pasco Utilities	060599-WU	SARC	\$19.97	
Crystal Lake Club	060747-WS	SARC	\$14.89	\$15.98
Vantage Development	070074-SU	SARC		\$34.43
L W V	070177-WU	SARC	\$22.71	
K W Resort	070293-SU	F/S		\$42.33
Holiday	070394-WU	SARC	\$65.45	
Hidden Cove	070414-WS	SARC	\$23.57	\$36.44
Plantation Landings	070416-WS	SARC	\$16.36	\$25.80
Anglers Cove West	070417-WS	SARC	\$49.12	\$40.41
Raintree	070627-WU	SARC	\$23.50	
Orangewood Lakes	070680-WS	SARC	\$18.18	\$50.78
Wedgfield	070694-WS	F/S	\$53.15	
Miles Grant	070695-WS	F/S	\$52.34	\$74.72
W. P.	070722-WS	SARC	\$56.75	\$45.66
Colony Park	080104-SU	SARC		\$28.08
Averages			\$33.39	\$44.60
Standard Deviation = Std Dev			\$16.26	\$19.16
Average Plus Std Dev of 1.96 = Recommended Affordability			\$65.26	\$82.15
Average Plus Standard Deviation of 1.0			\$49.65	\$63.76
Average Plus Standard Deviation of 1.65			\$60.22	\$76.21
Sources: Commission Orders for the cases listed above.				

Implicit in the rates approved by this Commission in all cases is the determination that the resulting bills are affordable. An analysis of the results in the table based on our prior decisions reveals that the average water bill from the cases presented is \$33.39, while the corresponding wastewater bill is \$44.60. In the Affordability Table, the calculated standard deviation is \$16.26 for the water systems and \$19.16 for the wastewater systems. The standard deviation measures the spread of the data on either side of the average. Based on the respective system averages plus 1.96 standard deviations (which captures approximately 95 percent of the variation), the affordability limits are \$65.26 for the water system and \$82.15 for the wastewater system. Rounding each of these values to the nearest \$0.25 results in affordability values of \$65.25 for the water system and \$82.25 for the wastewater system. All other factors being equal, we find these values, based on our historical decisions, are reasonable.

Subsidization is inherent in any rate structure. It clearly costs more to serve a customer who is remote from the treatment plant than one who is immediately adjacent. Once the subsidization concept is accepted, the question becomes: What level of subsidization is acceptable? Again, what may seem appropriate to one person may seem inappropriate to another. Witness Stallcup is the only witness who offered testimony regarding appropriate subsidy values. He testified that, based on our prior decisions, the maximum subsidy amount should be no greater than \$5.89 for each system. Witness Stallcup further testified, however, that the ultimate decision to determine what subsidy is appropriate in this case is a policy decision for this Commission to make.

Based on our staff's analysis of previous cases, we find the affordability values from the Affordability Table of \$65.25 for the water system and \$82.25 for the wastewater system, coupled with witness Stallcup's suggested subsidy limit of \$5.89 for both the water and wastewater systems, represent reasonable limits as starting points for our analysis of the various rate consolidation methodologies discussed below, using our approved revenue requirements for the respective water and wastewater systems as discussed later in this Order. Because the stand alone rates for the wastewater system are greater than for the water system, we focused our subsidy analysis on the wastewater systems.

Based on a residential monthly wastewater gallonage cap of 6,000 gallons, the stand-alone bill for the Summit Chase system would be \$41.72, while the bill for Beecher's Point would be \$384.24. There would be 12 systems with monthly bills greater than \$100 grouped as follows: 4 systems would have bills ranging from \$100 to \$150, 5 systems would have bills ranging from \$150 to \$200, 2 systems would have bills ranging from \$200 to \$300, and the Beecher's Point bill would be \$384.24.

Residential customers account for approximately 95 percent of the customer base for these 12 systems. We find the wastewater bills for the systems discussed in the paragraph above are, based on any measure, unaffordable. The tremendous disparity in stand-alone wastewater bills indicates that implementing both the wastewater subsidy limit of \$5.89 and the affordability limit of \$82.25 discussed above would be wholly inadequate to combine (band) all of the wastewater systems such that all bands have affordable rates, and AUF would not recover its revenue requirement for the wastewater systems.

A total of six rate consolidation options were presented by witnesses in this case. Witness Stallcup testified during cross examination regarding the various methodologies that had been presented. There are two methodologies contained in direct testimony sponsored by AUF witnesses. The first methodology is based on the stand-alone rates as they exist now. However, as discussed previously, stand-alone rates result in unaffordable rates for many systems, especially for the wastewater systems. The second methodology contained in AUF testimony is fully consolidated statewide rates. While this methodology appears to adequately address the issue of affordability, it ignores any consideration of the adverse effects of excessive cross-subsidies.

Witness Stallcup also mentioned a consolidation methodology presented by AUF witness Franceski. Witness Stallcup testified that this alternative contained in witness Franceski's rebuttal testimony is worthy of consideration. However, witness Stallcup earlier testified that he believed the manner in which repression was incorporated into the methodology was in error. We believe that correcting for this error is straight-forward and should not exclude witness Franceski's methodology from consideration. This methodology allows for the subsidy limits to be exceeded for a few systems with relatively low rates. This would permit more systems to be combined into any given rate group and result in a fewer number of rate groups.

Witness Stallcup further testified regarding two additional alternatives in his own testimony. Both of witness Stallcup's methodologies result in rates in between the rates based on AUF's stand-alone and fully consolidated proposals. The first of these methodologies is the capband methodology used in the Southern States Order, where systems were grouped together based on similar costs to serve, and bills were capped at the maximum affordability level. Because the groupings were based on similar costs to serve, the level of subsidization between customers within each consolidated group were minimized. The second methodology referred to by witness Stallcup is the "portfolio method," wherein high cost systems are combined with low cost systems in order to reduce affordability concerns. The result is the consolidated rate of the combined systems will be slightly greater than what the low cost system would otherwise pay.

The final rate consolidation methodology addressed by witness Stallcup during cross examination at the hearing was the possibility of reallocating some of the wastewater revenue recovery to the water system, should we believe that the wastewater rates without the reallocation are prohibitively unaffordable. This methodology would bring down the rates for the wastewater systems, while increasing the rates, to a lesser extent, for the water systems. The reallocation methodology may be used in conjunction with any one of the other consolidation methodologies presented. Given the extraordinary circumstances regarding the magnitude and resulting unaffordability of wastewater rates for the 12 wastewater systems whose bills would be in excess of \$100 per month, based on preliminary analysis, witness Stallcup's reallocation methodology appears to be the only methodology that adequately addresses both subsidy and affordability concerns for the respective water and wastewater systems.

As mentioned previously, witness Stallcup testified that the decision to determine what subsidy is appropriate is a policy decision for this Commission to make. Ultimately, the determination of these limits for the respective water and wastewater systems have been based on an analysis using the revenue requirements for the applicable systems approved herein.

Based on the foregoing discussion, in order to meet our target affordability limits of \$65.25 for the water systems and \$82.25 for the wastewater systems, we find that the appropriate subsidy and affordability limits for the water systems shall be \$12.50 and \$65.25, respectively. Further, the appropriate subsidy and affordability limits for the wastewater systems shall be \$12.50 and \$82.25, respectively. However, based on preliminary analysis, due to the wide range of stand-alone rates for the wastewater systems, and absent a reallocation of revenue requirements from the wastewater system to the water system, it may not be possible to find a workable subsidy and affordability combination for the wastewater systems.

With respect to the rate consolidation issue, several methodologies have been proposed by both AUF and staff witnesses. Because the final rate consolidation methodology proposed by witness Stallcup regarding revenue requirement reallocation is a departure from our ratesetting methodology, our staff requested our permission to consider that methodology when calculating rates. In determining the appropriate subsidy and affordability values, we find it appropriate to weigh the countervailing considerations of both: (1) the magnitude of the wastewater subsidy versus overall wastewater affordability; and (2) the fairness consideration of reallocating wastewater revenue requirements to the water system.

#### B. Subsidy Limits Based on Stand-Alone Rate Structure

Witness Smeltzer testified that in 1995, this Commission implemented the capband rate structure for FWSC, the successor to SSU.<sup>86</sup> Of the 82 systems in this case, 44 systems had been under a succession of uniform, modified stand-alone and capband rate structures since 1993. Witness Smeltzer testified, therefore, that a comparison of strict stand-alone rates and the related subsidies for the prior FWS systems is inappropriate since stand-alone rates have not existed for those systems for approximately 15 years. Witness Smeltzer further testified that subsidy comparisons on a prospective basis serve no useful purpose since various subsidy levels have already been merged.

Witness Szczygiel testified on rebuttal that 38 of AUF's 44 former Florida Water systems had been subsidized by other systems throughout Florida. The capband rate structure approved in Docket No. 950495-WS combined 95 water systems and 43 wastewater systems into 8 rate groups for the water systems and 6 rate groups for the wastewater systems. Each of these groups consisted of systems with similar costs, but recognized that cross subsidies would occur within each group.<sup>87</sup> When the groups were fragmented, the loss of subsidy resulted in these systems failing to produce revenues that recover their costs on a stand-alone basis. The Utility therefore concluded that it would be inappropriate to calculate subsidies based upon stand-alone rates.

Since 1995, 44 of the original 138 systems owned by SSU are now owned by AUF. These 44 systems represent slightly less than one third of the total number of systems included in

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<sup>86</sup> See Order No. PSC-96-1320-FOF-WS, issued October 30, 1996, in Docket No. 950495-WS, In re: Application for rate increase and increase in service availability charges by Southern States Utilities, Inc. for Orange-Osceola Utilities, Inc. in Osceola County, and in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Highlands, Lake, Lee, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, St. Johns, St. Lucie, Volusia, and Washington Counties.

<sup>87</sup> Id.

the original capband rate structure. Because the 44 systems referenced above represent a minority proportion of the original SSU systems, we do not find that basing a subsidy analysis in the instant case on the old rate groupings from the SSU case would be appropriate. Furthermore, witness Szczygiel testified on rebuttal that 38 of the 44 old SSU systems were being subsidized by other SSU systems throughout Florida. Since the interdependence between the systems receiving subsidies versus the systems paying subsidies has been broken, we believe there is little benefit associated with retaining the rate groupings based on that interdependency.

In addition, the Utility's method of calculating its proposed rates appears to directly contradict its position on this issue. Witness Franceski was responsible for calculating AUF's proposed consolidated rate structure. Witness Franceski testified that AUF's proposed rate structure began with calculating the stand-alone rates for each system based on the individual revenue requirement per system. We believe this contradicts witness Smeltzer's testimony that: (1) a comparison of stand-alone rates and the related subsidies for the prior FWSC systems is inappropriate since stand-alone rates have not existed for those systems for approximately 15 years; and (2) that subsidies based upon stand-alone rates would be a step backward from our stated goal of uniform rates. We agree with witness Franceski that the use of the individual revenue requirement per system is the appropriate basis for the calculation of rates.

AUF's proposed rate calculations take into consideration the guidelines on subsidies and affordability discussed in witness Stallcup's testimony in Docket No. 060368-WS. We agree with AUF's approach in this regard as well.

We find that it is more appropriate to base a subsidy analysis on the stand-alone rates of AUF's current systems. This methodology is consistent with AUF's methodology as testified to by witness Franceski and recognizes the change in the relationship among systems since 1995. Furthermore, this allows rate groupings to be created that reflect the current costs of the systems at issue in this case, and form a better basis for moving towards statewide uniform rates. Therefore, we find that it is appropriate to consider subsidy limits based on stand-alone rates.

#### C. Rate Structures for Utility's Systems

The Utility's current rate structure for the vast majority of its water systems is the base facility charge (BFC)/uniform gallonage charge rate structure. The rate structure for the vast majority of its wastewater systems is the BFC/gallonage charge rate structure. This issue involves both: a) the Utility's request for a statewide uniform rate and a single cost of service; and b) with respect to other aspects of rate structure, what is appropriate for the water and wastewater systems. A separate discussion of each topic follows.

1. AUF's Request for a Statewide Uniform Rate and Single Cost of Service

In his direct testimony, witness Smeltzer proposed a state-wide uniform rate structure for AUF's water and wastewater systems, adding that AUF addressed both the competing objectives of affordability and fairness, to the extent subsidies exist. Witness Smeltzer testified that AUF is proposing a uniform water rate, with repression, that will result in a bill of \$40.92 for all water systems at 5,000 gallons of usage. For the wastewater systems, AUF is proposing uniform wastewater rates which result in a bill of \$88.91 at 5,000 gallons of usage. Witness Smeltzer testified that AUF's proposal for statewide uniform rates builds on this Commission's movement toward full uniform rates when, in 1996, we approved the capband rate structure for many of the systems in this proceeding.

Witness Smeltzer further testified that, in part to recognize AUF's goal of uniform rates, AUF requests that: a) it no longer be required to allocate expenses and common plant among the various Commission-regulated systems; b) all future index and pass-through applications be developed and filed on a Utility-wide basis; and c) all future annual reports and rate filings should be prepared and filed on a consolidated basis. Witness Smeltzer testified concerning further considerations regarding consolidated rates and the numerous reasons why a consolidated rate structure is an important goal for AUF in this case. The reasons cited regarding the importance of the rate consolidation issue include: a) this Commission's identified goals for rate structures for multi-system utilities; b) a consolidated rate structure provides greater efficiencies; c) it allows for streamlined billing and continuity in rates; and d) it facilitates cost efficient compliance with the Safe Drinking Water Act standards by recovering the capital costs from all customers, thereby eliminating system-specific rate shock.

During his deposition, witness Smeltzer reiterated the reasons why AUF believes there are benefits that would flow to customers as a result of a single cost of service. Witness Smeltzer specified, however, that although a single cost of service and a single tariff rate would be the ideal outcome, AUF did provide an alternative set forth in witness Franceski's rebuttal testimony that outlines a single cost of service with two or three rate groupings. These groupings would be moved to the statewide rate over time. In almost all of the states AUF operates in, the Utility has either one statewide cost of service, or a more regionally-based cost of service where there are multiple large systems within a jurisdiction in different parts of the state. Furthermore, with regard to AUF's request for a single cost of service, witness Smeltzer testified that he could find no evidence offered by any party in this case which addresses or rebuts AUF's single cost of service proposal.

Witness Smeltzer testified that AUF's uniform rate and single cost of service proposal will allow for more affordable rates, and make regulation simpler, more efficient, and less costly to its customers. During cross examination, witness Smeltzer testified regarding the different accounting processes that would be streamlined under a single cost of service, plus the related likely reduction in Utility personnel time spent on these tasks. However, witness Smeltzer testified that it was unlikely that these savings would translate into cost savings to the Utility. When asked if the cost savings from switching to a single cost of service had been quantified, witness Smeltzer testified, "[w]hen we look at the prospects of a single cost of service, it's really a big picture public policy decision."

We disagree with witness Smeltzer. We believe it is highly likely that reductions in Utility personnel time spent on tasks will quickly and directly result in cost savings to the Utility on a prospective basis. A reduction in these costs should have the direct effect of reducing both AUF's requested revenues and the resulting rates paid by its customers. Witness Szczygiel testified that certain normalization and pro forma adjustments were made to the Utility's 2007 historical data. We believe the prospective cost savings both could have and should have been reflected as pro forma expense adjustments consistent with other pro forma adjustments made by the Utility in this case. Therefore, from the information provided by AUF, we are unable to determine what, if any, cost savings associated with the requested single cost of service will inure to the ratepayers. The Utility has the burden of proving that its request for a single cost of service is reasonable. See Cresse, 413 So. 2d at 1191. We find that AUF has not met its burden of proof with regard to its requested single cost of service; therefore, that request is denied.

## 2. Water Conservation Rate Structures and Wastewater Rate Structure

Witness Smeltzer testified on direct that AUF is proposing a two-tiered inclining block rate structure. An examination of AUF's E-1 Schedules indicates that the proposed usage blocks are for residential monthly consumption of: a) 0-5,000 gallons; and b) usage in excess of 5,000. The proposed rate factor for the second block is 1.25. The Utility proposes that the general service gallonage charge rate be set equal to the residential first block rate.

Witness Walker is employed by the St. Johns River Water Management District (SJRWMD or District) as the Director of the Division of Water Use Regulation in the Department of Resource Management. She testified that numerous studies have documented that a water-conservation-promoting rate structure has a significant effect on reducing water use. The SJRWMD requires its implementation in almost all cases. The higher the percentage of costs associated with usage, the greater the price signal to reduce demand. Therefore, the SJRWMD prefers that at least 60 percent of the cost to customers be in the gallonage charge, because charging for the actual amount of water used promotes conservation. Conservation-promoting rate structures generally have three or four tiers. Although AUF's proposed tiers appear to support the District's conservation goals, under AUF's statewide consolidated rates, many systems will see an increase in the fixed portion of the bill while reducing the variable portion of the bill.

Witness Walker further testified that Priority Water Resource Caution Areas (PWRCA's) are areas where existing and reasonably anticipated water sources and conservation efforts may not be adequate to: (1) supply water for all existing legal uses and reasonably anticipated future needs; and (2) sustain water resources and related natural systems. In more general terms, these are areas in which the projected demand exceeds the resource capacity to supply the water without unacceptable environmental impacts. Water conservation is critically important in these areas in order to extend the timeframe within which relatively inexpensive fresh groundwater supplies can be sustained before more expensive alternative water sources must be developed. Seventeen (or 40 percent) of AUF's systems are located within SJRWMD PWRCA's.

Witness Yingling testified that the SWFWMD promotes the use of water conservation-oriented rate structures for the benefit of all water customers located within its jurisdiction. The

longer demand within the available high quality water sources can be maintained, the longer having to develop lower quality sources can be avoided. For water to be used efficiently, it must be priced in a manner that provides incentives for efficient use. He testified that there are extensive statistical studies of utility water demand showing when price increases, water demand decreases, all other factors equal (e.g., weather). Economic theory states that persons respond to marginal price, which is the price of the next unit of good purchased. Marginal price is therefore an appropriate incentive for efficient water use. The SWFWMD's latest research validates economic theory of response to marginal price. In much of the SWFWMD, potable quality water is at least a seasonally scarce resource. Water conservation-oriented rate structures reinforce the concept of scarcity and the need to conserve through the marginal cost of water.

Witness Yingling testified that public water supply utilities with permitted quantities of 100,000 gallons per day or more that are located either in the Northern Tampa Bay or Southern Water Use Caution Areas (WUCAs) are required by rule to comply with water conserving rate structure requirements. He testified that when designing the rate structure, the fixed charge portion of the bill should be kept to the minimum commensurate with the need for revenue stability. A low fixed charge increases the revenue required from gallonage charges and therefore higher gallonage charges results, providing more of a disincentive to wasteful use, and more of a reward to the customer for reducing use. Witness Yingling further testified that for those customer bases with excessive consumption per customer, the last usage block should be designed and priced to aggressively target that consumption.

Witness Stallcup testified that, based on his review of AUF's billing analysis data, as well as the testimony of witnesses Walker and Yingling, the appropriate water rate structure is a three-tiered inclining block rate structure, with usage blocks for monthly consumption of: (a) 0-5,000 gallons; (b) 5,001-10,000 gallons; and (c) usage in excess of 10,000 gallons. He also recommended more aggressive rate factors of 1.0, 1.25, and 3.0, respectively. Witness Stallcup testified that a three-tiered rate structure is better suited to address the demographic diversity of AUF's individual systems, which include both very small retirement communities with modest levels of consumption as well as relatively large suburban areas with more extravagant levels of consumption. Witness Stallcup testified that his recommended rate structure satisfied the two goals of minimizing the rate impact on residential customers who are already conserving, while focusing price increases on those customers who are using greater quantities of water.

Witness Smeltzer testified on rebuttal that AUF has not proposed a three-tiered conservation rate structure, and does not believe that a three-tiered structure is fair or appropriate in this case. He believes that AUF's rate structure proposal provides the proper balance to achieve price induced conservation. He further testified that the Utility wants the opportunity to evaluate the impacts of the two-block structure before making further refinements.

Section 373.227(1), F.S., states in part: "[t]he Legislature recognizes that the proper conservation of water is an important means of achieving the economical and efficient utilization of water necessary, in part, to constitute a reasonable-beneficial use. The overall water conservation goal of the state is to prevent and reduce wasteful, uneconomical, impractical, or unreasonable use of water resources." Under AUF's proposed water conservation rate structure, the consumption in excess of 5,000 gallons per month would be charged the same rate,



regardless of the difference in consumption levels above 5,000 gallons between one customer and another, and regardless of whether a particular area was suffering from a drought or other water resource concern. Furthermore, the marginal price above 5,000 gallons of consumption remains the same, so there is no additional incentive to conserve. When comparing AUF's proposed water conservation rate structure to witness Stallcup's recommended water rate structure, we find witness Stallcup's rate structure best achieves the legislative intent of Section 373.227(1), F.S.

We have a Memorandum of Understanding (MOU) with the five Water Management Districts (WMDs or Districts). Representatives of the SJRWMD and the SWFWMD provided testimony regarding water caution areas, and how critically important conservation is in these areas in order to extend the timeframe within which relatively inexpensive fresh groundwater supplies can be sustained. Otherwise, more expensive sources of water must be developed. A guideline of the five Districts is to set the base facility charges such that they recover no more than 40 percent of the revenues to be generated from monthly service.<sup>88</sup> This Commission complies with this guideline whenever possible.<sup>89</sup> In response to growing water demands and water supply problems, coupled with one of the worst droughts in Florida's history, DEP led a statewide Water Conservation Initiative (WCI) to find ways to improve efficiency in all categories of water use. A basic tenet that guided the WCI is that metering is effective in reducing water use. In the WCI's final report, issued in April 2002, a high-priority recommendation was that the base facility charge portion of the bill usually should not represent more than 40 percent of the utility's total revenues.<sup>90</sup> Based on a comparison of AUF's proposed water rate structure versus witness Stallcup's recommended rate structure, we believe witness Stallcup's rate structure best conforms to both the MOU and the WCI.

The BFC/uniform gallonage charge rate structure had been our rate structure of choice because it is designed to provide for the equitable sharing by the ratepayers of both the fixed and variable costs of providing service. However, over the past several years, based in large part on requests made by the WMDs, we have been implementing the inclining-block rate structure as our rate structure of choice.<sup>91</sup> Our traditional wastewater rate structure is the BFC/gallonage

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<sup>88</sup> See Order No. PSC-02-0593-FOF-WS, issued April 30, 2002, in Docket No. 010503-WU, In re: Application for increase in water rates for Seven Springs system in Pasco County by Aloha Utilities, Inc.; Order No. PSC-03-1440-FOF-WS, issued December 22, 2003, in Docket No. 020071-WS, In re: Application for rate increase in Marion, Orange, Pasco, Pinellas and Seminole Counties by Utilities, Inc. of Florida.

<sup>89</sup> See Order No. PSC-94-1452-FOF-WU, issued November 28, 1994, in Docket No. 940475-WU, In re: Application for rate increase in Martin County by Hobe Sound Water Company; Order No. PSC-01-0327-PAA-WU, issued January 6, 2001, in Docket No. 000295-WU, In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.; Order No. PSC-00-2500-PAA-WS, issued December 26, 2000, in Docket No. 000327-WS, In re: Application for staff-assisted rate case in Putnam County by Buffalo Bluff Utilities, Inc.; Order No. PSC-02-0593-FOF-WS, issued April 30, 2002, in Docket No. 010503-WU, In re: Application for increase in water rates for Seven Springs system in Pasco County by Aloha Utilities, Inc.

<sup>90</sup> Florida Department of Environmental Protection, Florida Water Conservation Initiative, April 2002.

<sup>91</sup> See Order No. PSC-03-0647-PAA-WS, issued May 28, 2003, in Docket No. 020407-WS, In re: Application for rate increase in Polk County by Cypress Lakes Utilities, Inc.; Order No. PSC-00-0248-PAA-WU, issued February 7, 2000, in Docket No. 990535-WU, In re: Request for approval of increase in water rates in Nassau County by Florida Public Utilities Company (Fernandina Beach System); Order No. PSC-01-0327-PAA-WU, issued February 6, 2001, in Docket No. 000295-WU, In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.; Order No. PSC-02-0593-FOF-WS, issued April 30, 2002, in Docket No. 010503-WU, In re:

charge rate structure. Setting the wastewater BFC cost recovery at 50 percent, and the gallonage charge at 1.2 times the corresponding residential charge, is consistent with prior cases.<sup>92</sup>

Based on the foregoing discussion, regarding aspects other than rate consolidation, we find that the appropriate rate structure for the Utility's water systems is a three-tiered inclining block rate structure, with usage blocks for residential monthly consumption of: (a) 0-5 kgals; (b) 5.001-10 kgals; and (c) usage in excess of 10 kgals. The usage block rate factors shall be 1.0, 1.25, and 3.0, respectively. The general service gallonage charge rate shall be based on the uniform gallonage charge. The pre-repression base facility charge cost recovery shall be 35 percent. We find that the appropriate rate structure for the Utility's wastewater systems is the BFC/gallonage charge rate structure. The general service gallonage charge shall be 1.2 times the corresponding residential gallonage charge. The pre-repression base facility charge cost recovery shall be 50 percent. Regarding rate consolidation, we do not believe the Utility has met its burden concerning its request for a single cost of service; therefore, the request is denied.

#### D. Water Systems and Wastewater Systems Consolidated Into Single Rate Structure

With respect to the rate consolidation issue, several methodologies have been proposed by both AUF and staff witnesses. A total of six rate consolidation options were presented by witnesses in this case. Witness Stallcup testified during cross examination regarding the various methodologies that had been presented. There are two methodologies contained in direct testimony sponsored by AUF witnesses. The first methodology is based on the stand-alone rates as they exist now. However, stand-alone rates result in unaffordable rates for many systems, especially for the wastewater systems. The second methodology contained in AUF testimony is fully consolidated statewide rates. While this methodology appears to address the issue of affordability, it ignores any consideration of the adverse effects of excessive cross-subsidies.

Witness Stallcup further testified regarding two additional alternatives in his own testimony. Both of witness Stallcup's methodologies result in rates between the rates based on AUF's stand-alone and fully consolidated proposals. The first of these methodologies is the capband methodology used in the Southern States rate case,<sup>93</sup> where systems are grouped together based on similar costs to serve, and bills are capped at the maximum affordability level. This decision was later affirmed by the First District Court of Appeal. Because the groupings are based on similar costs to serve, the level of subsidization between customers within each consolidated group is minimized. The second methodology described by witness Stallcup in his testimony is the "portfolio method," wherein high cost systems are combined with low cost

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Application for increase in water rates for Seven Springs system in Pasco County by Aloha Utilities, Inc.; Order No. PSC-03-1440-FOF-WS, issued December 22, 2003, in Docket No. 020071-WS, In re: Application for rate increase in Marion, Orange, Pasco, Pinellas and Seminole Counties by Utilities, Inc. of Florida.

<sup>92</sup> See Order No. PSC-07-0199-PAA-WS, issued March 5, 2007, in Docket No. 060257-WS, In re: Application for increase in water and wastewater rates in Polk County by Cypress Lakes Utilities, Inc.

<sup>93</sup> See Order No. PSC-96-1320-FOF-WS, issued October 30, 1996, in Docket No. 950495-WS, In re: Application for rate increase and increase in service availability charges by Southern States Utilities, Inc. for Orange-Osceola Utilities, Inc. in Osceola County, and in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Highlands, Lake, Lee, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, St. Johns, St. Lucie, Volusia and Washington Counties; aff'd, 714 So. 2d 1046 (Fla. 1<sup>st</sup> DCA 1998).

systems in order to reduce affordability concerns. The result is the consolidated rate of the combined systems will be slightly greater than the low cost system would otherwise pay.

Witness Stallcup also mentioned a consolidation methodology presented by AUF witness Franceski. Witness Stallcup testified that this alternative methodology contained in witness Franceski's rebuttal testimony is worthy of consideration. However, witness Stallcup earlier testified that he believed the manner in which repression was incorporated into the methodology was in error. In addition, during his cross examination, witness Stallcup received clarification from AUF's counsel that the sensitivity analysis included on the second page of witness Franceski's rebuttal exhibit, Exhibit 135, was based on 75 percent of the Utility's total revenue requirement – meaning the sum of: (1) 75 percent of the revenue increase requested; and (2) 75 percent of the revenue requirement in existence prior to the inception of the instant case. Therefore, witness Stallcup was not sure witness Franceski's exhibit would be necessarily instructive. Our staff was able to correct these two errors which allowed witness Franceski's methodology to be considered.

The final rate consolidation methodology addressed by witness Stallcup during cross examination at the hearing was the possibility of reallocating some of the wastewater revenue recovery to the water system, should we believe that the wastewater rates without the reallocation are prohibitively unaffordable. This methodology would bring down the rates for the wastewater systems, while increasing the rates, to a lesser extent, for the water systems. The reallocation methodology may be used in conjunction with any one of the other consolidation methodologies presented. Because this methodology represents a departure from our ratesetting methodology, our staff sought explicit permission to consider this methodology, which we approved.

A summary of the consolidation methodologies evaluated appears on Table 1 below:

TABLE 1

DESCRIPTION OF RATE CONSOLIDATION METHODOLOGIES (1)	
<u>Methodology</u>	<u>Description</u>
Stand Alone	The rates for the individual water and wastewater systems are based on the revenue requirements, equivalent residential connections (ERCs) and gallons sold for those systems.
Fully Consolidated (Single Tariff)	The revenue requirements, ERCs and gallons sold for the water and wastewater systems, respectively, are combined. The result is a statewide consolidated rate structure such that: 1) all water customers pay the same rates for service; and 2) all wastewater customers pay the same rate for service.
Capband	This methodology involves multiple steps. Using the water system as an example, first, average stand alone bills for the water systems are ranked from least to greatest. Second, any bill that exceeds the affordability limit of \$65.25 for water systems is "capped" at that affordability limit. The capping of the individual systems' bills results in an underrecovery of revenues for the overall water system.

DESCRIPTION OF RATE CONSOLIDATION METHODOLOGIES (1)	
Methodology	Description
Capband (cont.)	The third step is that the revenue underrecovery for the water systems is spread over the less expensive water systems. Fourth, if spreading the underrecovered revenues to the less expensive systems causes any of the resulting water bills to exceed the affordability limit of \$65.25, that system's bill is then capped. Finally, whatever underrecovered revenues that still exist are spread over the remaining uncapped systems until all revenues are recovered. This five-step iterative process is applied in the same manner to the wastewater systems, except that the affordability limit for wastewater systems is \$82.25.
Portfolio	This methodology involves grouping systems with high stand alone rates with systems that have lower stand alone rates. By carefully selecting the systems to be combined, the resulting consolidated rates for each group can be much lower for the customers with high stand alone rates, while slightly increasing the rates for the lower cost systems in that group.
Reallocation from Wastewater to Water	<p>Our staff's recommended methodology involves multiple steps, and is closely related (although not explicitly tied) to the capband methodology discussed above. The first two steps for this methodology are the same as for the capband approach: first, average stand alone bills for the water and wastewater systems are ranked from least to greatest. Second, any bill that exceeds the affordability limits of \$65.25 for water systems and \$82.25 for wastewater systems are "capped" at that affordability limit. Capping the bills results in an underrecovery of revenues for the water and wastewater systems.</p> <p>The third step differs from the pure capband approach in that the calculated revenue underrecovery for <b>both</b> the water and wastewater systems is spread over the less expensive water systems. Fourth, if spreading the underrecovered revenues to the less expensive water systems causes any of the resulting water bills to exceed the affordability limit of \$65.25, that system's bill is then capped. Finally, whatever underrecovered revenues that still exist are spread over the remaining uncapped systems until all revenues are recovered.</p>
(1) The water systems' capped bill of \$65.25 is based on residential consumption of 7,000 gallons (kgals) per month. The wastewater systems' capped bill of \$82.25 is based on residential consumption of 6 kgals per month.	

A thumbnail comparison of the pros and cons of the consolidation methodologies being considered is shown on Table 2 on the following page:

TABLE 2

PROS AND CONS OF RATE CONSOLIDATION METHODOLOGIES		
Method	Pros	Cons
Stand-alone	No subsidies	Unaffordable rates for many systems
Fully consolidated	Affordable rates	Ignores resulting excessive subsidies for certain systems
Capband	Bills are capped at affordability limits; systems are grouped to minimize subsidies	High cost systems are subsidized by lower cost systems
Portfolio	Grouping high cost systems with low cost systems makes high cost systems affordable	Combining systems with such dissimilar costs increases subsidies paid by low cost systems
Reallocation from wastewater to water	Reduces the most unaffordable wastewater bills	Water customers who are also wastewater customers subsidize the high cost wastewater systems

In this proceeding, we are faced with selecting a rate consolidation methodology that best balances competing interests. Striking a balance between rates that include reasonable levels of subsidization and rates that are affordable is a difficult task, especially considering the capital intensive, rising-cost nature of the water and wastewater industry.

Witness Smeltzer testified on rebuttal that this Commission has already determined that it is appropriate to consider a number of goals and objectives in evaluating a proposed rate structure, including: (1) the affordability of rates for all customers; (2) ease of administration; (3) customer acceptance and understandability; (4) fairness (the degree to which subsidies will occur); (5) rate continuity/stability for all customers; (6) conservation and resource protection; (7) revenue stability and predictability for the utility; and (8) impact of rate structure on future acquisitions.

Subsidization is inherent in any rate structure. Once the subsidization concept is accepted, the question becomes: What level of subsidization is acceptable? The Utility has requested to fully consolidate its rates (single tariff pricing). This forces involuntary subsidization of some customers and systems by other customers and systems. However, systems making plant improvements is an example of how the subsidization levels change and often reverse over time. Witness Stallcup testified that when this Commission looks at whether a rate is unfairly discriminatory, we typically look at whether the rate would cause some customers to unfairly subsidize other groups of customers. It is a judgment call as to what constitutes fairness. The ultimate decision to determine what subsidy is appropriate is a policy decision for us to make.

Witness Smeltzer testified that the subsidization levels referenced by witness Stallcup from prior Commission orders are somewhat arbitrary, and that subsidies change throughout time depending on numerous factors, including capitalization needs. The focus should really be on fairness, not on a specific dollar amount. Witness Smeltzer testified that he agreed with witness Stallcup that there is no single right or wrong answer for determining the appropriate subsidy values.

The starting point for our analysis was our approved revenue requirements for each water and wastewater system, excluding the Chuluota water and wastewater systems as discussed later in this Order. Our analysis of the appropriate consolidation methodology included each of the methods shown in Table 1. Based on our analysis, witness Franceski's methodology is similar to witness Stallcup's portfolio approach, except witness Franceski's methodology allows for the subsidy limits to be exceeded for certain systems with relatively low rates. This would permit more systems to be combined into any given rate group (band) and result in a fewer number of rate groups. After correcting witness Franceski's exhibit for the errors previously discussed, witnesses Franceski and Stallcup's consolidation methodologies are conceptually the same, varying only with regards to the levels of subsidies allowed in the consolidation process. Therefore, in our analysis, these two methodologies were treated as one. The results of the comparative analysis for the water and wastewater systems are shown on Tables 3 and 4, respectively.

TABLE 3

RESULTS OF OUR COMPARATIVE ANALYSIS: RESIDENTIAL WATER SYSTEMS (1) (2)				
	Rate Consolidation Without Reallocation			
	<u>Stand Alone</u>	<u>Fully Consolidated</u>	<u>Capband</u>	<u>Portfolio</u>
Minimum Bill	\$17.05	\$42.83	\$22.54	\$23.27
Maximum Bill	\$229.16	\$42.83	\$65.25	\$70.38
Maximum Subsidy Paid	\$0.00	\$25.77	\$9.03	\$9.30
Maximum Subsidy Received	\$0.00	(\$186.34)	(\$163.91)	(\$205.89)
Number of Rate Groups / Bands	56	1	5	6
(1) Excluding Chuluota.				
(2) Bills are based on residential consumption of 7,000 gallons per month.				

TABLE 4

RESULTS OF OUR COMPARATIVE ANALYSIS: RESIDENTIAL WASTEWATER SYSTEMS (1)(2)				
	Rate Consolidation Without Reallocation			
	<u>Stand Alone</u>	<u>Fully Consolidated</u>	<u>Capband</u>	<u>Portfolio</u>
Minimum Bill	\$41.72	\$84.50	\$64.70	\$54.22
Maximum Bill	\$384.24	\$84.50	\$97.89	\$96.69
Maximum Subsidy Paid	\$0.00	\$42.78	\$27.26	\$22.53
Maximum Subsidy Received	\$0.00	(\$299.74)	(\$301.99)	(\$305.60)
Number of Rate Groups / Bands	22	1	5	4
(1) Bills are based on residential consumption of 6,000 gallons per month. (2) Excluding Chuluota.				

Our evaluation of the results of the implementation of the current stand alone methodology for the water and wastewater systems shown on Tables 3 and 4 leads us to conclude that implementing this methodology on a going-forward basis could potentially violate Section 367.081(2)(a)1, F.S., for two opposite, yet equally important, reasons. Section 367.081(2)(a)(1), F.S., provides that “the commission shall . . . fix rates which are just, reasonable, compensatory, and not unfairly discriminatory.” First, under the stand-alone methodology, there are some systems whose compensatory rates charged to customers would probably be unreasonable because of their unaffordability, thereby violating Section 367.081, F.S. Second, from the Utility’s perspective, if the bills are unaffordable, then the Utility would be in jeopardy of not recovering its full revenue requirement. We believe the potential inability to collect its full revenue requirements would violate the “compensatory” requirement of the statute. Therefore, we find that stand-alone rates are inappropriate for this Utility on a going-forward basis.

After analyzing the Utility’s fully consolidated request, we believe the subsidies paid by the Kings Cove and Silver Lakes Estates water systems (in excess of \$25 paid by each system) and by the Kings Cove, Leisure Lakes, Summit Chase and Valencia Terrace wastewater systems (in excess of \$34.70 paid by each system) are unacceptably high. Therefore, we find that the Utility’s fully consolidated request is also inappropriate.

The remaining methodologies under consideration for both the water and wastewater systems are the capband and portfolio methodologies. As shown on Table 3, for the water system, the capband and portfolio methods produced comparable minimum bills and maximum subsidies paid. However, there are two areas in which the capband method yields better results than the portfolio method. First, the maximum bill under the capband method is approximately \$5.00 less per month than under the portfolio method. Second, the capband method produces

five resulting rate bands, compared to six under the portfolio method. Therefore, we find that the capband methodology is the appropriate consolidation methodology for the Utility's water systems.

The results of the wastewater systems' analysis were less clear. The capband and portfolio methods produced comparable maximum bills and number of resulting rate groups. However, the minimum bill under the portfolio method is approximately \$10.00 less than under the capband method, and the maximum subsidy paid under the portfolio method is approximately \$5.00 less than under the capband approach. We note that the maximum bill under both the capband and portfolio approaches is greater than the \$82.25 affordability value for wastewater systems previously approved by this Commission. Therefore, while we do not dismiss the importance of the minimum bill paid, we believe it is more important to consider the maximum bill paid, due to overall affordability considerations. Because the maximum wastewater bill exceeds our approved threshold, we believe a reallocation of wastewater revenue requirements to the water systems is necessary to bring wastewater bills down to our approved values. As discussed in Table 1, the reallocation methodology is closely related to the capband method in terms of application. Based on the foregoing, we find that the capband methodology is also the appropriate consolidation methodology for the Utility's wastewater systems.

Based on our decision that the appropriate consolidation methodologies for the water and wastewater systems is the capband methodology, and recognizing that a reallocation of wastewater revenues is necessary to bring wastewater bills down to our approved values, we find that the appropriate amount of wastewater revenue reallocation to the water system is \$578,449. This amount is based upon the under recovery that results from capping, at \$82.25, the rates for the wastewater systems with bills in excess of \$82.25.

In order to ensure the fair application of the reallocation methodology, we find that the revenue requirement reallocation shall only be applied to those water systems that also have wastewater systems. The water systems will receive the reallocated revenues from the wastewater systems based on a proration of the affected water systems' ERCs. An analysis in Table 5 highlights the implementation of our decision to apply the reallocation methodology.



TABLE 5

RESULTS OF COMPARATIVE ANALYSIS BASED ON OUR APPROVED RATE CONSOLIDATION METHODOLOGY: RESIDENTIAL WATER AND WASTEWATER SYSTEMS		
	Rate Consolidation Combining: (1) Reallocation of \$578,449 in Wastewater Revenue Requirement to the Water Systems; and (2) Capband Methodologies	
	<u>Water Systems (1)</u>	<u>Wastewater Systems (2)</u>
Minimum Bill	\$28.80	\$45.03
Maximum Bill	\$65.25	\$82.25
Maximum Subsidy Paid	\$12.50	\$9.30
Maximum Subsidy Received	(\$163.91)	(\$301.99)
Number of Rate Groups / Bands	4	3
(1) Bills are based on residential consumption of 7,000 gallons per month. (2) Bills are based on residential consumption of 6,000 gallons per month. (3) Excluding the Chuluota water and wastewater systems.		

We note that neither the water nor the wastewater systems' resulting maximum bills exceed the respective affordability limits previously approved. Based on the approved revenue requirements for the individual systems and the rate consolidation methodology for the water and wastewater systems, we find that a subsidy limit of \$12.50, is appropriate. We further find that the affordability limits of \$65.25 and \$82.25 for water and wastewater service, respectively, shall be applicable to residential service only. We are not considering affordability limits for general service customers.

Therefore, based on the foregoing, we find that the water systems shall be consolidated into the following groups:

<u>Band 1</u>	<u>Band 3</u>	<u>Band 4 = capped systems</u>	<u>Band 4 (cont.)</u>
Jasmine Lakes Kings Cove Ocala Oaks Picciola Island Silver Lake Estates Tangerine	48 Estates Gibsonia Estates Interlachen Lake / Park Manor Lake Osborne Orange Hill Quail Ridge Ravenswood Venetian Village	Arredondo Beechers Point East Lake Harris Friendly Center Haines Creek Harmony Homes Hermits Cove Hobby Hills Holiday Haven Imperial Mobile Terrace Jungle Den Kingswood Lake Josephine Lake Suzy Leisure Lakes Morningview Oakwood Palm Port Palm Terrace	Palms MHP Pomona Park River Grove Rosalie Oaks Sebring Lakes Silver Lake Oaks Skycrest Stone Mountain Summit Chase The Woods Tomoka Village Water Welaka / Saratoga Harbor Wootens Zephyr Shores
<u>Band 2</u>			
Carlton Village Fern Terrace Grand Terrace Lake Gibson Estates Piney Woods St. Johns Highlands Sunny Hills Valencia Terrace			

We find that the wastewater systems shall be consolidated into the following groups:

<u>Band 1</u>	<u>Band 2</u>	<u>Band 3 = capped systems</u>	<u>General Service Band</u>
Kings Cove Leisure Lakes Summit Chase Valencia Terrace	Arredondo Holiday Haven Lake Suzy Palm Port Silver Lake Oaks Sunny Hills Venetian Village Interlachen Lake / Park Manor	Jasmine Lakes Morningview Palm Terrace South Seas The Woods Zephyr Shores	Beechers Point Jungle Den Lake Gibson Est Rosalie Oaks Village Water FL Central Comm

We find that the water and wastewater systems shall be consolidated by using the capband approach, and reallocating \$578,449 from the wastewater systems to the water systems. The revenue reallocation shall only be applied to those water systems that also have wastewater systems. The water systems will receive the reallocated revenues based on a proration of the affected water systems' ERCs.

Based on the approved revenue requirements for the individual systems and the rate consolidation methodology for the water and wastewater systems, we find that a subsidy limit of \$12.50, is appropriate. We further find that the affordability limits of \$65.25 and \$82.25 for

water and wastewater service, respectively, shall be applicable to residential service only. We are not considering affordability limits for general service customers.

### 1. Chuluota Water and Wastewater Systems

For the reasons stated in Section V. Quality of Service, we find that the Chuluota water and wastewater systems shall be considered as stand-alone systems for rate design purposes.

We note that the record is replete with continuing issues concerning the Chuluota water and wastewater systems, none of which were resolved at the time the evidentiary record was closed. There were issues related to AUF's water treatment plant and AUF's inability to correct the problems with the drinking water, specifically reoccurring issues with "black water" and TTHMs. In addition, there were issues related to numerous complaints concerning systemic billing errors and AUF's customer call center. We received testimony and exhibits from numerous Chuluota water and wastewater customers concerning all these issues at two customer service hearings.

In light of our authority to approve or deny rate increases for water and wastewater systems, which stem from Sections 367.081 and 367.111, F.S., and the Supreme Court's decisions in United Telephone Co. of Florida v. Mayo, 215 So. 2d 609 (Fla. 1968) and North Florida Water Co. v. Bevis, 302 So. 2d 129 (Fla. 1974), we reviewed this rate increase request. In United Telephone, the Supreme Court held that this Commission's rate setting authority allowed us to withhold a rate increase until improvements planned by the company were accomplished. 215 So. 2d at 609. Similarly, in North Florida Water Co., the Supreme Court held that:

While Section 366.041, Florida Statutes, provides that no public utility shall be denied a reasonable rate of return, it in no manner compels the Commission to grant a rate increase where the applicant's existing service is shown to be inefficient.

...

The fixing of public utility rates necessarily involves a balancing of the public's interest in withholding rate relief because of inadequate service and the utility's interest in obtaining rate increases to finance its necessary service improvement program.

302 So. 2d at 130.<sup>94</sup> In affirming our decision to deny the utility a rate increase in North Florida Water Co., the Supreme Court found that the record was supported by competent substantial evidence. Id.

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<sup>94</sup> We note that Askew v. Bevis, 283 So. 2d 337 (Fla. 1973), is distinguishable (Commission allowed an increase with restrictions despite poor quality of service) for the same reasons as stated in North Florida Water Co., 302 So. 2d at 130.

In this case, especially as it relates to the Chuluota water and wastewater systems, we do not make our decision lightly. In balancing the interests of the Chuluota customers and AUF, we note that AUF is attempting to work to resolve the Chuluota water treatment system issues and related billing and customer service issues related to both water and wastewater systems. However, until those recurring issues are resolved satisfactorily, we cannot support a rate increase for the Chuluota systems. Therefore, based upon the record before us, AUF's request for a rate increase for the Chuluota water and wastewater systems is hereby denied.

## 2. The Woods Water and Wastewater Systems

As noted above in Section V. Quality of Service, The Woods system is no longer under a consent order from the DEP for TTHM and HAA5 exceedences. We are concerned, however, that The Woods may once again fall under a DEP consent order. Although we are approving the rate increase for The Woods water and wastewater systems, the rate increase shall be subject to refund in the event DEP issues a consent order for The Woods within 18 months of the issuance of this Order. If The Woods come under a consent order within that period, we reserve the right to make a determination whether refunds are necessary.

## E. Repression Adjustments

Although not addressed in any testimony in the proceeding, a review of witness Stallcup's workpapers indicates that he has made a repression adjustment to the Fuel for Power account. An exhibit to witness Szczygiel's testimony shows that an adjustment to this account is inconsistent with past Commission practice<sup>95</sup> and, therefore, should not be made.

We approve a repression calculation based on a price elasticity factor of -0.3 applied to residential water consumption greater than 5,000 gallons per month. Based on the water and wastewater system consolidations, the resulting repression adjustments are listed, by rate groupings, on Table 6 below:

**TABLE 6**

AQUA UTILITIES FLORIDA, INC. DOCKET NO. 080121-WS COMMISSION APPROVED REPRESSION ADJUSTMENTS WATER SYSTEMS			
System Name	Pre- Repression Residential Kgals	Total Expense Reduction Due to Repression	Post- Repression Residential Kgals
Rate Group 1	607,725	\$23,996	507,649
Rate Group 2	182,496	\$10,875	153,719
Rate Group 3	112,048	\$59,709	86,149
Rate Group 4	305,994	\$104,326	256,313

<sup>95</sup> See Order No. PSC-06-1027-PAA-WU, issued December 11, 2006, in Docket No. 050563-WU, In re: Application for increase in water rates in Polk County by Park Water Company.

### XIII. RATES

Excluding miscellaneous service revenues, and after the reallocation of \$578,449 from the wastewater systems to the water systems, the approved water rates are designed to produce total Utility revenues of \$8,400,884, while the approved wastewater rates are designed to produce corresponding revenues of \$4,968,694. The approved reuse rates and sprinkler head rates, which are both part of wastewater system revenues, are designed to produce revenues of \$36,144 and \$1,146, respectively. The appropriate monthly rates for the water systems are shown, by system, on Schedule No. 5-A. The appropriate monthly rates for the wastewater systems are shown, by system, on Schedule No. 5-B. The wastewater BFC/gallongage charge rate structure shall be implemented for all customers for whom metered water consumption is available. Otherwise, for those customers for whom no metered water consumption data is available, the flat rate shall be used.

Approximately 35 percent of the water systems' monthly service revenues is recovered through the base facility charges, while approximately 65 percent represents revenue recovery through the consumption charges. For the wastewater systems, approximately 50 percent of the monthly service revenues is recovered through the base facility charges, while approximately 50 percent represents revenue recovery through the consumption charges.

The Utility shall file revised tariff sheets and a proposed customer notice to reflect our approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date of the revised tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates shall not be implemented until our staff has approved the proposed customer notice. The Utility shall provide proof of the date the notice was given no less than 10 days after the date of the notice.

### XIV. MISCELLANEOUS SERVICE CHARGES

As reflected on MFR Schedules E-4, AUF is requesting an increase in its miscellaneous service charges. The Utility's current and requested charges are shown below.

#### Water Miscellaneous Service Charges

	<u>Current Charges</u>		<u>Utility Requested</u>	
	<u>Normal Hrs</u>	<u>After Hrs</u>	<u>Normal Hrs</u>	<u>After Hrs</u>
Initial Connection	\$15	N/A	\$50	\$75
Normal Reconnection	\$15	N/A	\$50	\$75
Violation Reconnection	\$15	N/A	\$75	\$115
Premises Visit	\$10	N/A	\$50	\$75
Late Payment Fees	N/A	N/A	\$5	N/A

Wastewater Miscellaneous Service Charges

	<u>Current Charges</u>		<u>Utility Requested</u>	
	<u>Normal Hrs</u>	<u>After Hrs</u>	<u>Normal Hrs</u>	<u>After Hrs</u>
Initial Connection	\$15	N/A	\$50	\$75
Normal Reconnection	\$15	N/A	\$50	\$75
Violation Reconnection	Actual Cost	N/A	Actual Cost	Actual Cost
Premises Visit	\$10	N/A	\$50	\$75
Late Payment Fees	N/A	N/A	\$5	N/A

The miscellaneous service charges have been in place since 1990, and have not changed since that time – a period of 19 years. The Utility believes these charges should be updated to reflect current costs.

AUF provided the following cost estimates for the expenses associated with connections, reconnections, and premises visits:

<u>Description</u>	<u># of Hours</u>	<u>Hourly Rate</u>	<u>Labor Cost</u>	<u>Other Cost</u>	<u>Total Cost</u>	<u>Proposed Fee</u>
Collect Delinquent Account Office Work	1.00	<u>\$26.88</u>	<u>\$26.88</u>	-	<u>\$26.88</u>	<u>\$25.00</u>
Connections, Premises Visits/Service Calls – Normal Hours						
Field Work	1.50	\$20.27	\$30.40	-	\$30.40	
Office Work	0.75	<u>\$26.88</u>	<u>\$20.16</u>	-	<u>\$20.16</u>	
Total			<u>\$50.56</u>	-	<u>\$50.56</u>	<u>\$50.00</u>
Connections, Premises Visits/Service Calls – After Hours						
=1.5 X Connections in Normal Hours above			<u>\$75.85</u>	-	<u>\$75.85</u>	<u>\$75.00</u>
Reconnect Disconnect Service in Normal Hours						
=Collect Delinquent Acct. + Connects in Normal Hours Above			<u>\$77.44</u>	-	<u>\$77.44</u>	<u>\$75.00</u>
Reconnect Disconnect Service in After Hours						
=1.5 X Reconnect in Normal Hours above			\$116.17	-	\$116.17	
Answering Service Call			-	<u>\$2.00</u>	<u>\$2.00</u>	
Total			<u>\$116.17</u>	<u>\$2.00</u>	<u>\$118.17</u>	<u>\$115.00</u>

After reviewing the information provided by AUF, we find the following modifications to the above cost estimates are appropriate:

- The Office work for Connections, Premises Visits/Service Calls – Normal Hours can be performed in .25 hours instead of .5 hours as recommended by the Utility. This is consistent with our previous decisions.<sup>96</sup>
- The Office work to Collect a Delinquent Account can be performed in .5 hours instead of 1 hour as recommended by the Utility.
- The Field work for Connections, Premises Visits/Service Calls – Normal Hours can be performed in .75 hours instead of 1.5 hours as recommended by the Utility. This is consistent with our previous decisions.<sup>97</sup>

After incorporating the above modifications, we calculate the following charges:

<u>Description</u>	<u># of Hours</u>	<u>Hourly Rate</u>	<u>Labor Cost</u>	<u>Other Cost</u>	<u>Total Cost</u>	<u>Approved Fee</u>
Collect Delinquent Account Office Work	0.50	<u>\$26.88</u>	<u>\$13.44</u>	-	<u>\$13.44</u>	<u>\$14.00</u>
Connections, Premises Visits/Service Calls – Normal Hours						
Field Work	0.75	\$20.27	\$15.20	-	\$15.20	
Office Work	0.25	<u>\$26.88</u>	<u>\$6.72</u>	-	<u>\$6.72</u>	
Total			<u>\$21.92</u>	-	<u>\$21.92</u>	<u>\$22.00</u>
Connections, Premises Visits/Service Calls – After Hours						
=1.5 X Connections in Normal Hours above			<u>\$32.88</u>	-	<u>\$32.88</u>	<u>\$33.00</u>
Reconnect Disconnect Service in Normal Hours						
=Collect Delinquent Acct. + Connects in Normal Hours Above			<u>\$35.36</u>	-	<u>\$35.36</u>	<u>\$35.00</u>
Reconnect Disconnect Service in After Hours						
=1.5 X Reconnect in Normal Hours above			\$53.04	-	\$53.05	
Answering Service Call			-	<u>\$2.00</u>	<u>\$2.00</u>	
Total			<u>\$53.05</u>	<u>\$2.00</u>	<u>\$55.05</u>	<u>\$55.00</u>

As stated above, AUF's miscellaneous service charges have not been updated in over 19 years and costs for fuel and labor have risen substantially since that time. Further, our price index has increased approximately 65 percent in that period of time. We have expressed concern with miscellaneous service charges that fail to compensate utilities for the cost incurred. In the Southern States Order, we expressed concern that the miscellaneous service charges were eight years old and could not possibly cover current costs, and we directed our staff to "examine whether miscellaneous service charges should be indexed in the future and included in index applications."<sup>98</sup> Currently, miscellaneous service charges may be indexed if requested in price

<sup>96</sup> See Order No. PSC-08-0009-TRF-WU, issued January 2, 2008, in Docket No. 070377-WU, In re: Request for approval of change in meter installation customer deposits tariff and proposed changes in miscellaneous service charges in Marion County by Windstream Utilities Company.

<sup>97</sup> Ibid.

<sup>98</sup> See Order No. PSC-96-1320-FOF-WS, issued October 30, 1996, in Docket No. 950495-WS, p. 263.

index applications pursuant to Rule 25-30.420, F.A.C. However, few utilities request that their miscellaneous service charges be indexed. Applying the approved price indices from 1990 through 2008 to AUF's current \$15 miscellaneous service charge, we calculate a charge of \$23.88. Therefore, we find a \$22 charge is reasonable and is cost based.

In addition, AUF has requested in its MFRs to add a \$5 Late Payment Fee to its miscellaneous service charges. A \$5 Late Payment Fee has been determined to be cost-based and has previously been approved by us in prior orders.<sup>99</sup>

The current and our approved water and wastewater charges are shown below:

Water Miscellaneous Service Charges

	<u>Current Charges</u>		<u>Approved</u>	
	<u>Normal Hrs</u>	<u>After Hrs</u>	<u>Normal Hrs</u>	<u>After Hrs</u>
Initial Connection	\$15	N/A	\$22	\$33
Normal Reconnection	\$15	N/A	\$22	\$33
Violation Reconnection	\$15	N/A	\$35	\$55
Premises Visit	\$10	N/A	\$22	\$33
Late Payment Fees	N/A	N/A	\$5	N/A

Wastewater Miscellaneous Service Charges

	<u>Current Charges</u>		<u>Approved</u>	
	<u>Normal Hrs</u>	<u>After Hrs</u>	<u>Normal Hrs</u>	<u>After Hrs</u>
Initial Connection	\$15	N/A	\$22	\$33
Normal Reconnection	\$15	N/A	\$22	\$33
Violation Reconnection	Actual Cost	N/A	Actual Cost	Actual Cost
Premises Visit	\$10	N/A	\$22	\$33
Late Payment Fees	N/A	N/A	\$5	N/A

In summary, the charge of \$22 for normal hours and \$33 for after hours for Initial Connections, Normal Connection, and Premises Visits is approved. For water, the normal hours and after hours charges for Violation Reconnections are \$35 and \$55, respectively. For wastewater, the normal hours and after hours charges for a Violation Reconnection are actual cost. Finally, the Utility is authorized a Late Payment Fee of \$5. The above fees and charges are all approved because the increased charges are cost-based, reasonable, and consistent with fees

<sup>99</sup> See Order Nos. PSC-08-0435-PAA-WS, issued July 7, 2008, in Docket No. 070548-WS, In Re: Application for certificates to provide water and wastewater service in Marion County by Century - Fairfield Village, Ltd.; PSC-08-0255-PAA-WS, issued April 24, 2008, in Docket No. 070548-WS, In Re: Application for certificates to provide water and wastewater service in Sumter County by Orange Blossom Utilities, Inc.; PSC-08-0009-TRF-WU, issued January 2, 2008, in Docket No. 070377-WU, In Re: Request for approval of change in meter installation customer deposits tariff and proposed changes in miscellaneous service charges in Marion County by Windstream Utilities Company.



we have approved for other utilities. The Utility shall file a proposed customer notice to reflect the approved charges. The approved charges shall be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), F.A.C., provided the notice has been approved by our staff. Within ten days of the date the order is final, the Utility shall be required to provide notice of the tariff changes to all customers. AUF shall provide proof the customers have received notice within ten days after the date the notice was sent.

#### XV. INTERIM REFUNDS

By Order No. PSC-08-0534-FOF-WS, issued August 18, 2008 (Interim Rate Order), we approved interim WAW rates subject to refund, pursuant to Section 367.082, F.S. In this proceeding, the test period for establishment of interim rates was the historical 13-month average period ending December 31, 2007. The approved interim rates did not include any provisions for pro forma consideration of increased operating expenses or plant. The interim increase was designed to allow recovery of actual interest costs, and the floor of the last authorized range for equity earnings.

Consistent with Section 367.082(4), F.S., any refund must be calculated to reduce the rate of return of the Utility during the pendency of the proceeding to the same level within the range of the newly authorized rate of return. Adjustments made in the rate case test period that do not relate to the period that interim rates are in effect shall be removed.

To establish the proper refund amount, our staff calculated a revised revenue requirement for the interim period using the same data used to establish final rates. Rate case expense is excluded because it is not an actual expense during the interim collection period. No other adjustments were necessary because there are no outstanding pro forma plant or expenses included in the revenue requirements.

Applying the requirements of the interim statute, we find that only three systems required refunds because the calculated interim period revenue requirements were greater than the interim revenue requirements approved in the Interim Rate Order. Our calculations for determining interim refunds are shown on Attachment B.

#### XVI. STATUTORY FOUR-YEAR RATE REDUCTION

Section 367.0816, F.S., requires rates to be reduced immediately following the expiration of the four-year amortization 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 regulatory assessment fees which is \$288,580 for water and \$104,511 for wastewater. The decreased revenue will result in the rate reduction shown on Schedules Nos. 5-A and 5-B.

The Utility shall file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than 30 days prior to the actual date of the required rate reduction. The approved rates shall 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 shall

not be implemented until our staff has approved the proposed customer notice. AUF shall provide proof of the date notice was given no less than 10 days after the date of the notice.

If the Utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease, and for the reduction in the rates due to the amortized rate case expense.

#### XVII. SERVICE AVAILABILITY CHARGES

AUF is proposing uniform service availability charges for its systems, including meter installation, service installation, main extension, and plant capacity charges. OPC took no position on the Utility's proposed service availability charges. Pursuant to Rule 25-30.580, F.A.C.:

A utility's service availability policy shall be designed in accordance with the following guidelines:

- (1) The maximum amount of contributions-in-aid-of-construction, net of amortization, should not exceed 75% of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their designed capacity; and
- (2) The minimum amount of contributions-in-aid-of-construction should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution and sewage collection systems.

(emphasis added)

##### A. Meter Installation Charge

AUF is requesting a uniform meter installation charge for all of its systems of \$210 for 5/8" x 3/4" meters and actual cost for larger meters. The Utility's current meter installation charges range from \$0 to \$200 for 5/8" x 3/4" meters. As discussed above, the Utility has installed remote read meters. The proposed meter installation charge is designed to recover the cost of the meter and the installation. Therefore, the proposed meter installation charge is approved.

##### B. Service Installation Charge

AUF is requesting uniform service installation charges for all of its systems of \$1,000 for 3/4" water lines, actual cost for larger water service lines, \$2,000 for 4" wastewater lines, and actual cost for larger wastewater lines. The Utility's current service installation charges are based on meter size for water service lines and line size for wastewater service lines. The proposed service installation charges are designed to recover the cost of installing water or wastewater service lines from the Utility's distribution or collection system to the customer's

water meter or property line. Therefore, the proposed water and wastewater service installation charges are approved.

C. Main Extension and Plant Capacity Charge

The systems that the Utility's proposed main extension and plant capacity charges will affect are the systems that were not included in the last SSU rate case in Docket No. 950495-WS. In that case, we approved uniform service availability charges for all of the existing SSU water and wastewater systems. We found that the appropriate plant capacity charges were \$700 for water and \$1,300 for wastewater. In addition, we found that the appropriate main extension charges were \$446 for water and \$480 for wastewater. In this case, AUF proposed to implement the uniform main extension and plant capacity charges for all of its current systems that were not in the prior SSU rate case; however, AUF did not provide a system by system or companywide analysis of the impact of the proposed main extension and plant capacity charges.

Our staff analyzed the average cost per ERC of the Utility's existing lines and found that the proposed main extension charges are reasonable based on the cost of the existing distribution and collection systems. Therefore it appears that the proposed main extension charges comply with the guideline in Rule 25-30.580, F.A.C., which provides that, at a minimum, customers should pay for the cost of the lines. In addition, our staff reviewed the contribution levels of each of the AUF systems and found that all of the systems' contribution levels are less than the 75 percent maximum guideline provided in Rule 25-30.580, F.A.C. On a total company basis, the contribution levels are 22 percent for water and 18 percent for wastewater. By implementing the proposed charges, it would increase the Utility's CIAC level. As a result, rate base would be lowered thereby mitigating the level of increases in any future rate cases. We find that AUF's proposed main extension and plant capacity charges are reasonable and they shall be approved. The following tables reflect the current and approved plant capacity and main extension charges:

Water Systems	Plant Capacity Charge		Main Extension Charge	
	Current	Approved	Current	Approved
48 Estates	\$125	\$700	\$200	\$446
Arredondo Farms	\$0	\$700	\$0	\$446
Arredondo Estates	\$0	\$700	\$0	\$446
Haines Creek	\$0	\$700	\$0	\$446
Jasmine Lakes	\$0	\$700	\$0	\$446
Kings Cove	\$300	\$700	\$500	\$446
Lake Josephine	\$600	\$700	\$0	\$446
Lake Osborne	\$0	\$700	\$0	\$446
Lake Suzy	\$0	\$700	\$0	\$446
Ocala Oaks	\$430	\$700	\$0	\$446
Ravenswood	\$0	\$700	\$0	\$446
Rosalie Oaks	\$0	\$700	0	\$446
Sebring Lakes	\$0	\$700	Actual Cost	\$446
Summit Chase	\$100	\$700	\$0	\$446
Tangerine	\$64	\$700	\$36	\$446

Water Systems (cont.)	Plant Capacity Charge		Main Extension Charge	
	Current	Approved	Current	Approved
The Woods	\$0	\$700	\$0	\$446
Village Water	\$0	\$700	Actual Cost	\$446

Wastewater Systems	Plant Capacity Charge		Main Extension Charge	
	Current	Approved	Current	Approved
Arredondo Farms	\$0	\$1,300	\$0	\$480
Kings Cove	\$300	\$1,300	\$1,000	\$480
Jasmine Lakes	\$0	\$1,300	\$0	\$480
Lake Suzy	\$1,950	\$1,300	\$186	\$480
Rosalie Oaks	\$450	\$1,300	\$50	\$480
South Seas	\$1,500	\$1,300	\$0	\$480
Summit Chase	\$350	\$1,300	\$0	\$480
The Woods	\$450	\$1,300	\$50	\$480
Village Water	\$0	\$1,300	Actual Cost	\$480

#### XVIII. ALLOWANCE FOR FUNDS PRUDENTLY INVESTED (AFPI) CHARGES

An AFPI charge is a mechanism designed to allow a utility to earn a fair rate of return on prudently constructed plant held for future use from the future customers that will be served by that plant, in the form of a charge paid by those customers. This charge allows the recovery of carrying costs on the non-used and useful plant. By providing this type of charge, the existing customers do not pay for plant expansion used to serve future customers. Future customers bear their equitable share of the carrying costs related to the facilities being constructed.

This one-time connection charge is based on the number of ERCs and is applicable to all future customers who have not already prepaid a connection charge, CIAC charge, or customer advances. The charge is based on the date the future customers make some such prepayment or on the date the customer connects to the system, whichever comes first. It is calculated using the Standard Division of Water and Wastewater, Bureau of Economic Regulation program.

OPC witness Merchant testified that:

The Commission should adjust each AFPI calculation for all corresponding changes in the revenue requirement calculations, including adjustments made to used and useful for plant, accumulated depreciation, depreciation expense, property taxes, and future customers. Further, Ms. Merchant asserted that if the Commission makes adjustments to the company's requested rate of return on equity or other cost of capital components impacting the overall rate of return, these percentages should be changed in the AFPI calculation.

AUF requested revised AFPI charges for the following systems: 48 Estates, Carlton Village, Hermits Cove, Holiday Have, Interlachen Lake Estates, Leisure Lakes, Palm Port, Palms Mobile Home Park, Picciola Island, Pomona Park, Sebring Lakes, Silver Lake Oaks, St. John's

Highlands, Stone Mountain, Sunny Hills, Tangerine, The Woods, Venetian Village, Welaka/Saratoga, and Wootens. We believe it is prudent for AUF to seek collection of AFPI charges from future customers. Therefore, each of the systems mentioned above shall have an updated AFPI tariff. Consistent with our approved non-used and useful plant, depreciation expense and property taxes, as well as the return on equity and overall cost of capital, the calculated AFPI charges for each of these systems are shown on Schedule No. 6. The AFPI charge shall be based upon the number of ERCs required by a particular customer.

According to our staff's analysis, the following systems shall have their corresponding AFPI tariffs cancelled: Beecher's Point, Chuluota, Friendly Center, Hobby Hills, Holiday Haven, Jungle Den, Kingswood, Morningview, Palm Terrace, Piney Woods, Quail Ridge, River Grove, Silver Lake Estate, Valencia Terrace, and Zephyr Shores. These systems are operating at 100 percent U&U; therefore, the AFPI tariff is no longer appropriate.

#### XIX. REGULATORY ASSET

In the Interim Rate Order, pp. 5-6, we approved AUF's request to recognize the difference between capped and uncapped interim rates over the interim collection period as a regulatory asset and recovered over a two-year period once final rates are determined. Further, the Utility stated that it would neither seek to recover interest on this deferred recovery, nor have this amount included in the working capital.<sup>100</sup>

OPC asserts that we should not approve a regulatory asset for any amount exceeding the amount identified in the interim order, and to do otherwise would violate Section 367.082, F.S.

AUF witness Szczygiel testified that our Interim Rate Order contains substantial errors which amount to \$588,239 on an annualized basis of revenues that the Utility is legally entitled to receive. Specifically, witness Szczygiel asserted that AUF's Silver Lake Estates/Western Shores water, Skycrest water, and Palm Terrace wastewater systems were erroneously excluded from an interim increase based on the aggregated revenues for these systems. In its brief, the Utility argued the following:

There is nothing under Florida law that would prohibit the Commission from allowing AUF to recover these lost revenues as part of a regulatory asset recovery surcharge. In fact, the Supreme Court in *GTE Florida Inc. v. Clark*, 668 So. 2d 971, 975 [sic]<sup>101</sup> (Fla. 1996) expressly determined that it would be inequitable to deny a utility the right to recover an increase in rates due to a "defect" in the order entered by the Commission, and that such recovery by surcharge would not be retroactive ratemaking. AUF is neutral with respect to which customers are required to pay the regulatory asset provided that it is made whole and allowed the interim revenues to which it was entitled. Furthermore, recovery of this regulatory asset can be accomplished without violating the principles of uniform rates or single cost of service.

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<sup>100</sup> See Interim Rate Order, p. 6.

<sup>101</sup> Although the Utility cited page number 975, the correct page number is 973.

Upon review of the Interim Rates Order, we agree with AUF witness Szczygiel that the three systems mentioned above were treated as a non-former FWSC system. On page 10 of the Interim Rates Order, we found the following: “[b]ecause the former FWSC systems have a capband rate structure, the calculation of the rate increase should be based on the aggregated revenues for these systems.” The following table shows the calculation for the annualized entitled interim revenues for those systems:

	Commission	Approved	Estimated
	Adjusted	Across-the-	Regulatory
<u>System Name</u>	<u>TY Revenues</u>	<u>Board Increase</u>	<u>Asset</u>
Silver Lake Estates/Western Shores Water	\$542,668	33.98%	184,399
Skycrest Water	54,525	33.98%	18,528
Palm Terrace Wastewater	417,096	92.38%	385,313
Total	\$1,014,289		\$588,239

Contrary to OPC’s assertion, we find there is no prohibition contained within Section 367.082, F.S., which would prevent us from correcting a defect in the Interim Rates Order, which otherwise would deprive the Utility from receiving the full amount of interim rates to which it was due. We have considered whether administrative finality and retroactive ratemaking act to limit our ability to prospectively correct the defect in an interim rates order and grant proper relief to either the utility or the ratepayer. Our analysis of the applicable case law is described below.

The prohibitions of administrative finality apply to a *final* order, but not to an interim rates order. See Florida Power & Light Co. v. Beard, 626 So. 2d 660, 662 (Fla. 1993); Peoples Gas Sys., Inc. v. Mason, 187 So. 2d 335, 339 (Fla. 1966). An interim rates order is not a final order. See Citizens of the State of Florida v. Mayo, 316 So. 2d 262, 263 (Fla. 1975) (holding that an interim rates order is not final or reviewable until a final rates order is issued). Therefore, we find that an interim rate order does not fall within the ambit of administrative finality and it would be proper for us to revisit our decision, especially to correct a defect materially adversely affecting either the utility or the ratepayers.

The prohibitions of retroactive ratemaking do not apply when correcting a defect in a final rates order. See GTE Fla. Inc., v. Clark, 668 So. 2d 971 (Fla. 1996) (holding that the recovery of expenses and costs properly due to the utility due to error by the Commission would not constitute retroactive ratemaking). When there is a defect in a final rates order, we are required to correct defects in the order irrespective of whether it benefits the utility or ratepayer. See Southern States Utilities, Inc. v. Florida Public Service Commission, 704 So. 2d 555, 559 (Fla. 1st DCA 1997) (reversing the Commission for not granting a surcharge to Southern States for underpayment by ratepayers of erroneously granted rates); GTE, 668 So. 2d at 973 (“equity applies to both utilities and ratepayers when an erroneous rate order is entered” and “[i]t would clearly be inequitable for either utilities or ratepayers to benefit, thereby receiving a windfall, from an erroneous [Commission] order.”). Thus, correcting a defect in an interim rates order is not retroactive ratemaking. Moreover, based on the authority of GTE and Southern States, we find that we have both the authority, and affirmative responsibility, to correct a defect in an

interim rates order resulting in underpayment of rates due to a utility or overpayment by ratepayers.

Upon review of applicable case law, we find that neither administrative finality nor retroactive ratemaking apply to prevent us from correcting the defect discovered in the Interim Rates Order or from granting the Utility a regulatory asset in the amount which it should have received absent a defect in that Order. Therefore, in order to correct the defect in the Interim Rates Order, the Utility shall be allowed to recover its lost interim rates from these three systems in the form of a regulatory asset.

Consistent with the approved interim refunds discussed above, the lost interim revenues for the three systems discussed above, and an estimated cessation date for the interim collection period of two weeks after the final rate order in this case, we find that total WAW regulatory assets for water and wastewater are \$270,304 and \$449,313, respectively. Accordingly, the total annual amortization amount \$135,152 and \$224,656 for water and wastewater, respectively. Moreover, the individual systems that generated the regulatory assets shall be entitled to receive the benefit of the annual amortization of their respective regulatory assets. Annual amortization for the applicable systems are reflected on the respective Schedule 4-C. Furthermore, upon the expiration of the two-year amortization period, the respective systems' rates shall be reduced across-the-board to remove the respectively grossed-up annual amortization of the regulatory assets.

The Utility shall file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than 30 days prior to the actual date of the required rate reduction. The approved rates shall 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 shall not be implemented until our staff has approved the proposed customer notice. AUF shall provide proof of the date notice was given no less than 10 days after the date of the notice.

If the Utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease, and for the reduction in the rates due to the amortized regulatory asset.

## XX. INDEX AND PASS THROUGH FILINGS

By Order No. PSC-96-1320-FOF-WS, p. 241, we found the following:

We agree with Mr. Ludsen that the purpose of indexes is to allow utilities to recover increases in expenses resulting from inflation. The index factor is the same for each service area no matter where it is located in the state. Therefore, index increases must be implemented on a utility-wide basis. This may automatically move some service areas over the cap. However, the cap is a target for reasonable and affordable rates and not a ceiling.

Regarding pass-through increases, for the service areas at or above the cap, we find it appropriate to require that a pass-through rate adjustment shall be

implemented on a plant-specific basis. These facilities have been targeted as high cost plants that need to be studied further to determine if they ever would or should be included in a banded or uniform rate structure. In the meantime, a pass-through adjustment should be borne solely by customers within those service areas. However, for service areas that are part of a rate band, pass-throughs must be shared by all facilities within the band. These service areas have been identified as having similar costs, at least in terms of their stand alone rates. The rates should not be differentiated once they have been combined for ratemaking purposes.

Based on our approval of the capband rate structure, and consistent with our prior decision noted above: (1) AUF shall file price indexes on a consolidated basis; (2) pass-throughs shall be separate for any approved stand alone rate systems; and (3) for systems a part of an approved rate band, pass-throughs shall be shared by all systems within each respective band.

#### XXI. CONSOLIDATION OF BOOKS

AUF witness Smeltzer testified that under the Utility's single cost of service proposal, AUF's Commission-regulated operation would be treated as one-entity, instead of 82 separate systems, for the purposes of establishing the Utility's overall revenue requirement. Mr. Smeltzer stated that Utility plant and related accounts would continue to be tracked and reported by individual system. Mr. Smeltzer asserted that AUF would maintain its accounting of operations for the Commission-regulated systems separate from its non-jurisdictional systems, as well as continue to separate water from wastewater.

Based on our approval of the capband rate structure, the Utility shall be allowed to consolidate its in-state Commission-regulated accounting, filing, and reporting requirements from individual system bases to the number of stand alone rates and rate bands we approved.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the water and wastewater increase application of Aqua Utilities Florida, Inc., is granted in part and denied in part as set forth in the body of this Order. It is further

ORDERED that each of the findings made in the body of this Order are hereby approved in every respect. It is further

ORDERED that all matters contained in the appendix, attachments and schedules appended hereto are incorporated herein by reference. It is further

ORDERED that Aqua Utilities Florida, Inc. is authorized to charge the new rates and charges as set forth in the body of this Order and the attachments and schedules attached hereto. It is further



ORDERED that Aqua Utilities Florida, Inc. shall file revised water and wastewater tariff sheets and a proposed customer notice to reflect the approved water and wastewater rates. It is further

ORDERED that the approved rates shall 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. It is further

ORDERED that the approved water and wastewater rates shall not be implemented until our staff has approved the proposed customer notice, and Aqua Utilities Florida, Inc. shall provide proof of the date notice was given no less than ten days after the date of the notice. It is further

ORDERED that Aqua Utilities Florida, Inc.'s request for a rate increase for the Chuluota water and wastewater systems is denied. It is further

ORDERED that the increased rates for The Woods water and wastewater systems shall be approved subject to refund with interest should those systems become subject to a Department of Environmental Protection Consent Order within 18 months of the date of this Order. It is further

ORDERED that the Utility shall refund the excessive water and wastewater interim rates collected for the three systems indicated in Attachment B. It is further

ORDERED that the refunds shall be made with interest in accordance with Rule 25-30.360(4), F.A.C. It is further

ORDERED that the Utility shall submit proper refund reports pursuant to Rule 25-30.360(7), F.A.C. The Utility shall treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), F.A.C. It is further

ORDERED that the corporate undertaking shall be released upon our staff's verification that the required refunds have been made. It is further

ORDERED that the water and wastewater rates shall be reduced as shown on Schedules Nos. 5-A and 5-B for each system to remove \$288,580 of water and \$104,511 of wastewater rate case expense, grossed up for regulatory assessment fees. It is further

ORDERED that the decrease in rates shall become effective immediately following the expiration of the four-year rate case expense recovery period. It is further

ORDERED that the Utility shall file revised tariff sheets and a proposed customer notice setting forth the lower rates and the reason for the reduction to reflect the approved reduction in rates no later than 30 days prior to the actual date of the required rate reduction. It is further

ORDERED that the approved reduction in rates shall 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. It is further

ORDERED that the reduction in rates shall not be implemented until staff has approved the proposed customer notice. The Utility shall provide proof of the date notice was given no less than 10 days after the date of the notice. It is further

ORDERED that if the Utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease, and for the reduction in the rates due to the amortized rate case expense. It is further

ORDERED that Aqua Utilities Florida, Inc. shall file a proposed customer notice to reflect the Commission-approved miscellaneous service charges. It is further

ORDERED that the approved charges shall be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), F.A.C., provided the notice has been approved by staff. It is further

ORDERED that within ten days of the date of the order, Aqua Utilities Florida, Inc. shall provide notice of the tariff changes to all customers. It is further

ORDERED that Aqua Utilities Florida, Inc. shall provide proof the customers have received notice within ten days after the date the notice was sent. It is further

ORDERED that the Utility shall charge the service availability charges approved in this Order and file the appropriate tariffs reflecting the charges. It is further

ORDERED that the Utility shall be allowed to charge the Allowance for Funds Prudently Invested charge for the systems set forth in the body of the Order and as shown on the appropriate Schedules 5. It is further

ORDERED that the Utility shall cease charging Allowance for Funds Prudently Invested for those systems designated in the body of this Order and the tariffs for those systems shall be canceled. It is further

ORDERED that the Utility shall be allowed to make future index and pass through filings as set forth in the body of this Order. It is further

ORDERED that based on our approval of the capband rate structure, the Utility shall be allowed to consolidate its in-state Commission-regulated accounting, filing, and reporting requirements from individual system bases to the number of stand alone rates and rate bands we approved. It is further

ORDERED that the individual systems that generated the regulatory assets shall be entitled to receive the benefit of the annual amortization of their respective regulatory assets and that upon the expiration of the two-year amortization period, the respective systems' rates shall be reduced across-the-board to remove the grossed-up annual amortization of the regulatory assets. It is further

ORDERED that the Utility shall file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than 30 days prior to the actual date of the required rate reduction. It is further

ORDERED that the approved reduction in rates for amortization of the regulatory assets shall 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. It is further

ORDERED that the reduction in rates for the amortization of the regulatory assets shall not be implemented until our staff has approved the proposed customer notice. It is further

ORDERED that the Utility shall provide proof of the date notice was given no less than 10 days after the date of the notice. It is further

ORDERED that if the Utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease, and for the reduction in the rates due to the amortized regulatory asset. It is further

ORDERED that Aqua Utilities Florida, Inc. shall submit monthly reports, provide sound recordings of customer complaints, and route schedules as set forth in the Quality of service Monitoring Plan. It is further

ORDERED that if this Final Order is not appealed, this docket shall remain open for: (1) our staff's confirmation that the appropriate refunds have been made; (2) our staff to review and present its analysis concerning the Quality of Service Monitoring Plan; and (3) a final determination of the appropriate disposition of the rates made subject to refund for The Woods water and wastewater systems made contingent on the Department of Environmental Protection not issuing any further consent orders for these systems within 18 months of the date of this Order.

By ORDER of the Florida Public Service Commission this 29th day of May, 2009.

ANN COLE  
Commission Clerk

By:   
Dorothy E. Ménasco  
Chief Deputy Commission Clerk

( S E A L )

RRJ

CONCURRENCE BY: COMMISSIONER EDGAR and COMMISSIONER SKOP

COMMISSIONER EDGAR, concurring with opinion, as follows:

Authoritative case law has found the Commission to have “very broad authority in determining rates” for water and wastewater utilities (Southern States Utilities v. Florida Public Service Commission, 714 So.2d 1046, 1051 (Fla. 1<sup>st</sup> DCA 1998.)) and that what constitutes a fair rate of return for a utility depends on the facts and circumstances of each utility. United Tel. Co. v. Mayo, 345 So.2d 648 (Fla. 1977).

In this case, unique circumstances include the requested consolidation for ratemaking purposes of 82 separate small systems with wide geographic distribution, potential utility-wide application of the leverage formula to a utility of this size, the Commission finding of overall AUF quality of service as marginal with the Chuluota system as unsatisfactory, specific issues raised regarding billing problems and lack of follow-up for customer complaints, among others.

As indicated by my vote with the majority on Issue 28, which addressed the appropriate return on equity (ROE) for the test year, I agree that an appropriate effective rate of return on equity for AUF is 9.75 percent, with a separate ROE for the Chuluota system of 8.75 percent. I also believe, however, that the more appropriate manner to reach this result is for the Commission to make a determination of an ROE utility-wide, and then consider adjustments according to the unique circumstances in the evidentiary record.

Application of the current leverage formula (as approved by the full Commission on December 16, 2008 per Order No. PSC-08-0846-FOF-WS) at 10.77 percent, with a 100 basis point reduction for deficiencies in addressing issues of concern utility-wide, and a further reduction of 100 basis points for the Chuluota system for water quality issues, arrives, de minimus, at the same result. This approach utilizes the remedy available to the Commission to reduce ROE to express dissatisfaction with the quality of service and resolution of customer concerns, while recognizing efficiencies intended by Section 367.081(4)(f), F.S.

COMMISSIONER SKOP, concurring specially with comment:

With respect to Issue 28 (Return on Equity), I concur only with the result adopted by the Commission and write separately to articulate my basis for decision as follows:

Issue 28 (Return on Equity)

Implied Return on Equity from Leverage Formula per Staff Recommendation <sup>102</sup>	10.77 %
Less: Reduction for Customer Service Related Issues	(1.02) %
<hr/>	
Adjusted System Wide Return on Equity Adopted by the Commission	9.75 %
Less: Additional System Specific Reduction for Water Quality Issues Related to the Chuluota and The Woods systems	(1.00) %
<hr/>	
Adjusted Return on Equity Adopted by the Commission for the Chuluota and The Woods systems <sup>103</sup>	8.75 %

In closing, the significance of the customer service and water quality issues reflected in the record evidence warranted appropriate adjustments to the Return on Equity in the instant case. At such a time when AUF can clearly demonstrate that it has fully resolved the noted deficiencies, I would hold open the opportunity for AUF to seek a limited proceeding with respect to the Return on Equity established by this Order.

DISSENT BY: COMMISSIONER MCMURRIAN and COMMISSIONER ARGENZIANO

COMMISSIONER MCMURRIAN, dissenting with opinion as follows:

Commissioner Katrina J. McMurrian dissents with respect to the majority's decision on the appropriate return on equity (ROE) for AUF (Issue 28).

Because no compelling reason was offered to deviate from the Commission's established practice of using the currently approved leverage formula to set the appropriate ROE, I must respectfully dissent from the majority's decision on ROE.

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<sup>102</sup> The record evidence in the instant case supported a Return on Equity between 8.75% and 11.30%.

<sup>103</sup> To remain in effect until satisfactory water quality standards are met for the Chuluota and The Woods systems.

### *Leverage Formula*

Section 367.081(4)(f), Florida Statutes (F.S.), authorizes this Commission to establish, not less than once a year, a leverage formula to calculate a reasonable range of ROEs for water and wastewater utilities. Further, that statute allows a utility in a proceeding where an ROE is to be established, such as a rate case, to move the Commission to adopt the range of ROEs that has been established according to the leverage formula in lieu of presenting evidence on ROE. Since 1981, the Commission has yearly established a leverage formula by order. The leverage formula in effect at the time of our vote in this docket was established by Order No. PSC-08-0846-FOF-WS, which was issued on December 31, 2008, in Docket No. 080006-WS, following a full evidentiary hearing conducted by this Commission.<sup>104</sup>

Presumably, the purpose of the leverage formula approach is to streamline water and wastewater rate cases by using a method that avoids costly litigation on cost of capital issues that can be passed on to the consumer as rate case expense. Any party is still permitted, of course, to put on cost of capital testimony to try to persuade the Commission to accept its rationale for a higher or lower ROE than the current leverage formula might yield.

### *Record on ROE and Staff Recommendation*

In this proceeding, pursuant to Section 367.081(4)(f), F.S., and consistent with long-standing Commission practice, AUF proposed the use of the ROE leverage formula in effect at the time of the Commission's vote in order to avoid the rate case expense associated with hiring an ROE witness for this case. (TR 114-116) At the time of the Commission's vote in this docket, the recently approved 2008 leverage formula yielded a 10.77 percent ROE. (TR 108) The Office of Public Counsel (OPC) exercised its right to file testimony and supported lower ROEs, and AUF filed testimony to rebut OPC's testimony. After reviewing the testimony offered on ROE, our staff recommended that the Commission apply the current leverage formula to yield an ROE for AUF of 10.77 percent with a range of plus or minus 100 basis points, exclusive of any potential adjustments for matters related to quality of service issues.<sup>105</sup>

### *Majority's Decision*

After lengthy discussion, the majority opted to disregard this Commission's approved 2008 leverage formula. Instead, the majority set the company-wide ROE at 9.75 percent and specifically reduced the ROE for the Chuluota and Woods systems to 8.75 percent until standards are met satisfactorily.

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<sup>104</sup> The Commission's leverage formula is generally approved as Proposed Agency Action without the necessity of a full evidentiary hearing. The 2008 leverage formula docket, however, was set directly for a hearing by this Commission after the Office of Public Counsel and Utilities, Inc. each indicated at the Commission's May 20, 2008, Agenda Conference their intent to protest staff's proposed methodologies in establishing the leverage formula.

<sup>105</sup> As staff noted in its recommendation, the Office of Public Counsel's ROE witness Rothschild made no demonstration why the Commission's ROE leverage formula should not apply to AUF. (TR 186-188, 259-260)

*Conclusion*

The majority did not make a persuasive case for deviating from our long-standing practice of applying the currently approved leverage formula in setting the ROE. Therefore, I must respectfully dissent from the majority's decision on ROE. Staff's recommended ROE of 10.77 percent, exclusive of any potential adjustments for matters related to quality of service issues, was appropriate.

With respect to the unsatisfactory quality of service for the Woods and Chuluota systems and the marginal quality of service system-wide (Issue 1), I agree completely with the majority. Unfortunately, my ultimate votes on the issues may not have clearly reflected my support for reductions to the ROE in response to these findings of unsatisfactory and marginal quality of service. To clarify my position, I would have imposed an appropriate point reduction to the system-wide ROE to reflect the marginal quality of service system-wide and an appropriate additional point reduction for each system we determined to provide unsatisfactory quality of service – Chuluota and the Woods.

COMMISSIONER ARGENZIANO, dissenting with opinion as follows:

While I had a number of differences with the majority on the revenue requirements portion of this docket (e.g., test year, rate of return on equity, proper adjustment for poor quality of service, etc.), I feel the need to write to clarify my vote on the rate structure portion of this docket only.

I fundamentally disagree with the decision of the majority to create a "cap-band" rate structure, in which the ratepayers of some systems subsidize other, higher cost systems. The decision of the majority is akin to putting a bandage on a suppurating wound. It is time that policy makers address the fundamental problems with the State's patchwork system of public, quasi-public and private providers of essential water and wastewater services, such that the possibility of \$400 per month or higher rates being mandated is eliminated.

By allowing subsidies from some systems to offset truly unconscionable revenue requirements, this decision prevents a true assessment of the scope of the problem, and delays the fundamental statutory and policy changes necessary to ensure that one of life's fundamental necessities is available at a price any person in the state can afford. Such a system of subsidies created by the majority today masks the desperate need for fundamental reform. I cannot in good conscience vote for such a system and sheepishly accept "the lesser of the evils" presented to me.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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

Any party adversely affected by the Commission's final action in this matter may request:

- 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or
- 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.



**APPENDIX 1: STIPULATED ISSUES AND PARTIALLY STIPULATED ISSUES**

**ISSUE 5:** Do any water systems have excessive unaccounted for water and, if so, what adjustments are necessary?

**Stipulation:** Yes. Pursuant to Rule 25-30.4325(1)(e), F.A.C., twenty six of the water systems have unaccounted for water in excess of 10 percent of the amount produced. A net adjustment of (\$15,887) should be made to Purchased Water, Purchased Power, Fuel for Power, Chemicals, and Materials and Supplies, as shown in the table below:

System	EUW Over 10%	Adjustments to Utility Balances					Net Adjustment
		Purchased Water	Purchased Power	Fuel for Power	Chemicals	Materials & Supplies	
Arredondo Estates/Farms	17.17%	\$0	(\$1,708)	\$0	(\$175)	\$322	(\$1,561)
Chuluota	2.40%	\$0	(\$806)	\$0	(\$861)	\$0	(\$1,667)
Haines Creek	2.10%	\$0	(\$38)	\$0	(\$10)	\$0	(\$47)
Hobby Hills	1.90%	\$0	(\$36)	\$0	(\$4)	\$0	(\$40)
Interlachen Lake/Park Manor	37.43%	\$0	(\$2,105)	\$190	(\$538)	\$1,061	(\$1,392)
Jasmine Lakes	4.25%	\$0	(\$751)	\$0	(\$665)	\$177	(\$1,239)
Lake Gibson Estates	2.20%	\$0	(\$531)	\$0	(\$52)	\$0	(\$583)
Lake Osborne	0.10%	(\$188)	(\$0)	\$0	\$0	\$0	(\$188)
Leisure Lakes	19.60%	\$0	(\$1,097)	\$55	(\$572)	\$130	(\$1,485)
Palms MHP	8.35%	\$0	(\$69)	\$2	(\$54)	\$74	(\$47)
Picciola Island	1.50%	\$0	(\$40)	\$0	(\$5)	\$0	(\$44)
Piney Woods/Spring Lake	1.80%	\$0	(\$73)	\$0	(\$31)		(\$104)
Pomona Park	0.20%	\$0	(\$8)	\$0	(\$1)	\$0	(\$9)
Sebring Lakes	23.09%	\$0	(\$2,309)	\$74	(\$2,232)	\$413	(\$4,054)
Silver Lake Est/Western Shores	1.00%	\$0	(\$603)	\$0	(\$35)	\$0	(\$638)
Summit Chase	47.67%	\$0	(\$2,148)	\$345	(\$358)	\$484	(\$1,676)
Sunny Hills	1.10%	\$0	(\$319)	\$0	(\$9)	\$0	(\$328)
Tangerine	1.30%	\$0	(\$121)	\$0	(\$57)	\$0	(\$178)
Tomoka/Twin Rivers	5.64%	\$0	(\$60)	\$29	(\$418)	\$279	(\$169)
Welaka/Saratoga Harbour	4.34%	\$0	(\$76)	\$0	(\$18)	\$89	(\$5)
Wootens	25.31%	\$0	(\$149)	\$0	(\$36)	\$175	(\$10)
Zephyr Shores	17.46%	\$0	(\$434)	\$0	(\$131)	\$143	(\$423)
Net Adjustments		(\$188)	(\$13,480)	\$695	(\$6,262)	\$3,347	(\$15,887)

In addition, adjustments for excessive unaccounted for water are reflected in the used and useful calculations.

**Issue 6:** Do any wastewater systems have excessive infiltration and/or inflow and, if so, what adjustments are necessary? (Stipulated)

**Stipulation:** An infiltration and inflow adjustment should be made for Beecher's Point (38.85%), Florida Central Commerce Park (9%), Holiday Haven (12%), Jungle Den (37%), Rosalie Oaks (28%), and Summit Chase (22%). All of the appropriate adjustment have been made with the exception of Beecher's Point. Purchased water for Beecher's Point should be reduced by \$16,756. (TR 857)

**Issue 7:** What are the appropriate used and useful percentages for the water treatment and related facilities of each water system?

**Partial**

**Stipulation:** Stipulations were approved during the hearing for the following systems:

System	U & U Stipulation
48 Estates	100%
Carlton Village	95%
Gibsonia Estates	61%
Grand Terrace	100%
Haines Creek	100%
Harmony Homes	100%
Hermits Cove/St Johns Highlands	31%
Imperial Mobile Terrace	100%
Jasmine Lakes	100%
Kings Cove	100%
Lake Gibson	100%
Leisure Lakes	100%
Morningview	100%
Ocala Oaks	100%
Orange Hill/Sugar Creek	100%
Palm Port	100%
Palms Mobile Home Park	100%
Picciola Island	75%
Piney Woods/Spring Lake	100%
Pomona Park	100%
Quail Ridge	100%
Ravenswood	100%
River Grove	100%
Silver Lake Oaks	100%
Stone Mountain	100%
Summit Chase	100%
Sunny Hills	91%
Tangerine	100%
The Woods	100%

System	U & U Stipulation
Valencia Terrace	100%
Venetian Village	74%
Wootens	100%

(TR 76)

**ISSUE 8:** What are the appropriate used and useful percentages for the water storage and related facilities of each water system?

**Stipulation:** Pursuant to Rule 25-30-4325(8), F.A.C., all of the water storage and related facilities are 100 percent used and useful.

**Issue 9:** What are the appropriate used and useful percentages for the wastewater treatment and related facilities of each wastewater system?

**Partial**

**Stipulation:** Stipulations were approved during the hearing for the following systems:

System	U&U Stipulation
Holiday Haven	75%
Jasmine Lakes	100%
Lake Suzy	100%
Leisure Lakes	39%
Palm Port	58%
Palm Terrace	100%
Park Manor	100%
Silver Lake Oaks	42%
Sunny Hills	49%
Village Water	45%

(TR 76)

**Issue 10:** What are the appropriate used and useful percentages for the water distribution and related facilities of each water system?

**Partial**

**Stipulation:** Stipulations were approved during the hearing for the following systems:

System	U&U Stipulation
48 Estates	85%
Carlton Village	47%
Chuluota	100%
East Lake Harris	100%
Fern Terrace	100%

System	U&U Stipulation
Friendly Center	100%
Grand Terrace	100%
Haines Creek	100%
Harmony Homes	100%
Hermits Cove	81%
Hobby Hills	100%
Holiday Haven	76%
Imperial Mobile Terrace	100%
Interlachen Lake Estates	83%
Jasmine Lakes	100%
Jungle Den	100%
Kings Cove	100%
Lake Gibson Estates	100%
Lake Osborne	100%
Lake Suzy	100%
Leisure Lakes	76%
Oakwood	97%
Ocala Oaks	100%
Palm Terrace	100%
Picciola Island	80%
Pomona Park	51%
Quail Ridge	100%
Sebring Lakes	7%
Silver Lake Oaks	68%
St. Johns Highlands	72%
Stone Mountain	54%
Summit Chase	100%
Sunny Hills	13%
Tangerine	60%
The Woods	46%
Welaka/Saratoga Harbor	49%

(TR 76)

**Issue 11:** What are the appropriate used and useful percentages for the collection lines and related facilities of each wastewater system?

**Partial**  
**Stipulation:** Stipulations were approved during the hearing for the following systems:

System	U & U Stipulation
Arredondo Farms	100%
Chuluota	100%
Holiday Haven	75%
Jasmine Lakes	100%
Kings Cove	100%
Lake Gibson Estates	100%
Lake Suzy	100%
Leisure Lakes	75%
Palm Port	88%
Palm Terrace	100%
Park Manor	100%
Silver Lake Oaks	66%
South Seas	100%
Summit Chase	100%
Sunny Hills	38%
The Woods	60%
Venetian Village	100%
Village Water	47%

(TR 76)

**ISSUE 15:** Should any adjustments be made to test year accumulated amortization of CIAC?

**Stipulation:** Yes. The following adjustments should be made:

System	Account	Adjustment	Reason for Adj.
<b>Water</b>			
Lake Suzy	Accum. Amort. of CIAC	\$8,891	Unsupported Balance
Ocala Oaks	Accum. Amort. of CIAC	(\$11,418)	Unsupported Balance
Tangerine	Accum. Amort. of CIAC	\$2,830	Correct for Duplicate Reduction
<b>Water and Wastewater Systems</b>			
Multiple Systems	Accum. Amort. of CIAC	(\$95,580)	Failure to Amortize CIAC Subaccounts.

(See Audit Finding (AF) 5)

**ISSUE 26:** What is the appropriate amount of customer deposits to include in the capital structure?

**Stipulation:** The appropriate 13-month average balance of customer deposits is \$217,122 on an aggregate basis. To correct an error in the test year deposit activity, customer deposits should be reduced by \$62,301. For Ravenswood, Rosalie Oaks, and Summit Chase, customer deposits should be reduced by \$42, \$172, and \$712. The adjustments to the Utility's other respective individual systems are reflected on Page 22 of 50 and Page 23 of 50 in Exhibit CJW-1 of the Direct Testimony Staff Witness Winston. (See AF 9)

**ISSUE 33:** Should any adjustments be made to remove out-of-period costs?

**Stipulation:** Yes. To remove prior period expenses, allocated expense from Aqua America, Inc. totaling \$12,255 should be disallowed in this rate proceeding. The respective individual system adjustments are reflected on Page 26 of 50 and Page 27 of 50 in Exhibit CJW-1 of the Direct Testimony Staff Witness Winston. In addition, the following adjustments should be made:

System	Account	Adjustment	Reason for Adj.
<b>Water</b>			
Lake Suzy	Purchased Water	(\$20,531)	Out of Period Expense
Morningview	Chemicals	(\$50)	Out of Period Expense
<b>Wastewater Systems</b>			
Rosalie Oaks	Contractual Services – Testing	(\$120)	Out of Period Expense
Lake Suzy	Contractual Services – Testing	(\$190)	Out of Period Expense
Lake Suzy	Rental of Building / Real Property	(\$15,833)	Out of Period Expense
Florida Central	Materials & Supplies	(\$302)	Out of Period Expense
Commerce Park	Contractual Services – Other	(\$941)	Out of Period Expense
Lake Suzy	Purchased Power	(\$73)	Out of Period Expense
Morningview	Chemicals	(\$110)	Out of Period Expense
Village Water			

(See AF 10, 16)

**ISSUE 35:** Should any adjustments be made to disallow fines and penalties assessed to the Utility?

**Stipulation:** Yes. To correct a misclassification of fines and penalties incurred by the Utility, miscellaneous Expense should be reduced by \$61,736 for water and \$23,215 for wastewater. The respective individual system adjustments are reflected on Page 37 of 50 in Exhibit CJW-1 of the Direct Testimony Staff Witness Winston. (See AF 13)

**ISSUE 37:** Should any adjustment be made for abnormal relocation expenses?

**Stipulation:** Yes. Relocation expenses should be reduced by \$14,228 to normalize the test year expense level.

**ISSUE 47:** Should any adjustments be made to legal expenses? (Stipulated)

**Stipulation:** Legal expenses incorrectly booked to Village Water in the amount of \$25,572 should be removed. These expenses should have been charged to Jasmine Lakes, however, the amount should be amortized over five years. Jasmine Lakes' legal expenses should be increased by \$5,142.

**ISSUE 56:** Should any adjustments be made to test year amortization of CIAC expense?

**Stipulation:** Yes. Amortization of CIAC should be increased by \$176,456, which is reflected as a decrease to depreciation expense. In addition, the company's reduction to amortization of CIAC on non-used and useful depreciation expense should be removed. This reflects a total decrease to depreciation expense of \$12,368 for water and \$126 for wastewater.

**Stipulations based on Audit Findings**

1. To reflect prior order balances for the Lake Osborne Estates water system, plant in service, accumulated depreciation, and depreciation expense should be reduced by \$3,289, \$941, and \$84, respectively. (AF 4)
2. To remove an unsupported balance for the Arredondo Estates/Farms water system, accumulated depreciation should be reduced by \$16,992. (AF 4)
3. To remove an unsupported balance for the Jasmine Lakes water system, accumulated depreciation should be reduced by \$35,249. (AF 4)
4. To correct a misclassification of expense related to replacing transmission and distribution equipment for the Imperial Mobile Terrace water system, Contractual Services – Other should be reduced by \$4,986, Transmission and Distribution –

Mains should be increased by \$1,247, depreciation expense and accumulated depreciation should both be increased by \$58. (AF 11)

5. To correct a misclassification of expense related to an abandoned preliminary engineering study project for the Lake Suzy wastewater system, Contractual Services – Engineering should be reduced by \$2,695. (AF 15)
6. To correct a misclassification of expenses for Village Water wastewater system related to an abandoned wastewater treatment plant permit, Contractual Services – Other should be reduced by \$11,841. (AF 17)



**Issue 7 – Water Treatment and Related Facilities**

<b>System</b>	<b>FRC</b>	<b>Demand</b>	<b>EUW</b>	<b>FF</b>	<b>Growth</b>	<b>U&amp;U%</b>
48 Estates*						100.00
Arredondo Estates (gpm)	120	140	34	0	1.00	100.00
Arredondo Farms (gpm)	250	172	0	0	1.00	100.00
Carlton Village*						95.00
Chuluota (gpd)	1,200,000	839,900	11,967	90,000	1.25	93.74
East Lake Harris/Friendly Cen (gpm)	100	49	0	0	1.00	100.00
Fern Terrace (gpm)	180	98	0	0	1.00	100.00
Gibsonia Estates*						61.00
Grand Terrace*						100.00
Haines Creek*						100.00
Harmony Homes*						100.00
Hermits Cove/St. Johns Highlands*						31.00
Hobby Hills (gpm)	150	56	1	0	1.04	100.00
Imperial Mobile Terrace*						100.00
Interlachen (gpd)	172,800	185,200	24,035	0	1.00	100.00
Jasmine Lakes*						100.00
Kings Cove*						100.00
Lake Gibson Estates*						100.00
Lake Josephine (gpd)	300,000	259,000	0	0	1.06	91.51
Leisure Lake*						100.00
Morningview*						100.00
Ocala Oaks*						100.00
Orange Hill/Sugar Creek*						100.00
Palm Port*						100.00
Palms Mobile Home Park*						100.00
Picciola Island*						75.00
Piney Woods/Spring Lake*						100.00
Pomona Park*						100.00
Quail Ridge*						100.00
Ravenswood*						100.00
River Grove*						100.00
Rosalie Oaks (gpm)	250	24	0	500	1.00	100.00
Sebring Lakes (gpd)	796,800	297,500	10,666	0	1.25	45.00
Silver Lake Est/Western Shore (gpd)	1,944,000	1,670,000	9,548	60,000	1.06	93.71
Silver Lake Oaks*						100.00
Skycrest (gpm)	175	109	0	500	1.01	100.00
Stone Mountain*						100.00
Summit Chase*						100.00
Sunny Hills*						91.00
Tangerine*						100.00
The Woods*						100.00
Tomoka (gpd)	264,000	98,012	4,463	0	1.00	100.00
Twin River (gpd)	257,280	71,600	4,432	0	1.00	100.00
Valencia Terrace*						100.00
Venetian Village*						74.00
Welaka/Saratoga (gpd)	72,960	57,210	908	0	1.00	79.72
Wooten*						100.00
Zephyr Shores (gpm)	530	110	8	0	1.00	100.00

\* Stipulated

**Issue 8 – Storage**

<b>System</b>	<b>U&amp;U%</b>
Chuluota*	100.00
Hermits Cove/St. Johns Highlands*	100.00
Interlachen/Park Manor*	100.00
Jasmine Lakes*	100.00
Lake Josephine/Sebring Lakes*	100.00
Leisure Lakes*	100.00
Piney Woods/Spring Lake*	100.00
Silver Lake Estates/Western Shores*	100.00
Silver Lake Oaks*	100.00
Summit Chase*	100.00
Sunny Hills*	100.00
Tomoka/Twin River*	100.00
Welaka/Saratoga*	100.00

\*Stipulated

**Issue 9 – Wastewater Treatment and Related Facilities**

System	Capacity	Demand	I/I	Growth	U&U%
Arredondo Farms	60,000	46,000	0	1.00	100.00
Chuluota	400,000	113,170	0	1.25	35.63
Fl Central Commerce Park	95,000	43,945	0	1.00	100.00
Holiday Haven*					75.00
Jasmine Lakes*					100.00
Jungle Den	21,000	14,819	4,598	1.03	100.00
Kings Cove	55,000	30,107	0	1.01	100.00
Lake Suzy*					100.00
Leisure Lakes*					39.00
Morningview	20,000	5,485	0	1.00	100.00
Palm Port*					58.00
Palm Terrace*					100.00
Park Manor*					100.00
Rosalie Oaks	15,000	13,600	2,926	1.00	100.00
Silver Lake Oaks*					42.00
South Seas	264,000	122,603	0	1.00	100.00
Summit Chase	54,000	28,600	6,098	1.00	100.00
Sunny Hills*					49.00
The Woods	15,000	13,440	0	1.00	100.00
Valencia Terrace	80,000	36,792	0	1.01	100.00
Venetian Village	36,000	10,444	0	1.05	100.00
Village Water*					45.00

\*Stipulated

**Issue 10 – Water Distribution and Related Facilities**

System	2012	Total	Growth	U&U%
48 Estates*				85.00
Arredondo	736	737	1.00	100.00
Beecher's Point	49	78	1.00	100.00
Carlton Village*				47.00
Chuluota*				100.00
East Lake Harris*				100.00
Fern Terrace*				100.00
Friendly Center*				100.00
Gibsonia Estates	290	311	1.05	100.00
Grand Terrace*				100.00
Haines Creek*				100.00
Harmony Homes*				100.00
Hermits Cove*				81.00
Hobby Hills*				100.00
Holiday Haven*				76.00
Imperial Mobile Terrace*				100.00
Interlachen Lake Estates*				83.00
Jasmine Lakes*				100.00
Jungle Den*				100.00
Kings Cove*				100.00
Kingswood	67	67	1.00	100.00
Lake Gibson Estates*				100.00
Lake Josephine	626	731	1.06	85.65
Lake Osborne*				100.00
Lake Suzy*				100.00
Leisure Lakes*				76.00
Morningview	61	61	1.00	100.00
Oakwood*				97.00
Ocala Oaks*				100.00
Orange Hill/Sugar Creek	255	265	1.00	100.00
Palm Port	106	116	1.00	100.00
Palms Mobile Home Park	70	80	1.00	87.73
Palm Terrace*				100.00
Picciola Island*				80.00
Piney Woods/Spring Lake	195	214	1.02	100.00
Pomona Park*				51.00
Quail Ridge*				100.00
Ravenswood	53	55	1.07	100.00
River Grove	108	113	1.01	100.00
Rosalie Oaks	119	123	1.00	100.00
Sebring Lakes*				7.00
Silver Lake Estate/Western Shores	4129	4044	1.06	100.00
Silver Lake Oaks*				68.00
Skycrest	143	160	1.01	100.00

\*Stipulated

System	2012	Total	Growth	U&U%
St. Johns Highlands*				72.00
Stone Mountain*				54.00
Summit Chase*				100.00
Sunny Hills*				13.00
Tangerine*				60.00
The Woods*				46.00
Tomoka/Twin River	283	291	1.00	100.00
Valencia Terrace	345	358	1.00	100.00
Venetian Village	163	224	1.10	72.63
Village Water	564	791	1.00	100.00
Welaka/Saratoga Harbor*				49.00
Wootens	39	60	1.10	65.66
Zephyr Shores	527	534	1.00	100.00

\*Stipulated

**Issue 11 – Wastewater Collection and Related Facilities**

<b>System</b>	<b>2012</b>	<b>Total</b>	<b>Growth</b>	<b>U&amp;U%</b>
Arredondo Farms*				100.00
Beecher's Point	20	57	1.00	100.00
Chuluota*				100.00
Fl Central Commerce Park	41	50	1.00	100.00
Holiday Haven*				75.00
Jasmine Lakes*				100.00
Jungle Den	157	171	1.03	100.00
Kings Cove*				100.00
Lake Gibson Estates*				100.00
Lake Suzy*				100.00
Leisure Lakes*				75.00
Morningview	42	42	1.00	100.00
Palm Port*				88.00
Palm Terrace*				100.00
Park Manor*				100.00
Rosalie Oaks	119	123	1.00	100.00
Silver Lake Oaks*				66.00
South Seas*				100.00
Summit Chase*				100.00
Sunny Hills*				38.00
The Woods*				60.00
Valencia Terrace	348	359	1.01	100.00
Venetian Village*				100.00
Village Water*				47.00
Zephyr Shores	522	533	1.00	100.00

\*Stipulated

Aqua Utilities Florida, Inc. Schedule of Interim Refunds Test Year Ended December 31, 2007							Attachment B Docket No. 080121-WS Page 1 of 2
SUMMARY OF OPERATING REVENUES BY SYSTEM	Commission Approved Revenue Req.	Approved Grossed-Up RC Expense	Comm. Interim Period Rev. Req.	Interim Rev. Req. Per Order	Calculated Interim Excess	Refund Percentage	
ARREDONDO ESTATES/FARMS - WATER	\$253,317	\$8,250	\$245,067	\$236,599	(\$8,467)	No Refund	
ARREDONDO ESTATES/FARMS - WASTEWATER	191,064	4,789	186,275	175,785	(10,490)	No Refund	
BEECHER'S POINT - WATER	79,922	739	79,183	58,158	(21,027)	No Refund	
BEECHER'S POINT - WASTEWATER	99,948	252	99,696	90,900	(8,795)	No Refund	
CARLTON VILLAGE - WATER	104,452	4,066	100,386	78,586	(21,799)	No Refund	
CHULUOTA - WATER	916,326	23,238	893,088	877,751	(15,337)	No Refund	
CHULUOTA - WASTEWATER	618,985	9,745	607,240	833,112	225,872	No Refund	
EAST LAKE HARRIS ESTATES - WATER	118,483	2,907	115,556	99,283	(16,273)	No Refund	
FERN TERRACE - WATER	59,492	2,067	57,425	51,841	(5,583)	No Refund	
FLORIDA CENTRAL COMMERCE PARK - WASTEWATER	385,676	991	384,685	298,278	(86,406)	No Refund	
FRIENDLY CENTER - WATER	17,246	487	16,759	22,372	5,613	No Refund	
GIBSONIA ESTATES - WATER	98,887	3,159	95,728	89,045	(6,683)	No Refund	
GRAND TERRACE - WATER	57,425	1,815	55,611	51,952	(3,659)	No Refund	
HAINES CREEK - WATER	42,126	1,764	40,361	37,584	(2,777)	No Refund	
HARMONY HOMES - WATER	50,709	991	49,717	35,223	(14,494)	No Refund	
HERMITS COVE - WATER	125,817	2,840	122,778	115,891	(6,887)	No Refund	
HOBBY HILLS - WATER	48,296	1,647	46,649	43,234	(3,415)	No Refund	
HOLIDAY HAVEN - WATER	72,271	1,999	70,272	64,806	(5,466)	No Refund	
HOLIDAY HAVEN - WASTEWATER	135,410	1,764	133,646	112,566	(21,081)	No Refund	
IMPERIAL MOBILE TERRACE - WATER	100,306	4,033	96,274	90,215	(6,058)	No Refund	
INTERLACHEN LAKES ESTATES - WATER	100,665	4,352	96,313	81,803	(14,510)	No Refund	
J. SWIDERSKI - 48 ESTATES - WATER	53,247	1,428	51,819	48,127	(3,692)	No Refund	
J. SWIDERSKI - KINGS COVE - WATER	76,836	3,411	73,425	70,467	(2,958)	No Refund	
J. SWIDERSKI - KINGS COVE - WASTEWATER	90,016	3,276	86,740	86,756	16	No Refund	
J. SWIDERSKI - SUMMIT CHASE - WATER	80,288	3,528	76,760	80,536	3,777	4.69%	
J. SWIDERSKI - SUMMIT CHASE - WASTEWATER	62,834	3,512	59,323	59,713	391	0.65%	
JASMINE LAKES - WATER	465,023	24,565	440,458	376,634	(63,824)	No Refund	
JASMINE LAKES - WASTEWATER	923,128	24,431	898,697	738,840	(159,857)	No Refund	
JUNGLE DEN - WATER	45,420	1,899	43,521	44,213	692	No Refund	
JUNGLE DEN - WASTEWATER	118,381	2,285	116,096	85,559	(30,536)	No Refund	
KINGSWOOD - WATER	39,585	958	38,607	47,025	8,418	No Refund	
LAKE GIBSON ESTATES - WATER	324,357	13,375	310,982	276,229	(34,753)	No Refund	
LAKE GIBSON ESTATES - WASTEWATER	640,044	5,192	634,852	571,341	(63,510)	No Refund	
LAKE JOSEPHINE - WATER	318,548	9,191	309,357	215,171	(94,186)	No Refund	
LAKE OSBORNE ESTATES - WATER	303,387	7,595	295,793	292,437	(3,356)	No Refund	
LAKE SUZY - WATER	417,877	9,140	408,736	415,636	6,900	1.66%	
LAKE SUZY - WASTEWATER	312,738	4,268	308,470	270,835	(37,635)	No Refund	
LEISURE LAKES - WATER	111,529	4,453	107,077	99,782	(7,294)	No Refund	
LEISURE LAKES - WASTEWATER	72,832	4,385	68,446	89,334	20,888	No Refund	
MORNINGVIEW - WATER	39,257	571	38,686	28,655	(10,031)	No Refund	
MORNINGVIEW - WASTEWATER	42,878	571	42,307	31,170	(11,136)	No Refund	
OAKWOOD - WATER	145,301	3,344	141,957	138,487	(3,469)	No Refund	
OCALA OAKS - WATER	840,665	29,488	811,177	711,302	(99,876)	No Refund	
ORANGE HILL / SUGAR CREEK - WATER	110,066	3,881	106,184	102,458	(3,726)	No Refund	
PALM PORT - WATER	63,246	1,764	61,482	44,780	(16,701)	No Refund	
PALM PORT - WASTEWATER	88,544	1,747	86,797	59,818	(26,978)	No Refund	
PALM TERRACE - WATER	544,910	18,583	526,326	486,394	(39,932)	No Refund	
PALM TERRACE - WASTEWATER	578,233	16,080	562,153	402,439	(159,714)	No Refund	
PALMS MOBILE HOME PARK - WATER	40,406	958	39,449	34,236	(5,213)	No Refund	
PARK MANOR - WASTEWATER	35,980	437	35,544	35,116	(428)	No Refund	
PICCIOLA ISLAND - WATER	53,576	2,369	51,207	47,262	(3,944)	No Refund	
PINEY WOODS - WATER	104,854	2,890	101,964	98,288	(3,676)	No Refund	
POMONA PARK - WATER	98,792	2,588	96,205	98,061	1,856	No Refund	
QUAIL RIDGE - WATER	42,571	1,529	41,042	25,801	(15,241)	No Refund	
RAVENSWOOD - WATER	25,790	739	25,050	19,328	(5,722)	No Refund	
RIVER GROVE - WATER	50,817	1,798	49,019	47,533	(1,486)	No Refund	
ROSALIE OAKS - WATER	43,346	1,428	41,918	36,995	(4,924)	No Refund	
ROSALIE OAKS - WASTEWATER	108,908	1,428	107,479	51,433	(56,047)	No Refund	
SEBRING LAKES - WATER	106,789	1,109	105,681	34,793	(70,887)	No Refund	
SILVER LAKE ESTATE / WESTERN SHORES - WATER	697,559	26,783	670,776	521,432	(149,345)	No Refund	
SILVER LAKE OAKS - WATER	41,835	437	41,398	34,178	(7,220)	No Refund	
SILVER LAKE OAKS - WASTEWATER	47,006	437	46,569	35,022	(11,547)	No Refund	
SKYCREST - WATER	66,244	1,983	64,261	44,887	(19,374)	No Refund	
SOUTH SEAS - WASTEWATER	781,624	1,008	780,616	712,659	(67,957)	No Refund	
ST. JOHNS HIGHLANDS - WATER	22,813	1,613	21,200	21,166	(34)	No Refund	
STONE MOUNTAIN - WATER	13,931	168	13,763	8,984	(4,778)	No Refund	
SUNNY HILLS - WATER	298,128	9,325	288,803	212,686	(76,117)	No Refund	
SUNNY HILLS - WASTEWATER	131,478	2,705	128,773	91,749	(37,024)	No Refund	
TANGERINE - WATER	138,050	4,285	133,766	106,744	(27,022)	No Refund	
THE WOODS - WATER	74,510	924	73,586	33,017	(40,569)	No Refund	
THE WOODS - WASTEWATER	65,118	857	64,261	54,317	(9,944)	No Refund	

Aqua Utilities Florida, Inc. Schedule of Interim Refunds Test Year Ended December 31, 2007							Attachment B Docket No. 080121-WS Page 2 of 2
SUMMARY OF OPERATING REVENUES BY SYSTEM	Staff Recommended Revenue Req.	Recommended Grossed-Up RC Expense	Staff Interim Period Rev. Req.	Interim Rev. Req. Per Order	Calculated Interim Excess	Refund Percentage	
TOMOKA - WATER	171,728	4,436	167,292	148,556	(18,736)	No Refund	
VALENCIA TERRACE - WATER	134,900	5,629	129,271	113,614	(15,657)	No Refund	
VALENCIA TERRACE - WASTEWATER	172,956	5,511	167,445	156,085	(11,360)	No Refund	
VENETIAN VILLAGE - WATER	75,234	2,672	72,563	66,803	(5,760)	No Refund	
VENETIAN VILLAGE - WASTEWATER	73,593	1,596	71,997	65,220	(6,777)	No Refund	
VILLAGE WATER - WATER	203,412	2,655	200,758	175,064	(25,693)	No Refund	
VILLAGE WATER - WASTEWATER	216,639	571	216,068	251,269	35,201	No Refund	
WELAKA / SARATOGA HARBOUR - WATER	81,443	2,436	79,007	70,976	(8,031)	No Refund	
WOOTENS - WATER	29,949	470	29,479	25,962	(3,516)	No Refund	
ZEPHYR SHORES - WATER	160,136	7,242	152,894	142,899	(9,995)	No Refund	
ZEPHYR SHORES - WASTEWATER	170,709	7,259	163,451	105,446	(58,005)	No Refund	
<b>TOTAL</b>	<b>\$15,164,576</b>	<b>\$393,091</b>	<b>\$14,771,485</b>	<b>\$13,146,706</b>	<b>(\$1,624,779)</b>		



Aqua UtilitiesFlorida, Inc.  
Capital Structure  
Test Year Ended 12/31/07

Schedule No. 1-A  
Docket No. 080121-WS

Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility</b>								
1 Long-term Debt	\$ 11,043,615		\$0 \$11,043,615		\$0 \$11,043,615	36.34%	5.10%	1.85%
2 Short-term Debt	0		0 0		0 0	0.00%	5.90%	0.00%
3 Preferred Stock	0		0 0		0 0	0.00%	0.00%	0.00%
4 Common Equity	18,254,669		0 18,254,669		0 18,254,669	60.06%	10.25% *	6.16%
5 Customer Deposits	276,828		0 276,828		0 276,828	0.91%	6.00%	0.05%
6 Deferred Income Taxes	818,282		0 818,282		0 818,282	2.69%	0.00%	0.00%
7 Total Capital	<u>\$30,393,394</u>		<u>\$0 \$30,393,394</u>		<u>\$0 \$30,393,394</u>	<u>100.00%</u>		<u>8.06%</u>
<b>Per Commission</b>								
8 Long-term Debt	\$11,043,615	\$ -	\$11,043,615	(841,220)	\$10,202,395	35.24%	5.10%	1.80%
9 Short-term Debt	0		0 0		0 0	0.00%	5.90%	0.00%
10 Preferred Stock	0		0 0		0 0	0.00%	0.00%	0.00%
11 Common Equity	18,254,669		0 18,254,669	(1,390,505)	16,864,164	58.25%	9.75%	5.68%
12 Customer Deposits	276,828		0 276,828		0 276,828	0.96%	6.00%	0.06%
13 Deferred Income Taxes	818,282	790,175	1,608,457	0	1,608,457	5.56%	0.00%	0.00%
14 Total Capital	<u>\$30,393,394</u>	<u>\$ 790,175</u>	<u>\$31,183,569</u>	<u>(\$2,231,725)</u>	<u>\$28,951,844</u>	<u>100.00%</u>		<u>7.53%</u>

	<b>LOW</b>	<b>HIGH</b>
RETURN ON EQUITY	8.75%	10.75%
OVERALL RATE OF RETURN	6.95%	8.12%

\*AUF requested the return indicated by latest leverage formula of 10.77 percent in lieu of the 10.25 percent that was listed in the MFRs.

Aqua UtilitiesFlorida, Inc.  
Capital Structure - The Woods  
Test Year Ended 12/31/07

Schedule No. 1-B  
Docket No. 080121-WS

Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility</b>								
1 Long-term Debt	\$11,043,615	\$0	\$11,043,615	\$0	\$11,043,615	36.34%	5.10%	1.85%
2 Short-term Debt	0	0	0	0	0	0.00%	5.90%	0.00%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	18,254,669	0	18,254,669	0	18,254,669	60.06%	10.25% *	6.16%
5 Customer Deposits	276,828	0	276,828	0	276,828	0.91%	6.00%	0.05%
6 Deferred Income Taxes	<u>818,282</u>	<u>0</u>	<u>818,282</u>	<u>0</u>	<u>818,282</u>	<u>2.69%</u>	0.00%	<u>0.00%</u>
7 Total Capital	<u>\$30,393,394</u>	<u>\$0</u>	<u>\$30,393,394</u>	<u>\$0</u>	<u>\$30,393,394</u>	<u>100.00%</u>		<u>8.06%</u>
<b>Per Commission</b>								
8 Long-term Debt	\$11,043,615	\$0	\$11,043,615	(841,220)	\$10,202,395	35.24%	5.10%	1.80%
9 Short-term Debt	0	0	0	0	0	0.00%	5.90%	0.00%
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11 Common Equity	18,254,669	0	18,254,669	(1,390,505)	16,864,164	58.25%	8.75%	5.10%
12 Customer Deposits	276,828	0	276,828	0	276,828	0.96%	6.00%	0.06%
13 Deferred Income Taxes	<u>818,282</u>	<u>790,175</u>	<u>1,608,457</u>	<u>0</u>	<u>1,608,457</u>	<u>5.56%</u>	0.00%	<u>0.00%</u>
14 Total Capital	<u>\$30,393,394</u>	<u>\$790,175</u>	<u>\$31,183,569</u>	<u>(\$2,231,725)</u>	<u>\$28,951,844</u>	<u>100.00%</u>		<u>6.95%</u>
						<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY						<u>8.75%</u>	<u>10.75%</u>	
OVERALL RATE OF RETURN						<u>6.95%</u>	<u>8.12%</u>	

\*AUF requested the return indicated by latest leverage formula of 10.77 percent in lieu of the 10.25 percent that was listed in the MFRs.

Aqua Utilities Florida, Inc.  
Schedule of Revenue Requirements & Revenue Increases  
Test Year Ended December 31, 20007

Schedule No. 2  
Docket No. 080121-WS

SYSTEM NAME	Water				Wastewater			
	Adjusted Test Year Revenues	Commission Approved \$ Increase	Commission Approved % Increase	Commission Approved Rev. Req.	Adjusted Test Year Revenues	Commission Approved \$ Increase	Commission Approved % Increase	Commission Approved Rev. Req.
1 ARREDONDO ESTATES/FARMS	\$154,204	\$99,113	64.27%	\$253,317	\$101,355	\$89,709	88.51%	\$191,064
2 BEECHER'S POINT	25,970	53,952	207.75%	79,922	17,067	82,881	485.62%	99,948
3 CARLTON VILLAGE	119,503	(15,051)	-12.59%	104,452				
4 CHULUOTA								
5 EAST LAKE HARRIS ESTATES	41,965	76,497	182.29%	118,463				
6 FERN TERRACE	48,543	10,949	22.55%	59,492				
7 FLORIDA CENTRAL COMMERCE PARK					151,289	234,387	154.93%	385,676
8 FRIENDLY CENTER	12,324	4,922	39.94%	17,246				
9 GIBSONIA ESTATES	24,692	74,195	300.48%	98,887				
10 GRAND TERRACE	33,299	24,126	72.45%	87,425				
11 HAINES CREEK	22,096	20,030	90.65%	42,126				
12 HARMONY HOMES	30,322	20,387	67.23%	50,709				
13 HERMITS COVE	43,803	81,814	186.78%	125,617				
14 HOBBY HILLS	25,365	22,931	90.40%	48,296				
15 HOLIDAY HAVEN	37,699	34,572	91.71%	72,271	53,514	81,896	153.04%	135,410
16 IMPERIAL MOBILE TERRACE	52,209	48,097	92.12%	100,306				
17 INTERLACHEN LAKES/PARK MANOR	76,019	24,646	32.42%	100,665	14,924	21,056	141.09%	35,980
18 J. SWIDERSKI - 48 ESTATES	30,831	22,415	72.71%	53,247				
19 J. SWIDERSKI - KINGS COVE	61,952	14,883	24.02%	76,836	73,322	16,694	22.77%	90,016
20 J. SWIDERSKI - SUMMIT CHASE	43,212	37,076	85.80%	80,288	41,772	21,062	80.42%	62,834
21 JASMINE LAKES	459,916	5,107	1.11%	465,023	370,682	552,446	149.03%	923,128
22 JUNGLE DEN	17,205	28,215	163.99%	45,420	38,350	80,031	208.68%	118,381
23 KINGSWOOD	15,592	23,973	153.75%	39,565				
24 LAKE GIBSON ESTATES	141,805	182,552	128.73%	324,357	97,052	542,992	559.49%	640,044
25 LAKE JOSEPHINE	125,915	192,633	152.99%	318,548				
26 LAKE OSBORNE ESTATES	112,140	181,247	170.54%	303,387				
27 LAKE SUZY	328,443	89,434	27.23%	417,877	370,901	(58,163)	-15.68%	312,738
28 LEISURE LAKES	56,721	54,808	96.63%	111,529	68,366	4,466	6.53%	72,832
29 MORNINGVIEW	17,458	21,799	124.87%	39,257	21,561	21,317	98.87%	42,878
30 OAKWOOD	54,442	90,859	166.89%	145,301				
31 OCALA OAKS	513,267	327,398	63.79%	840,665				
32 ORANGE HILL / SUGAR CREEK	51,821	58,245	112.40%	110,066				
33 PALM PORT	36,136	27,110	75.02%	63,246	58,477	30,067	51.42%	88,544
34 PALM TERRACE	316,443	228,467	72.20%	544,910	381,537	196,696	51.55%	738,233
35 PALMS MOBILE HOME PARK	11,234	29,172	259.68%	40,406				
36 PICCOLA ISLAND	82,569	1,007	1.01%	83,576				
37 PINEY WOODS	78,023	26,831	34.39%	104,854				
38 POMONA PARK	80,020	38,772	64.80%	98,792				
39 QUAIL RIDGE	45,857	(3,286)	-7.17%	42,571				
40 RAVENSWOOD	15,029	10,761	71.60%	25,790				
41 RIVER GROVE	36,470	14,347	39.34%	50,817				
42 ROSALIE OAKS	13,999	29,347	209.64%	43,346	27,147	81,761	301.18%	108,908
43 SEBRING LAKES	16,444	90,345	549.41%	106,789				
44 SILVER LAKE EST/WESTERN SHORES	533,262	164,297	30.61%	697,559				
45 SILVER LAKE OAKS	13,299	28,536	214.57%	41,835	18,699	28,307	151.38%	47,006
46 SKYGREST	52,052	14,192	27.26%	66,244				
47 SOUTH SEAS					421,474	360,150	85.45%	781,624
48 ST. JOHNS HIGHLANDS	25,122	(2,309)	-9.18%	22,813				
49 STONE MOUNTAIN	4,998	8,933	178.72%	13,931				
50 SUNNY HILLS	273,209	24,919	9.12%	298,128	84,630	46,848	55.36%	131,478
51 TANGERINE	73,357	64,893	88.19%	138,050				
52 THE WOODS	23,194	51,316	221.25%	74,510	20,076	45,042	224.35%	65,118
53 TOMOKA	47,370	124,358	262.52%	171,728				
54 VALENCIA TERRACE	92,958	41,842	45.12%	134,800	240,521	(67,584)	-28.09%	172,958
55 VENETIAN VILLAGE	58,110	17,124	29.47%	75,234	49,440	24,153	48.85%	73,593
56 VILLAGE WATER	100,253	103,159	102.90%	203,412	93,632	123,007	131.37%	216,639
57 WELAKA / SARATOGA HARBOUR	46,489	34,974	75.26%	81,463				
58 WOOTENS	7,077	22,872	323.19%	29,949				
59 ZEPHYR SHORES	76,964	83,172	108.07%	160,136	133,059	37,650	28.30%	170,709
<b>TOTAL</b>	<b>\$4,888,651</b>	<b>\$3,196,877</b>	<b>65.39%</b>	<b>\$8,085,528</b>	<b>\$2,948,846</b>	<b>\$2,596,891</b>	<b>88.06%</b>	<b>\$5,545,737</b>

AUF/Arredondo Estates-Farms Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$483,298	\$43,272	\$526,570	(\$4,191)	\$522,379
2 Land and Land Rights	2,960	0	2,960	0	2,960
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(233,153)	(3,335)	(236,488)	16,163	(220,325)
5 CIAC	(16,697)	0	(16,697)	0	(16,697)
6 Amortization of CIAC	12,851	295	13,146	0	13,146
7 Working Capital Allowance	<u>0</u>	<u>63,469</u>	<u>63,469</u>	<u>(23,468)</u>	<u>40,001</u>
8 <b>Rate Base</b>	<u>\$249,259</u>	<u>\$103,701</u>	<u>\$352,960</u>	<u>(\$11,496)</u>	<u>\$341,464</u>

AUF/Arredondo Estates-Farms Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$284,921	\$25,792	\$310,713	(\$2,579)	\$308,134
2 Land and Land Rights	7,232	0	7,232	0	7,232
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(191,827)	(5,887)	(197,714)	(481)	(198,195)
5 Working Capital Allowance	<u>0</u>	<u>37,216</u>	<u>37,216</u>	<u>(14,582)</u>	<u>22,634</u>
6 <b>Rate Base</b>	<u>\$100,326</u>	<u>\$57,121</u>	<u>\$157,447</u>	<u>(\$17,642)</u>	<u>\$139,805</u>

AUF/Arredondo Estates-Farms Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	<u>(\$4,191)</u>	<u>(\$2,579)</u>	
<u>Accumulated Depreciation</u>			
1 To reflect app. Acc. Dep for Pro forma Corporate IT (Issue 4)	(\$829)	(\$481)	
2 Stipulated Issue 56.	<u>16,992</u>	<u>0</u>	
Total	<u>\$16,163</u>	<u>(\$481)</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$23,468)</u>	<u>(\$14,582)</u>	

AUF/Arredondo Estates-Farms Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$153,414</u>	<u>\$118,610</u>	<u>\$272,024</u>	<u>(\$117,820)</u>	<u>\$154,204</u>	<u>\$99,113</u> 64.27%	<u>\$253,317</u>
Operating Expenses							
2 Operation & Maintenance	\$160,259	\$20,442	\$180,701	(\$12,707)	\$167,994		\$167,994
3 Depreciation	20,260	2,849	23,109	(197)	22,912		22,912
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	14,635	11,468	26,103	(5,578)	20,525	4,460	24,985
6 Income Taxes	<u>(16,101)</u>	<u>29,550</u>	<u>13,449</u>	<u>(37,367)</u>	<u>(23,918)</u>	<u>35,618</u>	<u>11,700</u>
7 Total Operating Expense	<u>\$179,053</u>	<u>\$64,309</u>	<u>\$243,362</u>	<u>(\$55,849)</u>	<u>\$187,513</u>	<u>\$40,078</u>	<u>\$227,591</u>
8 Operating Income	<u>(\$25,639)</u>	<u>\$54,301</u>	<u>\$28,662</u>	<u>(\$61,972)</u>	<u>(\$33,310)</u>	<u>\$59,035</u>	<u>\$25,725</u>
9 Rate Base	<u>\$249,259</u>		<u>\$352,960</u>		<u>\$341,464</u>		<u>\$341,464</u>
10 Rate of Return	<u>-10.29%</u>		<u>8.12%</u>		<u>-9.75%</u>		<u>7.53%</u>

AUF/Arredondo Estates-Farms Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$102,046</u>	<u>\$103,050</u>	<u>\$205,096</u>	<u>(\$103,741)</u>	<u>\$101,355</u>	<u>\$89,709</u> 88.51%	<u>\$191,064</u>
Operating Expenses							
2 Operation & Maintenance	\$130,701	\$24,997	\$155,698	(\$9,852)	\$145,846		\$145,846
3 Depreciation	7,578	9,941	17,519	(131)	17,388		17,388
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	3,882	9,419	13,301	(4,831)	8,470	4,037	12,507
6 Income Taxes	<u>(15,474)</u>	<u>21,368</u>	<u>5,894</u>	<u>(33,342)</u>	<u>(27,448)</u>	<u>32,238</u>	<u>4,790</u>
7 Total Operating Expense	<u>\$126,687</u>	<u>\$65,725</u>	<u>\$192,412</u>	<u>(\$48,156)</u>	<u>\$144,256</u>	<u>\$36,275</u>	<u>\$180,531</u>
8 Operating Income	<u>(\$24,641)</u>	<u>\$37,325</u>	<u>\$12,684</u>	<u>(\$55,585)</u>	<u>(\$42,901)</u>	<u>\$53,434</u>	<u>\$10,533</u>
9 Rate Base	<u>\$100,326</u>		<u>\$157,447</u>		<u>\$139,805</u>		<u>\$139,805</u>
10 Rate of Return	<u>-24.56%</u>		<u>8.06%</u>		<u>-30.69%</u>		<u>7.53%</u>



AUF/Arredondo Estates-Farms Adjustment to Operating Income Test Year Ended 12/31/07		Schedule No. 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$118,918)	(\$103,753)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	12	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	1,098	0	
Total	<u>(\$117,820)</u>	<u>(\$103,741)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$1,561)	\$0	
2 Stipulated Issue 33.	(169)	(98)	
3 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
4 Stipulated Issue 37.	(299)	(173)	
5 To remove image enhancing advertising expense. (Issue 38)	(15)	(8)	
6 To remove lobbying and acquisition expense. (Issue 39)	(685)	(398)	
7 To remove executive risk insurance expenses. (Issue 40)	(171)	(99)	
8 To remove below-the-line expenses. (Issue 48)	(1,165)	(676)	
9 To reflect the appropriate bad debt expense. (Issue 50)	(2,103)	(4,444)	
10 To reflect the appropriate rate case expense. (Issue 52)	(363)	(339)	
11 To reflect appropriate normalization adjustments. (Issue 53)	(1,162)	(674)	
12 To reflect the appropriate pro forma expenses. (Issue 54)	(5,014)	(2,942)	
Total	<u>(\$12,707)</u>	<u>(\$9,852)</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$81	\$35	
2 To reflect the appropriate test year depreciation expense. (Issue 55)	(278)	(166)	
Total	<u>(\$197)</u>	<u>(\$131)</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$5,302)	(\$4,668)	
2 To remove below-the-line payroll taxes. (Issue 48)	(89)	(52)	
3 To reflect appropriate normalization adjustments. (Issue 53)	(1)	(1)	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(119)	(69)	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	(67)	(41)	
Total	<u>(\$5,578)</u>	<u>(\$4,831)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$37,367)</u>	<u>(\$33,342)</u>	

AUF/Arredondo Estates-Farms Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential and General Service</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$13.85	\$18.70	\$21.92	\$15.52	\$0.00	\$0.51
3/4"	\$20.77	\$28.04	\$32.89	\$23.29	\$0.00	\$0.76
1"	\$34.64	\$46.76	\$54.81	\$38.81	\$0.00	\$1.26
1-1/2"	\$69.26	\$93.49	\$109.62	\$77.62	\$0.00	\$2.53
2"	\$110.82	\$149.59	\$175.39	\$124.19	\$0.00	\$4.04
3"	\$222.00	\$299.66	\$350.79	\$248.38	\$0.00	\$8.09
4"	\$346.61	\$467.86	\$548.10	\$388.10	\$0.00	\$12.64
6"	\$692.64	\$934.94	\$1,096.21	\$776.20	\$0.00	\$25.28
8"	-	-	\$1,753.93	\$1,241.92	\$0.00	\$40.45
10"	-	-	\$2,521.28	\$1,785.26	\$0.00	\$58.14
Gallonge Charge, per 1,000 Gallons						
Residential						
Block 1 (0 -5,000)	\$2.35	\$3.17	\$3.80	\$6.59	\$0.00	\$0.21
Block 2 (5,000 - 10,000)	\$2.35	\$3.17	\$4.76	\$8.24	\$0.00	\$0.27
Block 3 (> 10,000)	\$2.35	\$3.17	\$4.76	\$19.78	\$0.00	\$0.64
General Service	\$2.35	\$3.17	\$3.80	\$7.68	\$0.00	\$0.25
<b><u>Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	-	-	\$21.92	\$15.52	\$0.00	\$0.51
3/4"	-	-	\$32.89	\$23.29	\$0.00	\$0.76
1"	-	-	\$54.81	\$38.81	\$0.00	\$1.26
1-1/2"	-	-	\$109.62	\$77.62	\$0.00	\$2.53
2"	-	-	\$175.39	\$124.19	\$0.00	\$4.04
3"	-	-	\$350.79	\$248.38	\$0.00	\$8.09
4"	-	-	\$548.10	\$388.10	\$0.00	\$12.64
6"	-	-	\$1,096.21	\$776.20	\$0.00	\$25.28
8"	-	-	\$1,753.93	\$1,241.92	\$0.00	\$40.45
10"	-	-	\$2,521.28	\$1,785.26	\$0.00	\$58.14
Gallonge Charge, per 1,000 Gallons	-	-	\$3.71	\$7.68	\$0.00	\$0.25
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$10.35	\$0.00	\$0.34
3"	-	-	\$29.23	\$20.70	\$0.00	\$0.67
4"	-	-	\$45.68	\$32.34	\$0.00	\$1.05
6"	-	-	\$91.35	\$64.68	\$0.00	\$2.11
8"	-	-	\$146.16	\$103.49	\$0.00	\$3.37
10"	-	-	\$210.11	\$148.77	\$0.00	\$4.85
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$20.90	\$28.21	\$33.32	\$35.29		
5,000 Gallons	\$25.60	\$34.55	\$40.92	\$48.47		
10,000 Gallons	\$37.35	\$50.40	\$64.72	\$89.67		

AUF/Arredondo Estates-Farms Wastewater Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-B Docket No. 080121-WS		
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential</u></b>						
Base Facility Charge All Meter Sizes:						
5/8" x 3/4"	\$15.30	\$22.51	\$45.26	\$34.96	\$1.43	\$0.88
3/4"	\$22.91	\$33.71	\$45.26	\$34.96	\$1.43	\$0.88
1"	\$38.22	\$56.24	\$45.26	\$34.96	\$1.43	\$0.88
1-1/2"	\$76.44	\$112.49	\$45.26	\$34.96	\$1.43	\$0.88
2"	\$122.31	\$179.99	\$45.26	\$34.96	\$1.43	\$0.88
3"	\$244.63	\$359.99	\$45.26	\$34.96	\$1.43	\$0.88
4"	\$382.23	\$562.48	\$45.26	\$34.96	\$1.43	\$0.88
6"	\$753.13	\$1,108.28	\$45.26	\$34.96	\$1.43	\$0.88
8"	-	-	\$45.26	\$34.96	\$1.43	\$0.88
10"	-	-	\$45.26	\$34.96	\$1.43	\$0.88
Gallage Charge - Per 1,000 gallons						
Residential (7,000 gallon cap)	\$3.56	\$5.24	-			
Residential (6,000 gallon cap)	-	-	\$8.73	\$7.01	\$0.29	\$0.18
<b>Residential Flat Rate</b>	-	-	\$112.65	\$69.37	\$2.87	\$1.74
<b><u>General Service &amp; Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$15.30	\$28.68	\$45.26	\$34.96	\$1.43	\$0.88
3/4"	\$22.94	\$43.01	\$67.89	\$52.44	\$2.14	\$1.31
1"	\$38.22	\$71.65	\$113.14	\$87.40	\$3.57	\$2.19
1-1/2"	\$76.44	\$143.30	\$226.29	\$174.80	\$7.15	\$4.38
2"	\$122.31	\$229.30	\$362.06	\$279.69	\$11.43	\$7.01
3"	\$244.63	\$458.61	\$724.12	\$559.37	\$22.87	\$14.02
4"	\$382.23	\$716.57	\$1,131.44	\$874.02	\$35.73	\$21.91
6"	\$753.13	\$1,411.90	\$2,262.89	\$1,748.04	\$71.47	\$43.81
8"	-	-	\$3,620.62	\$2,796.87	\$114.34	\$70.10
10"	-	-	\$5,204.65	\$4,020.50	\$164.37	\$100.77
Gallage Charge, per 1,000 Gallons	\$4.25	\$7.97	\$10.48	\$8.41	\$0.34	\$0.21
<b>General Service Flat Rate</b>	-	-	\$701.21	\$431.79	\$17.86	\$10.82
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$25.98	\$38.23	\$71.45	\$55.99		
5,000 Gallons	\$33.10	\$48.71	\$88.91	\$70.01		
6,000 Gallons	\$40.22	\$59.19	\$97.64	\$77.02		
(Wastewater Gallage Cap - 6,000 Gallons for Residential)						

AUF/Beecher's Point Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$182,548	\$6,023	\$188,571	(\$9,277)	\$179,294
2 Land and Land Rights	15,000	0	15,000	0	15,000
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(57,235)	7,960	(49,275)	116	(49,159)
5 CIAC	(33,991)	0	(33,991)	0	(33,991)
6 Amortization of CIAC	20,812	24	20,836	526	21,362
7 Working Capital Allowance	<u>0</u>	<u>9,813</u>	<u>9,813</u>	<u>(1,886)</u>	<u>7,927</u>
8 <b>Rate Base</b>	<u>\$127,134</u>	<u>\$23,820</u>	<u>\$150,954</u>	<u>(\$10,521)</u>	<u>\$140,433</u>

AUF/Beecher's Point Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$365,787	\$1,290	\$367,077	(\$121)	\$366,956
2 Land and Land Rights	22,251	0	22,251	0	22,251
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(69,900)	(184)	(70,084)	25	(70,059)
5 CIAC	(20,577)	0	(20,577)	0	(20,577)
6 Amortization of CIAC	16,772	(288)	16,484	0	16,484
7 Working Capital Allowance	<u>0</u>	<u>3,726</u>	<u>3,726</u>	<u>(671)</u>	<u>3,055</u>
8 <b>Rate Base</b>	<u>\$314,333</u>	<u>\$4,544</u>	<u>\$318,877</u>	<u>(\$767)</u>	<u>\$318,110</u>

AUF/Beecher's Point Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$343)	(\$121)	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(8,934)	0	
Total	<u>(\$9,277)</u>	<u>(\$121)</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	\$74	\$25	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	42	0	
Total	<u>\$116</u>	<u>\$25</u>	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	<u>\$526</u>	<u>\$0</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$1,886)</u>	<u>(\$671)</u>	

AUF/Beecher's Point Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$26,142</u>	<u>\$54,421</u>	<u>\$80,563</u>	<u>(\$54,593)</u>	<u>\$25,970</u>	<u>\$53,952</u> 207.75%	<u>\$79,922</u>
Operating Expenses							
2 Operation & Maintenance	\$50,626	(\$1,569)	\$49,057	(\$1,476)	\$47,581	\$0	\$47,581
3 Depreciation	4,792	606	5,398	29	5,427	0	5,427
4 Amortization	0	530	530	3,775	4,305	0	4,305
5 Taxes Other Than Income	10,260	(2,843)	7,417	(2,628)	4,789	2,428	7,217
6 Income Taxes	<u>(15,251)</u>	<u>21,160</u>	<u>5,909</u>	<u>(20,486)</u>	<u>(14,577)</u>	<u>19,388</u>	<u>4,812</u>
7 Total Operating Expense	<u>\$50,427</u>	<u>\$17,884</u>	<u>\$68,311</u>	<u>(\$20,785)</u>	<u>47,526</u>	<u>\$21,816</u>	<u>\$69,342</u>
8 Operating Income	<u>(\$24,285)</u>	<u>\$36,537</u>	<u>\$12,252</u>	<u>(\$33,808)</u>	<u>(\$21,556)</u>	<u>\$32,136</u>	<u>\$10,580</u>
9 Rate Base	<u>\$127,134</u>		<u>\$150,954</u>		<u>\$140,433</u>		<u>\$140,433</u>
10 Rate of Return	<u>-19.10%</u>		<u>8.12%</u>		<u>-15.35%</u>		<u>7.53%</u>

AUF/Beecher's Point Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$17,203</u>	<u>\$98,922</u>	<u>\$116,125</u>	<u>(\$99,058)</u>	<u>\$17,067</u>	<u>\$82,881</u> 485.62%	<u>\$99,948</u>
Operating Expenses							
2 Operation & Maintenance	\$50,782	\$2,164	\$52,946	(\$18,553)	\$34,393	\$0	\$34,393
3 Depreciation	11,913	853	12,766	(5)	12,761	0	12,761
4 Amortization	0	222	222	6,561	6,783	0	6,783
5 Taxes Other Than Income	739	11,143	11,882	(4,467)	7,415	3,730	11,145
6 Income Taxes	<u>(17,834)</u>	<u>30,303</u>	<u>12,469</u>	<u>(31,353)</u>	<u>(18,884)</u>	<u>29,785</u>	<u>10,900</u>
7 Total Operating Expense	<u>\$45,600</u>	<u>\$44,685</u>	<u>\$90,285</u>	<u>(\$47,817)</u>	<u>\$42,468</u>	<u>\$33,514</u>	<u>\$75,982</u>
8 Operating Income	<u>(\$28,397)</u>	<u>\$54,237</u>	<u>\$25,840</u>	<u>(\$51,241)</u>	<u>(\$25,401)</u>	<u>\$49,366</u>	<u>\$23,966</u>
9 Rate Base	<u>\$314,333</u>		<u>\$318,877</u>		<u>\$318,110</u>		<u>\$318,110</u>
10 Rate of Return	<u>-9.03%</u>		<u>8.10%</u>		<u>-7.98%</u>		<u>7.53%</u>



AUF/Beecher's Point		Schedule No. 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$54,607)	(\$99,058)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	14	0	
Total	<u>(\$54,593)</u>	<u>(\$99,058)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 6.	\$0	(\$16,758)	
2 Stipulated Issue 33.	(15)	(5)	
4 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
5 Stipulated Issue 37.	(27)	(9)	
6 To remove image enhancing advertising expense. (Issue 38)	(1)	(0)	
7 To remove lobbying and acquisition expenses. (Issue 39)	(61)	(21)	
8 To remove executive risk insurance expense. (Issue 40)	(15)	(5)	
9 To remove below-the-line expenses. (Issue 48)	(104)	(36)	
10 To reflect the appropriate bad debt expense. (Issue 50)	(701)	(1,528)	
11 To reflect the appropriate rate case expense. (Issue 52)	(4)	(5)	
12 To reflect appropriate normalization adjustments. (Issue 53)	(104)	(35)	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(442)</u>	<u>(151)</u>	
Total	<u>(\$1,476)</u>	<u>(\$18,553)</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$10	\$3	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	42	0	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	(24)	(8)	
4 Stipulated Issue 56.	<u>(972)</u>	<u>0</u>	
Total	<u>\$29</u>	<u>(\$5)</u>	
<u>Amorization</u>			
To reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$3,775</u>	<u>\$6,561</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$2,457)	(\$4,458)	
2 To remove below-the-line payroll taxes. (Issue 48)	(8)	(3)	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	(0)	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(11)	(4)	
5 To reflect the appropriate property taxes. (Issue 57)	<u>(152)</u>	<u>(3)</u>	
Total	<u>(\$2,628)</u>	<u>(\$4,467)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$20,486)</u>	<u>(\$31,353)</u>	

AUF/Beecher's Point Water Monthly Service Rates Test Year Ended 12/31/07						Schedule No. 5-A Docket No. 080121-WS
	Rates Prior to Filing 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$16.38	\$18.25	\$21.92	\$15.52	\$0.00	\$0.14
3/4"	\$24.58	\$27.38	\$32.89	\$23.29	\$0.00	\$0.22
1"	\$40.95	\$45.62	\$54.81	\$38.81	\$0.00	\$0.36
1-1/2"	\$81.90	\$91.24	\$109.62	\$77.62	\$0.00	\$0.72
2"	\$131.03	\$45.98	\$175.39	\$124.19	\$0.00	\$1.15
3"	\$262.06	\$291.95	\$350.79	\$248.38	\$0.00	\$2.30
4"	\$409.48	\$456.19	\$548.10	\$388.10	\$0.00	\$3.59
6"	\$818.93	\$912.35	\$1,096.21	\$776.20	\$0.00	\$7.18
8"	\$1,310.31	\$1,459.78	\$1,753.93	\$1,241.92	\$0.00	\$11.49
10"	\$1,883.58	\$2,098.45	\$2,521.28	\$1,785.26	\$0.00	\$16.51
Gallonge Charge, per 1,000 Gallons:						
Residential						
Block 1, (0 - 5,000)	\$4.07	\$4.53	\$3.80	\$6.59	\$0.00	\$0.06
Block 2, (5,000 - 10,000)	\$4.07	\$4.07	\$4.76	\$8.24	\$0.00	\$0.08
Block 3, (Over 10,000)	\$4.07	\$4.07	\$4.76	\$19.78	\$0.00	\$0.18
General Service and Multi-Family	\$4.07	\$4.07	\$3.80	\$7.68	\$0.00	\$0.07
<b><u>Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$10.92	\$12.17	\$14.62	\$10.35	\$0.00	\$0.10
3"	\$21.83	\$24.32	\$29.23	\$20.70	\$0.00	\$0.19
4"	\$34.14	\$38.03	\$45.68	\$32.34	\$0.00	\$0.30
6"	\$68.24	\$76.02	\$91.35	\$64.68	\$0.00	\$0.60
8"	\$109.20	\$121.66	\$146.16	\$103.49	\$0.00	\$0.96
10"	\$156.96	\$174.87	\$210.11	\$148.77	\$0.00	\$1.38
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$28.59	\$31.84	\$33.32	\$35.29		
5,000 Gallons	\$36.73	\$40.90	\$40.92	\$48.47		
10,000 Gallons	\$57.08	\$63.55	\$64.72	\$89.67		

**AUF/Beecher's Point  
Wastewater Monthly Service Rates  
Test Year Ended 12/31/07**

**Schedule NO. 5-B**  
**Docket No. 080121-WS**

AUF/Carlton Village Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$596,102	\$53,285	\$649,387	(\$42,271)	\$607,116
2 Land and Land Rights	6,351	0	6,351	0	6,351
3 Non-used and Useful Components	0	(129,957)	(129,957)	(3,893)	(133,850)
4 Accumulated Depreciation	(166,933)	11,861	(155,072)	(29)	(155,101)
5 CIAC	(175,035)	0	(175,035)	0	(175,035)
6 Amortization of CIAC	29,220	367	29,587	511	30,098
7 Working Capital Allowance	<u>0</u>	<u>32,002</u>	<u>32,002</u>	<u>(6,187)</u>	<u>25,815</u>
8 <b>Rate Base</b>	<u>\$289,705</u>	<u>(\$32,442)</u>	<u>\$257,263</u>	<u>(\$51,868)</u>	<u>\$205,395</u>

AUF/Carlton Village Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$1,249)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(41,021)	N/A	
Total	<u>(\$42,271)</u>	N/A	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issue 7 and 10)	<u>(\$3,893)</u>	N/A	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$411)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	382	N/A	
Total	<u>(\$29)</u>	N/A	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	<u>\$511</u>	N/A	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$6,187)</u>	N/A	

AUF/Carlton Village Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$120,071</u>	<u>(\$1,877)</u>	<u>\$118,194</u>	<u>\$1,309</u>	<u>\$119,503</u>	<u>(\$15,051)</u> -12.59%	<u>\$104,452</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$52,339</u>	<u>\$9,927</u>	<u>\$62,266</u>	<u>(\$3,516)</u>	<u>\$58,750</u>		<u>\$58,750</u>
3 Depreciation	<u>12,992</u>	<u>152</u>	<u>13,144</u>	<u>(2,598)</u>	<u>10,546</u>		<u>10,546</u>
4 Amortization	<u>0</u>	<u>822</u>	<u>822</u>	<u>0</u>	<u>822</u>		<u>822</u>
5 Taxes Other Than Income	<u>10,306</u>	<u>1,520</u>	<u>11,826</u>	<u>674</u>	<u>12,500</u>	<u>(677)</u>	<u>11,822</u>
6 Income Taxes	<u>17,140</u>	<u>(7,406)</u>	<u>9,734</u>	<u>2,713</u>	<u>12,447</u>	<u>(5,409)</u>	<u>7,038</u>
7 Total Operating Expense	<u>\$92,777</u>	<u>\$5,015</u>	<u>\$97,792</u>	<u>(\$2,728)</u>	<u>\$95,064</u>	<u>(\$6,086)</u>	<u>\$88,978</u>
8 Operating Income	<u>\$27,294</u>	<u>(\$6,892)</u>	<u>\$20,402</u>	<u>\$4,037</u>	<u>\$24,439</u>	<u>(\$8,965)</u>	<u>\$15,474</u>
9 Rate Base	<u>\$289,705</u>		<u>\$257,263</u>		<u>\$205,395</u>		<u>\$205,395</u>
10 Rate of Return	<u>9.42%</u>		<u>7.93%</u>		<u>11.90%</u>		<u>7.53%</u>

AUF/Carlton Village Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	\$966	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	<u>343</u>	<u>N/A</u>	
Total	<u>\$1,309</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$83)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(176)	N/A	
4 Stipulated Issue 37.	(147)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(7)	N/A	
6 To remove lobbying and acquisition expense. (Issue 39)	(338)	N/A	
7 To remove executive risk insurance expenses. (Issue 40)	(84)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(574)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	321	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	540	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(573)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(2,395)</u>	<u>N/A</u>	
Total	<u>(\$3,516)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$108	N/A	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(382)	N/A	
3 To reflect non-used and useful depreciation expense. (Issue 7 and 10)	(1,269)	N/A	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	(111)	N/A	
5 Stipulated Issue 56.	<u>(944)</u>	<u>N/A</u>	
Total	<u>(2,598)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	\$59	N/A	
2 To remove Non-U&U property taxes. (Issues 7 and 10)	1,427	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(44)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(1)	N/A	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(59)	N/A	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(709)</u>	<u>N/A</u>	
Total	<u>\$674</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>\$2,713</u>	<u>N/A</u>	

AUF/Carlton Village Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$18.73	\$20.21	\$21.92	\$15.92	\$0.46	\$0.62
3/4"	\$28.11	\$30.33	\$32.89	\$23.88	\$0.69	\$0.93
1"	\$46.84	\$50.53	\$54.81	\$39.80	\$1.15	\$1.55
1-1/2"	\$93.68	\$101.06	\$109.62	\$79.61	\$2.30	\$3.10
2"	\$149.90	\$161.72	\$175.39	\$127.37	\$3.68	\$4.96
3"	\$299.77	\$323.40	\$350.79	\$254.75	\$7.35	\$9.92
4"	\$468.40	\$505.32	\$548.10	\$398.04	\$11.49	\$15.50
6"	\$936.79	\$1,010.64	\$1,096.21	\$796.08	\$22.98	\$30.99
8"	\$1,498.84	\$1,616.99	\$1,753.93	\$1,273.73	\$36.77	\$49.58
10"	\$2,154.61	\$2,324.46	\$2,521.28	\$1,830.99	\$52.86	\$71.28
Gallage Charge, per 1,000 Gallons						
Residential Service						
Block 1, 0-5,000	\$3.84	\$4.14	\$3.80	\$3.73	\$0.14	\$0.15
Block 2, 5,001-10,000	\$3.84	\$4.14	\$4.76	\$4.66	\$0.18	\$0.18
Block 3, >10,000	\$3.84	\$4.14	\$4.76	\$11.20	\$0.43	\$0.44
General Service and Multi-Family	\$3.84	\$4.14	\$3.80	\$5.21	\$0.18	\$0.20
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$12.49	\$13.47	\$14.62	\$10.61	\$0.31	\$0.41
3"	\$24.98	\$26.95	\$29.23	\$21.23	\$0.61	\$0.83
4"	\$39.02	\$42.10	\$45.68	\$33.17	\$0.96	\$1.29
6"	\$78.06	\$84.21	\$91.35	\$66.34	\$1.92	\$2.58
8"	\$124.90	\$134.75	\$146.16	\$106.14	\$3.06	\$4.13
10"	\$179.54	\$193.69	\$210.11	\$152.58	\$4.41	\$5.94
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$30.25	\$32.63	\$33.32	\$27.11		
5,000 Gallons	\$37.93	\$40.91	\$40.92	\$34.57		
10,000 Gallons	\$57.13	\$61.61	\$64.72	\$57.87		



AUF/East Lake Harris Estates Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$523,391	\$35,552	\$558,943	(\$24,176)	\$534,767
2 Land and Land Rights	3,071	0	3,071	0	3,071
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(188,687)	5,733	(182,954)	(118)	(183,072)
5 CIAC	(4,936)	0	(4,936)	0	(4,936)
6 Amortization of CIAC	3,470	102	3,572	0	3,572
7 Working Capital Allowance	<u>0</u>	<u>26,405</u>	<u>26,405</u>	<u>(4,612)</u>	<u>21,793</u>
8 <b>Rate Base</b>	<u>\$336,309</u>	<u>\$67,792</u>	<u>\$404,101</u>	<u>(\$28,906)</u>	<u>\$375,195</u>

AUF/East Lake Harris Estates Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$921)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(23,254)	N/A	
Total	(\$24,176)	N/A	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. depr. of pro forma Corp. IT. (Issue 4)	(\$294)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	176	N/A	
Total	(\$118)	N/A	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	(\$4,612)	N/A	

AUF/East Lake Harris Estates Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$42,084</u>	<u>\$86,417</u>	<u>\$128,501</u>	<u>(\$86,536)</u>	<u>\$41,965</u>	<u>\$76,497</u> 182.29%	<u>\$118,463</u>
Operating Expenses							
2 Operation & Maintenance	\$35,184	\$11,285	\$46,469	(\$3,726)	\$42,743		\$42,743
3 Depreciation	16,883	2,318	19,201	(183)	19,018		19,018
4 Amortization	0	980	980	2,385	3,365		3,365
5 Taxes Other Than Income	7,265	5,884	13,149	(4,377)	8,772	3,442	12,215
6 Income Taxes	<u>(6,654)</u>	<u>22,493</u>	<u>15,839</u>	<u>(30,474)</u>	<u>(14,635)</u>	<u>27,491</u>	<u>12,856</u>
7 Total Operating Expense	<u>\$52,678</u>	<u>\$42,960</u>	<u>\$95,638</u>	<u>(\$36,375)</u>	<u>\$59,263</u>	<u>\$30,933</u>	<u>\$90,196</u>
8 Operating Income	<u>(\$10,594)</u>	<u>\$43,457</u>	<u>\$32,863</u>	<u>(\$50,161)</u>	<u>(\$17,298)</u>	<u>\$45,564</u>	<u>\$28,267</u>
9 Rate Base	<u>\$336,309</u>		<u>\$404,101</u>		<u>\$375,195</u>		<u>\$375,195</u>
10 Rate of Return	<u>-3.15%</u>		<u>8.13%</u>		<u>-4.61%</u>		<u>7.53%</u>

AUF/East Lake Harris Estates		Schedule 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$86,605)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	(1)	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	70	N/A	
Total	(\$86,536)	N/A	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$60)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(71)	N/A	
4 Stipulated Issue 37.	(105)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(5)	N/A	
6 To remove lobbying and acquisition expense. (Issue 39)	(241)	N/A	
7 To remove executive risk insurance expenses. (Issue 40)	(60)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(410)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(1,008)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	361	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(409)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	(1,717)	N/A	
Total	(\$3,726)	N/A	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$74	N/A	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(176)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	(82)	N/A	
Total	(\$183)	N/A	
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	\$2,385	N/A	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$3,894)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(31)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(42)	N/A	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	(409)	N/A	
Total	(\$4,377)	N/A	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	(\$30,474)	N/A	

AUF/East Lake Harris Estates Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$8.53	\$10.63	\$21.92	\$15.52	\$0.00	\$0.38
3/4"	\$12.81	\$15.97	\$32.89	\$23.29	\$0.00	\$0.57
1"	\$21.36	\$26.62	\$54.81	\$38.81	\$0.00	\$0.95
1-1/2"	\$42.69	\$53.21	\$109.62	\$77.62	\$0.00	\$1.90
2"	\$68.31	\$85.14	\$175.39	\$124.19	\$0.00	\$3.05
3"	\$136.65	\$170.32	\$350.79	\$248.38	\$0.00	\$6.09
4"	\$213.51	\$266.12	\$548.10	\$388.10	\$0.00	\$9.52
6"	\$427.03	\$532.26	\$1,096.21	\$776.20	\$0.00	\$19.05
8"	\$683.25	\$851.62	\$1,753.93	\$1,241.92	\$0.00	\$30.47
10"	\$982.19	\$1,224.22	\$2,521.28	\$1,785.26	\$0.00	\$43.81
Gallonge Charge, per 1,000 Gallons						
Residential Service						
Block 1, 0-5,000	\$4.86	\$6.06	\$3.80	\$6.59	\$0.00	\$0.16
Block 2, 5,001-10,000	\$4.86	\$6.06	\$4.76	\$8.24	\$0.00	\$0.20
Block 3, over 10,000	\$4.86	\$6.06	\$4.76	\$19.78	\$0.00	\$0.49
General Service and Multi-Family	\$4.86	\$6.06	\$3.80	\$7.68	\$0.00	\$0.19
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$5.69	\$7.09	\$14.62	\$10.35	\$0.00	\$0.25
3"	\$11.40	\$14.21	\$29.23	\$20.70	\$0.00	\$0.51
4"	\$17.78	\$22.16	\$45.68	\$32.34	\$0.00	\$0.79
6"	\$35.59	\$44.36	\$91.35	\$64.68	\$0.00	\$1.59
8"	\$56.95	\$70.98	\$146.16	\$103.49	\$0.00	\$2.54
10"	\$81.85	\$102.02	\$210.11	\$148.77	\$0.00	\$3.65
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$23.11	\$28.81	\$33.32	\$35.29		
5,000 Gallons	\$32.83	\$40.93	\$40.92	\$48.47		
10,000 Gallons	\$57.13	\$71.23	\$64.72	\$89.67		

AUF/FernTerrace Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$115,399	\$29,234	\$144,633	(\$20,762)	\$123,871
2 Land and Land Rights	780	0	780	0	780
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(27,606)	4,047	(23,559)	(8)	(23,567)
5 CIAC	(10,604)	0	(10,604)	0	(10,604)
6 Amortization of CIAC	5,517	(120)	5,397	238	5,635
7 Working Capital Allowance	<u>0</u>	<u>18,700</u>	<u>18,700</u>	<u>(3,193)</u>	<u>15,507</u>
8 Rate Base	<u>\$83,486</u>	<u>\$51,861</u>	<u>\$135,347</u>	<u>(\$23,725)</u>	<u>\$111,622</u>

AUF/FernTerrace Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$643)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(20,119)	N/A	
Total	<u>(\$20,762)</u>	N/A	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. depr. of pro forma Corp. IT. (Issue 4)	(\$209)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	200	N/A	
Total	<u>(\$8)</u>	N/A	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	<u>\$238</u>	N/A	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$3,193)</u>	N/A	

AUF/FernTerrace Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$48,745</u>	<u>\$18,533</u>	<u>\$67,278</u>	<u>(\$18,735)</u>	<u>\$48,543</u>	<u>\$10,949</u> 22.55%	<u>\$59,492</u>
Operating Expenses							
2 Operation & Maintenance	\$30,021	\$8,478	\$38,499	(\$2,337)	\$36,162		\$36,162
3 Depreciation	3,948	2,042	5,990	(642)	5,348		5,348
4 Amortization	0	699	699	0	699		699
5 Taxes Other Than Income	3,127	2,674	5,801	(1,245)	4,556	493	5,049
6 Income Taxes	<u>4,494</u>	<u>771</u>	<u>5,265</u>	<u>(\$5,375)</u>	<u>(110)</u>	<u>3,935</u>	<u>3,825</u>
7 Total Operating Expense	<u>\$41,590</u>	<u>\$14,664</u>	<u>\$56,254</u>	<u>(\$9,599)</u>	<u>\$46,655</u>	<u>\$4,427</u>	<u>\$51,082</u>
8 Operating Income	<u>\$7,155</u>	<u>\$3,869</u>	<u>\$11,024</u>	<u>(\$9,136)</u>	<u>\$1,888</u>	<u>\$6,521</u>	<u>\$8,409</u>
9 Rate Base	<u>\$83,486</u>		<u>\$135,347</u>		<u>\$111,622</u>		<u>\$111,622</u>
10 Rate of Return	<u>8.57%</u>		<u>8.14%</u>		<u>1.69%</u>		<u>7.53%</u>



AUF/FernTerrace		Schedule 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$18,910)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	175	N/A	
Total	(\$18,735)	N/A	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$42)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(68)	N/A	
4 Stipulated Issue 37.	(75)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(4)	N/A	
6 To remove lobbying and acquisition expense. (Issue 39)	(172)	N/A	
7 To remove executive risk insurance expenses. (Issue 40)	(43)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(292)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(401)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	268	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(291)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	(1,218)	N/A	
Total	(\$2,337)	N/A	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$55	N/A	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(200)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	(58)	N/A	
4 Stipulated Issue 56.	(439)	N/A	
Total	(\$642)	N/A	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$843)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(22)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(30)	N/A	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	(349)	N/A	
Total	(\$1,245)	N/A	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	(\$5,375)	N/A	

AUF/FernTerrace Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$10.64	\$14.26	\$21.92	\$15.92	\$0.46	\$0.55
3/4"	\$15.96	\$21.38	\$32.89	\$23.88	\$0.69	\$0.83
1"	\$26.62	\$35.67	\$54.81	\$39.80	\$1.15	\$1.38
1-1/2"	\$53.22	\$71.30	\$109.62	\$79.61	\$2.30	\$2.77
2"	\$85.16	\$114.10	\$175.39	\$127.37	\$3.68	\$4.42
3"	\$170.33	\$228.21	\$350.79	\$254.75	\$7.35	\$8.85
4"	\$266.14	\$356.57	\$548.10	\$398.04	\$11.49	\$13.83
6"	\$532.27	\$713.13	\$1,096.21	\$796.08	\$22.98	\$27.66
8"	\$851.63	\$1,141.01	\$1,753.93	\$1,273.73	\$36.77	\$44.25
10"	\$1,224.23	\$1,640.22	\$2,521.28	\$1,830.99	\$52.86	\$63.61
Gallonge Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$2.95	\$3.95	\$3.80	\$3.73	\$0.14	\$0.13
Block 2, 5,001-10,000	2.95	\$3.95	\$4.76	\$4.66	\$0.18	\$0.16
Block 3, over 10,000	2.95	\$3.95	\$4.76	\$11.20	\$0.43	\$0.39
General Service and Multi-Family	\$2.95	\$3.95	\$3.80	\$5.21	\$0.18	\$0.18
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$7.10	\$9.51	\$14.62	\$10.61	\$0.31	\$0.37
3"	\$14.19	\$19.01	\$29.23	\$21.23	\$0.61	\$0.74
4"	\$22.19	\$29.73	\$45.68	\$33.17	\$0.96	\$1.15
6"	\$44.35	\$59.42	\$91.35	\$66.34	\$1.92	\$2.30
8"	\$70.97	\$95.09	\$146.16	\$106.14	\$3.06	\$3.69
10"	\$102.02	\$136.69	\$210.11	\$152.58	\$4.41	\$5.30
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$19.49	\$26.11	\$33.32	\$27.11		
5,000 Gallons	\$25.39	\$34.01	\$40.92	\$34.57		
10,000 Gallons	\$40.14	\$53.76	\$50.68	\$57.87		

AUF/Florida Central Commerce Park Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$1,403,606	\$4,657	\$1,408,263	(\$386)	\$1,407,877
2 Land and Land Rights	130,000	0	130,000	0	130,000
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(849,566)	(919)	(850,485)	(100)	(850,585)
5 CIAC	(618,716)	0	(618,716)	0	(618,716)
6 Amortization of CIAC	325,545	(10,406)	315,139	15,816	330,955
7 Working Capital Allowance	<u>0</u>	<u>80,324</u>	<u>80,324</u>	<u>(2,046)</u>	<u>78,278</u>
8 <b>Rate Base</b>	<u>\$390,869</u>	<u>\$73,656</u>	<u>\$464,525</u>	<u>\$13,284</u>	<u>\$477,809</u>

AUF/Florida Central Commerce Park Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u> To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)		N/A	(\$386)
<u>Accumulated Depreciation</u> To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)		N/A	(\$100)
<u>Accumulated Amortization of CIAC</u> Stipulated Issue 15.		N/A	\$15,816
<u>Working Capital</u> To reflect the appropriate working capital allowance. (Issue 21)		N/A	(\$2,046)

AUF/Florida Central Commerce Park Statement of Wastewater Operations Test Year Ended 12/31/07						Schedule No. 4-B Docket No. 080121-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$150,999</u>	<u>\$246,648</u>	<u>\$397,647</u>	<u>(\$246,358)</u>	<u>\$151,289</u>	<u>\$234,387</u> 154.93%	<u>\$385,676</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$264,157</u>	<u>(\$35,360)</u>	<u>\$228,797</u>	<u>(\$6,200)</u>	<u>\$222,597</u>	<u>\$0</u>	<u>\$222,597</u>
3 Depreciation	<u>40,039</u>	<u>22,445</u>	<u>62,484</u>	<u>(29,208)</u>	<u>33,276</u>	<u>0</u>	<u>33,276</u>
4 Amortization	<u>0</u>	<u>817</u>	<u>817</u>	<u>26,469</u>	<u>27,286</u>	<u>0</u>	<u>27,286</u>
5 Taxes Other Than Income	<u>31,756</u>	<u>18,964</u>	<u>50,720</u>	<u>(11,120)</u>	<u>39,600</u>	<u>10,547</u>	<u>50,148</u>
6 Income Taxes	<u>(71,346)</u>	<u>89,114</u>	<u>17,768</u>	<u>(85,627)</u>	<u>(67,859)</u>	<u>84,231</u>	<u>16,372</u>
7 Total Operating Expense	<u>264,606</u>	<u>95,980</u>	<u>360,586</u>	<u>(105,686)</u>	<u>254,900</u>	<u>94,778</u>	<u>349,679</u>
8 Operating Income	<u>(\$113,607)</u>	<u>\$150,668</u>	<u>\$37,061</u>	<u>(\$140,673)</u>	<u>(\$103,612)</u>	<u>\$139,609</u>	<u>\$35,997</u>
9 Rate Base	<u>\$390,869</u>		<u>\$464,525</u>		<u>\$477,809</u>		<u>\$477,809</u>
10 Rate of Return	<u>-29.07%</u>		<u>7.98%</u>		<u>-21.68%</u>		<u>7.53%</u>

AUF/Florida Central Commerce Park Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.		N/A	(\$245,234)
2 To reflect appropriate annualized revenue adjustment. (Issue 30)		N/A	(1,124)
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)		N/A	0
Total		N/A	(\$246,358)
<u>Operating and Maintenance Expenses</u>			
1 Stipulated Issue 33.		N/A	(\$322)
2 Remove miscellaneous non-utility expenses. (Issue 34)		N/A	0
3 Stipulated Issue 35.		N/A	(251)
4 Stipulated Issue 37.		N/A	(36)
5 To remove image enhancing advertising expense. (Issue 38)		N/A	(2)
6 To remove lobbying and acquisition expenses. (Issue 39)		N/A	(82)
7 To remove executive risk insurance expense. (Issue 40)		N/A	(21)
8 To remove below-the-line expenses. (Issue 48)		N/A	(140)
9 To reflect the appropriate bad debt expense. (Issue 50)		N/A	(4,689)
10 To reflect the appropriate rate case expense. (Issue 52)		N/A	60
11 To reflect appropriate normalization adjustments. (Issue 53)		N/A	(140)
12 To reflect the appropriate pro forma expenses. (Issue 54)		N/A	(577)
Total		N/A	(\$6,200)
<u>Depreciation Expense - Net</u>			
1 To reflect the appropriate Dep. Exp. for Pro Forma Corporate IT. (Issue 4)		N/A	\$19
2 To reflect the appropriate test year depreciation expense. (Issue 55)		N/A	(30)
3 Stipulated Issue 56.		N/A	(29,198)
Total		N/A	(\$29,208)
<u>Amortization</u>			
To reflect regulatory asset from Capped Interim Rates. (Issue 73)		N/A	\$26,469
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.		N/A	(\$11,086)
2 To remove below-the-line payroll taxes. (Issue 48)		N/A	(11)
3 To reflect appropriate normalization adjustments. (Issue 53)		N/A	(0)
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)		N/A	(14)
5 To reflect the appropriate pro-forma property taxes. (Issue 57)		N/A	(8)
Total		N/A	(\$11,120)
<u>Income Taxes</u>			
To adjust to test year income tax expense.		N/A	(\$85,627)

AUF/Florida Central Commerce Park Wastewater Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-B Docket No. 080121-WS		
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-year Rate Reduction
<b>Residential</b>						
Base Facility Charge:						
All Meter Sizes	-	-	\$45.26	\$75.36	\$3.31	\$0.19
Gallage Charge - Per 1,000 gallons (6,000 gallons cap)	-	-	\$8.73	\$9.36	\$0.41	\$0.02
<b>General Service</b>						
Base Facility Charge All Meter Sizes:						
5/8" x 3/4"	\$38.72	\$58.34	\$45.26	\$75.36	\$3.31	\$0.19
3/4"	\$58.08	\$87.51	\$67.89	\$113.05	\$4.97	\$0.29
1"	\$96.79	\$145.83	\$113.14	\$188.41	\$8.28	\$0.48
1-1/2"	\$193.58	\$291.65	\$226.29	\$376.82	\$16.56	\$0.97
2"	\$309.73	\$466.65	\$362.06	\$602.92	\$26.50	\$1.55
3"	\$619.44	\$933.27	\$724.12	\$1,205.84	\$52.99	\$3.10
4"	\$967.90	\$1,458.27	\$1,131.44	\$1,884.12	\$82.80	\$4.84
6"	\$1,935.82	\$2,916.57	\$2,262.89	\$3,768.24	\$165.60	\$9.69
8"	\$3,097.29	\$4,666.48	\$3,620.62	\$6,029.18	\$264.95	\$15.50
10"	\$4,452.36	\$6,708.08	\$5,204.65	\$8,666.95	\$380.87	\$22.28
Gallage Charge - Per 1,000 gallons	\$5.22	\$7.86	\$10.48	\$11.23	\$0.49	\$0.03
<b>Multi-Family</b>						
Base Facility Charge All Meter Sizes:						
5/8" x 3/4"	-	\$58.34	\$45.26	\$75.36	\$3.31	\$0.19
3/4"	-	\$87.51	\$67.89	\$113.05	\$4.97	\$0.29
1"	-	\$145.83	\$113.14	\$188.41	\$8.28	\$0.48
1-1/2"	-	\$291.65	\$226.29	\$376.82	\$16.56	\$0.97
2"	-	\$466.65	\$362.06	\$602.92	\$26.50	\$1.55
3"	-	\$933.27	\$724.12	\$1,205.84	\$52.99	\$3.10
4"	-	\$1,458.27	\$1,131.44	\$1,884.12	\$82.80	\$4.84
6"	-	\$2,916.57	\$2,262.89	\$3,768.24	\$165.60	\$9.69
8"	-	\$4,666.48	\$3,620.62	\$6,029.18	\$264.95	\$15.50
10"	-	\$6,708.08	\$5,204.65	\$8,666.95	\$380.87	\$22.28
Gallage Charge - Per 1,000 gallons	-	\$7.86	\$10.48	\$11.23	\$0.49	\$0.03
<b>Flat Rate</b>						
Residential	-	-	\$112.65	\$154.46	\$6.74	\$0.40
General Service	-	-	\$701.21	\$961.45	\$41.95	\$2.47
Reuse per sprinkler head	\$0.10	\$0.10	\$0.10	\$0.10	\$0.00	\$0.00
<b>Typical Residential Bills 5/8" x 3/4" Meter</b>						
3,000 Gallons	N/A	N/A	\$71.45	\$103.44		
5,000 Gallons	N/A	N/A	\$88.91	\$122.16		
6,000 Gallons	N/A	N/A	\$97.64	\$131.52		

AUF/Friendly Center Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$19,977	\$7,024	\$27,001	(\$5,684)	\$21,317
2 Land and Land Rights	437	0	437	0	437
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(11,336)	1,225	(10,111)	21	(10,090)
5 CIAC	(8,860)	0	(8,860)	0	(8,860)
6 Amortization of CIAC	3,707	(118)	3,589	162	3,751
7 Working Capital Allowance	<u>0</u>	<u>4,133</u>	<u>4,133</u>	<u>(909)</u>	<u>3,224</u>
8 <b>Rate Base</b>	<u>\$3,925</u>	<u>\$12,264</u>	<u>\$16,189</u>	<u>(\$6,410)</u>	<u>\$9,779</u>



AUF/Friendly Center Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$175)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(5,509)	N/A	
Total	<u>(\$5,684)</u>	<u>N/A</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$49)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	70	N/A	
Total	<u>\$21</u>	<u>N/A</u>	
<u>Accumulated Amortization of CIAC</u>			
Stipulation Issue 15.	<u>\$162</u>	<u>N/A</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$909)</u>	<u>N/A</u>	

AUF/Friendly Center Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$12,347</u>	<u>\$6,766</u>	<u>\$19,113</u>	<u>(\$6,789)</u>	<u>\$12,324</u>	<u>\$4,922</u> 39.94%	<u>\$17,246</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$22,504</u>	<u>(\$8,479)</u>	<u>\$14,025</u>	<u>(\$431)</u>	<u>\$13,594</u>		<u>\$13,594</u>
3 Depreciation	<u>426</u>	<u>713</u>	<u>1,139</u>	<u>(373)</u>	<u>766</u>		<u>766</u>
4 Amortization	<u>0</u>	<u>114</u>	<u>114</u>	<u>0</u>	<u>114</u>		<u>114</u>
5 Taxes Other Than Income	<u>642</u>	<u>1,250</u>	<u>1,892</u>	<u>(412)</u>	<u>1,480</u>	<u>222</u>	<u>1,701</u>
6 Income Taxes	<u>(4,330)</u>	<u>4,956</u>	<u>626</u>	<u>(2,060)</u>	<u>(1,434)</u>	<u>1,769</u>	<u>335</u>
7 Total Operating Expense	<u>\$19,242</u>	<u>(\$1,446)</u>	<u>\$17,796</u>	<u>(\$3,277)</u>	<u>\$14,519</u>	<u>\$1,990</u>	<u>\$16,510</u>
8 Operating Income	<u>(\$6,895)</u>	<u>\$8,212</u>	<u>\$1,317</u>	<u>(\$3,512)</u>	<u>(\$2,195)</u>	<u>\$2,932</u>	<u>\$737</u>
9 Rate Base	<u>\$3,925</u>		<u>\$16,189</u>		<u>\$9,779</u>		<u>\$9,779</u>
10 Rate of Return	<u>-175.67%</u>		<u>8.14%</u>		<u>-22.45%</u>		<u>7.53%</u>

AUF/Friendly Center Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$6,845)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	56	N/A	
Total	<u>(\$6,789)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$10)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(20)	N/A	
4 Stipulated Issue 37.	(18)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(1)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(40)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(10)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(69)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	55	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	42	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(69)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(292)</u>	<u>N/A</u>	
Total	<u>(\$431)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$11	N/A	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(70)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	(14)	N/A	
4 Stipulated Issue 56.	<u>(300)</u>	<u>N/A</u>	
Total	<u>(\$373)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$306)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(5)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(7)	N/A	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(94)</u>	<u>N/A</u>	
Total	<u>(\$412)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense	<u>(\$2,060)</u>	<u>N/A</u>	

AUF/Friendly Center Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Effective 12/31/2007	Commissior Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$15.84	\$17.86	\$21.92	\$15.52	\$0.00	\$0.44
3/4"	\$23.77	\$26.80	\$32.89	\$23.29	\$0.00	\$0.66
1"	\$39.62	\$44.67	\$54.81	\$38.81	\$0.00	\$1.10
1-1/2"	\$79.25	\$89.36	\$109.62	\$77.62	\$0.00	\$2.19
2"	\$126.79	\$142.97	\$175.39	\$124.19	\$0.00	\$3.51
3"	\$253.59	\$285.94	\$350.79	\$248.38	\$0.00	\$7.02
4"	\$396.23	\$446.78	\$548.10	\$388.10	\$0.00	\$10.97
6"	\$792.45	\$893.55	\$1,096.21	\$776.20	\$0.00	\$21.93
8"	\$1,267.93	\$1,429.70	\$1,753.93	\$1,241.92	\$0.00	\$35.09
10"	\$1,822.65	\$2,055.19	\$2,521.28	\$1,785.26	\$0.00	\$50.44
Gallonge Charge, per 1,000 Gallons						
Residential						
Block 1 (0 -5,000)	\$4.09	\$4.61	\$3.80	\$6.59	\$0.00	\$0.19
Block 2 (5,000 - 10,000)	\$4.09	\$4.61	\$4.76	\$8.24	\$0.00	\$0.23
Block 3 (> 10,000)	\$4.09	\$4.61	\$4.76	\$19.78	\$0.00	\$0.56
General Service and Multi-Family	\$4.09	\$4.61	\$3.80	\$7.68	\$0.00	\$0.22
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$10.56	\$11.91	\$14.62	\$10.35	\$0.00	\$0.29
3"	\$21.14	\$23.84	\$29.23	\$20.70	\$0.00	\$0.58
4"	\$33.01	\$37.22	\$45.68	\$32.34	\$0.00	\$0.91
6"	\$66.04	\$74.47	\$91.35	\$64.68	\$0.00	\$1.83
8"	\$105.67	\$119.15	\$146.16	\$103.49	\$0.00	\$2.92
10"	\$151.88	\$171.26	\$210.11	\$148.77	\$0.00	\$4.20
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$28.11	\$31.69	\$33.32	\$35.29		
5,000 Gallons	\$36.29	\$40.91	\$40.92	\$48.47		
10,000 Gallons	\$56.74	\$63.96	\$59.92	\$89.67		

AUF/Gibsonia Estates Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$350,493	\$39,644	\$390,137	(\$38,524)	\$351,613
2 Land and Land Rights	3,830	0	3,830	0	3,830
3 Non-used and Useful Components	0	0	0	(15,865)	(15,865)
4 Accumulated Depreciation	(70,668)	11,673	(58,995)	188	(58,807)
5 CIAC	(90,353)	0	(90,353)	0	(90,353)
6 Amortization of CIAC	44,577	446	45,023	162	45,185
7 Working Capital Allowance	<u>0</u>	<u>20,012</u>	<u>20,012</u>	<u>(5,384)</u>	<u>14,628</u>
8 <b>Rate Base</b>	<b><u>\$237,879</u></b>	<b><u>\$71,775</u></b>	<b><u>\$309,654</u></b>	<b><u>(\$59,424)</u></b>	<b><u>\$250,230</u></b>

AUF/Gibsonia Estates Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To adjust pro-forma plant for corporate IT. (Issue 4)	(\$1,059)	N/A	
2 To adjust pro-forma plant for meter replacements. (Issue 4)	(37,466)	N/A	
Total	<u>(\$38,524)</u>	<u>N/A</u>	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issue 7)	<u>(\$15,865)</u>	<u>N/A</u>	
<u>Accumulated Depreciation</u>			
1 To adjust pro-forma accum depr for corporate IT. (Issue 4)	(\$320)	N/A	
2 To adjust pro-forma accum depr for meter replacements. (Issue 4)	508	N/A	
Total	<u>\$188</u>	<u>N/A</u>	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	<u>\$162</u>	<u>N/A</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$5,384)</u>	<u>N/A</u>	

AUF/Gibsonia Estates Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$18,150</u>	<u>\$97,895</u>	<u>\$116,045</u>	<u>(\$91,353)</u>	<u>\$24,692</u>	<u>\$74,195</u> 300.48%	<u>\$98,887</u>
Operating Expenses							
2 Operation & Maintenance	\$43,809	\$16,210	\$60,019	(\$4,439)	\$55,580		\$55,580
3 Depreciation	8,526	1,770	10,296	(1,512)	8,784		8,784
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	569	8,011	8,580	(4,822)	3,758	3,339	7,097
6 Income Taxes	<u>(13,406)</u>	<u>25,456</u>	<u>12,050</u>	<u>(30,139)</u>	<u>(18,089)</u>	<u>26,663</u>	<u>8,574</u>
7 Total Operating Expense	<u>\$39,498</u>	<u>\$51,447</u>	<u>\$90,945</u>	<u>(\$40,912)</u>	<u>\$50,033</u>	<u>\$30,002</u>	<u>\$80,035</u>
8 Operating Income	<u>(\$21,348)</u>	<u>\$46,448</u>	<u>\$25,100</u>	<u>(\$50,441)</u>	<u>(\$25,341)</u>	<u>\$44,193</u>	<u>\$18,852</u>
9 Rate Base	<u>\$237,879</u>		<u>\$309,654</u>		<u>\$250,230</u>		<u>\$250,230</u>
10 Rate of Return	<u>-8.97%</u>		<u>8.11%</u>		<u>-10.13%</u>		<u>7.53%</u>

AUF/Gibsonia Estates		Schedule 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested interim revenue increase.	(\$91,353)	N/A	
2 To reflect Commission's proposed annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues (Issue 31)	250	<u>N/A</u>	
Total	<u>(\$91,353)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$65)	N/A	
2 To remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(65)	N/A	
4 Stipulated Issue 37.	(114)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(6)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(262)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(66)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(446)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(1,509)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	343	N/A	
11 To reflect appropriate normalization adjustments (Issue 53)	(445)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(1,804)</u>	<u>N/A</u>	
Total	<u>(\$4,439)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect app. Dep. Expense for proforma Corporate IT. (Issue 4)	\$77	N/A	
2 To reflect app. Dep. Expense for proforma meters. (Issue 4)	(508)	N/A	
3 To reflect net non-used and useful adjustment. (Issue 7)	(991)	N/A	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(90)</u>	<u>N/A</u>	
Total	<u>(\$1,512)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$4,111)	N/A	
2 To reflect net non-used and useful adjustment. (Issue 7)	(3)	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(34)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(46)	N/A	
6 To reflect the appropriate property taxes. (Issue 57)	<u>(628)</u>	<u>N/A</u>	
Total	<u>(\$4,822)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$30,139)</u>	<u>N/A</u>	



AUF/Gibsonia Estates Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final Rates	Commission Approved Final Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$5.65	\$7.57	\$21.92	\$16.44	\$0.27	\$0.53
3/4"	-	-	\$32.89	\$24.66	\$0.40	\$0.79
1"	\$5.65	\$7.57	\$54.81	\$41.10	\$0.67	\$1.31
1-1/2"	-	-	\$109.62	\$82.20	\$1.35	\$2.63
2"	\$5.65	\$7.57	\$175.39	\$131.52	\$2.16	\$4.20
3"	-	-	\$350.79	\$263.03	\$4.31	\$8.40
4"	-	-	\$548.10	\$410.99	\$6.74	\$13.13
6"	-	-	\$1,096.21	\$821.97	\$13.48	\$26.26
8"	-	-	\$1,753.93	\$1,315.16	\$21.56	\$42.01
10"	-	-	\$2,521.28	\$1,890.54	\$31.00	\$60.39
Gallage Charge, per 1,000 Gallons						
Residential Service						
0 - 5 kgal	\$0.67	\$0.90	\$3.80	\$4.94	\$0.14	\$0.16
5 - 10 kgal	\$0.67	\$0.90	\$4.76	\$6.17	\$0.17	\$0.20
Over 10 kgal	\$0.67	\$0.90	\$4.76	\$14.81	\$0.41	\$0.47
General Service and Multi-Family	\$0.67	\$0.90	\$3.80	\$6.05	\$0.13	\$0.19
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$10.96	\$0.18	\$0.35
3"	-	-	\$29.23	\$21.92	\$0.36	\$0.70
4"	-	-	\$45.68	\$34.25	\$0.56	\$1.09
6"	-	-	\$91.35	\$68.50	\$1.12	\$2.19
8"	-	-	\$146.16	\$109.60	\$1.80	\$3.50
10"	-	-	\$210.11	\$157.55	\$2.58	\$5.03
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$7.66	\$10.27	\$33.32	\$31.26		
5,000 Gallons	\$9.00	\$12.07	\$40.92	\$41.14		
10,000 Gallons	\$12.35	\$16.57	\$64.72	\$71.99		

AUF/Grand Terrace Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$137,074	\$26,083	\$163,157	(\$17,425)	\$145,732
2 Land and Land Rights	5,606	0	5,606	0	5,606
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(13,784)	3,396	(10,388)	(51)	(10,439)
5 CIAC	(33,656)	0	(33,656)	0	(33,656)
6 Amortization of CIAC	16,873	428	17,301	32	17,333
7 Working Capital Allowance	<u>0</u>	<u>16,751</u>	<u>16,751</u>	<u>(2,973)</u>	<u>13,778</u>
8 <b>Rate Base</b>	<u>\$112,113</u>	<u>\$46,658</u>	<u>\$158,771</u>	<u>(\$20,416)</u>	<u>\$138,355</u>

AUF/Grand Terrace Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$567)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	<u>(16,857)</u>	<u>N/A</u>	
Total	<u>(\$17,425)</u>	<u>N/A</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$183)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	<u>132</u>	<u>N/A</u>	
Total	<u>(\$51)</u>	<u>N/A</u>	
<u>Accumulated Amortization of CIAC</u>			
Stipulation Issue 15.	<u>\$32</u>	<u>N/A</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$2,973)</u>	<u>N/A</u>	

AUF/Grand Terrace Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$33,480</u>	<u>\$30,987</u>	<u>\$64,467</u>	<u>(\$31,168)</u>	<u>\$33,299</u>	<u>\$24,126</u> 72.45%	<u>\$57,425</u>
Operating Expenses							
2 Operation & Maintenance	\$39,421	(\$4,716)	\$34,705	(\$2,278)	\$32,427		\$32,427
3 Depreciation	2,827	1,887	4,714	(196)	4,518		4,518
4 Amortization	0	614	614	0	614		614
5 Taxes Other Than Income	2,418	2,943	5,361	(1,745)	3,616	1,086	4,702
6 Income Taxes	<u>(4,315)</u>	<u>10,492</u>	<u>6,177</u>	<u>(10,106)</u>	<u>(3,929)</u>	<u>8,670</u>	<u>4,741</u>
7 Total Operating Expense	<u>\$40,351</u>	<u>\$11,220</u>	<u>\$51,571</u>	<u>(\$14,325)</u>	<u>\$37,246</u>	<u>\$9,756</u>	<u>\$47,002</u>
8 Operating Income	<u>(\$6,871)</u>	<u>\$19,767</u>	<u>\$12,896</u>	<u>(\$16,843)</u>	<u>(\$3,947)</u>	<u>\$14,370</u>	<u>\$10,423</u>
9 Rate Base	<u>\$112,113</u>		<u>\$158,771</u>		<u>\$138,355</u>		<u>\$138,355</u>
10 Rate of Return	<u>-6.13%</u>		<u>8.12%</u>		<u>-2.85%</u>		<u>7.53%</u>

AUF/Grand Terrace Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$31,259)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	91	N/A	
Total	<u>(\$31,168)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$37)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(45)	N/A	
4 Stipulated Issue 37.	(66)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(3)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(151)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(38)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(256)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(588)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	232	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(256)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(1,071)</u>	<u>N/A</u>	
Total	<u>(\$2,278)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$47	N/A	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(132)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	(51)	N/A	
4 Stipulated Issue 56.	<u>(60)</u>	<u>N/A</u>	
Total	<u>(\$196)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,403)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(20)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(26)	N/A	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(297)</u>	<u>N/A</u>	
Total	<u>(\$1,745)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$10,106)</u>	<u>N/A</u>	

AUF/Grand Terrace Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$9.90	\$13.26	\$21.92	\$15.92	\$0.46	\$0.50
3/4"	\$14.86	\$19.91	\$32.89	\$23.88	\$0.69	\$0.75
1"	\$24.76	\$33.17	\$54.81	\$39.80	\$1.15	\$1.26
1-1/2"	\$49.49	\$66.31	\$109.62	\$79.61	\$2.30	\$2.52
2"	\$79.20	\$106.11	\$175.39	\$127.37	\$3.68	\$4.02
3"	\$158.39	\$212.21	\$350.79	\$254.75	\$7.35	\$8.05
4"	\$247.48	\$331.57	\$548.10	\$398.04	\$11.49	\$12.58
6"	\$494.98	\$663.17	\$1,096.21	\$796.08	\$22.98	\$25.16
8"	\$791.96	\$1,061.06	\$1,753.93	\$1,273.73	\$36.77	\$40.25
10"	\$1,138.43	\$1,525.26	\$2,521.28	\$1,830.99	\$52.86	\$57.86
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1 (0 -5,000)	\$2.14	\$2.87	\$3.80	\$3.73	\$0.14	\$0.12
Block 2 (5,000 - 10,000)	\$2.14	\$2.87	\$4.76	\$4.66	\$0.18	\$0.15
Block 3 (> 10,000)	\$2.14	\$2.87	\$4.76	\$11.20	\$0.43	\$0.35
General Service and Multi-Family	\$2.14	\$2.87	\$3.80	\$5.21	\$0.18	\$0.16
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$10.61	\$0.31	\$0.34
3"	-	-	\$29.23	\$21.23	\$0.61	\$0.67
4"	-	-	\$45.68	\$33.17	\$0.96	\$1.05
6"	-	-	\$91.35	\$66.34	\$1.92	\$2.10
8"	-	-	\$146.16	\$106.14	\$3.06	\$3.35
10"	-	-	\$210.11	\$152.58	\$4.41	\$4.82
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$16.32	\$21.87	\$33.32	\$27.11		
5,000 Gallons	\$20.60	\$27.61	\$40.92	\$34.57		
10,000 Gallons	\$31.30	\$41.96	\$50.68	\$57.87		

AUF/Haines Creek Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$83,019	\$25,400	\$108,419	(\$21,949)	\$86,470
2 Land and Land Rights	0	0	0	0	0
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(37,748)	7,456	(30,292)	(7)	(30,299)
5 CIAC	(26,581)	0	(26,581)	0	(26,581)
6 Amortization of CIAC	19,086	279	19,365	0	19,365
7 Working Capital Allowance	<u>0</u>	<u>11,334</u>	<u>11,334</u>	<u>(3,164)</u>	<u>8,170</u>
8 Rate Base	<u>\$37,776</u>	<u>\$44,469</u>	<u>\$82,245</u>	<u>(\$25,121)</u>	<u>\$57,124</u>

AUF/Haines Creek Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$615)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(21,334)	N/A	
Total	<u>(\$21,949)</u>	<u>N/A</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$178)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	171	N/A	
Total	<u>(\$7)</u>	<u>N/A</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$3,164)</u>	<u>N/A</u>	



AUF/Haines Creek Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$22,234</u>	<u>\$27,771</u>	<u>\$50,005</u>	<u>(\$27,909)</u>	<u>\$22,096</u>	<u>\$20,030</u> 90.65%	<u>\$42,126</u>
Operating Expenses							
2 Operation & Maintenance	\$33,720	(\$1,478)	\$32,242	(\$3,356)	\$28,886		\$28,886
3 Depreciation	2,522	753	3,275	(181)	3,094		3,094
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	1,228	3,420	4,648	(1,666)	2,982	901	3,884
6 Income Taxes	<u>(5,877)</u>	<u>9,078</u>	<u>3,201</u>	<u>(8,442)</u>	<u>(5,241)</u>	<u>7,198</u>	<u>1,957</u>
7 Total Operating Expense	<u>\$31,593</u>	<u>\$11,773</u>	<u>\$43,366</u>	<u>(\$13,643)</u>	<u>\$29,723</u>	<u>\$8,099</u>	<u>\$37,822</u>
8 Operating Income	<u>(\$9,359)</u>	<u>\$15,998</u>	<u>\$6,639</u>	<u>(\$14,266)</u>	<u>(\$7,627)</u>	<u>\$11,930</u>	<u>\$4,304</u>
9 Rate Base	<u>\$37,776</u>		<u>\$82,245</u>		<u>\$57,124</u>		<u>\$57,124</u>
10 Rate of Return	<u>-24.77%</u>		<u>8.07%</u>		<u>-13.35%</u>		<u>7.53%</u>

AUF/Haines Creek Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$27,979)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	70	N/A	
Total	<u>(\$27,909)</u>	<u>N/A</u>	
<u>Operations and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$47)	N/A	
2 Stipulated Issue 33.	(36)	N/A	
3 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
4 Stipulated Issue 37.	(64)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(3)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(146)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(37)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(249)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(1,641)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	170	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(248)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(1,053)</u>	<u>N/A</u>	
Total	<u>(\$3,356)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$41	N/A	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(171)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(51)</u>	<u>N/A</u>	
Total	<u>(\$181)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,256)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(19)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(25)	N/A	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(365)</u>	<u>N/A</u>	
Total	<u>(\$1,666)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$8,442)</u>	<u>N/A</u>	

AUF/Haines Creek Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$9.54	\$15.95	\$21.92	\$15.52	\$0.00	\$0.65
3/4"	\$14.30	\$23.90	\$32.89	\$23.29	\$0.00	\$0.98
1"	\$23.85	\$39.87	\$54.81	\$38.81	\$0.00	\$1.63
1-1/2"	\$47.70	\$79.73	\$109.62	\$77.62	\$0.00	\$3.25
2"	\$76.32	\$127.57	\$175.39	\$124.19	\$0.00	\$5.20
3"	\$152.65	\$255.15	\$350.79	\$248.38	\$0.00	\$10.40
4"	\$238.52	\$398.68	\$548.10	\$388.10	\$0.00	\$16.25
6"	\$457.13	\$764.09	\$1,096.21	\$776.20	\$0.00	\$32.51
8"	-	-	\$1,753.93	\$1,241.92	\$0.00	\$52.01
10"	-	-	\$2,521.28	\$1,785.26	\$0.00	\$74.77
Gallonge Charge, per 1,000 Gallons						
Residential						
Block 1 (0 -5,000)	\$1.53	\$2.56	\$3.80	\$6.59	\$0.00	\$0.28
Block 2 (5,000 - 10,000)	\$1.53	\$2.56	\$4.76	\$8.24	\$0.00	\$0.35
Block 3 (> 10,000)	\$1.53	\$2.56	\$4.76	\$19.78	\$0.00	\$0.83
General Service and Multi-Family	\$1.53	\$2.56	\$3.80	\$7.68	\$0.00	\$0.32
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$10.35	\$0.00	\$0.43
3"	-	-	\$29.23	\$20.70	\$0.00	\$0.87
4"	-	-	\$45.68	\$32.34	\$0.00	\$1.35
6"	-	-	\$91.35	\$64.68	\$0.00	\$2.71
8"	-	-	\$146.16	\$103.49	\$0.00	\$4.33
10"	-	-	\$210.11	\$148.77	\$0.00	\$6.23
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$14.13	\$23.63	\$33.32	\$35.29		
5,000 Gallons	\$17.19	\$28.75	\$40.92	\$48.47		
10,000 Gallons	\$24.84	\$41.55	\$59.92	\$89.67		

AUF/Harmony Homes Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$82,058	\$13,862	\$95,920	(\$10,041)	\$85,879
2 Land and Land Rights	764	0	764	0	764
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(24,536)	2,594	(21,942)	(25)	(21,967)
5 CIAC	(528)	0	(528)	0	(528)
6 Amortization of CIAC	342	(1)	341	13	354
7 Working Capital Allowance	<u>0</u>	<u>10,640</u>	<u>10,640</u>	<u>(2,267)</u>	<u>8,373</u>
8 <b>Rate Base</b>	<u>\$58,100</u>	<u>\$27,095</u>	<u>\$85,195</u>	<u>(\$12,321)</u>	<u>\$72,874</u>

AUF/Harmony Homes Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)		(\$371)	N/A
2 To reflect the appropriate amount of pro forma meters. (Issue 4)		(9,670)	N/A
Total		(\$10,041)	N/A
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate Acc. Dep. for pro forma Corporate IT. (Issue 4)		(\$100)	N/A
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)		75	N/A
Total		(\$25)	N/A
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.		\$13	N/A
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)		(\$2,267)	N/A

AUF/Harmony Homes Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$30,433</u>	<u>\$20,898</u>	<u>\$51,331</u>	<u>(\$21,009)</u>	<u>\$30,322</u>	<u>\$20,387</u> 67.23%	<u>\$50,709</u>
Operating Expenses							
2 Operation & Maintenance	\$41,986	(\$9,858)	\$32,128	(\$1,123)	\$31,005	\$0	\$31,005
3 Depreciation	2,830	895	3,725	(109)	3,616	0	3,616
4 Amortization	0	348	348	3,095	3,443	0	3,443
5 Taxes Other Than Income	2,220	2,661	4,881	(1,141)	3,740	917	4,657
6 Income Taxes	<u>(6,405)</u>	<u>9,718</u>	<u>3,313</u>	<u>(8,142)</u>	<u>(4,829)</u>	<u>7,326</u>	<u>2,497</u>
7 Total Operating Expense	<u>\$40,631</u>	<u>\$3,764</u>	<u>\$44,395</u>	<u>(\$7,420)</u>	<u>\$36,975</u>	<u>\$8,244</u>	<u>\$45,219</u>
8 Operating Income	<u>(\$10,198)</u>	<u>\$17,134</u>	<u>\$6,936</u>	<u>(\$13,589)</u>	<u>(\$6,653)</u>	<u>\$12,143</u>	<u>\$5,490</u>
9 Rate Base	<u>\$58,100</u>		<u>\$85,195</u>		<u>\$72,874</u>		<u>\$72,874</u>
10 Rate of Return	<u>-17.55%</u>		<u>8.14%</u>		<u>-9.13%</u>		<u>7.53%</u>

AUF/Harmony Homes		Schedule 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$21,114)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	105	N/A	
Total	(\$21,009)	N/A	
<u>Operating and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$20)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(47)	N/A	
4 Stipulated Issue 37.	(36)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(2)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(82)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(21)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(140)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(135)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	74	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(140)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	(574)	N/A	
Total	(\$1,123)	N/A	
<u>Depreciation Expense - Net</u>			
1 To reflect the appropriate Dep. Exp. for Pro Forma Corporate IT. (Issue 4)	\$20	N/A	
2 To reflect the appropriate Dep. Exp. for Pro Forma Meters. (Issue 4)	(75)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	(29)	N/A	
4 Stipulated Issue 56.	(25)	N/A	
Total	(\$109)	N/A	
<u>Amortization</u>			
To reflect regulatory asset from Capped Interim Rates. (Issue 73)	\$3,095	N/A	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$945)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(11)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(14)	N/A	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	(170)	N/A	
Total	(\$1,141)	N/A	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	(\$8,142)	N/A	

AUF/Harmony Homes Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$21.02	\$22.10	\$21.92	\$15.52	\$0.00	\$0.30
3/4"	\$31.54	\$33.16	\$32.89	\$23.29	\$0.00	\$0.46
1"	\$52.58	\$55.28	\$54.81	\$38.81	\$0.00	\$0.76
1-1/2"	\$105.13	\$110.53	\$109.61	\$77.62	\$0.00	\$1.52
2"	\$168.23	\$176.87	\$175.39	\$124.19	\$0.00	\$2.43
3"	\$336.44	\$353.73	\$350.79	\$248.38	\$0.00	\$4.86
4"	\$525.69	\$552.70	\$548.10	\$388.10	\$0.00	\$7.59
6"	\$1,051.38	\$1,105.41	\$1,096.21	\$776.20	\$0.00	\$15.17
8"	\$1,682.21	\$1,768.65	\$1,753.93	\$1,241.92	\$0.00	\$24.28
10"	\$2,418.77	\$2,543.06	\$2,521.28	\$1,785.26	\$0.00	\$34.90
Gallage Charge, per 1,000 Gallons						
Residential Service						
Block 1, 0-5,000	\$3.58	\$3.76	\$3.80	\$6.59	\$0.00	\$0.13
Block 2, 5,001-10,000	\$3.58	\$3.76	\$4.76	\$8.24	\$0.00	\$0.16
Block 3, >10,000	\$3.58	\$3.76	\$4.76	\$19.78	\$0.00	\$0.39
General Service and Multi-Family	\$3.58	\$3.76	\$3.80	\$7.68	\$0.00	\$0.15
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$14.02	\$14.74	\$14.62	\$10.35	\$0.00	\$0.20
3"	\$28.03	\$29.47	\$29.23	\$20.70	\$0.00	\$0.40
4"	\$43.83	\$46.08	\$45.68	\$32.34	\$0.00	\$0.63
6"	\$87.60	\$92.10	\$91.35	\$64.68	\$0.00	\$1.26
8"	\$140.19	\$147.39	\$146.16	\$103.49	\$0.00	\$2.02
10"	\$201.51	\$211.87	\$210.11	\$148.77	\$0.00	\$2.91
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$31.76	\$33.38	\$33.32	\$35.29		
5,000 Gallons	\$38.92	\$40.90	\$40.92	\$48.47		
10,000 Gallons	\$56.82	\$59.70	\$59.92	\$89.72		



AUF/Hermits Cove Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$624,927	\$38,749	\$663,676	(\$26,718)	\$636,958
2 Land and Land Rights	3,164	0	3,164	0	3,164
3 Non-used and Useful Components(net)	0	(36,889)	(36,889)	(98,014)	(134,903)
4 Accumulated Depreciation	(168,580)	6,596	(161,984)	200	(161,784)
5 CIAC	(9,285)	0	(9,285)	0	(9,285)
6 Amortization of CIAC	3,782	(97)	3,685	129	3,814
7 Working Capital Allowance	<u>0</u>	<u>26,870</u>	<u>26,870</u>	<u>(5,536)</u>	<u>21,334</u>
8 <b>Rate Base</b>	<u>\$454,008</u>	<u>\$35,229</u>	<u>\$489,237</u>	<u>(\$129,939)</u>	<u>\$359,298</u>

AUF/Hermits Cove Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)		(\$1,057)	N/A
2 To reflect the appropriate amount of pro forma meters. (Issue 4)		<u>(25,661)</u>	<u>N/A</u>
Total		<u>(\$26,718)</u>	<u>N/A</u>
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issue 10)		<u>(\$98,014)</u>	<u>N/A</u>
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)		\$286	N/A
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)		<u>(87)</u>	<u>N/A</u>
Total		<u>\$200</u>	<u>N/A</u>
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.		<u>\$129</u>	<u>N/A</u>
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)		<u>(\$5,536)</u>	<u>N/A</u>

AUF/Hermits Cove Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$44,083</u>	<u>\$108,319</u>	<u>\$152,402</u>	<u>(\$108,599)</u>	<u>\$43,803</u>	<u>\$81,814</u> 186.78%	<u>\$125,617</u>
Operating Expenses							
2 Operation & Maintenance	\$38,514	\$14,083	\$52,597	(\$4,475)	\$48,122	\$0	\$48,122
3 Depreciation	18,830	4,241	23,071	(4,738)	18,333	0	18,333
4 Amortization	0	963	963	3,204	4,167	0	4,167
5 Taxes Other Than Income	11,152	5,825	16,977	(5,043)	11,934	3,682	15,615
6 Income Taxes	<u>(9,417)</u>	<u>28,534</u>	<u>19,117</u>	<u>(36,207)</u>	<u>(17,090)</u>	<u>29,401</u>	<u>12,311</u>
7 Total Operating Expense	<u>\$59,079</u>	<u>\$53,646</u>	<u>\$112,725</u>	<u>(\$47,260)</u>	<u>\$65,465</u>	<u>\$33,083</u>	<u>\$98,548</u>
8 Operating Income	<u>(\$14,996)</u>	<u>\$54,673</u>	<u>\$39,677</u>	<u>(\$61,339)</u>	<u>(\$21,662)</u>	<u>\$48,731</u>	<u>\$27,069</u>
9 Rate Base	<u>\$454,008</u>		<u>\$489,237</u>		<u>\$359,298</u>		<u>\$359,298</u>
10 Rate of Return	<u>-3.30%</u>		<u>8.11%</u>		<u>-6.03%</u>		<u>7.53%</u>

AUF/Hermits Cove		Schedule 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested Final revenue increase.	(\$108,788)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	189	N/A	
Total	<u>(\$108,599)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expense</u>			
1 Stipulated Issue 33.	(\$58)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(65)	N/A	
4 Stipulated Issue 37.	(103)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(5)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(236)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(59)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(401)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(1,719)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	215	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(400)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(1,645)</u>	<u>N/A</u>	
Total	<u>(\$4,475)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$60	N/A	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(87)	N/A	
3 To reflect non-used and useful depreciation expense. (Issue 10)	(4,390)	N/A	
4 To remove test year depreciation expenses. (Issue 55)	(84)	N/A	
5 Stipulated Issue 56.	<u>(238)</u>	<u>N/A</u>	
Total	<u>(\$4,738)</u>	<u>N/A</u>	
<u>Amorization</u>			
To reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$3,204</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$4,887)	N/A	
2 To remove Non-U&U property taxes. (Issue 10)	351	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(31)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(41)	N/A	
6 To reflect the appropriate property taxes. (Issue 57)	<u>(435)</u>	<u>N/A</u>	
Total	<u>(\$5,043)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense	<u>(\$36,207)</u>	<u>N/A</u>	

AUF/Hermits Cove Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$9.52	\$11.74	\$21.92	\$15.52	\$0.00	\$0.35
3/4"	\$14.26	\$17.59	\$32.89	\$23.29	\$0.00	\$0.53
1"	\$23.78	\$29.34	\$54.81	\$38.81	\$0.00	\$0.88
1-1/2"	\$47.57	\$58.68	\$109.62	\$77.62	\$0.00	\$1.75
2"	\$76.12	\$93.91	\$175.39	\$124.19	\$0.00	\$2.81
3"	\$152.22	\$187.79	\$350.79	\$248.38	\$0.00	\$5.61
4"	\$237.84	\$293.41	\$548.10	\$388.10	\$0.00	\$8.77
6"	\$475.69	\$586.83	\$1,096.21	\$776.20	\$0.00	\$17.55
8"	\$761.10	\$938.93	\$1,753.93	\$1,241.92	\$0.00	\$28.07
10"	\$1,094.09	\$1,349.72	\$2,521.28	\$1,785.26	\$0.00	\$40.36
Gallonge Charge, per 1,000 Gallons						
Residential Service						
Block 1 (0 -5,000)	\$4.73	\$5.84	\$3.80	\$6.59	\$0.00	\$0.19
Block 2 (5,000 - 10,000)	\$4.73	\$5.84	\$4.76	\$8.24	\$0.00	\$0.45
Block 3 (> 10,000)	\$4.73	\$5.84	\$4.76	\$19.78	\$0.00	\$0.17
General Service and Multi-Family	\$4.73	\$5.84	\$3.80	\$7.68	\$0.00	\$0.17
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$6.35	\$7.83	\$14.62	\$10.35	\$0.00	\$0.23
3"	\$12.68	\$15.64	\$29.23	\$20.70	\$0.00	\$0.47
4"	\$19.81	\$24.44	\$45.68	\$32.34	\$0.00	\$0.73
6"	\$39.64	\$48.90	\$91.35	\$64.68	\$0.00	\$1.46
8"	\$63.43	\$78.25	\$146.16	\$103.49	\$0.00	\$2.34
10"	\$91.16	\$112.46	\$210.11	\$148.77	\$0.00	\$3.36
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$23.71	\$29.26	\$33.32	\$35.29		
5,000 Gallons	\$33.17	\$40.94	\$40.92	\$48.47		
10,000 Gallons	\$56.82	\$70.14	\$64.72	\$89.67		

AUF/Hobby Hills Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$57,238	\$22,784	\$80,022	(\$17,071)	\$62,951
2 Land and Land Rights	570	0	570	0	570
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(14,392)	4,157	(10,235)	(8)	(10,243)
5 CIAC	(7,113)	0	(7,113)	0	(7,113)
6 Amortization of CIAC	2,311	(44)	2,267	79	2,346
7 Working Capital Allowance	<u>0</u>	<u>15,150</u>	<u>15,150</u>	<u>(2,994)</u>	<u>12,156</u>
8 <b>Rate Base</b>	<u>\$38,614</u>	<u>\$42,047</u>	<u>\$80,661</u>	<u>(\$19,994)</u>	<u>\$60,667</u>

AUF/Hobby Hills Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$580)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(16,491)	N/A	
Total	<u>(\$17,071)</u>	<u>N/A</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$166)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	158	N/A	
Total	<u>(\$8)</u>	<u>N/A</u>	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	<u>\$79</u>	<u>N/A</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$2,994)</u>	<u>N/A</u>	

AUF/Hobby Hills Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$25,380</u>	<u>\$26,516</u>	<u>\$51,896</u>	<u>(\$26,531)</u>	<u>\$25,365</u>	<u>\$22,931</u> 90.40%	<u>\$48,296</u>
Operating Expenses							
2 Operation & Maintenance	\$38,727	(\$4,600)	\$34,127	\$281	\$34,408	\$0	\$34,408
3 Depreciation	1,825	1,513	3,338	(314)	3,024	0	3,024
4 Amortization	0	533	533	0	533	0	533
5 Taxes Other Than Income	1,401	2,771	4,172	(1,522)	2,650	1,032	3,681
6 Income Taxes	<u>(6,393)</u>	<u>9,535</u>	<u>3,142</u>	<u>(9,304)</u>	<u>(6,162)</u>	<u>8,241</u>	<u>2,079</u>
7 Total Operating Expense	<u>\$35,560</u>	<u>\$9,752</u>	<u>\$45,312</u>	<u>(\$10,859)</u>	<u>\$34,453</u>	<u>\$9,272</u>	<u>\$43,725</u>
8 Operating Income	<u>(\$10,180)</u>	<u>\$16,764</u>	<u>\$6,584</u>	<u>(\$15,672)</u>	<u>(\$9,088)</u>	<u>\$13,658</u>	<u>\$4,571</u>
9 Rate Base	<u>\$38,614</u>		<u>\$80,661</u>		<u>\$60,667</u>		<u>\$60,667</u>
10 Rate of Return	<u>-26.36%</u>		<u>8.16%</u>		<u>-14.98%</u>		<u>7.53%</u>



AUF/Hobby Hills Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$26,734)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	203	N/A	
Total	<u>(\$26,531)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$40)	N/A	
2 Stipulated Issue 33.	(34)	N/A	
3 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
4 Stipulated Issue 35.	(42)	N/A	
5 Stipulated Issue 37.	(60)	N/A	
6 To remove image enhancing advertising expense. (Issue 38)	(3)	N/A	
7 To remove lobbying and acquisition expenses. (Issue 39)	(137)	N/A	
8 To remove executive risk insurance expense. (Issue 40)	(34)	N/A	
9 To remove below-the-line expenses. (Issue 48)	(232)	N/A	
10 To reflect the appropriate bad debt expense. (Issue 50)	1,925	N/A	
11 To reflect the appropriate rate case expense. (Issue 52)	154	N/A	
12 To reflect appropriate normalization adjustments. (Issue 53)	(232)	N/A	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(984)</u>	<u>N/A</u>	
Total	<u>\$281</u>	<u>N/A</u>	
<u>Depreciation Expenses</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$38	N/A	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(158)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	(48)	N/A	
4 Stipulated Issue 56.	<u>(146)</u>	<u>N/A</u>	
Total	<u>(\$314)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,194)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(18)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(24)	N/A	
5 To reflect appropriate pro forma property taxes. (Issue 57)	<u>(287)</u>	<u>N/A</u>	
Total	<u>(\$1,522)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$9,304)</u>	<u>N/A</u>	

AUF/Hobby Hills Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$9.90	\$13.26	\$21.92	\$15.52	\$0.00	\$0.53
3/4"	\$14.86	\$19.91	\$32.89	\$23.29	\$0.00	\$0.79
1"	\$24.76	\$33.17	\$54.81	\$38.81	\$0.00	\$1.32
1-1/2"	\$49.49	\$66.31	\$109.62	\$77.62	\$0.00	\$2.65
2"	\$79.20	\$106.11	\$175.39	\$124.19	\$0.00	\$4.23
3"	\$158.39	\$212.21	\$350.79	\$248.38	\$0.00	\$8.47
4"	\$247.48	\$331.57	\$548.10	\$388.10	\$0.00	\$13.23
6"	\$494.98	\$663.17	\$1,096.21	\$776.20	\$0.00	\$26.46
8"	\$791.96	\$1,061.06	\$1,753.93	\$1,241.92	\$0.00	\$42.34
10"	\$1,138.43	\$1,525.26	\$2,521.28	\$1,785.26	\$0.00	\$60.87
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1, (0 - 5,000)	\$2.14	\$2.87	\$3.80	\$6.59	\$0.00	\$0.22
Block 2, (5,000 - 10,000)	\$2.14	\$2.87	\$4.76	\$8.24	\$0.00	\$0.28
Block 3, (Over 10,000)	\$2.14	\$2.87	\$4.76	\$19.78	\$0.00	\$0.67
General Service and Multi-Family	\$2.14	\$2.87	\$3.80	\$7.68	\$0.00	\$0.26
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$6.58	\$8.82	\$14.62	\$10.35	\$0.00	\$0.35
3"	\$13.21	\$17.70	\$29.23	\$20.70	\$0.00	\$0.71
4"	\$20.63	\$27.64	\$45.68	\$32.34	\$0.00	\$1.10
6"	\$41.25	\$55.27	\$91.35	\$64.68	\$0.00	\$2.21
8"	\$66.00	\$88.43	\$146.16	\$103.49	\$0.00	\$3.53
10"	\$94.87	\$127.11	\$210.11	\$148.77	\$0.00	\$5.07
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$16.32	\$21.87	\$33.32	\$35.29		
5,000 Gallons	\$20.60	\$27.61	\$40.92	\$48.47		
10,000 Gallons	\$31.30	\$41.96	\$64.72	\$89.67		

AUF/Holiday Haven Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$67,425	\$19,429	\$86,854	(\$20,882)	\$65,972
2 Land and Land Rights	260	0	260	0	260
3 Non-used and Useful Components	0	(6,755)	(6,755)	(240)	(6,995)
4 Accumulated Depreciation	(18,999)	15,816	(3,183)	(326)	(3,509)
5 CIAC	(41,818)	0	(41,818)	0	(41,818)
6 Amortization of CIAC	30,087	(224)	29,863	125	29,988
7 Working Capital Allowance	<u>0</u>	<u>18,034</u>	<u>18,034</u>	<u>(3,504)</u>	<u>14,530</u>
8 <b>Rate Base</b>	<u>\$36,955</u>	<u>\$46,300</u>	<u>\$83,255</u>	<u>(\$24,827)</u>	<u>\$58,428</u>

AUF/Holiday Haven Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$683,992	\$7,953	\$691,945	(\$615)	\$691,330
2 Land and Land Rights	108,433	0	108,433	0	108,433
3 Non-used and Useful Components	0	(39,311)	(39,311)	(32,068)	(71,379)
4 Accumulated Depreciation	(357,262)	(879)	(358,141)	(178)	(358,319)
5 CIAC	(76,460)	0	(76,460)	0	(76,460)
6 Amortization of CIAC	52,468	(789)	51,679	2,092	53,771
7 Working Capital Allowance	<u>0</u>	<u>30,087</u>	<u>30,087</u>	<u>(3,163)</u>	<u>26,924</u>
8 <b>Rate Base</b>	<u>\$411,171</u>	<u>(\$2,939)</u>	<u>\$408,232</u>	<u>(\$33,932)</u>	<u>\$374,300</u>

AUF/Holiday Haven Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$685)	(\$615)	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(20,197)	0	
Total	(\$20,882)	(\$615)	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issues 9,10, 11)	(\$240)	(\$32,068)	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$202)	(\$178)	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	(125)	0	
Total	(\$326)	(\$178)	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	\$125	\$2,092	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	(\$3,504)	(\$3,163)	

AUF/Holiday Haven Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$37,772</u>	<u>\$38,260</u>	<u>\$76,032</u>	<u>(\$38,333)</u>	<u>\$37,699</u>	<u>\$34,572</u> 91.71%	<u>\$72,271</u>
Operating Expenses							
2 Operation & Maintenance	\$65,944	(\$8,437)	\$57,507	(\$1,370)	\$56,137		\$56,137
3 Depreciation	869	1,832	2,701	(166)	2,535		2,535
4 Amortization	0	620	620	1,988	2,608		2,608
5 Taxes Other Than Income	6,828	(1,672)	5,156	(2,125)	3,031	1,556	4,587
6 Income Taxes	<u>(13,836)</u>	<u>17,084</u>	<u>3,248</u>	<u>(13,670)</u>	<u>(10,422)</u>	<u>12,424</u>	<u>2,002</u>
7 Total Operating Expense	<u>\$59,805</u>	<u>\$9,427</u>	<u>\$69,232</u>	<u>(\$15,342)</u>	<u>\$53,890</u>	<u>\$13,980</u>	<u>\$67,869</u>
8 Operating Income	<u>(\$22,033)</u>	<u>\$28,833</u>	<u>\$6,800</u>	<u>(\$22,991)</u>	<u>(\$16,191)</u>	<u>\$20,592</u>	<u>\$4,402</u>
9 Rate Base	<u>\$36,955</u>		<u>\$83,255</u>		<u>\$58,428</u>		<u>\$58,428</u>
10 Rate of Return	<u>-59.62%</u>		<u>8.17%</u>		<u>-27.71%</u>		<u>7.53%</u>

AUF/Holiday Haven Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$53,993</u>	<u>\$99,917</u>	<u>\$153,910</u>	<u>(\$100,396)</u>	<u>\$53,514</u>	<u>\$81,896</u> 153.04%	<u>\$135,410</u>
Operating Expenses							
2 Operation & Maintenance	\$65,672	\$1,696	\$67,368	(\$3,066)	\$64,302		\$64,302
3 Depreciation	25,486	(890)	24,596	(6,296)	18,300		18,300
4 Amortization	0	515	515	0	515		515
5 Taxes Other Than Income	2,176	10,364	12,540	(4,957)	7,583	3,685	11,269
6 Income Taxes	<u>(15,176)</u>	<u>31,071</u>	<u>15,895</u>	<u>(32,500)</u>	<u>(16,605)</u>	<u>29,431</u>	<u>12,825</u>
7 Total Operating Expense	<u>\$78,158</u>	<u>\$42,756</u>	<u>\$120,914</u>	<u>(\$46,819)</u>	<u>\$74,095</u>	<u>\$33,116</u>	<u>\$107,211</u>
8 Operating Income	<u>(\$24,165)</u>	<u>\$57,161</u>	<u>\$32,996</u>	<u>(\$53,577)</u>	<u>(\$20,581)</u>	<u>\$48,780</u>	<u>\$28,199</u>
9 Rate Base	<u>\$411,171</u>		<u>\$408,232</u>		<u>\$374,300</u>		<u>\$374,300</u>
10 Rate of Return	<u>-5.88%</u>		<u>8.08%</u>		<u>-5.50%</u>		<u>7.53%</u>

AUF/Holiday Haven Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$38,410)	(\$100,396)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	77	0	
Total	<u>(\$38,333)</u>	<u>(\$100,396)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$41)	(\$36)	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
3 Stipulated Issue 35.	(124)	0	
4 Stipulated Issue 37.	(72)	(64)	
5 To remove image enhancing advertising expense. (Issue 38)	(4)	(3)	
6 To remove lobbying and acquisition expenses. (Issue 39)	(166)	(146)	
7 To remove executive risk insurance expense. (Issue 40)	(42)	(37)	
8 To remove below-the-line expenses. (Issue 48)	(282)	(249)	
9 To reflect the appropriate bad debt expense. (Issue 50)	584	(1,440)	
10 To reflect the appropriate rate case expense. (Issue 52)	204	170	
11 To reflect appropriate normalization adjustments. (Issue 53)	(282)	(248)	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(1,145)</u>	<u>(1,012)</u>	
Total	<u>(\$1,370)</u>	<u>(\$3,066)</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$48	\$41	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	125	0	
3 To reflect non-used and useful depreciation expense. (Issue 9, 10, and 11)	(50)	(2,424)	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	(58)	(51)	
5 Stipulated Issue 56.	<u>(231)</u>	<u>(3,862)</u>	
Total	<u>(\$166)</u>	<u>(\$6,296)</u>	
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$1,988</u>	<u>\$0</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,725)	(\$4,518)	
2 To remove Non-U&U property taxes. (Issues 9, 10, and 11)	10	(379)	
3 To remove below-the-line payroll taxes. (Issue 48)	(22)	(19)	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	(0)	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(29)	(25)	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(359)</u>	<u>(15)</u>	
Total	<u>(\$2,125)</u>	<u>(\$4,957)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$13,670)</u>	<u>(\$32,500)</u>	



AUF/Holiday Haven Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$10.38	\$12.69	\$21.92	\$15.52	\$0.00	\$0.55
3/4"	\$15.56	\$19.02	\$32.89	\$23.29	\$0.00	\$0.83
1"	\$25.94	\$31.70	\$54.81	\$38.81	\$0.00	\$1.38
1-1/2"	\$51.89	\$63.42	\$109.62	\$77.62	\$0.00	\$2.76
2"	\$83.04	\$101.49	\$175.39	\$124.19	\$0.00	\$4.42
3"	\$166.05	\$202.95	\$350.79	\$248.38	\$0.00	\$8.85
4"	\$259.46	\$317.12	\$548.10	\$388.10	\$0.00	\$13.82
6"	\$518.93	\$634.25	\$1,096.21	\$776.20	\$0.00	\$27.65
8"	\$830.30	\$1,014.81	\$1,753.93	\$1,241.92	\$0.00	\$44.23
10"	\$1,193.54	\$1,458.77	\$2,521.28	\$1,785.26	\$0.00	\$63.59
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$4.62	\$5.65	\$3.80	\$6.59	\$0.00	\$0.23
Block 2, 5,000-10,000	\$4.62	\$5.65	\$4.76	\$8.24	\$0.00	\$0.29
Block 3, Over 10,000	\$4.62	\$5.65	\$4.76	\$19.78	\$0.00	\$0.70
General Service and Multi-Family	\$4.62	\$5.65	\$3.80	\$7.68	\$0.00	\$0.27
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$6.93	\$8.47	\$14.62	\$10.35	\$0.00	\$0.37
3"	\$13.83	\$16.90	\$29.23	\$20.70	\$0.00	\$0.74
4"	\$21.63	\$26.44	\$45.68	\$32.34	\$0.00	\$1.15
6"	\$43.23	\$52.84	\$91.35	\$64.68	\$0.00	\$2.30
8"	\$69.20	\$84.58	\$146.16	\$103.49	\$0.00	\$3.69
10"	\$99.47	\$121.57	\$210.11	\$148.77	\$0.00	\$5.30
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$24.24	\$29.64	\$33.32	\$35.29		
5,000 Gallons	\$33.48	\$40.94	\$40.92	\$48.47		
10,000 Gallons	\$56.58	\$69.19	\$59.92	\$89.67		

AUF/Holiday Haven Wastewater Monthly Service Rates Test Year Ended 12/31/07	Schedule No. 5-B Docket No. 080121-WS
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AUF/Imperial Mobile Terrace Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$272,893	\$58,432	\$331,325	(\$29,503)	\$301,822
2 Land and Land Rights	7,512	0	7,512	0	7,512
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(72,421)	7,437	(64,984)	(571)	(65,555)
5 CIAC	(59,323)	0	(59,323)	0	(59,323)
6 Amortization of CIAC	50,786	557	51,343	0	51,343
7 Working Capital Allowance	<u>0</u>	<u>37,422</u>	<u>37,422</u>	<u>(7,883)</u>	<u>29,539</u>
8 <b>Rate Base</b>	<u>\$199,447</u>	<u>\$103,848</u>	<u>\$303,295</u>	<u>(\$37,956)</u>	<u>\$265,339</u>

AUF/Imperial Mobile Terrace Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 Stipulated Audit Finding No. 11.	\$1,247	N/A	
2 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(1,316)	N/A	
3 To reflect the appropriate amount of pro forma meters. (Issue 4)	(29,434)	N/A	
Total	(\$29,503)	N/A	
<u>Accumulated Depreciation</u>			
1 Stipulated Audit Finding No. 11.	(\$58)	N/A	
2 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(408)	N/A	
3 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	(105)	N/A	
Total	(\$571)	N/A	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	(\$7,883)	N/A	

AUF/Imperial Mobile Terrace Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$52,514</u>	<u>\$69,051</u>	<u>\$121,565</u>	<u>(\$69,356)</u>	<u>\$52,209</u>	<u>\$48,097</u> 92.12%	<u>\$100,306</u>
Operating Expenses							
2 Operation & Maintenance	\$49,668	\$14,582	\$64,250	(\$12,235)	\$52,015	\$0	\$52,015
3 Depreciation	7,340	2,377	9,717	122	9,839	0	9,839
4 Amortization	0	1,348	1,348	0	1,348	0	1,348
5 Taxes Other Than Income	4,006	5,623	9,629	(3,771)	5,858	2,164	8,022
6 Income Taxes	<u>(3,279)</u>	<u>15,168</u>	<u>11,889</u>	<u>(20,082)</u>	<u>(8,193)</u>	<u>17,284</u>	<u>9,092</u>
7 Total Operating Expense	<u>\$57,735</u>	<u>\$39,098</u>	<u>\$96,833</u>	<u>(\$35,966)</u>	<u>\$60,867</u>	<u>\$19,449</u>	<u>\$80,316</u>
8 Operating Income	<u>(\$5,221)</u>	<u>\$29,953</u>	<u>\$24,732</u>	<u>(\$33,390)</u>	<u>(\$8,658)</u>	<u>\$28,648</u>	<u>\$19,990</u>
9 Rate Base	<u>\$199,447</u>		<u>\$303,295</u>		<u>\$265,339</u>		<u>\$265,339</u>
10 Rate of Return	<u>-2.62%</u>		<u>8.15%</u>		<u>-3.26%</u>		<u>7.53%</u>

AUF/Imperial Mobile Terrace		Schedule 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$69,461)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	105	N/A	
Total	<u>(\$69,356)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$83)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(3,427)	N/A	
4 Stipulated Issue 37.	(146)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(7)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(335)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(84)	N/A	
8 To reflect the appropriate Materials & Supplies expense (Issue 44)	(4,161)	N/A	
9 To remove below-the-line expenses. (Issue 48)	(569)	N/A	
10 To reflect the appropriate bad debt expense. (Issue 50)	(933)	N/A	
11 To reflect the appropriate rate case expense. (Issue 52)	467	N/A	
12 To reflect appropriate normalization adjustments. (Issue 53)	(568)	N/A	
13 To reflect the appropriate pro forma expenses. (Issue 54)	(2,390)	N/A	
Total	<u>(\$12,235)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$101	N/A	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	105	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	(84)	N/A	
Total	<u>\$122</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$3,121)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(44)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(1)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(58)	N/A	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	(548)	N/A	
Total	<u>(\$3,771)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$20,082)</u>	<u>N/A</u>	

AUF/Imperial Mobile Terrace Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$10.63	\$14.24	\$21.92	\$15.52	\$0.00	\$0.62
3/4"	\$15.94	\$21.36	\$32.89	\$23.29	\$0.00	\$0.94
1"	\$26.60	\$35.64	\$54.81	\$38.81	\$0.00	\$1.56
1-1/2"	\$53.17	\$71.24	\$109.62	\$77.62	\$0.00	\$3.12
2"	\$85.08	\$113.99	\$175.39	\$124.19	\$0.00	\$4.99
3"	\$170.15	\$227.97	\$350.79	\$248.38	\$0.00	\$9.99
4"	\$265.87	\$356.21	\$548.10	\$388.10	\$0.00	\$15.60
6"	\$531.75	\$712.44	\$1,096.21	\$776.20	\$0.00	\$31.21
8"	\$850.79	\$1,139.88	\$1,753.93	\$1,241.92	\$0.00	\$49.93
10"	\$1,223.02	\$1,638.60	\$2,521.28	\$1,785.26	\$0.00	\$71.77
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1, (0 - 5,000)	\$2.95	\$3.95	\$3.80	\$6.59	\$0.00	\$0.26
Block 2, (5,000 - 10,000)	\$2.95	\$3.95	\$4.76	\$8.24	\$0.00	\$0.33
Block 3 (Over 10,000)	\$2.95	\$3.95	\$4.76	\$19.78	\$0.00	\$0.80
General Service and Multi-Family	\$2.95	\$3.95	\$3.80	\$7.68	\$0.00	\$0.31
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$7.09	\$9.50	\$14.62	\$10.35	\$0.00	\$0.42
3"	\$14.18	\$19.00	\$29.23	\$20.70	\$0.00	\$0.83
4"	\$22.16	\$29.69	\$45.68	\$32.34	\$0.00	\$1.30
6"	\$44.30	\$59.35	\$91.35	\$64.68	\$0.00	\$2.60
8"	\$70.90	\$94.99	\$146.16	\$103.49	\$0.00	\$4.16
10"	\$101.92	\$136.55	\$210.11	\$148.77	\$0.00	\$5.98
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$19.48	\$26.10	\$33.32	\$35.29		
5,000 Gallons	\$25.38	\$34.00	\$40.92	\$48.47		
10,000 Gallons	\$40.13	\$53.77	\$59.92	\$89.67		

AUF/Interlachen Lakes Estates Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$154,119	\$61,533	\$215,652	(\$33,105)	\$182,547
2 Land and Land Rights	4,306	0	4,306	0	4,306
3 Non-used and Useful Components	0	(4,425)	(4,425)	(1,540)	(5,965)
4 Accumulated Depreciation	(62,869)	12,433	(50,436)	725	(49,711)
5 CIAC	(75,322)	12,433	(62,889)	0	(62,889)
6 Amortization of CIAC	36,961	415	37,376	0	37,376
7 Working Capital Allowance	<u>0</u>	<u>41,326</u>	<u>41,326</u>	<u>(9,254)</u>	<u>32,072</u>
8 <b>Rate Base</b>	<u>\$57,195</u>	<u>\$123,715</u>	<u>\$180,910</u>	<u>(\$43,174)</u>	<u>\$137,736</u>



AUF/Interlachen Lakes Estates Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amt. of proforma Corporate IT. (Issue 4)	(\$1,736)	N/A	
2 To reflect the app. amt. of proforma Meter Replacements. (Issue 4)	<u>(31,368)</u>	<u>N/A</u>	
Total	<u>(\$33,105)</u>	<u>N/A</u>	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issue 10)	<u>(\$1,540)</u>	<u>N/A</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate Acc. Dep. for Pro Forma Corporate IT. (Issue 4)	\$439	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	<u>286</u>	<u>N/A</u>	
Total	<u>\$725</u>	<u>N/A</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$9,254)</u>	<u>N/A</u>	

AUF/Interlachen Lakes Estates Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$76,605</u>	<u>\$36,036</u>	<u>\$112,641</u>	<u>(\$36,622)</u>	<u>\$76,019</u>	<u>\$24,646</u> 32.42%	<u>\$100,665</u>
Operating Expenses							
2 Operation & Maintenance	\$58,187	\$15,481	\$73,668	(\$5,578)	\$68,090	\$0	\$68,090
3 Depreciation	3,085	3,061	6,146	128	6,274	0	6,274
4 Amortization	0	1,402	1,402	0	1,402	0	1,402
5 Taxes Other Than Income	6,528	4,552	11,080	(2,387)	8,693	1,109	9,802
6 Income Taxes	<u>3,397</u>	<u>3,191</u>	<u>6,588</u>	<u>(10,725)</u>	<u>(4,137)</u>	<u>8,857</u>	<u>4,720</u>
7 Total Operating Expense	<u>\$71,197</u>	<u>\$27,687</u>	<u>\$98,884</u>	<u>(\$18,562)</u>	<u>\$80,322</u>	<u>\$9,966</u>	<u>\$90,288</u>
8 Operating Income	<u>5,408</u>	<u>8,349</u>	<u>13,757</u>	<u>(18,060)</u>	<u>(4,303)</u>	<u>14,680</u>	<u>10,377</u>
9 Rate Base	<u>57,195</u>		<u>180,910</u>		<u>137,736</u>		<u>137,736</u>
10 Rate of Return	<u>9.46%</u>		<u>7.60%</u>		<u>-3.12%</u>		<u>7.53%</u>

AUF/Interlachen Lakes Estates Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$36,622)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	280	N/A	
Total	<u>(\$36,622)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$1,392)	N/A	
2 Stipulated Issue 33.	(89)	N/A	
3 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
4 Stipulated Issue 35.	(1,058)	N/A	
5 Stipulated Issue 37.	(158)	N/A	
6 To remove image enhancing advertising expense. (Issue 38)	(8)	N/A	
7 To remove lobbying and acquisition expenses. (Issue 39)	(361)	N/A	
8 To remove executive risk insurance expense. (Issue 40)	(90)	N/A	
9 To remove below-the-line expenses. (Issue 48)	(614)	N/A	
10 To reflect the appropriate bad debt expense. (Issue 50)	1,125	N/A	
11 To reflect the appropriate rate case expense. (Issue 52)	226	N/A	
12 To reflect appropriate normalization adjustments. (Issue 53)	(613)	N/A	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(2,545)</u>	<u>N/A</u>	
Total	<u>(\$5,578)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect app. Dep. Expense for proforma Corporate IT. (Issue 4)	\$82	N/A	
2 To reflect app. Dep. Expense for proforma meters. (Issue 4)	286	N/A	
3 To reflect non-used and useful depreciation expense. (Issue 10)	(107)	N/A	
4 To remove test year depreciation expenses. (Issue 55)	<u>(132)</u>	<u>N/A</u>	
Total	<u>\$128</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,648)	N/A	
2 To remove Non-U&U property taxes. (Issue 10)	(86)	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(47)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(1)	N/A	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(63)	N/A	
6 To reflect the appropriate property taxes. (Issue 57)	<u>(543)</u>	<u>N/A</u>	
Total	<u>(\$2,387)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$10,725)</u>	<u>N/A</u>	

AUF/Interlachen Lakes Estates				Schedule No. 5-A		
Water Monthly Service Rates				Docket No. 080121-WS		
Test Year Ended 12/31/07						
	Rates Prior to Filing 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$10.25	\$13.73	\$21.92	\$16.44	\$0.27	\$0.71
3/4"	\$15.39	\$20.62	\$32.89	\$24.66	\$0.40	\$1.07
1"	\$25.64	\$34.35	\$54.81	\$41.10	\$0.67	\$1.78
1-1/2"	\$51.29	\$68.72	\$109.62	\$82.00	\$1.35	\$3.54
2"	\$82.07	\$109.96	\$175.39	\$131.52	\$2.16	\$5.69
3"	\$164.14	\$219.91	\$350.79	\$263.03	\$4.31	\$11.37
4"	\$256.46	\$343.60	\$548.10	\$410.99	\$6.74	\$17.77
6"	\$512.93	\$687.22	\$1,096.21	\$821.97	\$13.48	\$35.53
8"	\$820.69	\$1,099.56	\$1,753.93	\$1,315.16	\$21.56	\$56.86
10"	\$1,179.75	\$1,580.62	\$2,521.28	\$1,890.54	\$31.00	\$81.73
Gallage Charge, per 1,000 Gallons						
Residential Service						
Block 1, (0 - 5,000)	\$3.89	\$5.21	\$3.80	\$4.94	\$0.14	\$0.21
Block 2, (5,000 - 10,000)	\$3.89	\$5.21	\$4.76	\$6.17	\$0.17	\$0.27
Block 3, (Over 10,000)	\$3.89	\$5.21	\$4.76	\$14.81	\$0.41	\$0.64
General Service and Multi-Family	\$3.89	\$5.21	\$3.80	\$6.05	\$0.13	\$0.26
<b><u>Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$6.85	\$9.18	\$14.62	\$10.96	\$0.18	\$0.47
3"	\$13.68	\$18.33	\$29.23	\$21.92	\$0.36	\$0.95
4"	\$21.37	\$28.63	\$45.68	\$34.25	\$0.56	\$1.48
6"	\$42.74	\$57.26	\$91.35	\$68.50	\$1.12	\$2.96
8"	\$68.38	\$91.62	\$146.16	\$109.60	\$1.80	\$4.74
10"	\$98.31	\$131.72	\$210.11	\$157.55	\$2.58	\$6.81
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$21.92	\$29.37	\$33.32	\$31.26		
5,000 Gallons	\$29.70	\$39.79	\$40.92	\$41.14		
10,000 Gallons	\$49.15	\$65.85	\$112.32	\$71.99		

AUF/48 Estates Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$164,095	\$19,415	\$183,510	(\$13,866)	\$169,644
2 Land and Land Rights	110	1,320	1,430	0	1,430
3 Non-used and Useful Components	0	(3,863)	(3,863)	61	(3,802)
4 Accumulated Depreciation	(100,989)	(4,620)	(105,609)	(10)	(105,619)
5 CIAC	(15,794)	(4,338)	(20,132)	0	(20,132)
6 Amortization of CIAC	8,313	2,182	10,495	0	10,495
7 Working Capital Allowance	<u>0</u>	<u>8,989</u>	<u>8,989</u>	<u>(2,215)</u>	<u>6,774</u>
8 <b>Rate Base</b>	<u>\$55,735</u>	<u>\$19,085</u>	<u>\$74,820</u>	<u>(\$16,030)</u>	<u>\$58,790</u>

AUF/48 Estates Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$423)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(13,443)	N/A	
Total	(\$13,866)	N/A	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment	\$61	N/A	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$144)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	134	N/A	
Total	(\$10)	N/A	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	(\$2,215)	N/A	

AUF/48 Estates Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$30,817</u>	<u>\$27,517</u>	<u>\$58,334</u>	<u>(\$27,503)</u>	<u>\$30,831</u>	<u>\$22,416</u> 72.71%	<u>\$53,247</u>
Operating Expenses							
2 Operation & Maintenance	\$20,941	\$6,143	\$27,084	(\$1,904)	\$25,180		\$25,180
3 Depreciation	14,479	3,426	17,905	(116)	17,789		17,789
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	2,014	2,313	4,327	(1,501)	2,826	1,009	3,835
6 Income Taxes	<u>(2,552)</u>	<u>5,488</u>	<u>2,936</u>	<u>(8,977)</u>	<u>(6,041)</u>	<u>8,055</u>	<u>2,014</u>
7 Total Operating Expense	<u>\$34,882</u>	<u>\$17,370</u>	<u>\$52,252</u>	<u>(\$12,499)</u>	<u>\$39,753</u>	<u>\$9,064</u>	<u>\$48,818</u>
8 Operating Income	<u>(\$4,065)</u>	<u>\$10,147</u>	<u>\$6,082</u>	<u>(\$15,004)</u>	<u>(\$8,922)</u>	<u>\$13,352</u>	<u>\$4,429</u>
9 Rate Base	<u>\$55,735</u>		<u>\$74,820</u>		<u>\$58,790</u>		<u>\$58,790</u>
10 Rate of Return	<u>-7.29%</u>		<u>8.13%</u>		<u>-15.18%</u>		<u>7.53%</u>

AUF/48 Estates		Schedule 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$27,573)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	70	N/A	
Total	<u>(\$27,503)</u>	<u>N/A</u>	
<u>Operations and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$29)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(70)	N/A	
4 Stipulated Issue 37.	(52)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(3)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(119)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(30)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(202)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(567)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	204	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(201)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	(837)	N/A	
Total	<u>(\$1,904)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$39	N/A	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(134)	N/A	
3 To reflect non-used and useful depreciation expense. (Issue 10)	17	N/A	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	(39)	N/A	
Total	<u>(\$116)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,238)	N/A	
2 To remove Non-U&U property taxes. (Issue 10)	5	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(15)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(21)	N/A	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	(233)	N/A	
Total	<u>(\$1,501)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$8,977)</u>	<u>N/A</u>	



AUF/48 Estates Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$14.82	\$23.60	\$21.92	\$16.44	\$0.27	\$0.44
3/4"	\$22.20	\$35.35	\$32.89	\$24.66	\$0.40	\$0.66
1"	\$37.04	\$58.98	\$54.81	\$41.10	\$0.67	\$1.10
1-1/2"	\$74.08	\$117.97	\$109.62	\$82.20	\$1.35	\$2.20
2"	\$118.54	\$188.77	\$175.39	\$131.52	\$2.16	\$3.53
3"	\$237.07	\$377.52	\$350.79	\$263.03	\$4.31	\$7.06
4"	\$370.42	\$589.88	\$548.10	\$410.99	\$6.74	\$11.02
6"	\$740.85	\$1,179.77	\$1,096.21	\$821.97	\$13.48	\$22.05
8"	-	-	\$1,753.93	\$1,315.16	\$21.48	\$35.28
10"	-	-	\$2,521.28	\$1,890.54	\$31.00	\$50.71
Gallonge Charge, per 1,000 Gallons						
Residential						
Block 1 (0 -5,000)	\$2.02	\$3.22	\$3.80	\$4.94	\$0.14	\$0.13
Block 2 (5,000 - 10,000)	\$2.02	\$3.22	\$4.76	\$6.17	\$0.17	\$0.17
Block 3 (> 10,000)	\$2.02	\$3.22	\$4.76	\$14.81	\$0.41	\$0.40
General Service and Multi-Family	\$2.02	\$3.22	\$3.80	\$6.05	\$0.13	\$0.16
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$10.96	\$0.18	\$0.29
3"	-	-	\$29.23	\$21.92	\$0.36	\$0.59
4"	-	-	\$45.68	\$34.25	\$0.56	\$0.92
6"	-	-	\$91.35	\$68.50	\$1.12	\$1.84
8"	-	-	\$146.16	\$109.60	\$1.79	\$2.94
10"	-	-	\$210.11	\$157.55	\$2.58	\$4.23
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$20.88	\$33.26	\$33.32	\$31.26		
5,000 Gallons	\$24.92	\$39.70	\$40.92	\$41.14		
10,000 Gallons	\$35.02	\$55.80	\$59.92	\$71.99		

AUF/Kings Cove Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$324,081	(\$2,061)	\$322,020	(\$30,942)	\$291,078
2 Land and Land Rights	1,907	69	1,976	0	1,976
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(139,616)	19,854	(119,762)	(322)	(120,084)
5 CIAC	(97,354)	(3,785)	(101,139)	0	(101,139)
6 Amortization of CIAC	55,485	(4,682)	50,803	0	50,803
7 Working Capital Allowance	<u>0</u>	<u>21,970</u>	<u>21,970</u>	<u>(5,848)</u>	<u>16,122</u>
8 Rate Base	<u>\$144,503</u>	<u>\$31,365</u>	<u>\$175,868</u>	<u>(\$37,112)</u>	<u>\$138,756</u>

AUF/Kings Cove Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$461,697	(\$55,235)	\$406,462	(\$1,047)	\$405,415
2 Land and Land Rights	13,314	75	13,389	0	13,389
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(198,597)	(4,647)	(203,244)	(331)	(203,575)
5 CIAC	(163,110)	(7,002)	(170,112)	0	(170,112)
6 Amortization of CIAC	115,309	(16,010)	99,299	0	99,299
7 Working Capital Allowance	<u>0</u>	<u>20,421</u>	<u>20,421</u>	<u>(5,249)</u>	<u>15,172</u>
8 Rate Base	<u>\$228,613</u>	<u>(\$62,398)</u>	<u>\$166,215</u>	<u>(\$6,627)</u>	<u>\$159,588</u>

AUF/Kings Cove Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)		(\$1,102)	(\$1,047)
2 To reflect the appropriate amount of pro forma meters. (Issue 4)		<u>(29,840)</u>	<u>0</u>
Total		<u>(\$30,942)</u>	<u>(\$1,047)</u>
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)		(\$345)	(\$331)
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)		<u>23</u>	<u>0</u>
Total		<u>(\$322)</u>	<u>(\$331)</u>
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)		<u>(\$5,848)</u>	<u>(\$5,249)</u>

AUF/Kings Cove Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$61,861</u>	<u>\$23,732</u>	<u>\$85,593</u>	<u>(\$23,641)</u>	<u>\$61,952</u>	<u>\$14,883</u> 24.02%	<u>\$76,836</u>
Operating Expenses							
2 Operation & Maintenance	\$51,882	\$4,610	\$56,492	(\$2,204)	\$54,288		\$54,288
3 Depreciation	10,732	(7,893)	2,839	(33)	2,806		2,806
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	5,792	(245)	5,547	(1,683)	3,864	670	4,534
6 Income Taxes	<u>(2,525)</u>	<u>9,166</u>	<u>6,641</u>	<u>(7,235)</u>	<u>(594)</u>	<u>5,349</u>	<u>4,754</u>
7 Total Operating Expense	<u>\$65,881</u>	<u>\$5,638</u>	<u>\$71,519</u>	<u>(\$11,155)</u>	<u>\$60,364</u>	<u>\$6,018</u>	<u>\$66,382</u>
8 Operating Income	<u>(\$4,020)</u>	<u>\$18,094</u>	<u>\$14,074</u>	<u>(\$12,485)</u>	<u>\$1,589</u>	<u>\$8,865</u>	<u>\$10,454</u>
9 Rate Base	<u>\$144,503</u>		<u>\$175,868</u>		<u>\$138,756</u>		<u>\$138,756</u>
10 Rate of Return	<u>-2.78%</u>		<u>8.00%</u>		<u>1.14%</u>		<u>7.53%</u>

AUF/Kings Cove Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$74,077</u>	<u>\$21,544</u>	<u>\$95,621</u>	<u>(\$22,299)</u>	<u>\$73,322</u>	<u>\$16,694</u> 22.77%	<u>\$90,016</u>
Operating Expenses							
2 Operation & Maintenance	\$80,091	(\$1,226)	\$78,865	(\$3,407)	\$75,458		\$75,458
3 Depreciation	11,807	(21,442)	(9,635)	(8)	(9,643)		(9,643)
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	2,919	4,152	7,071	(1,113)	5,958	751	6,710
6 Income Taxes	<u>(8,000)</u>	<u>14,192</u>	<u>6,192</u>	<u>(6,723)</u>	<u>(531)</u>	<u>5,999</u>	<u>5,468</u>
7 Total Operating Expense	<u>\$86,817</u>	<u>(\$4,324)</u>	<u>\$82,493</u>	<u>(\$11,251)</u>	<u>\$71,242</u>	<u>\$6,750</u>	<u>\$77,993</u>
8 Operating Income	<u>(\$12,740)</u>	<u>\$25,868</u>	<u>\$13,128</u>	<u>(\$11,048)</u>	<u>\$2,080</u>	<u>\$9,944</u>	<u>\$12,023</u>
9 Rate Base	<u>\$228,613</u>		<u>\$166,215</u>		<u>\$159,588</u>		<u>\$159,588</u>
10 Rate of Return	<u>-5.57%</u>		<u>7.90%</u>		<u>1.30%</u>		<u>7.53%</u>

AUF/Kings Cove Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$23,748)	(\$22,299)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	107	0	
Total	<u>(\$23,641)</u>	<u>(\$22,299)</u>	
<u>Operations and Maintenance Expense</u>			
1 Stipulated Issue 33.	(\$70)	(\$67)	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
3 Stipulated Issue 35.	(117)	(177)	
4 Stipulated Issue 37.	(123)	(119)	
5 To remove image enhancing advertising expense. (Issue 38)	(6)	(6)	
6 To remove lobbying and acquisition expenses. (Issue 39)	(283)	(272)	
7 To remove executive risk insurance expense. (Issue 40)	(71)	(68)	
8 To remove below-the-line expenses. (Issue 48)	(481)	(462)	
9 To reflect the appropriate bad debt expense. (Issue 50)	1,044	(314)	
10 To reflect the appropriate rate case expense. (Issue 52)	405	400	
11 To reflect appropriate normalization adjustments. (Issue 53)	(480)	(461)	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(2,021)</u>	<u>(1,861)</u>	
Total	<u>(\$2,204)</u>	<u>(\$3,407)</u>	
<u>Deprciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$86	\$84	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(23)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(97)</u>	<u>(92)</u>	
Total	<u>(\$33)</u>	<u>(\$8)</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,064)	(\$1,003)	
2 To remove below-the-line payroll taxes. (Issue 48)	(37)	(35)	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	(0)	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(49)	(47)	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(533)</u>	<u>(26)</u>	
Total	<u>(\$1,683)</u>	<u>(\$1,113)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$7,235)</u>	<u>(\$6,723)</u>	

AUF/Kings Cove Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential and General Service</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$8.12	\$9.10	\$21.92	\$13.92	\$0.56	\$0.87
3/4"	\$12.20	\$13.67	\$32.89	\$20.88	\$0.84	\$1.31
1"	\$20.32	\$22.78	\$54.81	\$34.79	\$1.40	\$2.19
1-1/2"	\$40.65	\$45.56	\$109.62	\$69.59	\$2.80	\$4.37
2"	\$65.05	\$72.91	\$175.39	\$111.34	\$4.48	\$7.00
3"	\$130.11	\$145.83	\$350.79	\$222.69	\$8.96	\$13.99
4"	\$203.27	\$227.83	\$548.10	\$347.95	\$14.00	\$21.86
6"	\$406.54	\$455.67	\$1,096.21	\$695.89	\$27.99	\$43.72
8"	-	-	\$1,753.93	\$1,113.43	\$44.79	\$69.96
10"	-	-	\$2,521.28	\$1,600.56	\$64.38	\$100.56
Gallonge Charge, per 1,000 Gallons						
Residential						
Block 1 (0 - 5,000)	\$1.31	\$1.47	\$3.80	\$1.97	\$0.13	\$0.12
Block 2 (5,000 - 10,000)	\$1.31	\$1.47	\$4.76	\$2.47	\$0.16	\$0.16
Block 3 (> 10,000)	\$1.31	\$1.47	\$4.76	\$5.92	\$0.38	\$0.37
General Service	\$1.22	\$1.47	\$3.80	\$3.29	\$0.18	\$0.21
<b><u>Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	-	-	\$21.92	\$13.92	\$0.56	\$0.87
3/4"	-	-	\$32.89	\$20.88	\$0.84	\$1.31
1"	-	-	\$54.81	\$34.79	\$1.40	\$2.19
1-1/2"	-	-	\$109.62	\$69.59	\$2.80	\$4.37
2"	-	-	\$175.39	\$111.34	\$4.48	\$7.00
3"	-	-	\$350.79	\$222.69	\$8.96	\$13.99
4"	-	-	\$548.10	\$347.95	\$14.00	\$21.86
6"	-	-	\$1,096.21	\$695.89	\$27.99	\$43.72
8"	-	-	\$1,753.93	\$1,113.43	\$44.79	\$69.96
10"	-	-	\$2,521.28	\$1,600.56	\$64.38	\$100.56
Gallonge Charge, per 1,000 Gallons						
Multi-Family	-	-	\$3.80	\$3.29	\$0.18	\$0.21
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$9.28	\$0.37	\$0.58
3"	-	-	\$29.23	\$18.56	\$0.75	\$1.17
4"	-	-	\$45.68	\$29.00	\$1.17	\$1.82
6"	-	-	\$91.35	\$57.99	\$2.33	\$3.64
8"	-	-	\$146.16	\$92.79	\$3.73	\$5.83
10"	-	-	\$210.11	\$133.38	\$5.37	\$8.38
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$12.05	\$13.51	\$33.32	\$19.83		
5,000 Gallons	\$14.67	\$16.44	\$40.92	\$23.77		
10,000 Gallons	\$21.22	\$23.78	\$59.92	\$36.12		



AUF/Kings Cove Wastewater Monthly Service Rates Test Year Ended 12/31/07			Schedule No. 5-B Docket No. 080121-WS			
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential</u></b>						
Base Facility Charge All Meter Sizes:						
5/8" x 3/4"	\$9.24	\$10.74	\$45.26	\$16.91	\$0.00	\$0.73
3/4"	\$13.84	\$16.09	\$45.26	\$16.91	\$0.00	\$0.73
1"	\$23.07	\$26.82	\$45.26	\$16.91	\$0.00	\$0.73
1-1/2"	\$46.17	\$53.68	\$45.26	\$16.91	\$0.00	\$0.73
2"	\$73.84	\$85.85	\$45.26	\$16.91	\$0.00	\$0.73
3"	\$147.73	\$171.76	\$45.26	\$16.91	\$0.00	\$0.73
4"	\$230.77	\$268.30	\$45.26	\$16.91	\$0.00	\$0.73
6"	\$461.59	\$536.66	\$45.26	\$16.91	\$0.00	\$0.73
8"	-	-	\$45.26	\$16.91	\$0.00	\$0.73
10"	-	-	\$45.26	\$16.91	\$0.00	\$0.73
Gallage Charge - Per 1,000 gallons (6,000 gallon cap)						
Residential	\$3.24	\$3.77	\$8.73	\$4.69	\$0.00	\$0.20
General Service	\$3.24	\$3.77	\$10.48	\$5.62	\$0.00	\$0.24
<b><u>General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$9.24	\$10.74	\$45.26	\$16.91	\$0.00	\$0.73
3/4"	\$13.84	\$16.09	\$67.89	\$25.37	\$0.00	\$1.10
1"	\$23.07	\$26.82	\$113.14	\$42.29	\$0.00	\$1.84
1-1/2"	\$46.17	\$53.68	\$226.29	\$84.57	\$0.00	\$3.67
2"	\$73.84	\$85.85	\$362.06	\$135.32	\$0.00	\$5.88
3"	\$147.73	\$171.76	\$724.12	\$270.63	\$0.00	\$11.75
4"	\$230.77	\$268.30	\$1,131.44	\$422.86	\$0.00	\$18.36
6"	\$461.59	\$536.66	\$2,262.89	\$845.72	\$0.00	\$36.72
8"	-	-	\$3,620.62	\$1,353.15	\$0.00	\$58.76
10"	-	-	\$5,204.65	\$1,945.15	\$0.00	\$84.46
Gallage Charge, per 1,000 Gallons	\$3.24	\$3.77	\$10.48	\$5.62	\$0.00	\$0.24
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$18.96	\$22.04	\$71.45	\$30.98		
5,000 Gallons	\$25.44	\$29.58	\$88.91	\$40.36		
6,000 Gallons	\$41.64	\$48.41	\$132.56	\$45.05		
(Wastewater Gallage Cap - 6,000 Gallons)						

AUF/Summit Chase Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$284,003	\$5,345	\$289,348	(\$40,452)	\$248,896
2 Land and Land Rights	(2,401)	9,001	6,600	0	6,600
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(104,555)	(3,671)	(108,226)	212	(108,014)
5 CIAC	(50,495)	(30,168)	(80,663)	0	(80,663)
6 Amortization of CIAC	32,583	419	33,002	0	33,002
7 Working Capital Allowance	<u>0</u>	<u>24,596</u>	<u>24,596</u>	<u>(6,123)</u>	<u>18,473</u>
8 Rate Base	<u>\$159,135</u>	<u>\$5,522</u>	<u>\$164,657</u>	<u>(\$46,363)</u>	<u>\$118,294</u>

AUF/Summit Chase Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
1	To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$1,198)	(\$1,178)
2	To reflect the appropriate amount of pro forma meters. (Issue 4)	<u>(39,254)</u>	<u>0</u>
	Total	<u>(\$40,452)</u>	<u>(\$1,178)</u>
<u>Accumulated Depreciation</u>			
1	To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$356)	\$0
2	To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	<u>569</u>	<u>0</u>
	Total	<u>\$212</u>	<u>\$0</u>
<u>Working Capital</u>			
	To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$6,123)</u>	<u>(\$6,231)</u>

AUF/Summit Chase Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$226,002	\$22,541	\$248,543	(\$1,178)	\$247,365
2 Land and Land Rights	69,942	20,983	90,925	0	90,925
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(154,516)	(2,510)	(157,026)	0	(157,026)
5 CIAC	(143,879)	(4,756)	(148,635)	0	(148,635)
6 Amortization of CIAC	113,478	(35,217)	78,261	0	78,261
7 Working Capital Allowance	<u>0</u>	<u>25,230</u>	<u>25,230</u>	<u>(6,231)</u>	<u>18,999</u>
8 <b>Rate Base</b>	<u>\$111,027</u>	<u>\$26,271</u>	<u>\$137,298</u>	<u>(\$7,408)</u>	<u>\$129,890</u>

AUF/Summit Chase Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$43,301</u>	<u>\$52,286</u>	<u>\$95,587</u>	<u>(\$52,375)</u>	<u>\$43,212</u>	<u>\$37,076</u> 85.80%	<u>\$80,288</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$41,904</u>	<u>\$19,326</u>	<u>\$61,230</u>	<u>(\$6,704)</u>	<u>\$54,526</u>		<u>\$54,526</u>
3 Depreciation	<u>9,160</u>	<u>162</u>	<u>9,322</u>	<u>(586)</u>	<u>8,736</u>		<u>8,736</u>
4 Amortization	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
5 Taxes Other Than Income	<u>4,564</u>	<u>943</u>	<u>5,507</u>	<u>(3,115)</u>	<u>2,392</u>	<u>1,668</u>	<u>4,060</u>
6 Income Taxes	<u>(4,755)</u>	<u>11,106</u>	<u>6,351</u>	<u>(15,622)</u>	<u>(9,271)</u>	<u>13,324</u>	<u>4,053</u>
7 Total Operating Expense	<u>\$50,873</u>	<u>\$31,537</u>	<u>\$82,410</u>	<u>(\$26,026)</u>	<u>\$56,384</u>	<u>\$14,992</u>	<u>\$71,376</u>
8 Operating Income	<u>(\$7,572)</u>	<u>\$20,749</u>	<u>\$13,177</u>	<u>(\$26,349)</u>	<u>(\$13,172)</u>	<u>\$22,084</u>	<u>\$8,912</u>
9 Rate Base	<u>\$159,135</u>		<u>\$164,657</u>		<u>\$118,294</u>		<u>\$118,294</u>
10 Rate of Return	<u>-4.76%</u>		<u>8.00%</u>		<u>-11.13%</u>		<u>7.53%</u>

AUF/Summit Chase Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$42,012</u>	<u>\$27,193</u>	<u>\$69,205</u>	<u>(\$27,433)</u>	<u>\$41,772</u>	<u>\$21,062</u> 50.42%	<u>\$62,834</u>
Operating Expenses							
2 Operation & Maintenance	\$142,825	(\$61,408)	\$81,417	(\$3,463)	\$77,954		\$77,954
3 Depreciation	(4,800)	(31,212)	(36,012)	(100)	(36,112)		(36,112)
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	1,436	5,725	7,161	(1,353)	5,808	948	6,756
6 Income Taxes	<u>(37,591)</u>	<u>43,001</u>	<u>5,410</u>	<u>(8,528)</u>	<u>(3,118)</u>	<u>7,569</u>	<u>4,451</u>
7 Total Operating Expense	<u>\$101,870</u>	<u>(\$43,894)</u>	<u>\$57,976</u>	<u>(\$13,444)</u>	<u>\$44,532</u>	<u>\$8,517</u>	<u>\$53,049</u>
8 Operating Income	<u>(\$59,858)</u>	<u>\$71,087</u>	<u>\$11,229</u>	<u>(\$13,989)</u>	<u>(\$2,760)</u>	<u>\$12,545</u>	<u>\$9,786</u>
9 Rate Base	<u>\$111,027</u>		<u>\$137,298</u>		<u>\$129,890</u>		<u>\$129,890</u>
10 Rate of Return	<u>-53.91%</u>		<u>8.18%</u>		<u>-2.12%</u>		<u>7.53%</u>

AUF/Summit Chase Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$52,592)	(\$27,433)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	217	0	
Total	<u>(\$52,375)</u>	<u>(\$27,433)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$1,676)	\$0	
2 Stipulated Issue 33.	(72)	(72)	
3 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
4 Stipulated Issue 35.	(60)	(52)	
5 Stipulated Issue 37.	(128)	(127)	
6 To remove image enhancing advertising expense. (Issue 38)	(9)	(9)	
7 To remove lobbying and acquisition expenses. (Issue 39)	(293)	(292)	
8 To remove executive risk insurance expense. (Issue 40)	(73)	(73)	
9 To remove below-the-line expenses. (Issue 48)	(498)	(496)	
10 To reflect the appropriate bad debt expense. (Issue 50)	(1,663)	(221)	
11 To reflect the appropriate rate case expense. (Issue 52)	368	379	
12 To reflect appropriate normalization adjustments. (Issue 53)	(497)	(495)	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(2,102)</u>	<u>(2,005)</u>	
Total	<u>(\$6,704)</u>	<u>(\$3,463)</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$84	\$0	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(569)	0	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(101)</u>	<u>(100)</u>	
Total	<u>(\$586)</u>	<u>(\$100)</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$2,357)	(\$1,234)	
2 To remove below-the-line payroll taxes. (Issue 48)	(38)	(38)	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	(0)	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(51)	(51)	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(669)</u>	<u>(29)</u>	
Total	<u>(\$3,115)</u>	<u>(\$1,353)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$15,622)</u>	<u>(\$8,528)</u>	

AUF/Summit Chase Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$9.24	\$16.85	\$21.92	\$15.52	\$0.00	\$1.00
3/4"	-	-	\$32.89	\$23.29	\$0.00	\$1.51
1"	\$23.10	\$42.12	\$54.81	\$38.81	\$0.00	\$2.51
1-1/2"	\$46.20	\$84.25	\$109.62	\$77.62	\$0.00	\$5.02
2"	\$73.91	\$134.78	\$175.39	\$124.19	\$0.00	\$8.04
3"	-	-	\$350.79	\$248.38	\$0.00	\$16.07
4"	-	-	\$548.10	\$388.10	\$0.00	\$25.11
6"	-	-	\$1,096.21	\$776.20	\$0.00	\$50.23
8"	-	-	\$1,753.93	\$1,241.92	\$0.00	\$80.37
10"	-	-	\$2,521.28	\$1,785.26	\$0.00	\$115.53
Gallorage Charge, per 1,000 Gallons						
Residential						
Block 1 (0 -5,000)	\$2.64	\$4.81	\$3.80	\$6.59	\$0.00	\$0.43
Block 2 (5,000 - 10,000)	\$2.64	\$4.81	\$4.76	\$8.24	\$0.00	\$0.53
Block 3 (> 10,000)	\$2.64	\$4.81	\$4.76	\$19.78	\$0.00	\$1.28
General Service and Multi-Family	\$2.64	\$4.81	\$3.80	\$7.68	\$0.00	\$0.50
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$10.35	\$0.00	\$0.67
3"	-	-	\$29.23	\$20.70	\$0.00	\$1.34
4"	-	-	\$45.68	\$32.34	\$0.00	\$2.09
6"	-	-	\$91.35	\$64.68	\$0.00	\$4.19
8"	-	-	\$146.16	\$103.49	\$0.00	\$6.70
10"	-	-	\$210.11	\$148.77	\$0.00	\$9.63
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$17.16	\$31.28	\$33.32	\$35.29		
5,000 Gallons	\$22.44	\$40.90	\$40.92	\$48.47		
10,000 Gallons	\$35.64	\$64.95	\$59.92	\$89.67		



Schedule No. 5-B  
Docket No. 080121-WS

AUF/Jasmine Lakes Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$2,360,484	(\$982,814)	\$1,377,670	(\$274,151)	\$1,103,519
2 Land and Land Rights	15,812	(2,372)	13,440	0	13,440
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(714,071)	287,849	(426,222)	34,952	(391,270)
5 CIAC	(194,326)	68,618	(125,708)	0	(125,708)
6 Amortization of CIAC	188,609	(25,373)	163,236	0	163,236
7 Working Capital Allowance	<u>0</u>	<u>163,222</u>	<u>163,222</u>	<u>(45,835)</u>	<u>117,387</u>
8 <b>Rate Base</b>	<u>\$1,656,508</u>	<u>(\$490,870)</u>	<u>\$1,165,638</u>	<u>(\$285,034)</u>	<u>\$880,604</u>

AUF/Jasmine Lakes Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$2,151,189	\$1,430,851	\$3,582,040	(\$101,333)	\$3,480,707
2 Land and Land Rights	5,802	0	5,802	0	5,802
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(952,992)	(107,955)	(1,060,947)	(5,824)	(1,066,771)
5 CIAC	(163,060)	0	(163,060)	0	(163,060)
6 Amortization of CIAC	161,605	2,039	163,644	0	163,644
7 Working Capital Allowance	<u>0</u>	<u>169,388</u>	<u>169,388</u>	<u>(45,985)</u>	<u>123,403</u>
8 <b>Rate Base</b>	<u>\$1,202,544</u>	<u>\$1,494,323</u>	<u>\$2,696,867</u>	<u>(\$153,143)</u>	<u>\$2,543,724</u>

AUF/Jasmine Lakes Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$8,800)	(\$8,760)	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(265,351)	0	
3 To reflect the app. amt. of proforma WWTP Eff. Pond. (Issue 4)	0	(92,573)	
Total	<u>(\$274,151)</u>	<u>(\$101,333)</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$2,480)	(\$2,467)	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	2,184	0	
3 To reflect Acc. Dep. Proforma WWTP Eff. Pond. (Issue 4)	0	(3,357)	
4 Stipulated Issue 14.	<u>35,249</u>	<u>0</u>	
Total	<u>\$34,952</u>	<u>(\$5,824)</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$45,835)</u>	<u>(\$45,985)</u>	

AUF/Jasmine Lakes Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$433,663</u>	<u>\$95,890</u>	<u>\$529,553</u>	<u>(\$69,637)</u>	<u>\$459,916</u>	<u>\$5,107</u> 1.11%	<u>\$465,023</u>
Operating Expenses							
2 Operation & Maintenance	\$226,443	\$104,735	\$331,178	(\$14,763)	\$316,415		\$316,415
3 Depreciation	83,542	(59,132)	24,410	(2,354)	22,056		22,056
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	41,398	(3,200)	38,198	(8,393)	29,805	230	30,035
6 Income Taxes	<u>31,739</u>	<u>11,820</u>	<u>43,559</u>	<u>(15,220)</u>	<u>28,339</u>	<u>1,835</u>	<u>30,174</u>
7 Total Operating Expense	<u>\$383,122</u>	<u>\$54,223</u>	<u>\$437,345</u>	<u>(\$40,730)</u>	<u>\$396,615</u>	<u>\$2,065</u>	<u>\$398,680</u>
8 Operating Income	<u>\$50,541</u>	<u>\$41,667</u>	<u>\$92,208</u>	<u>(\$28,907)</u>	<u>\$63,301</u>	<u>\$3,042</u>	<u>\$66,343</u>
9 Rate Base	<u>\$1,656,508</u>		<u>\$1,165,638</u>		<u>\$880,604</u>		<u>\$880,604</u>
10 Rate of Return	<u>3.05%</u>		<u>7.91%</u>		<u>7.19%</u>		<u>7.53%</u>

AUF/Jasmine Lakes Statement of Wastewater Operations Test Year Ended 12/31/07						Schedule No. 4-B Docket No. 080121-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$373,632</u>	<u>\$636,608</u>	<u>\$1,010,240</u>	<u>(\$639,558)</u>	<u>\$370,682</u>	<u>\$552,446</u> 149.03%	<u>\$923,128</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$321,788</u>	<u>\$144,269</u>	<u>\$466,057</u>	<u>(\$34,280)</u>	<u>\$431,777</u>		<u>\$431,777</u>
3 Depreciation	<u>89,704</u>	<u>41,264</u>	<u>130,968</u>	<u>3,186</u>	<u>134,154</u>		<u>134,154</u>
4 Amortization	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
5 Taxes Other Than Income	<u>13,500</u>	<u>72,064</u>	<u>85,564</u>	<u>(32,029)</u>	<u>53,535</u>	<u>24,860</u>	<u>78,395</u>
6 Income Taxes	<u>(19,812)</u>	<u>125,835</u>	<u>106,023</u>	<u>(217,393)</u>	<u>(111,370)</u>	<u>198,530</u>	<u>87,161</u>
7 Total Operating Expense	<u>\$405,180</u>	<u>\$383,432</u>	<u>\$788,612</u>	<u>(\$280,515)</u>	<u>\$508,097</u>	<u>\$223,390</u>	<u>\$731,487</u>
8 Operating Income	<u>(\$31,548)</u>	<u>\$253,176</u>	<u>\$221,628</u>	<u>(\$359,043)</u>	<u>(\$137,415)</u>	<u>\$329,055</u>	<u>\$191,640</u>
9 Rate Base	<u>\$1,202,544</u>		<u>\$2,696,867</u>		<u>\$2,543,724</u>		<u>\$2,543,724</u>
10 Rate of Return	<u>-2.62%</u>		<u>8.22%</u>		<u>-5.40%</u>		<u>7.53%</u>

AUF/Jasmine Lakes		Schedule 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$71,852)	(\$639,558)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	2,215	0	
Total	<u>(\$69,637)</u>	<u>(\$639,558)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$1,239)	\$0	
2 Stipulated Issue 33.	(504)	(502)	
3 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
4 Stipulated Issue 35.	(740)	(525)	
5 Stipulated Issue 37.	(889)	(884)	
6 To remove image enhancing advertising expense. (Issue 38)	(43)	(43)	
7 To remove lobbying and acquisition expenses. (Issue 39)	(2,039)	(2,028)	
8 To remove executive risk insurance expense. (Issue 40)	(510)	(507)	
9 To reflect the appropriate Contractual Services -Other. (Issue 47)	5,142	0	
10 To remove below-the-line expenses. (Issue 48)	(3,467)	(3,449)	
11 To reflect the appropriate bad debt expense. (Issue 50)	4,982	(13,056)	
12 To reflect the appropriate rate case expense. (Issue 52)	2,160	2,140	
13 To reflect appropriate normalization adjustments. (Issue 53)	(3,459)	(3,440)	
14 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(14,154)</u>	<u>(11,986)</u>	
Total	<u>(\$14,763)</u>	<u>(\$34,280)</u>	
<u>Depreciation Expense</u>			
1 To reflect app. Dep. Expense for proforma Corporate IT. (Issue 4)	\$549	\$545	
2 To reflect app. Dep. Expense for proforma meters. (Issue 4)	(2,184)	0	
3 To reflect app. Dep. Expense for proforma WWTP Eff. Pond. (Issue 4)	0	3,357	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(720)</u>	<u>(716)</u>	
Total	<u>(\$2,354)</u>	<u>\$3,186</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$3,134)	(\$28,780)	
2 To remove below-the-line payroll taxes. (Issue 48)	(265)	(264)	
3 To reflect appropriate normalization adjustments. (Issue 53)	(3)	(3)	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(355)	(353)	
5 To reflect the appropriate property taxes. (Issue 57)	<u>(4,636)</u>	<u>(2,629)</u>	
Total	<u>(\$8,393)</u>	<u>(\$32,029)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$15,220)</u>	<u>(\$217,393)</u>	

AUF/Jasmine Lakes Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Prior to Filing 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$9.30	\$9.42	\$21.92	\$13.92	\$0.56	\$0.74
3/4"	-	-	-	\$20.88	\$0.84	\$1.10
1"	\$23.29	\$23.58	\$54.81	\$34.79	\$1.40	\$1.84
1-1/2"	\$46.54	\$47.13	\$109.62	\$69.59	\$2.80	\$3.68
2"	\$74.47	\$75.41	\$175.39	\$111.34	\$4.48	\$5.88
3"	\$148.93	\$150.80	\$350.79	\$222.69	\$8.96	\$11.76
4"	\$232.74	\$235.67	\$548.10	\$347.95	\$14.00	\$18.38
6"	\$465.46	\$471.32	\$1,096.21	\$695.89	\$27.99	\$36.76
8"	\$744.73	\$754.10	\$1,753.93	\$1,113.43	\$44.79	\$58.82
10"	-	-	-	\$1,600.56	\$64.38	\$84.55
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1, (0 - 5,000)	\$3.18	\$3.22	\$3.80	\$1.97	\$0.13	\$0.10
Block 2, (5,000 - 10,000)	\$3.18	\$3.22	\$4.76	\$2.47	\$0.16	\$0.13
Block 3, (Over 10,000)	\$3.18	\$3.22	\$4.76	\$5.92	\$0.38	\$0.31
General Service and Multi-Family	\$3.18	\$3.22	\$3.80	\$3.29	\$0.18	\$0.17
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	-	-	-	-
3"	-	-	-	-	-	-
4"	\$73.39	\$79.18	\$45.68	\$29.00	\$1.17	\$1.53
6"	\$146.79	\$158.38	\$91.35	\$57.99	\$2.33	\$3.06
8"	\$234.85	\$253.39	\$146.16	\$92.79	\$3.73	\$4.90
10"	-	-	-	\$133.38	\$5.37	\$7.05
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$18.84	\$19.08	\$33.32	\$19.83		
5,000 Gallons	\$25.20	\$25.52	\$40.92	\$23.77		
10,000 Gallons	\$41.10	\$41.62	\$64.72	\$36.12		



**AUF/Jasmine Lakes  
Wastewater Monthly Service Rates  
Test Year Ended 12/31/07**

Jungle Den Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$27,208	\$21,277	\$48,485	(\$17,020)	\$31,465
2 Land and Land Rights	260	0	260	0	260
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(13,062)	9,299	(3,763)	(242)	(4,005)
5 CIAC	(10,704)	0	(10,704)	0	(10,704)
6 Amortization of CIAC	7,318	(130)	7,188	260	7,448
7 Working Capital Allowance	<u>0</u>	<u>17,048</u>	<u>17,048</u>	<u>(2,950)</u>	<u>14,098</u>
8 <b>Rate Base</b>	<u>\$11,020</u>	<u>\$47,494</u>	<u>\$58,514</u>	<u>(\$19,952)</u>	<u>\$38,562</u>

Jungle Den Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No.3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$372,729	\$9,815	\$382,544	(\$692)	\$381,852
2 Land and Land Rights	119,526	0	119,526	0	119,526
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(145,171)	(1,033)	(146,204)	(232)	(146,436)
5 CIAC	(134,131)	0	(134,131)	0	(134,131)
6 Amortization of CIAC	77,228	(1,703)	75,525	3,981	79,506
7 Working Capital Allowance	<u>0</u>	<u>22,808</u>	<u>22,808</u>	<u>(3,460)</u>	<u>19,348</u>
8 Rate Base	<u>\$290,181</u>	<u>\$29,887</u>	<u>\$320,068</u>	<u>(\$403)</u>	<u>\$319,665</u>

Jungle Den Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)		(\$593)	(\$692)
2 To reflect the appropriate amount of pro forma meters. (Issue 4)		(16,427)	0
Total		(\$17,020)	(\$692)
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)		(\$192)	(\$232)
2 To reflect the appropriate amount of pro forma meters. (Issue 4)		(50)	\$0
Total		(\$242)	(\$232)
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.		\$260	\$3,981
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)		(\$2,950)	(\$3,460)

Jungle Den Statement of Water Operations Test Year Ended 12/31/07				Schedule No.4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$17,330</u>	<u>\$34,138</u>	<u>\$51,468</u>	<u>(\$34,263)</u>	<u>\$17,205</u>	<u>\$28,215</u> 163.99%	<u>\$45,420</u>
Operating Expenses							
2 Operation & Maintenance	\$36,950	\$920	\$37,870	(\$2,010)	\$35,860	\$0	\$35,860
3 Depreciation	671	1,728	2,399	(533)	1,866	0	1,866
4 Amortization	0	624	624	0	624	0	624
5 Taxes Other Than Income	6,313	(2,876)	3,437	(1,863)	1,574	1,270	2,843
6 Income Taxes	<u>(10,263)</u>	<u>12,579</u>	<u>2,316</u>	<u>(11,134)</u>	<u>(8,818)</u>	<u>10,139</u>	<u>1,321</u>
7 Total Operating Expense	<u>\$33,671</u>	<u>\$12,975</u>	<u>\$46,646</u>	<u>(\$15,541)</u>	<u>\$31,105</u>	<u>\$11,409</u>	<u>\$42,515</u>
8 Operating Income	<u>(\$16,341)</u>	<u>\$21,163</u>	<u>\$4,822</u>	<u>(\$18,722)</u>	<u>(\$13,900)</u>	<u>\$16,806</u>	<u>\$2,905</u>
9 Rate Base	<u>\$11,020</u>		<u>\$58,514</u>		<u>\$38,562</u>		<u>\$38,562</u>
10 Rate of Return	<u>-148.28%</u>		<u>8.24%</u>		<u>-36.05%</u>		<u>7.53%</u>

Jungle Den Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$46,179</u>	<u>\$78,153</u>	<u>\$124,332</u>	<u>(\$85,982)</u>	<u>\$38,350</u>	<u>\$80,031</u> 208.68%	<u>\$118,381</u>
Operating Expenses							
2 Operation & Maintenance	\$51,035	\$7,501	\$58,536	(\$3,184)	\$55,352	\$0	\$55,352
3 Depreciation	9,409	4,775	14,184	(7,412)	6,772	0	6,772
4 Amortization	0	649	649	8,299	8,948	0	8,948
5 Taxes Other Than Income	1,798	10,815	12,613	(3,942)	8,671	3,601	12,273
6 Income Taxes	<u>(6,196)</u>	<u>18,670</u>	<u>12,474</u>	<u>(30,281)</u>	<u>(17,807)</u>	<u>28,760</u>	<u>10,953</u>
7 Total Operating Expense	<u>\$56,046</u>	<u>\$42,410</u>	<u>\$98,456</u>	<u>(\$36,520)</u>	<u>\$61,936</u>	<u>\$32,362</u>	<u>\$94,298</u>
8 Operating Income	<u>(\$9,867)</u>	<u>\$35,743</u>	<u>\$25,876</u>	<u>(\$49,462)</u>	<u>(\$23,586)</u>	<u>\$47,669</u>	<u>\$24,083</u>
9 Rate Base	<u>\$290,181</u>		<u>\$320,068</u>		<u>\$319,665</u>		<u>\$319,665</u>
10 Rate of Return	<u>-3.40%</u>		<u>8.08%</u>		<u>-7.38%</u>		<u>7.53%</u>

Jungle Den Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.		(\$34,312)	(\$85,982)
2 To reflect appropriate annualized revenue adjustment. (Issue 30)		0	0
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)		49	0
Total		<u>(\$34,263)</u>	<u>(\$85,982)</u>
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.		(\$39)	(\$47)
2 Remove miscellaneous non-utility expenses. (Issue 34)		0	0
3 Stipulated Issue 37.		(69)	(83)
4 To remove image enhancing advertising expense. (Issue 38)		(3)	(4)
5 To remove lobbying and acquisition expenses. (Issue 39)		(158)	(190)
6 To remove executive risk insurance expense. (Issue 40)		(39)	(47)
7 To remove below-the-line expenses. (Issue 48)		(268)	(323)
8 To reflect the appropriate bad debt expense. (Issue 50)		(335)	(1,192)
9 To reflect the appropriate rate case expense. (Issue 52)		244	313
10 To reflect appropriate normalization adjustments. (Issue 53)		(267)	(322)
11 To reflect the appropriate pro forma expenses. (Issue 54)		<u>(1,076)</u>	<u>(1,290)</u>
Total		<u>(\$2,010)</u>	<u>(\$3,184)</u>
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)		(\$50)	\$0
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)		(192)	(232)
3 To reflect the appropriate test year depreciation expense. (Issue 55)		(\$53)	(\$63)
4 Stipulated Issue 56.		<u>(480)</u>	<u>(7,349)</u>
Total		<u>(\$533)</u>	<u>(\$7,412)</u>
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)		<u>\$0</u>	<u>\$8,299</u>
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.		(\$1,542)	(\$3,869)
2 To remove below-the-line payroll taxes. (Issue 48)		(21)	(25)
3 To reflect appropriate normalization adjustments. (Issue 53)		(0)	(0)
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)		(27)	(33)
5 To reflect the appropriate pro-forma property taxes. (Issue 57)		<u>(273)</u>	<u>(15)</u>
Total		<u>(\$1,863)</u>	<u>(\$3,942)</u>
<u>Income Taxes</u>			
To adjust to test year income tax expense.		<u>(\$11,134)</u>	<u>(\$30,281)</u>

Jungle Den Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$6.51	\$8.43	\$21.92	\$15.52	\$0.00	\$0.65
3/4"	\$9.77	\$12.65	\$32.89	\$23.29	\$0.00	\$0.97
1"	\$16.31	\$21.11	\$54.81	\$38.81	\$0.00	\$1.62
1-1/2"	\$32.59	\$42.19	\$109.62	\$77.62	\$0.00	\$3.24
2"	\$52.16	\$67.52	\$175.39	\$124.19	\$0.00	\$5.19
3"	\$104.29	\$135.01	\$350.79	\$248.38	\$0.00	\$10.38
4"	\$162.97	\$210.97	\$548.10	\$388.10	\$0.00	\$16.22
6"	\$325.97	\$421.98	\$1,096.21	\$776.20	\$0.00	\$32.45
8"	\$521.52	\$675.12	\$1,753.93	\$1,241.92	\$0.00	\$51.92
10"	\$749.69	\$970.49	\$2,521.28	\$1,785.26	\$0.00	\$74.63
Gallonge Charge, per 1,000 Gallons						
Residential Service						
Block 1, (0 - 5,000)	\$5.02	\$6.50	\$3.80	\$6.59	\$0.00	\$0.28
Block 2, (5,000 - 10,000)	\$5.02	\$6.50	\$4.76	\$8.24	\$0.00	\$0.34
Block 3, (Over 10,000)	\$5.02	\$6.50	\$4.76	\$19.78	\$0.00	\$0.83
General Service and Multi-Family	\$5.02	\$6.50	\$4.76	\$7.68	\$0.00	\$0.32
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$4.35	\$5.63	\$14.62	\$10.35	\$0.00	\$0.43
3"	\$8.69	\$11.25	\$29.23	\$20.70	\$0.00	\$0.87
4"	\$13.58	\$17.58	\$45.68	\$32.34	\$0.00	\$1.35
6"	\$27.17	\$35.17	\$91.35	\$64.68	\$0.00	\$2.70
8"	\$43.45	\$56.25	\$146.16	\$103.49	\$0.00	\$4.33
10"	\$62.49	\$80.89	\$210.11	\$148.77	\$0.00	\$6.22
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$21.57	\$27.93	\$33.32	\$35.29		
5,000 Gallons	\$31.61	\$40.93	\$40.92	\$48.47		
10,000 Gallons	\$56.71	\$73.43	\$59.92	\$89.67		



Jungle Den Wastewater Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-B Docket No. 080121-WS	
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential</u></b>						
Base Facility Charge:						
All Meter Sizes	\$12.35	\$18.24	\$45.26	\$29.03	\$0.00	\$0.56
Gallage Charge - Per 1,000 gallons (6,000 gallon cap)	\$9.57	\$14.13	\$8.73	\$8.87	\$0.00	\$0.17
<b>Residential Flat Rate</b>	\$30.85	\$45.56	\$112.65	\$39.22		\$0.76
<b>General Service Flat Rate</b>	\$30.85	\$45.56	\$701.21	\$244.11		\$4.71
<b><u>General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$12.35	\$18.24	\$45.26	\$29.03	\$0.00	\$0.56
3/4"	\$18.51	\$27.34	\$67.89	\$43.55	\$0.00	\$0.84
1"	\$30.83	\$45.53	\$113.14	\$72.58	\$0.00	\$1.40
1-1/2"	\$61.67	\$91.08	\$226.29	\$145.17	\$0.00	\$2.80
2"	\$98.68	\$145.74	\$362.06	\$232.27	\$0.00	\$4.48
3"	\$197.36	\$291.48	\$724.12	\$464.54	\$0.00	\$8.97
4"	\$308.35	\$455.41	\$1,131.44	\$725.84	\$0.00	\$14.01
6"	\$616.74	\$910.87	\$2,262.89	\$1,451.68	\$0.00	\$28.02
8"	\$986.79	\$1,457.40	\$3,620.62	\$2,322.70	\$0.00	\$44.84
10"	\$1,418.50	\$2,095.00	\$5,204.65	\$3,338.87	\$0.00	\$64.45
Gallage Charge, per 1,000 Gallons	\$11.49	\$16.97	\$10.48	\$10.64	\$0.00	\$0.21
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$41.06	\$60.63	\$71.45	\$55.64		
5,000 Gallons	\$60.20	\$88.89	\$88.91	\$73.38		
6,000 Gallons	\$69.77	\$103.02	\$97.64	\$82.25		
(Wastewater Gallage Cap - 6,000 Gallons)						

AUF/Kingswood Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$7,220	\$4,586	\$11,806	(\$392)	\$11,414
2 Land and Land Rights	1,058	0	1,058	0	1,058
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(4,326)	(487)	(4,813)	(97)	(4,910)
5 CIAC	(187)	0	(187)	0	(187)
6 Amortization of CIAC	29	(6)	23	0	23
7 Working Capital Allowance	<u>0</u>	<u>9,449</u>	<u>9,449</u>	<u>(2,099)</u>	<u>7,350</u>
8 <b>Rate Base</b>	<u>\$3,794</u>	<u>\$13,542</u>	<u>\$17,336</u>	<u>(\$2,588)</u>	<u>\$14,748</u>

AUF/Kingswood Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u> To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	<u>(\$392)</u>	<u>N/A</u>	
<u>Accumulated Depreciation</u> To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	<u>(\$97)</u>	<u>N/A</u>	
<u>Working Capital</u> To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$2,099)</u>	<u>N/A</u>	

AUF/Kingswood Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$15,650</u>	<u>\$25,118</u>	<u>\$40,768</u>	<u>(\$25,176)</u>	<u>\$15,592</u>	<u>\$23,973</u> 153.75%	<u>\$39,565</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$41,179</u>	<u>(\$6,607)</u>	<u>\$34,572</u>	<u>(\$605)</u>	<u>\$33,967</u>		<u>\$33,967</u>
3 Depreciation	<u>273</u>	<u>656</u>	<u>929</u>	<u>(21)</u>	<u>908</u>		<u>908</u>
4 Amortization	<u>0</u>	<u>343</u>	<u>343</u>	<u>0</u>	<u>343</u>		<u>343</u>
5 Taxes Other Than Income	<u>611</u>	<u>2,207</u>	<u>2,818</u>	<u>(1,167)</u>	<u>1,651</u>	<u>1,079</u>	<u>2,730</u>
6 Income Taxes	<u>(10,189)</u>	<u>10,867</u>	<u>678</u>	<u>(8,788)</u>	<u>(8,110)</u>	<u>8,615</u>	<u>505</u>
7 Total Operating Expense	<u>\$31,874</u>	<u>\$7,466</u>	<u>\$39,340</u>	<u>(\$10,580)</u>	<u>\$28,760</u>	<u>\$9,694</u>	<u>\$38,454</u>
8 Operating Income	<u>(\$16,224)</u>	<u>\$17,652</u>	<u>\$1,428</u>	<u>(\$14,596)</u>	<u>(\$13,168)</u>	<u>\$14,279</u>	<u>\$1,111</u>
9 Rate Base	<u>\$3,794</u>		<u>\$17,336</u>		<u>\$14,748</u>		<u>\$14,748</u>
10 Rate of Return	<u>-427.62%</u>		<u>8.24%</u>		<u>-89.29%</u>		<u>7.53%</u>

AUF/Kingswood Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$25,232)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	56	N/A	
Total	<u>(\$25,176)</u>	N/A	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$20)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 37.	(35)	N/A	
4 To remove image enhancing advertising expense. (Issue 38)	(2)	N/A	
5 To remove lobbying and acquisition expenses. (Issue 39)	(80)	N/A	
6 To remove executive risk insurance expense. (Issue 40)	(20)	N/A	
7 To remove below-the-line expenses. (Issue 48)	(135)	N/A	
8 To reflect the appropriate bad debt expense. (Issue 50)	341	N/A	
9 To reflect the appropriate rate case expense. (Issue 52)	42	N/A	
10 To reflect appropriate normalization adjustments. (Issue 53)	(135)	N/A	
11 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(562)</u>	N/A	
Total	<u>(\$605)</u>	N/A	
<u>Depreciation Expenses</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$17	N/A	
2 To reflect non-used and useful depreciation expense. (Issue 7)	(8)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(29)</u>	N/A	
Total	<u>(\$21)</u>	N/A	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,133)	N/A	
2 To disallow image enhancing advertising. (Issue 38)	(2)	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(10)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(14)	N/A	
6 To reflect appropriate pro forma property taxes. (Issue 57)	<u>(8)</u>	N/A	
Total	<u>(\$1,167)</u>	N/A	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$8,788)</u>	N/A	

AUF/Kingswood Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge All Meter Sizes:						
5/8" x 3/4"	\$10.63	\$14.24	\$21.92	\$15.52	\$0.00	\$0.38
3/4"	\$15.94	\$21.36	\$32.89	\$23.29	\$0.00	\$0.56
1"	\$26.60	\$35.64	\$54.81	\$38.81	\$0.00	\$0.94
1-1/2"	\$53.17	\$71.24	\$109.62	\$77.62	\$0.00	\$1.88
2"	\$85.08	\$113.99	\$175.39	\$124.19	\$0.00	\$3.01
3"	\$170.15	\$227.97	\$350.79	\$248.38	\$0.00	\$6.01
4"	\$265.87	\$356.21	\$548.10	\$388.10	\$0.00	\$9.39
6"	\$531.75	\$712.44	\$1,096.21	\$776.20	\$0.00	\$18.79
8"	\$850.79	\$1,139.88	\$1,753.93	\$1,241.92	\$0.00	\$30.06
10"	\$1,223.02	\$1,638.60	\$2,521.28	\$1,785.26	\$0.00	\$43.22
Gallage Charge, per 1,000 Gallons						
Residential Service						
Block 1, 0-5,000	\$2.95	\$3.95	\$3.80	\$6.59	\$0.00	\$0.16
Block 2, 5,001-10,000	\$2.95	\$3.95	\$4.76	\$8.24	\$0.00	\$0.20
Block 3, over 10,000	\$2.95	\$3.95	\$4.76	\$19.78	\$0.00	\$0.48
General Service and Multi-Family	\$2.95	\$3.95	\$3.80	\$7.68	\$0.00	\$0.19
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$7.09	\$9.50	\$14.62	\$10.35	\$0.00	\$0.25
3"	\$14.18	\$19.00	\$29.23	\$20.70	\$0.00	\$0.50
4"	\$22.16	\$29.69	\$45.68	\$32.34	\$0.00	\$0.78
6"	\$44.30	\$59.35	\$91.35	\$64.68	\$0.00	\$1.57
8"	\$70.90	\$94.99	\$146.16	\$103.49	\$0.00	\$2.51
10"	\$101.92	\$136.55	\$210.11	\$148.77	\$0.00	\$3.60
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$19.48	\$26.09	\$33.32	\$35.29		
5,000 Gallons	\$25.38	\$33.99	\$40.92	\$48.47		
10,000 Gallons	\$40.13	\$53.74	\$64.72	\$89.67		

AUF/Lake Gibson Estates Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$675,121	\$185,480	\$860,601	(\$172,571)	\$688,030
2 Land and Land Rights	27,521	0	27,521	0	27,521
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(223,141)	35,471	(187,670)	1,518	(186,152)
5 CIAC	(231,793)	0	(231,793)	0	(231,793)
6 Amortization of CIAC	88,947	(2,960)	85,987	0	85,987
7 Working Capital Allowance	<u>0</u>	<u>86,074</u>	<u>86,074</u>	<u>(24,140)</u>	<u>61,934</u>
8 <b>Rate Base</b>	<u>\$336,655</u>	<u>\$304,065</u>	<u>\$640,720</u>	<u>(\$195,192)</u>	<u>\$445,528</u>

AUF/Lake Gibson Estates Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$2,538,811	\$22,854	\$2,561,665	(\$1,690)	\$2,559,975
2 Land and Land Rights	13,256	0	13,256	0	13,256
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(552,526)	(3,668)	(556,194)	(525)	(556,719)
5 CIAC	(254,753)	0	(254,753)	0	(254,753)
6 Amortization of CIAC	85,580	(2,594)	82,986	0	82,986
7 Working Capital Allowance	<u>0</u>	<u>32,571</u>	<u>32,571</u>	<u>(8,529)</u>	<u>24,042</u>
8 <b>Rate Base</b>	<b><u>\$1,830,368</u></b>	<b><u>\$49,163</u></b>	<b><u>\$1,879,531</u></b>	<b><u>(\$10,744)</u></b>	<b><u>\$1,868,787</u></b>



AUF/Lake Gibson Estates Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)		(\$4,685)	(\$1,690)
2 To reflect the appropriate amount of pro forma meters. (Issue 4)		(167,886)	0
Total		<u>(\$172,571)</u>	<u>(\$1,690)</u>
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)		(\$1,351)	(\$525)
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)		2,869	0
Total		<u>\$1,518</u>	<u>(\$525)</u>
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)		<u>(\$24,140)</u>	<u>(\$8,529)</u>

AUF/Lake Gibson Estates Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$141,451</u>	<u>\$232,401</u>	<u>\$373,852</u>	<u>(\$232,047)</u>	<u>\$141,805</u>	<u>\$182,552</u> 128.73%	<u>\$324,357</u>
Operating Expenses							
2 Operation & Maintenance	\$170,966	\$56,496	\$227,462	(\$13,099)	\$214,363		\$214,363
3 Depreciation	15,475	17,522	32,997	(2,950)	30,047		30,047
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	55,745	(19,271)	36,474	(13,573)	22,901	8,215	31,116
6 Income Taxes	<u>(38,859)</u>	<u>63,693</u>	<u>24,834</u>	<u>(75,171)</u>	<u>(50,337)</u>	<u>65,603</u>	<u>15,266</u>
7 Total Operating Expense	<u>\$203,327</u>	<u>\$118,440</u>	<u>\$321,767</u>	<u>(\$104,793)</u>	<u>\$216,974</u>	<u>\$73,818</u>	<u>\$290,792</u>
8 Operating Income	<u>(\$61,876)</u>	<u>\$113,961</u>	<u>\$52,085</u>	<u>(\$127,254)</u>	<u>(\$75,169)</u>	<u>\$108,734</u>	<u>\$33,565</u>
9 Rate Base	<u>\$336,655</u>		<u>\$640,720</u>		<u>\$445,528</u>		<u>\$445,528</u>
10 Rate of Return	<u>-18.38%</u>		<u>8.13%</u>		<u>-16.87%</u>		<u>7.53%</u>

AUF/Lake Gibson Estates Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$98,681</u>	<u>\$574,784</u>	<u>\$673,465</u>	<u>(\$576,413)</u>	<u>\$97,052</u>	<u>\$542,992</u> 559.49%	<u>\$640,044</u>
Operating Expenses							
2 Operation & Maintenance	\$184,843	\$80,800	\$265,643	(\$11,305)	\$254,338		\$254,338
3 Depreciation	98,420	11,638	110,058	(17)	110,041		110,041
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	3,783	68,731	72,514	(26,109)	46,405	24,435	70,840
6 Income Taxes	<u>(72,662)</u>	<u>145,907</u>	<u>73,245</u>	<u>(204,344)</u>	<u>(131,099)</u>	<u>195,133</u>	<u>64,034</u>
7 Total Operating Expense	<u>\$214,384</u>	<u>\$307,076</u>	<u>\$521,460</u>	<u>(\$241,775)</u>	<u>\$279,685</u>	<u>\$219,568</u>	<u>\$499,252</u>
8 Operating Income	<u>(\$115,703)</u>	<u>\$267,708</u>	<u>\$152,005</u>	<u>(\$334,638)</u>	<u>(\$182,633)</u>	<u>\$323,424</u>	<u>\$140,792</u>
9 Rate Base	<u>\$1,830,368</u>		<u>\$1,879,531</u>		<u>\$1,868,787</u>		<u>\$1,868,787</u>
10 Rate of Return	<u>-6.32%</u>		<u>8.09%</u>		<u>-9.77%</u>		<u>7.53%</u>

AUF/Lake Gibson Estates Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$233,050)	(\$576,413)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	1,003	0	
Total	<u>(\$232,047)</u>	<u>(\$576,413)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$583)	\$0	
2 Stipulated Issue 33.	(275)	(107)	
3 To reflect the appropriate pro forma expenses. (Issue 34)	0	0	
4 Stipulated Issue 35.	(227)	(945)	
5 Stipulated Issue 37.	(484)	(188)	
6 To remove image enhancing advertising expense. (Issue 38)	(24)	(9)	
7 To remove lobbying and acquisition expenses. (Issue 39)	(1,110)	(431)	
8 To remove executive risk insurance expense. (Issue 40)	(278)	(108)	
9 To remove below-the-line expenses. (Issue 48)	(1,888)	(733)	
10 To reflect the appropriate bad debt expense. (Issue 50)	(971)	(8,438)	
11 To reflect the appropriate rate case expense. (Issue 52)	1,270	605	
12 To reflect appropriate normalization adjustments. (Issue 53)	(846)	(329)	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(7,684)</u>	<u>(623)</u>	
Total	<u>(\$13,099)</u>	<u>(\$11,305)</u>	
<u>Depreciation Expense</u>			
1 To reflect app. Dep. Expense for proforma Corporate IT. (Issue 4)	\$308	\$130	
2 To reflect app. Dep. Expense for proforma meters. (Issue 4)	(2,869)	0	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(388)</u>	<u>(147)</u>	
Total	<u>(\$2,950)</u>	<u>(\$17)</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$10,442)	(\$25,939)	
2 To remove below-the-line payroll taxes. (Issue 48)	(144)	(56)	
3 To reflect appropriate normalization adjustments. (Issue 53)	(2)	(1)	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(193)	(75)	
5 To reflect the appropriate property taxes. (Issue 57)	<u>(2,792)</u>	<u>(39)</u>	
Total	<u>(\$13,573)</u>	<u>(\$26,109)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$75,171)</u>	<u>(\$204,344)</u>	

AUF/Lake Gibson Estates Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final Rates	Commission Approved Final Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge:						
5/8" x 3/4"	\$7.05	\$9.45	\$21.92	\$15.92	\$0.46	\$0.25
3/4"	\$7.05	\$9.45	\$32.89	\$23.88	\$0.69	\$0.38
1"	\$7.05	\$9.45	\$54.81	\$39.80	\$1.15	\$0.64
1-1/2"	\$7.05	\$9.45	\$109.62	\$79.61	\$2.30	\$1.27
2"	\$7.05	\$9.45	\$175.39	\$127.37	\$3.68	\$2.04
3"	\$7.05	\$9.45	\$350.79	\$254.75	\$7.35	\$4.08
4"	\$7.05	\$9.45	\$548.10	\$398.04	\$11.49	\$6.37
6"	\$7.05	\$9.45	\$1,096.21	\$796.08	\$22.98	\$12.74
8"	\$7.05	\$9.45	\$1,753.93	\$1,273.73	\$36.77	\$20.39
10"	\$7.05	\$9.45	\$2,521.28	\$1,830.99	\$52.86	\$29.31
Gallage Charge, per 1,000 Gallons						
Residential Service						
0-5 kgal	\$1.02	\$1.37	\$3.80	\$3.73	\$0.14	\$0.06
5 -10 kgal	\$1.02	\$1.37	\$4.76	\$4.66	\$0.18	\$0.07
Over 10 kgal	\$1.02	\$1.37	\$4.76	\$11.20	\$0.43	\$0.18
General Service and Multi-Family	\$1.02	\$1.37	\$3.80	\$5.21	\$0.18	\$0.08
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$10.61	\$0.31	\$0.17
3"	-	-	\$29.23	\$21.23	\$0.61	\$0.34
4"	-	-	\$45.68	\$33.17	\$0.96	\$0.53
6"	-	-	\$91.35	\$66.34	\$1.92	\$1.06
8"	-	-	\$146.16	\$106.14	\$3.06	\$1.70
10"	-	-	\$210.11	\$152.58	\$4.41	\$2.44
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$10.11	\$13.55	\$33.32	\$27.11		
5,000 Gallons	\$12.15	\$16.28	\$40.92	\$34.57		
10,000 Gallons	\$17.25	\$23.11	\$64.72	\$57.87		

AUF/Lake Gibson Estates Wastewater Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-B Docket No. 080121-WS		
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final Rates	Commission Approved Final Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential</u></b>						
Base Facility Charge:						
All Meter Sizes	\$26.81	\$51.58	\$45.26	\$29.03	\$0.00	\$0.24
Gallage Charge - Per 1,000 gallons (6,000 gal. cap for final)	-	-	\$8.73	\$8.87	\$0.00	\$0.07
<b>Residential Flat Rate</b>	\$26.81	\$51.58	\$112.65	\$82.25	\$0.00	\$0.67
<b><u>General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$26.81	\$51.58	\$45.26	\$29.03	\$0.00	\$0.24
3/4"	\$26.81	\$51.58	\$67.89	\$43.55	\$0.00	\$0.35
1"	\$26.81	\$51.58	\$113.14	\$72.58	\$0.00	\$0.59
1-1/2"	\$26.81	\$51.58	\$226.29	\$145.17	\$0.00	\$1.18
2"	\$26.81	\$51.58	\$362.06	\$232.27	\$0.00	\$1.88
3"	\$26.81	\$51.58	\$724.12	\$464.54	\$0.00	\$3.77
4"	\$26.81	\$51.58	\$1,131.44	\$725.84	\$0.00	\$5.89
6"	\$26.81	\$51.58	\$2,262.89	\$1,451.68	\$0.00	\$11.78
8"	\$26.81	\$51.58	\$3,620.62	\$2,322.70	\$0.00	\$18.84
10"	\$26.81	\$51.58	\$5,204.65	\$3,338.87	\$0.00	\$27.08
Gallage Charge, per 1,000 Gallons	-	-	\$10.48	\$10.64	\$0.00	\$0.09
<b>General Service Flat Rate</b>	-	-	\$701.21	\$511.98	\$0.00	\$4.15
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$26.81	\$51.58	\$71.45	\$55.64		
5,000 Gallons	\$26.81	\$51.58	\$88.91	\$73.38		
10,000 Gallons (6,000 gallon cap for final)	\$26.81	\$51.58	\$97.64	\$82.25		

AUF/Lake Josephine Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$553,863	\$590,977	\$1,144,840	\$369,629	\$1,514,469
2 Land and Land Rights	24,623	(4,523)	20,100	0	20,100
3 Non-used and Useful Components	0	0	0	(112,500)	(112,500)
4 Accumulated Depreciation	(151,046)	39,513	(111,533)	(71,141)	(182,674)
5 CIAC	(235,119)	(101,658)	(336,777)	(1,801)	(338,578)
6 Amortization of CIAC	110,758	4,631	115,389	0	115,389
7 Working Capital Allowance	<u>0</u>	<u>60,536</u>	<u>60,536</u>	<u>(16,253)</u>	<u>44,283</u>
8 Rate Base	<u>\$303,079</u>	<u>\$589,476</u>	<u>\$892,555</u>	<u>\$167,934</u>	<u>\$1,060,489</u>

AUF/Lake Josephine Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate historical plant balance. (Issue 2)	\$203	N/A	
2 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(3,122)	N/A	
3 To reflect the appropriate pro forma water treatment plant. (Issue 4)	<u>372,548</u>	N/A	
Total	<u>\$369,629</u>	N/A	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issues 7 and 10)	<u>(\$112,500)</u>	N/A	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(928)	N/A	
2 To reflect app. Acc. Dep. For pro forma water treat. Plant. (Issue 4)	(70,213)	N/A	
3 To reflect the appropriate historical A/D balance. (Issue 14)	<u>17,395</u>	N/A	
Total	<u>(\$71,141)</u>	N/A	
<u>CIAC</u>			
To reflect the appropriate historical CIAC balance. (Issue 2)	<u>(\$1,801)</u>	N/A	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$16,253)</u>	N/A	



AUF/Lake Josephine Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$126,838</u>	<u>\$191,710</u>	<u>\$318,548</u>	<u>(\$192,633)</u>	<u>\$125,915</u>	<u>\$192,633</u> 152.99%	<u>\$318,548</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$115,304</u>	<u>\$27,834</u>	<u>\$143,138</u>	<u>(\$11,954)</u>	<u>\$131,184</u>		<u>\$131,184</u>
3 Depreciation	<u>6,977</u>	<u>24,214</u>	<u>31,191</u>	<u>13,022</u>	<u>44,213</u>		<u>44,213</u>
4 Amortization	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
5 Taxes Other Than Income	<u>12,675</u>	<u>23,003</u>	<u>35,678</u>	<u>(6,913)</u>	<u>28,765</u>	<u>8,668</u>	<u>37,434</u>
6 Income Taxes	<u>(3,132)</u>	<u>38,362</u>	<u>35,230</u>	<u>(72,075)</u>	<u>(36,845)</u>	<u>69,226</u>	<u>32,381</u>
7 Total Operating Expense	<u>\$131,824</u>	<u>\$113,413</u>	<u>\$245,237</u>	<u>(\$77,920)</u>	<u>\$167,317</u>	<u>\$77,894</u>	<u>\$245,211</u>
8 Operating Income	<u>(\$4,986)</u>	<u>\$78,297</u>	<u>\$73,311</u>	<u>(\$114,713)</u>	<u>(\$41,402)</u>	<u>\$114,739</u>	<u>\$73,337</u>
9 Rate Base	<u>\$303,079</u>		<u>\$892,555</u>		<u>\$1,060,489</u>		<u>\$1,060,489</u>
10 Rate of Return	<u>-1.65%</u>		<u>8.21%</u>		<u>-3.90%</u>		<u>6.92%</u>

AUF/Lake Josephine Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$192,913)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	280	N/A	
Total	<u>(\$192,633)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$189)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 37.	(333)	N/A	
4 To remove image enhancing advertising expense. (Issue 38)	(16)	N/A	
5 To remove lobbying and acquisition expense. (Issue 39)	(763)	N/A	
6 To remove executive risk insurance expenses. (Issue 40)	(191)	N/A	
7 To remove below-the-line expenses. (Issue 48)	(1,297)	N/A	
8 To reflect the appropriate bad debt expense. (Issue 50)	(3,569)	N/A	
9 To reflect the appropriate rate case expense. (Issue 52)	958	N/A	
10 To reflect appropriate normalization adjustments. (Issue 53)	(1,294)	N/A	
11 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(5,260)</u>	<u>N/A</u>	
Total	<u>(\$11,954)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$219	N/A	
2 To reflect the app. Dep. Exp. for pro forma water treat. plant (Issue 4)	16,665	N/A	
3 To reflect non-used and useful depreciation expense. (Issues 7 and 10)	(3,599)	N/A	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(263)</u>	<u>N/A</u>	
Total	<u>\$13,022</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$8,668)	N/A	
2 To remove Non-U&U property taxes. (Issues 7 and 10)	(1,881)	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(99)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(1)	N/A	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(133)	N/A	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>3,870</u>	<u>N/A</u>	
Total	<u>(\$6,913)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$72,075)</u>	<u>N/A</u>	

AUF/Lake Josephine Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential &amp; General Service</u></b>						
Base Facility Charge All Meter Sizes:						
5/8" x 3/4"	\$9.11	\$14.86	\$21.92	\$15.52	\$0.00	\$0.45
3/4"	\$13.68	\$22.32	\$32.89	\$23.29	\$0.00	\$0.67
1"	\$22.76	\$37.14	\$54.81	\$38.81	\$0.00	\$1.12
1-1/2"	\$45.55	\$74.32	\$109.62	\$77.62	\$0.00	\$2.24
2"	\$72.89	\$118.93	\$175.39	\$124.19	\$0.00	\$3.58
3"	\$145.78	\$237.86	\$350.79	\$248.38	\$0.00	\$7.17
4"	\$227.76	\$371.62	\$548.10	\$388.10	\$0.00	\$11.20
6"	\$455.53	\$743.26	\$1,096.21	\$776.20	\$0.00	\$22.40
8"	-	-	\$1,753.93	\$1,241.92	\$0.00	\$35.83
10"	-	-	\$2,521.28	\$1,785.26	\$0.00	\$51.51
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1 (0 -5,000)	\$1.74	\$2.84	\$3.80	\$6.59	\$0.00	\$0.19
Block 2 (5,000 - 10,000)	\$1.74	\$2.84	\$4.76	\$8.24	\$0.00	\$0.24
Block 3 (> 10,000)	\$1.74	\$2.84	\$4.76	\$19.78	\$0.00	\$0.57
General Service	\$1.74	\$2.84	\$3.80	\$7.68	\$0.00	\$0.22
<b><u>Multi-Family</u></b>						
Base Facility Charge All Meter Sizes:						
5/8" x 3/4"	-	-	\$21.92	\$15.52	\$0.00	\$0.45
3/4"	-	-	\$32.89	\$23.29	\$0.00	\$0.67
1"	-	-	\$54.81	\$38.81	\$0.00	\$1.12
1-1/2"	-	-	\$109.62	\$77.62	\$0.00	\$2.24
2"	-	-	\$175.39	\$124.19	\$0.00	\$3.58
3"	-	-	\$350.79	\$248.38	\$0.00	\$7.17
4"	-	-	\$548.10	\$388.10	\$0.00	\$11.20
6"	-	-	\$1,096.21	\$776.20	\$0.00	\$22.40
8"	-	-	\$1,753.93	\$1,241.92	\$0.00	\$35.83
10"	-	-	\$2,521.28	\$1,785.26	\$0.00	\$51.51
Gallage Charge, per 1,000 Gallons	-	-	\$3.80	\$7.68	\$0.00	\$0.22
<b><u>Fire Protection</u></b>						
2"	-	-	\$14.62	\$10.35	\$0.00	\$0.30
3"	-	-	\$29.23	\$20.70	\$0.00	\$0.60
4"	-	-	\$45.68	\$32.34	\$0.00	\$0.93
6"	-	-	\$91.35	\$64.68	\$0.00	\$1.87
8"	-	-	\$146.16	\$103.49	\$0.00	\$2.99
10"	-	-	\$210.11	\$148.77	\$0.00	\$4.29
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$14.33	\$23.38	\$33.32	\$35.29		
5,000 Gallons	\$17.81	\$29.06	\$40.92	\$48.47		
10,000 Gallons	\$26.51	\$43.26	\$64.72	\$89.67		

AUF/Lake Osborne Estates Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$142,927	\$110,529	\$253,456	(\$81,186)	\$172,270
2 Land and Land Rights	0	0	0	0	0
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(133,775)	19,930	(113,845)	601	(113,244)
5 CIAC	(20,278)	0	(20,278)	0	(20,278)
6 Amortization of CIAC	17,553	(28)	17,525	0	17,525
7 Working Capital Allowance	<u>0</u>	<u>47,886</u>	<u>47,886</u>	<u>(6,838)</u>	<u>41,048</u>
8 <b>Rate Base</b>	<u>\$6,427</u>	<u>\$178,317</u>	<u>\$184,744</u>	<u>(\$87,423)</u>	<u>\$97,321</u>

AUF/Lake Osborne Estates Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 Reduce plant per stipulation of Audit Finding 4	(\$3,289)	N/A	
2 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(2,510)	N/A	
3 To reflect the appropriate amount of pro forma meters. (Issue 4)	(75,387)	N/A	
Total	<u>(\$81,186)</u>	<u>N/A</u>	
<u>Accumulated Depreciation</u>			
1 Reduce accum depr per stipulation of Audit Finding 4	\$941	N/A	
2 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(768)	N/A	
3 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	427	N/A	
Total	<u>\$601</u>	<u>N/A</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$6,838)</u>	<u>N/A</u>	

AUF/Lake Osborne Estates Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$111,680</u>	<u>\$217,476</u>	<u>\$329,156</u>	<u>(\$217,016)</u>	<u>\$112,140</u>	<u>\$191,247</u> 170.54%	<u>\$303,387</u>
Operating Expenses							
2 Operation & Maintenance	\$261,096	\$16,963	\$278,059	(\$10,735)	\$267,324		\$267,324
3 Depreciation	1,374	9,301	10,675	(541)	10,134		10,134
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	4,919	12,846	17,765	(11,109)	6,656	8,606	15,263
6 Income Taxes	<u>(60,064)</u>	<u>67,435</u>	<u>7,371</u>	<u>(72,764)</u>	<u>(65,393)</u>	<u>68,728</u>	<u>3,335</u>
7 Total Operating Expense	<u>\$207,325</u>	<u>\$106,545</u>	<u>\$313,870</u>	<u>(\$95,149)</u>	<u>\$218,721</u>	<u>\$77,334</u>	<u>\$296,055</u>
8 Operating Income	<u>(\$95,645)</u>	<u>\$110,931</u>	<u>\$15,286</u>	<u>(\$121,867)</u>	<u>(\$106,581)</u>	<u>\$113,913</u>	<u>\$7,332</u>
9 Rate Base	<u>\$6,427</u>		<u>\$184,744</u>		<u>\$97,321</u>		<u>\$97,321</u>
10 Rate of Return	<u>-1488.17%</u>		<u>8.27%</u>		<u>-109.51%</u>		<u>7.53%</u>

AUF/Lake Osborne Estates Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$217,226)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	210	N/A	
Total	<u>(\$217,016)</u>	<u>N/A</u>	
<u>Operation &amp; Maintenance Expenses</u>			
1 Stipulation Issue 5.	(\$188)	N/A	
2 Stipulated Issue 33.	(156)	N/A	
3 To reflect the appropriate pro forma expenses. (Issue 34)	0	N/A	
4 Stipulated Issue 35.	(484)	N/A	
5 Stipulated Issue 37.	(275)	N/A	
6 To remove image enhancing advertising expense. (Issue 38)	(13)	N/A	
7 To remove lobbying and acquisition expenses. (Issue 39)	(630)	N/A	
8 To remove executive risk insurance expense. (Issue 40)	(158)	N/A	
9 To remove below-the-line expenses. (Issue 48)	(1,072)	N/A	
10 To reflect the appropriate bad debt expense. (Issue 50)	(3,211)	N/A	
11 To reflect the appropriate rate case expense. (Issue 52)	854	N/A	
12 To reflect appropriate normalization adjustments. (Issue 53)	(1,070)	N/A	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(4,332)</u>	<u>N/A</u>	
Total	<u>(\$10,735)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 Reduce depreciation expense per stipulation of Audit Finding 4	(\$84)	N/A	
2 To reflect app. Dep. Expense for proforma Corporate IT. (Issue 4)	187	N/A	
3 To reflect app. Dep. Expense for proforma meters. (Issue 4)	(427)	N/A	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(216)</u>	<u>N/A</u>	
Total	<u>(\$541)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$9,766)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(82)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(1)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(110)	N/A	
5 To reflect the appropriate property taxes. (Issue 57)	<u>(1,150)</u>	<u>N/A</u>	
Total	<u>(\$11,109)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$72,764)</u>	<u>N/A</u>	

AUF/Lake Osborne Estates Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final Rates	Commission Approved Final Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$4.23	\$5.67	\$21.92	\$16.44	\$0.27	\$0.41
3/4"	\$6.33	\$8.48	\$32.89	\$24.66	\$0.40	\$0.62
1"	\$10.58	\$14.18	\$54.81	\$41.10	\$0.67	\$1.03
1-1/2"	\$21.14	\$28.32	\$109.62	\$82.20	\$1.35	\$2.06
2"	\$33.83	\$45.33	\$175.39	\$131.52	\$2.16	\$3.29
3"	\$67.66	\$90.65	\$350.79	\$263.03	\$4.31	\$6.58
4"	\$105.71	\$141.63	\$548.10	\$410.99	\$6.74	\$10.29
6"	\$211.42	\$283.26	\$1,096.21	\$821.97	\$13.48	\$20.58
8"	-	-	\$1,753.93	\$1,315.16	\$21.56	\$32.92
10"	-	-	\$2,521.28	\$1,890.54	\$31.00	\$47.33
Gallage Charge, per 1,000 Gallons						
Residential Service						
0 - 5 kgal	\$2.03	\$2.72	\$3.80	\$4.94	\$0.14	\$0.12
5 - 10 kgal	\$2.03	\$2.72	\$4.76	\$6.17	\$0.17	\$0.15
Over 10 kgal	\$2.03	\$2.72	\$4.76	\$14.81	\$0.41	\$0.37
General Service and Multi-Family	\$2.03	\$2.72	\$3.80	\$6.05	\$0.13	\$0.15
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$10.96	\$0.18	\$0.27
3"	-	-	\$29.23	\$21.92	\$0.36	\$0.55
4"	-	-	\$45.68	\$34.25	\$0.56	\$0.86
6"	-	-	\$91.35	\$68.50	\$1.12	\$1.71
8"	-	-	\$146.16	\$109.60	\$1.80	\$2.74
10"	-	-	\$210.11	\$157.55	\$2.58	\$3.94
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$10.32	\$13.83	\$33.32	\$31.26		
5,000 Gallons	\$14.38	\$19.27	\$40.92	\$41.14		
10,000 Gallons	\$24.53	\$32.87	\$64.72	\$71.99		



Lake Suzy Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$827,727	\$40,478	\$868,205	(\$315,025)	\$553,180
2 Land and Land Rights	1,150	0	1,150	0	1,150
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(229,596)	(2,800)	(232,396)	39,263	(193,133)
5 CIAC	(662,436)	0	(662,436)	81,256	(581,180)
6 Amortization of CIAC	284,125	5,849	289,974	(8,891)	281,083
7 Working Capital Allowance	<u>0</u>	<u>57,689</u>	<u>57,689</u>	<u>(15,362)</u>	<u>42,327</u>
8 <b>Rate Base</b>	<u>\$220,970</u>	<u>\$101,216</u>	<u>\$322,186</u>	<u>(\$218,760)</u>	<u>\$103,426</u>

Lake Suzy Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$1,949,789	\$19,343	\$1,969,132	(\$95,567)	\$1,873,565
2 Land and Land Rights	429,459	0	429,459	(229,259)	200,200
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(683,103)	3,534	(679,569)	250,395	(429,174)
5 CIAC	(1,495,554)	0	(1,495,554)	0	(1,495,554)
6 Amortization of CIAC	493,616	(1,487)	492,129	0	492,129
7 Working Capital Allowance	<u>0</u>	<u>28,356</u>	<u>28,356</u>	<u>(8,120)</u>	<u>20,236</u>
8 <b>Rate Base</b>	<u>\$694,207</u>	<u>\$49,746</u>	<u>\$743,953</u>	<u>(\$82,552)</u>	<u>\$661,401</u>

Lake Suzy Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate historical plant balance. (Issue 2)	(\$311,996)	(\$94,057)	
2 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(3,029)	(1,510)	
3 To reflect the appropriate amount of pro forma meters. (Issue 4)	0	0	
Total	<u>(\$315,025)</u>	<u>(\$95,567)</u>	
<u>Land</u>			
To reflect the appropriate land balance. (Issue 3)	\$0	<u>(\$229,259)</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate historical acc. depr. (Issue 2)	\$40,187	\$250,826	
2 To reflect the appropriate amt. acc. depr. of pro forma Corp. IT. (Issue 4)	(924)	(431)	
3 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	0	0	
Total	<u>\$39,263</u>	<u>\$250,395</u>	
<u>CIAC</u>			
To reflect the appropriate historical CIAC balance (Issue 2)	<u>\$81,256</u>	<u>\$0</u>	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	<u>(\$8,891)</u>	<u>\$0</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$15,362)</u>	<u>(\$8,120)</u>	

Lake Suzy Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$330,478</u>	<u>\$265,148</u>	<u>\$595,626</u>	<u>(\$267,183)</u>	<u>\$328,443</u>	<u>\$89,434</u> 27.23%	<u>\$417,877</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$341,678</u>	<u>\$173,815</u>	<u>\$515,493</u>	<u>(\$145,942)</u>	<u>\$369,551</u>	<u>\$0</u>	<u>\$369,551</u>
3 Depreciation	<u>3,914</u>	<u>(9,066)</u>	<u>(5,152)</u>	<u>(35)</u>	<u>(5,187)</u>	<u>0</u>	<u>(5,187)</u>
4 Amortization	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
5 Taxes Other Than Income	<u>34,549</u>	<u>15,933</u>	<u>50,482</u>	<u>(12,330)</u>	<u>38,152</u>	<u>4,025</u>	<u>42,176</u>
6 Income Taxes	<u>(19,157)</u>	<u>30,365</u>	<u>11,208</u>	<u>(39,804)</u>	<u>(28,596)</u>	<u>32,139</u>	<u>3,544</u>
7 Total Operating Expense	<u>\$360,984</u>	<u>\$211,047</u>	<u>\$572,031</u>	<u>(\$198,110)</u>	<u>\$373,921</u>	<u>\$36,164</u>	<u>\$410,085</u>
8 Operating Income	<u>(\$30,506)</u>	<u>\$54,101</u>	<u>\$23,595</u>	<u>(\$69,073)</u>	<u>(\$45,478)</u>	<u>\$53,270</u>	<u>\$7,792</u>
9 Rate Base	<u>\$220,970</u>		<u>\$322,186</u>		<u>\$103,426</u>		<u>\$103,426</u>
10 Rate of Return	<u>-13.81%</u>		<u>7.32%</u>		<u>-43.97%</u>		<u>7.53%</u>

Lake Suzy Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$374,084</u>	<u>(\$53,398)</u>	<u>\$320,686</u>	<u>\$50,215</u>	<u>\$370,901</u>	<u>(\$58,163)</u> -15.68%	<u>\$312,738</u>
Operating Expenses							
2 Operation & Maintenance	\$263,152	(\$80,562)	\$182,590	(\$12,303)	\$170,287	\$0	\$170,287
3 Depreciation	30,783	(4,437)	26,346	(28)	26,318	0	26,318
4 Amortization	0	0	0	11,349	11,349	0	11,349
5 Taxes Other Than Income	34,355	(1,561)	32,794	2,114	34,908	(2,617)	32,291
6 Income Taxes	<u>17,665</u>	<u>7,979</u>	<u>25,644</u>	<u>17,921</u>	<u>43,565</u>	<u>(20,902)</u>	<u>22,663</u>
7 Total Operating Expense	<u>\$345,955</u>	<u>(\$78,581)</u>	<u>\$267,374</u>	<u>\$19,054</u>	<u>\$286,428</u>	<u>(\$23,519)</u>	<u>\$262,909</u>
8 Operating Income	<u>\$28,129</u>	<u>\$25,183</u>	<u>\$53,312</u>	<u>\$31,161</u>	<u>\$84,473</u>	<u>(\$34,644)</u>	<u>\$49,829</u>
9 Rate Base	<u>\$694,207</u>		<u>\$743,953</u>		<u>\$661,401</u>		<u>\$661,401</u>
10 Rate of Return	<u>4.05%</u>		<u>7.17%</u>		<u>12.77%</u>		<u>7.53%</u>

Lake Suzy Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$267,547)	\$50,215	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	364	0	
Total	<u>(\$267,183)</u>	<u>\$50,215</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$36,553)	(\$1,219)	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
3 Stipulated Issue 35.	0	(513)	
4 Stipulated Issue 37.	(331)	(154)	
5 Stipulation of Audit Finding No. 15.	0	(2,695)	
5 To remove image enhancing advertising expense. (Issue 38)	(16)	(8)	
6 To remove lobbying and acquisition expenses. (Issue 39)	(759)	(354)	
7 To remove executive risk insurance expense. (Issue 40)	(190)	(89)	
8 To remove below-the-line expenses. (Issue 48)	(1,290)	(602)	
9 To reflect the appropriate bad debt expense. (Issue 50)	(6,878)	437	
10 To reflect the appropriate rate case expense. (Issue 52)	1,020	392	
11 To reflect appropriate normalization adjustments. (Issue 53)	(1,287)	(5,042)	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(99,658)</u>	<u>(2,455)</u>	
Total	<u>(\$145,942)</u>	<u>(\$12,303)</u>	
<u>Depreciation</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$225	\$96	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	0	0	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	(260)	(124)	
4 Stipulated Issue 56.	0	0	
Total	<u>(\$35)</u>	<u>(\$28)</u>	
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$0</u>	<u>\$11,349</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$12,023)	\$2,260	
2 To remove below-the-line payroll taxes. (Issue 48)	(99)	(46)	
3 To reflect appropriate normalization adjustments. (Issue 53)	(1)	(1)	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(132)	(62)	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(75)</u>	<u>(37)</u>	
Total	<u>(\$12,330)</u>	<u>\$2,114</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$39,804)</u>	<u>\$17,921</u>	

Lake Suzy Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$10.01	\$10.07	\$21.92	\$15.52	\$0.00	\$0.34
3/4"	\$15.04	\$15.13	\$32.89	\$23.29	\$0.00	\$0.51
1"	\$25.05	\$25.20	\$54.81	\$38.81	\$0.00	\$0.85
1-1/2"	\$50.12	\$50.42	\$109.62	\$77.62	\$0.00	\$1.70
2"	\$80.17	\$80.65	\$175.39	\$124.19	\$0.00	\$2.72
3"	\$160.35	\$161.31	\$350.79	\$248.38	\$0.00	\$5.43
4"	\$250.56	\$252.07	\$548.10	\$388.10	\$0.00	\$8.49
6"	\$501.12	\$504.13	\$1,096.21	\$776.20	\$0.00	\$16.98
8"	-	\$0.00	\$1,753.93	\$1,241.92	\$0.00	\$27.17
10"	-	\$0.00	\$2,521.28	\$1,785.26	\$0.00	\$39.05
Gallonge Charge, per 1,000 Gallons						
Block 1	\$6.42	\$7.97	\$6.42	\$6.59	\$0.00	\$0.14
Block 2	\$6.42	\$7.97	\$6.42	\$8.24	\$0.00	\$0.18
Block 3	\$6.42	\$7.97	\$6.42	\$19.78	\$0.00	\$0.43
<b><u>General Service</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$10.01	\$10.07	\$21.92	\$15.52	\$0.00	\$0.34
3/4"	\$15.04	\$15.13	\$32.89	\$23.29	\$0.00	\$0.51
1"	\$25.05	\$25.20	\$54.81	\$38.81	\$0.00	\$0.85
1-1/2"	\$50.12	\$50.42	\$109.62	\$77.62	\$0.00	\$1.70
2"	\$80.17	\$80.65	\$175.39	\$124.19	\$0.00	\$2.72
3"	\$160.35	\$161.31	\$350.79	\$248.38	\$0.00	\$5.43
4"	\$250.56	\$252.07	\$548.10	\$388.10	\$0.00	\$8.49
6"	\$501.12	\$504.13	\$1,096.21	\$776.20	\$0.00	\$16.98
8"	-	\$0.00	\$1,753.93	\$1,241.92	\$0.00	\$27.17
10"	-	\$0.00	\$2,521.28	\$1,785.26	\$0.00	\$39.05
Gallonge Charge, per 1,000 Gallons						
	\$6.42	\$7.97	\$3.80	\$7.68	\$0.00	\$0.17
<b><u>Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	-	-	\$21.92	\$15.52	\$0.00	\$0.34
3/4"	-	-	\$32.89	\$23.29	\$0.00	\$0.51
1"	-	-	\$54.81	\$38.81	\$0.00	\$0.85
1-1/2"	-	-	\$109.62	\$77.62	\$0.00	\$1.70
2"	-	-	\$175.39	\$124.19	\$0.00	\$2.72
3"	-	-	\$350.79	\$248.38	\$0.00	\$5.43
4"	-	-	\$548.10	\$388.10	\$0.00	\$8.49
6"	-	-	\$1,096.21	\$776.20	\$0.00	\$16.98
8"	-	-	\$1,753.93	\$1,241.92	\$0.00	\$27.17
10"	-	-	\$2,521.28	\$1,785.26	\$0.00	\$39.05
Gallonge Charge, per 1,000 Gallons						
	-	-	\$3.80	\$7.68	\$0.00	\$0.17
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$8.38	\$6.72	\$14.62	\$10.35	\$0.00	\$0.23
3"	\$16.74	\$13.44	\$29.23	\$20.70	\$0.00	\$0.45
4"	\$26.17	\$21.01	\$45.68	\$32.34	\$0.00	\$0.71
6"	\$52.35	\$42.01	\$91.35	\$64.68	\$0.00	\$1.41
8"	\$83.75	\$0.00	\$146.16	\$103.49	\$0.00	\$2.26
10"	\$120.39	\$0.00	\$210.11	\$148.77	\$0.00	\$3.25
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$29.27	\$33.98	\$33.32	\$35.29		
5,000 Gallons	\$42.11	\$49.92	\$40.92	\$48.47		
10,000 Gallons	\$74.21	\$89.77	\$64.72	\$89.67		

Lake Suzy Wastewater Monthly Service Rates Test Year Ended 12/31/07					Schedule No.5-B Docket No. 080121-WS	
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential</u></b>						
Base Facility Charge All Meter Sizes:						
All Meter Sizes	\$29.68	\$30.10	\$45.26	\$34.96	\$1.43	\$0.48
3/4"	\$29.68	\$30.10	\$45.26	\$34.96	\$1.43	\$0.48
1"	\$29.68	\$30.10	\$45.26	\$34.96	\$1.43	\$0.48
1-1/2"	\$29.68	\$30.10	\$45.26	\$34.96	\$1.43	\$0.48
2"	\$29.68	\$30.10	\$45.26	\$34.96	\$1.43	\$0.48
3"	\$29.68	\$30.10	\$45.26	\$34.96	\$1.43	\$0.48
4"	\$29.68	\$30.10	\$45.26	\$34.96	\$1.43	\$0.48
6"	\$29.68	\$30.10	\$45.26	\$34.96	\$1.43	\$0.48
8"	\$29.68	\$30.10	\$45.26	\$34.96	\$1.43	\$0.48
10"	\$29.68	\$30.10	\$45.26	\$34.96	\$1.43	\$0.48
Gallage Charge - Per 1,000 gallons (6,000 final gallon cap)	\$8.78	\$8.90	\$8.73	\$7.01	\$0.29	\$0.10
<b>Residential Flat Rate</b>	-	-	\$112.65	\$57.68	\$2.39	\$0.79
<b><u>General Service and Multi-Family</u></b>						
Base Facility Charge All Meter Sizes:						
5/8" x 3/4"	\$29.68	\$30.10	\$45.26	\$34.96	\$1.43	\$0.48
3/4"	\$44.51	\$45.14	\$67.89	\$52.44	\$2.14	\$0.72
1"	\$74.19	\$75.23	\$113.14	\$87.40	\$3.57	\$1.19
1-1/2"	\$148.36	\$150.45	\$226.29	\$174.80	\$7.15	\$2.39
2"	\$237.38	\$240.72	\$362.06	\$279.69	\$11.43	\$3.82
3"	\$474.74	\$481.41	\$724.12	\$559.37	\$22.87	\$7.63
4"	\$741.79	\$752.22	\$1,131.44	\$874.02	\$35.73	\$11.93
6"	\$1,483.59	\$1,504.45	\$2,262.89	\$1,748.04	\$71.47	\$23.85
8"	-	-	\$3,620.62	\$2,796.87	\$114.34	\$38.17
10"	-	-	\$5,204.64	\$4,020.50	\$164.37	\$54.87
Gallage Charge, per 1,000 Gallons	\$10.55	\$10.70	\$10.48	\$8.41	\$0.34	\$0.11
<b>General Service Flat Rate</b>	-	-	\$701.21	\$359.05	\$14.52	\$4.90
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$56.02	\$56.80	\$71.45	\$55.99		
5,000 Gallons	\$73.58	\$74.60	\$88.91	\$70.01		
6,000 Gallons	\$82.36	\$83.50	\$97.64	\$77.02		
(Wastewater Final Gallage Cap - 6,000 Gallons)						



AUF/Leisure Lakes Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$378,488	\$20,776	\$399,264	(\$1,704)	\$397,560
2 Land and Land Rights	550	0	550	0	550
3 Non-used and Useful Components	0	(10,040)	(10,040)	(149)	(10,189)
4 Accumulated Depreciation	(131,224)	(2,216)	(133,440)	(449)	(133,889)
5 CIAC	(132,402)	0	(132,402)	0	(132,402)
6 Amortization of CIAC	80,553	1,261	81,814	0	81,814
7 Working Capital Allowance	<u>0</u>	<u>41,030</u>	<u>41,030</u>	<u>(8,991)</u>	<u>32,039</u>
8 <b>Rate Base</b>	<u>\$195,965</u>	<u>\$50,811</u>	<u>\$246,776</u>	<u>(\$11,294)</u>	<u>\$235,482</u>

AUF/Leisure Lakes Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$349,034	\$20,203	\$369,237	(\$1,622)	\$367,615
2 Land and Land Rights	2,200	0	2,200	0	2,200
3 Non-used and Useful Components	0	(29,003)	(29,003)	(179,690)	(208,693)
4 Accumulated Depreciation	(227,933)	(2,217)	(230,150)	(443)	(230,593)
5 CIAC	(241,371)	0	(241,371)	0	(241,371)
6 Amortization of CIAC	194,539	1,551	196,090	0	196,090
7 Working Capital Allowance	<u>0</u>	<u>39,579</u>	<u>39,579</u>	<u>(8,486)</u>	<u>31,093</u>
8 <b>Rate Base</b>	<u>\$76,469</u>	<u>\$30,113</u>	<u>\$106,582</u>	<u>(\$190,241)</u>	<u>\$0</u>

AUF/Leisure Lakes Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 4-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)		<u>(\$1,704)</u>	<u>(\$1,622)</u>
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issues 9, 10, and 11)		<u>(\$149)</u>	<u>(\$179,690)</u>
<u>Accumulated Depreciation</u>			
To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)		<u>(\$449)</u>	<u>(\$443)</u>
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)		<u>(\$8,991)</u>	<u>(\$8,486)</u>

AUF/Leisure Lakes Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$56,931</u>	<u>\$65,646</u>	<u>\$122,577</u>	<u>(\$65,856)</u>	<u>\$56,721</u>	<u>\$54,808</u> 96.63%	<u>\$111,529</u>
Operating Expenses							
2 Operation & Maintenance	\$75,636	(\$5,173)	\$70,463	(\$6,257)	\$64,206		\$64,206
3 Depreciation	10,626	164	10,790	(189)	10,601		10,601
4 Amortization	0	1,344	1,344	0	1,344		1,344
5 Taxes Other Than Income	2,636	7,582	10,218	(3,116)	7,102	2,466	9,568
6 Income Taxes	<u>(12,332)</u>	<u>21,999</u>	<u>9,667</u>	<u>(21,294)</u>	<u>(11,627)</u>	<u>19,696</u>	<u>8,069</u>
7 Total Operating Expense	<u>\$76,566</u>	<u>\$25,916</u>	<u>\$102,482</u>	<u>(\$30,856)</u>	<u>\$71,626</u>	<u>\$22,163</u>	<u>\$93,788</u>
8 Operating Income	<u>(\$19,635)</u>	<u>\$39,730</u>	<u>\$20,095</u>	<u>(\$35,000)</u>	<u>(\$14,905)</u>	<u>\$32,646</u>	<u>\$17,741</u>
9 Rate Base	<u>\$195,965</u>		<u>\$246,776</u>		<u>\$235,482</u>		<u>\$235,482</u>
10 Rate of Return	<u>-10.02%</u>		<u>8.14%</u>		<u>-6.33%</u>		<u>7.53%</u>

AUF/Leisure Lakes Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$68,774</u>	<u>\$31,011</u>	<u>\$99,785</u>	<u>(\$31,419)</u>	<u>\$68,366</u>	<u>\$4,466</u> 6.53%	<u>\$72,832</u>
Operating Expenses							
2 Operation & Maintenance	\$82,913	(\$6,944)	\$75,969	(\$4,449)	\$71,520		\$71,520
3 Depreciation	5854	(1884)	3970	(8,124)	(4,154)		(4,154)
4 Amortization	0	1,269	1,269	0	1,269		1,269
5 Taxes Other Than Income	4,488	1,413	5,901	(1,905)	3,996	201	4,197
6 Income Taxes	<u>(9,444)</u>	<u>13,550</u>	<u>4,106</u>	<u>(5,711)</u>	<u>(1,605)</u>	<u>1,605</u>	<u>0</u>
7 Total Operating Expense	<u>\$83,811</u>	<u>\$7,404</u>	<u>\$91,215</u>	<u>(\$20,189)</u>	<u>\$71,026</u>	<u>\$1,806</u>	<u>\$72,832</u>
8 Operating Income	<u>(\$15,037)</u>	<u>\$23,607</u>	<u>\$8,570</u>	<u>(\$11,230)</u>	<u>(\$2,660)</u>	<u>\$2,660</u>	<u>\$0</u>
9 Rate Base	<u>\$76,469</u>		<u>\$106,582</u>		<u>\$0</u>		<u>\$0</u>
10 Rate of Return	<u>-19.66%</u>		<u>8.04%</u>		<u>0.00%</u>		<u>0.00%</u>

AUF/Leisure Lakes Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$66,080)	(\$31,419)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	224	0	
Total	<u>(\$65,856)</u>	<u>(\$31,419)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$1,485)	\$0	
2 Stipulated Issue 33.	(91)	(90)	
3 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
4 Stipulated Issue 37.	(161)	(159)	
5 To remove image enhancing advertising expense. (Issue 38)	(8)	(8)	
6 To remove lobbying and acquisition expense. (Issue 39)	(370)	(364)	
7 To remove executive risk insurance expenses. (Issue 40)	(92)	(91)	
8 To remove below-the-line expenses. (Issue 48)	(629)	(619)	
9 To reflect the appropriate bad debt expense. (Issue 50)	(501)	(302)	
10 To reflect the appropriate rate case expense. (Issue 52)	295	340	
11 To reflect appropriate normalization adjustments. (Issue 53)	(627)	(618)	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(2,588)</u>	<u>(2,538)</u>	
Total	<u>(\$6,257)</u>	<u>(\$4,449)</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$91	\$94	
2 To reflect non-used and useful depreciation expense. (Issues 9, 10, and 11)	(146)	(8,088)	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(134)</u>	<u>(130)</u>	
Total	<u>(\$189)</u>	<u>(\$8,124)</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$2,964)	(\$1,414)	
2 To remove Non-U&U property taxes. (Issues 9, 10, and 11)	(2)	(344)	
3 To remove below-the-line payroll taxes. (Issue 48)	(48)	(47)	
4 To reflect appropriate normalization adjustments. (Issue 53)	(1)	(1)	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(64)	(63)	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(38)</u>	<u>(37)</u>	
Total	<u>(\$3,116)</u>	<u>(\$1,905)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$21,294)</u>	<u>(\$5,711)</u>	

AUF/Leisure Lakes Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$8.08	\$10.16	\$21.92	\$15.52	\$0.00	\$0.62
3/4"	\$12.12	\$15.25	\$32.89	\$23.29	\$0.00	\$0.93
1"	\$20.20	\$25.41	\$54.81	\$38.81	\$0.00	\$1.55
1-1/2"	\$40.37	\$50.78	\$109.62	\$77.62	\$0.00	\$3.10
2"	\$64.62	\$81.29	\$175.39	\$124.19	\$0.00	\$4.96
3"	\$129.21	\$162.54	\$350.79	\$248.38	\$0.00	\$9.92
4"	\$201.89	\$253.96	\$548.10	\$388.10	\$0.00	\$15.49
6"	\$403.80	\$507.95	\$1,096.21	\$776.20	\$0.00	\$30.99
8"	\$646.09	\$812.73	\$1,753.93	\$1,241.92	\$0.00	\$49.58
10"	\$928.73	\$1,168.26	\$2,521.28	\$1,785.26	\$0.00	\$71.27
Gallage Charge, per 1,000 Gallons						
Residential Service						
Block 1, 0-5,000	\$4.89	\$6.15	\$3.80	\$6.59	\$0.00	\$0.26
Block 2, 5,000-10,000	\$4.89	\$6.15	\$4.76	\$8.24	\$0.00	\$0.33
Block 3, Over 10,000	\$4.89	\$6.15	\$4.76	\$19.78	\$0.00	\$0.79
General Service and Multi-Family	\$4.89	\$6.15	\$3.80	\$7.68	\$0.00	\$0.31
<b><u>Private Fire Protection</u></b>						
2"	\$5.38	\$6.77	\$14.62	\$10.35	\$0.00	\$0.41
3"	\$10.76	\$13.54	\$29.23	\$20.70	\$0.00	\$0.83
4"	\$16.82	\$21.16	\$45.68	\$32.34	\$0.00	\$1.29
6"	\$33.66	\$42.34	\$91.35	\$64.68	\$0.00	\$2.58
8"	\$53.84	\$67.73	\$146.60	\$103.49	\$0.00	\$4.13
10"	\$77.40	\$97.36	\$210.11	\$148.77	\$0.00	\$5.94
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$22.75	\$28.61	\$33.32	\$35.29		
5,000 Gallons	\$32.53	\$40.91	\$40.92	\$48.47		
10,000 Gallons	\$56.98	\$71.66	\$64.72	\$89.67		

AUF/Leisure Lakes Wastewater Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-B Docket No. 080121-WS	
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential</u></b>						
Base Facility Charge:						
All Meter Sizes	\$16.30	\$31.93	\$45.26	\$16.91	\$0.00	\$1.02
Gallage Charge - Per 1,000 gallons (6,000 gallon cap)	\$3.30	\$6.35	\$8.73	\$4.69	\$0.00	\$0.28
<b><u>General Service and Multi-Family</u></b>						
Base Facility Charge All Meter Sizes:						
5/8" x 3/4"	\$16.30	\$31.36	\$45.26	\$16.91	\$0.00	\$1.02
3/4"	\$24.41	\$46.96	\$67.89	\$25.37	\$0.00	\$1.53
1"	\$40.72	\$78.34	\$113.14	\$42.29	\$0.00	\$2.55
1-1/2"	\$81.40	\$156.60	\$226.29	\$84.57	\$0.00	\$5.09
2"	\$130.23	\$250.54	\$362.06	\$135.32	\$0.00	\$8.15
3"	\$260.46	\$501.08	\$724.12	\$270.63	\$0.00	\$16.30
4"	\$406.96	\$782.92	\$1,131.40	\$422.86	\$0.00	\$25.46
6"	\$813.92	\$1,565.84	\$2,262.89	\$845.72	\$0.00	\$50.92
8"	\$1,302.27	\$2,505.33	\$3,620.62	\$1,353.15	\$0.00	\$81.48
10"	\$1,872.01	\$3,601.41	\$5,204.65	\$1,945.15	\$0.00	\$117.12
Gallage Charge - Per 1,000 gallons (6,000 gallon cap)	\$3.96	\$7.62	\$10.48	\$5.62	\$0.00	\$0.34
<b>Residential Flat Rate</b>	\$23.44	\$45.09	\$112.65	\$26.93	\$0.00	\$1.62
<b>General Service Flat Rate</b>	\$23.44	\$45.09	\$701.21	\$167.62	\$0.00	\$10.09
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$26.20	\$50.98	\$71.45	\$30.98		
5,000 Gallons	\$32.80	\$63.68	\$88.91	\$40.36		
6,000 Gallons	\$36.10	\$70.03	\$97.64	\$45.05		
(Wastewater Gallage Cap - 6,000 Gallons)						



AUF/Morningview Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$107,243	\$8,377	\$115,620	(\$6,336)	\$109,284
2 Land and Land Rights	882	0	882	0	882
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(33,248)	1,737	(31,511)	(10)	(31,521)
5 CIAC	(4,973)	0	(4,973)	0	(4,973)
6 Amortization of CIAC	3,042	(65)	2,977	99	3,076
7 Working Capital Allowance	<u>0</u>	<u>6,113</u>	<u>6,113</u>	<u>(1,234)</u>	<u>4,879</u>
8 <b>Rate Base</b>	<u>\$72,946</u>	<u>\$16,162</u>	<u>\$89,108</u>	<u>(\$7,482)</u>	<u>\$81,626</u>

AUF/Morningview Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$171,067	\$2,579	\$173,646	(\$200)	\$173,446
2 Land and Land Rights	1,140	0	1,140	0	1,140
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(129,305)	(456)	(129,761)	(58)	(129,819)
5 CIAC	(7,699)	0	(7,699)	0	(7,699)
6 Amortization of CIAC	5,456	(102)	5,354	203	5,557
7 Working Capital Allowance	<u>0</u>	<u>6,141</u>	<u>6,141</u>	<u>(1,030)</u>	<u>5,111</u>
8 <b>Rate Base</b>	<u>\$40,659</u>	<u>\$8,162</u>	<u>\$48,821</u>	<u>(\$1,085)</u>	<u>\$47,736</u>

AUF/Morningview Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro-forma corp. IT. (Issue 4)	(\$231)	(\$200)	
2 To reflect the appropriate amount of pro-forma meters. (Issue 4)	(6,105)	0	
Total	(\$6,336)	(\$200)	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. depr. of pro-forma corp. IT. (Issue 4)	(\$58)	(\$58)	
2 To reflect the appropriate amt. acc. depr. of pro-forma meters. (Issue 4)	47	0	
Total	(\$10)	(\$58)	
<u>Accumulated Amortization of CIAC</u>			
Stipulated issue 15.	\$99	\$203	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	(\$1,234)	(1,030)	

AUF/Morningview Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$17,469</u>	<u>\$25,260</u>	<u>\$42,729</u>	<u>(\$25,271)</u>	<u>\$17,458</u>	<u>\$21,799</u> 124.87%	<u>\$39,257</u>
Operating Expenses							
2 Operation & Maintenance	\$20,203	\$3,046	\$23,249	(\$3,155)	\$20,094		\$20,094
3 Depreciation	\$3,160	\$723	\$3,883	(\$343)	\$3,540		\$3,540
4 Amortization	\$0	\$263	\$263	\$2,153	\$2,416		\$2,416
5 Taxes Other Than Income	\$3,501	\$1,037	\$4,538	(\$1,258)	\$3,280	\$981	\$4,261
6 Income Taxes	(\$3,624)	<u>\$7,127</u>	<u>\$3,503</u>	<u>(\$8,540)</u>	<u>(\$5,037)</u>	<u>\$7,834</u>	<u>\$2,797</u>
7 Total Operating Expense	<u>\$23,240</u>	<u>\$12,196</u>	<u>\$35,436</u>	<u>(\$11,143)</u>	<u>\$24,293</u>	<u>\$8,815</u>	<u>\$33,108</u>
8 Operating Income	<u>(\$5,771)</u>	<u>\$13,064</u>	<u>\$7,293</u>	<u>(\$14,128)</u>	<u>(\$6,835)</u>	<u>\$12,984</u>	<u>\$6,150</u>
9 Rate Base	<u>\$72,946</u>		<u>\$89,108</u>		<u>\$81,626</u>		<u>\$81,626</u>
10 Rate of Return	<u>-7.91%</u>		<u>8.18%</u>		<u>-8.37%</u>		<u>7.53%</u>

AUF/Morningview Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$21,817</u>	<u>\$22,948</u>	<u>\$44,765</u>	<u>(\$23,204)</u>	<u>\$21,561</u>	<u>\$21,317</u> 98.87%	<u>\$42,878</u>
Operating Expenses							
2 Operation & Maintenance	\$27,565	(\$1,350)	\$26,215	(\$796)	\$25,419		\$25,419
3 Depreciation	6,371	1,812	8,183	(383)	7,800		7,800
4 Amortization	0	202	202	0	202		202
5 Taxes Other Than Income	913	3,416	4,329	(1,063)	3,266	959	4,225
6 Income Taxes	<u>(5,027)</u>	<u>6,916</u>	<u>1,889</u>	<u>(7,914)</u>	<u>(6,025)</u>	<u>7,661</u>	<u>1,636</u>
7 Total Operating Expense	<u>\$29,822</u>	<u>\$10,996</u>	<u>\$40,818</u>	<u>(\$10,156)</u>	<u>\$30,662</u>	<u>\$8,620</u>	<u>\$39,282</u>
8 Operating Income	<u>(\$8,005)</u>	<u>\$11,952</u>	<u>\$3,947</u>	<u>(\$13,048)</u>	<u>(\$9,101)</u>	<u>\$12,697</u>	<u>\$3,596</u>
9 Rate Base	<u>\$40,659</u>		<u>\$48,821</u>		<u>\$47,736</u>		<u>\$47,736</u>
10 Rate of Return	<u>-19.69%</u>		<u>8.08%</u>		<u>-19.06%</u>		<u>7.53%</u>

AUF/Morningview Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$25,285)	(\$23,204)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	<u>14</u>	<u>0</u>	
Total	<u>(\$25,271)</u>	<u>(\$23,204)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$135)	(\$12)	
2 To remove non-utility expenses. (Issue 34)	0	0	
3 Stipulated Issue 35.	(2,279)	(41)	
4 Stipulated Issue 37.	(21)	(21)	
5 To remove image enhancing advertising expense. (Issue 38)	(1)	(1)	
6 To remove lobbying and acquisition expenses. (Issue 39)	(47)	(47)	
7 To remove executive risk insurance expense. (Issue 40)	(12)	(12)	
8 To remove below-the-line expenses. (Issue 48)	(81)	(81)	
9 To reflect the appropriate bad debt expense. (Issue 50)	(259)	(306)	
10 To reflect the appropriate rate case expense. (Issue 52)	27	55	
11 To reflect appropriate normalization adjustments. (Issue 53)	(80)	(80)	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(266)</u>	<u>(250)</u>	
Total	<u>(\$3,155)</u>	<u>(\$796)</u>	
<u>Depreciation Expense</u>			
1 To reflect appropriate amt of depr exp. For pro-forma copr. IT. (Issue 4)	\$11	\$14	
2 To reflect appropriate amt of depr exp. For pro-forma meters. (Issue 4)	(47)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	(18)	(17)	
4 To reflect the appropriate pro-forma property taxes. (Issue 57)	(107)	(5)	
5 Stipulated Issue 56.	<u>(182)</u>	<u>(375)</u>	
Total	<u>(\$343)</u>	<u>(\$383)</u>	
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$2,153</u>	<u>\$3,467</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,137)	(\$1,044)	
2 To remove below-the-line payroll taxes. (Issue 48)	(6)	(6)	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	(0)	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(8)	(8)	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	(107)	(5)	
Total	<u>(\$1,258)</u>	<u>(\$1,063)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$8,540)</u>	<u>(\$7,914)</u>	

AUF/Morningview Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$18.31	\$19.87	\$21.92	\$15.52	\$0.00	\$0.23
3/4"	\$27.46	\$29.80	\$32.89	\$23.29	\$0.00	\$0.34
1"	\$45.79	\$49.69	\$54.81	\$38.81	\$0.00	\$0.56
1-1/2"	\$91.57	\$99.36	\$109.62	\$77.62	\$0.00	\$1.13
2"	\$146.51	\$158.98	\$175.39	\$124.19	\$0.00	\$1.81
3"	\$293.03	\$317.97	\$350.79	\$248.38	\$0.00	\$3.61
4"	\$457.84	\$496.81	\$548.10	\$388.10	\$0.00	\$5.65
6"	\$915.71	\$993.66	\$1,096.21	\$776.20	\$0.00	\$11.30
8"	\$1,465.13	\$1,589.85	\$1,753.93	\$1,241.92	\$0.00	\$18.07
10"	\$2,106.12	\$2,285.40	\$2,521.28	\$1,785.26	\$0.00	\$25.98
Gallonge Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$3.88	\$4.21	\$3.80	\$6.59	\$0.00	\$0.10
Block 2, 5,001-10,000	\$3.88	\$4.21	\$4.76	\$8.24	\$0.00	\$0.12
Block 3, >10,000	\$3.88	\$4.21	\$4.76	\$19.78	\$0.00	\$0.29
General Service and Multi-Family	\$3.88	\$4.21	\$3.80	\$7.68	\$0.00	\$0.11
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$12.20	\$13.24	\$14.62	\$10.35	\$0.00	\$0.15
3"	\$24.42	\$26.50	\$29.23	\$20.70	\$0.00	\$0.30
4"	\$38.14	\$41.39	\$45.68	\$32.34	\$0.00	\$0.47
6"	\$76.32	\$82.82	\$91.35	\$64.68	\$0.00	\$0.94
8"	\$122.09	\$132.48	\$146.16	\$103.49	\$0.00	\$1.51
10"	\$175.50	\$190.44	\$210.11	\$148.77	\$0.00	\$2.16
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$29.95	\$32.50	\$33.32	\$35.29		
5,000 Gallons	\$37.71	\$40.92	\$40.92	\$48.47		
10,000 Gallons	\$57.11	\$61.97	\$64.72	\$89.67		

AUF/Morningview Wastewater Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-B Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b>Residential</b>						
Base Facility Charge:						
All Meter Sizes	\$24.40	\$34.85	\$45.26	\$34.96	\$0.00	\$0.47
Gallonge Charge - Per 1,000 gallons (6,000 gallon cap)	\$7.57	\$10.81	\$8.73	\$7.01	\$0.00	\$0.09
<b>Residential Flat Rate</b>	\$60.75	\$86.77	\$112.65	\$63.22	\$0.00	\$0.84
<b>General Service Flat Rate</b>	\$60.75	\$86.77	\$701.21	\$393.50	\$0.00	\$5.24
<b>General Service and Mutli-Family</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$24.40	\$34.85	\$45.26	\$34.96	\$0.00	\$0.47
3/4"	\$36.62	\$52.30	\$67.89	\$52.44	\$0.00	\$0.70
1"	\$61.02	\$87.15	\$113.14	\$87.40	\$0.00	\$1.16
1-1/2"	\$122.02	\$174.28	\$226.29	\$174.80	\$0.00	\$2.33
2"	\$195.22	\$278.83	\$362.06	\$279.69	\$0.00	\$3.73
3"	\$390.46	\$557.68	\$724.12	\$559.37	\$0.00	\$7.45
4"	\$610.08	\$871.36	\$1,131.44	\$874.02	\$0.00	\$11.64
6"	\$1,220.18	\$1,742.75	\$2,262.89	\$1,748.04	\$0.00	\$23.29
8"	\$1,952.30	\$2,788.42	\$3,620.62	\$2,796.87	\$0.00	\$37.26
10"	\$2,806.43	\$4,008.35	\$5,204.65	\$4,020.50	\$0.00	\$53.57
Gallonge Charge, per 1,000 Gallons	\$9.11	\$13.01	\$10.48	\$8.41	\$0.00	\$0.11
<b>Typical Residential Bills 5/8" x 3/4" Meter</b>						
3,000 Gallons	\$47.11	\$67.28	\$71.45	\$55.99		
5,000 Gallons	\$62.25	\$88.90	\$88.91	\$70.01		
6,000 Gallons	\$69.82	\$99.71	\$97.64	\$77.02		
(Wastewater Gallonge Cap - 6,000 Gallons)						



AUF/Oakwood Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$35,864	\$16,549	\$52,413	(\$1,485)	\$50,928
2 Land and Land Rights	1,708	0	1,708	0	1,708
3 Non-Used and Useful Components	0	0	0	(60)	0
4 Accumulated Depreciation	(21,634)	(1,916)	(23,550)	(337)	(23,887)
5 CIAC	(4,827)	0	(4,827)	0	(4,827)
6 Amortization of CIAC	(491)	6	(485)	0	(485)
7 Working Capital Allowance	<u>0</u>	<u>33,408</u>	<u>33,408</u>	<u>(8,103)</u>	<u>25,305</u>
8 Rate Base	<u>\$10,620</u>	<u>\$48,047</u>	<u>\$58,667</u>	<u>(\$9,984)</u>	<u>\$48,742</u>

AUF/Oakwood Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u> To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	<u>(\$1,485)</u>	<u>N/A</u>	
<u>Non-used and Useful</u> To reflect net non-used and useful adjustment . (Issue 10)	<u>(\$60)</u>	<u>N/A</u>	
<u>Accumulated Depreciation</u> To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	<u>(\$337)</u>	<u>N/A</u>	
<u>Working Capital</u> To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$8,103)</u>	<u>N/A</u>	

AUF/Oakwood Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$54,796</u>	<u>\$99,559</u>	<u>\$154,355</u>	<u>(\$99,913)</u>	<u>\$54,442</u>	<u>\$90,859</u> 166.89%	<u>\$145,301</u>
Operating Expenses							
2 Operation & Maintenance	\$124,974	\$8,357	\$133,331	(\$6,709)	\$126,622		\$126,622
3 Depreciation	726	2,642	3,368	(63)	3,305		3,305
4 Amortization	0	1,156	1,156	0	1,156		1,156
5 Taxes Other Than Income	2,343	7,063	9,406	(4,619)	4,787	4,089	8,875
6 Income Taxes	<u>(28,255)</u>	<u>30,529</u>	<u>2,274</u>	<u>(33,255)</u>	<u>(30,981)</u>	<u>32,652</u>	<u>1,670</u>
7 Total Operating Expense	<u>\$99,788</u>	<u>\$49,747</u>	<u>\$149,535</u>	<u>(\$44,647)</u>	<u>\$104,888</u>	<u>\$36,740</u>	<u>\$141,628</u>
8 Operating Income	<u>(\$44,992)</u>	<u>\$49,812</u>	<u>\$4,820</u>	<u>(\$55,266)</u>	<u>(\$50,446)</u>	<u>\$54,119</u>	<u>\$3,672</u>
9 Rate Base	<u>\$10,620</u>		<u>\$58,667</u>		<u>\$48,742</u>		<u>\$48,742</u>
10 Rate of Return	<u>-423.65%</u>		<u>8.22%</u>		<u>-103.50%</u>		<u>7.53%</u>

AUF/Oakwood		Schedule No. 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$100,091)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	178	N/A	
Total	<u>(\$99,913)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$69)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 37.	(121)	N/A	
4 To remove image enhancing advertising expense. (Issue 38)	(6)	N/A	
5 To remove lobbying and acquisition expense. (Issue 39)	(278)	N/A	
6 To remove executive risk insurance expenses. (Issue 40)	(69)	N/A	
7 To reflect the appropriate Materials & Supplies expense. (Issue 44)	(197)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(472)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(3,080)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	41	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(471)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(1,987)</u>	<u>N/A</u>	
Total	<u>(\$6,709)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$51	N/A	
2 To reflect non-used and useful depreciation expense. (Issue 10)	(8)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(106)</u>	<u>N/A</u>	
Total	<u>(\$63)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$4,496)	N/A	
2 To remove Non-U&U property taxes. (Issue 10)	(6)	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(36)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(48)	N/A	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(32)</u>	<u>N/A</u>	
Total	<u>(\$4,619)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$33,255)</u>	<u>N/A</u>	

AUF/Oakwood Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4- Year Rate Reduction
<b><u>Residential, General Service, and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$10.63	\$14.24	\$21.92	\$15.52	\$0.00	\$0.36
3/4"	\$16.14	\$21.62	\$32.89	\$23.29	\$0.00	\$0.54
1"	\$26.60	\$35.64	\$54.81	\$38.81	\$0.00	\$0.89
1-1/2"	\$53.17	\$71.24	\$109.62	\$77.62	\$0.00	\$1.79
2"	\$85.08	\$113.99	\$175.39	\$124.19	\$0.00	\$2.86
3"	\$170.15	\$227.97	\$350.79	\$248.38	\$0.00	\$5.72
4"	\$265.87	\$356.21	\$548.10	\$388.10	\$0.00	\$8.93
6"	\$531.75	\$712.44	\$1,096.21	\$776.20	\$0.00	\$17.86
8"	\$850.79	\$1,139.88	\$1,753.93	\$1,241.92	\$0.00	\$28.58
10"	\$1,223.02	\$1,638.60	\$2,521.28	\$1,785.26	\$0.00	\$41.08
Gallonage Charge, per 1,000 Gallons						
Residential Service						
Block 1, 0-5,000	\$2.95	\$3.95	\$3.80	\$6.59	\$0.00	\$0.15
Block 2, 5,001-10,000	\$2.95	\$3.95	\$4.76	\$8.24	\$0.00	\$0.19
Block 3, >10,000	\$2.95	\$3.95	\$4.76	\$19.78	\$0.00	\$0.46
General Service and Multi-Family	\$2.95	\$3.95	\$3.80	\$7.68	\$0.00	\$0.18
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$7.09	\$9.50	\$14.62	\$10.35	\$0.00	\$0.24
3"	\$14.18	\$19.00	\$29.23	\$20.70	\$0.00	\$0.48
4"	\$22.16	\$29.69	\$45.68	\$32.34	\$0.00	\$0.74
6"	\$44.30	\$59.35	\$91.35	\$64.68	\$0.00	\$1.49
8"	\$70.90	\$94.99	\$146.16	\$103.49	\$0.00	\$2.38
10"	\$101.92	\$136.55	\$210.11	\$148.77	\$0.00	\$3.42
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	19.48	\$26.09	\$33.32	\$35.29		
5,000 Gallons	25.38	\$33.99	\$40.92	\$48.47		
10,000 Gallons	40.13	\$53.74	\$64.72	\$89.67		

AUF/Ocala Oaks Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$2,466,998	\$130,245	\$2,597,243	(\$9,698)	\$2,587,545
2 Land and Land Rights	109,802	0	109,802	0	109,802
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(943,229)	(11,801)	(955,030)	(2,981)	(958,011)
5 CIAC	(845,607)	0	(845,607)	0	(845,607)
6 Amortization of CIAC	479,486	6,157	485,643	(11,418)	474,225
7 Working Capital Allowance	<u>0</u>	<u>197,721</u>	<u>197,721</u>	<u>(49,073)</u>	<u>148,648</u>
8 <b>Rate Base</b>	<u>\$1,267,450</u>	<u>\$322,322</u>	<u>\$1,589,772</u>	<u>(\$73,170)</u>	<u>\$1,516,602</u>

<b>AUF/Ocala Oaks</b> <b>Adjustments to Rate Base</b> <b>Test Year Ended 12/31/07</b>		<b>Schedule No. 3-C</b> <b>Docket No. 080121-WS</b>	
<b>Explanation</b>	<b>Water</b>	<b>Wastewater</b>	
<b>Plant In Service</b> To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	<b><u>(\$9,698)</u></b>	<b><u>N/A</u></b>	
<b><u>Accumulated Depreciation</u></b> To reflect Acc. Dep. Proforma Corporate IT. (Issue 4)	<b><u>(\$2,981)</u></b>	<b><u>N/A</u></b>	
<b><u>Accumulated Amortization of CIAC</u></b> Stipulation Issue 15.	<b><u>(\$11,418)</u></b>	<b><u>N/A</u></b>	
<b><u>Working Capital</u></b> To reflect the appropriate working capital allowance. (Issue 21)	<b><u>(\$49,073)</u></b>	<b><u>N/A</u></b>	

AUF/Ocala Oaks Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$516,793</u>	<u>\$382,569</u>	<u>\$899,362</u>	<u>(\$386,095)</u>	<u>\$513,267</u>	<u>\$327,398</u> 63.79%	<u>\$840,665</u>
Operating Expenses							
2 Operation & Maintenance	\$376,654	\$145,796	\$522,450	(\$31,450)	\$491,000		\$491,000
3 Depreciation	110,470	2,192	112,662	(106)	112,556		112,556
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	32,345	42,167	74,512	(18,361)	56,151	14,733	70,884
6 Income Taxes	<u>(1,032)</u>	<u>62,330</u>	<u>61,298</u>	<u>(126,987)</u>	<u>(65,689)</u>	<u>117,656</u>	<u>51,966</u>
7 Total Operating Expense	<u>\$518,437</u>	<u>\$252,485</u>	<u>\$770,922</u>	<u>(\$176,904)</u>	<u>\$594,018</u>	<u>\$132,389</u>	<u>\$726,407</u>
8 Operating Income	<u>(\$1,644)</u>	<u>\$130,084</u>	<u>\$128,440</u>	<u>(\$209,191)</u>	<u>(\$80,751)</u>	<u>\$195,009</u>	<u>\$114,258</u>
9 Rate Base	<u>\$1,267,450</u>		<u>\$1,589,772</u>		<u>\$1,516,602</u>		<u>\$1,516,602</u>
10 Rate of Return	<u>-0.13%</u>		<u>8.08%</u>		<u>-5.32%</u>		<u>7.53%</u>



AUF/Ocala Oaks Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$387,488)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	<u>1,393</u>	<u>N/A</u>	
Total	<u>(\$386,095)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$605)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(845)	N/A	
4 Stipulated Issue 37.	(1,067)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(\$52)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(2,448)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(612)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(4,162)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(4,052)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	3,355	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(4,153)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(16,809)</u>	<u>N/A</u>	
Total	<u>(\$31,450)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect app. Dep. Expense for proforma Corporate IT. (Issue 4)	\$731	N/A	
2 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(837)</u>	<u>N/A</u>	
Total	<u>(\$106)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$17,374)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(318)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(4)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(426)	N/A	
5 To reflect the appropriate property taxes. (Issue 57)	<u>(238)</u>	<u>N/A</u>	
Total	<u>(\$18,361)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$126,987)</u>	<u>N/A</u>	

AUF/Ocala Oaks Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final Rates	Commission Approved Final Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b>Residential</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$14.68	\$18.79	\$21.92	\$13.92	\$0.56	\$0.49
3/4"	-	-	\$32.89	\$20.88	\$0.84	\$0.73
1"	\$36.63	\$46.88	\$54.81	\$34.79	\$1.40	\$1.22
1-1/2"	\$73.19	\$93.66	\$109.62	\$69.59	\$2.80	\$2.44
2"	\$117.11	\$149.87	\$175.39	\$111.34	\$4.48	\$3.91
3"	\$234.18	\$299.69	\$350.79	\$222.69	\$8.96	\$7.81
4"	\$365.89	\$468.24	\$548.10	\$347.95	\$14.00	\$12.21
6"	\$731.34	\$935.92	\$1,096.21	\$695.89	\$27.99	\$24.41
8"	-	-	\$1,753.93	\$1,113.43	\$44.79	\$39.06
10"	-	-	\$2,521.28	\$1,600.56	\$64.38	\$56.14
Gallonge Charge, per 1,000 Gallons						
0 - 5 kgal	\$1.25	\$1.60	\$3.80	\$1.97	\$0.13	\$0.07
5 - 10 kgal	\$1.25	\$1.60	\$4.76	\$2.47	\$0.16	\$0.09
Over 10 kgal	\$1.25	\$1.60	\$3.80	\$5.92	\$0.38	\$0.21
<b>General Service and Multi-Family</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	-	-	\$21.92	\$13.92	\$0.56	\$0.49
3/4"	-	-	\$32.89	\$20.88	\$0.84	\$0.73
1"	-	-	\$54.81	\$34.79	\$1.40	\$1.22
1-1/2"	-	-	\$109.62	\$69.59	\$2.80	\$2.44
2"	-	-	\$175.39	\$111.34	\$4.48	\$3.91
3"	-	-	\$350.79	\$222.69	\$8.96	\$7.81
4"	-	-	\$548.10	\$347.95	\$14.00	\$12.21
6"	-	-	\$1,096.21	\$695.89	\$27.99	\$24.41
8"	-	-	\$1,753.93	\$1,113.43	\$44.79	\$39.06
10"	-	-	\$2,521.28	\$1,600.56	\$64.38	\$56.14
Gallonge Charge, per 1,000 Gallons	-	-	\$3.80	\$3.29	\$0.18	\$0.12
<b>Private Fire Protection</b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$9.28	\$0.37	\$0.33
3"	-	-	\$29.23	\$18.56	\$0.75	\$0.65
4"	-	-	\$45.68	\$29.00	\$1.17	\$1.02
6"	-	-	\$91.35	\$57.99	\$2.33	\$2.03
8"	-	-	\$146.16	\$92.79	\$3.73	\$3.25
10"	-	-	\$210.11	\$133.38	\$5.37	\$4.68
<b>Typical Residential Bills 5/8" x 3/4" Meter</b>						
3,000 Gallons	\$18.43	\$23.59	\$33.32	\$19.83		
5,000 Gallons	\$20.93	\$26.79	\$40.92	\$23.77		
10,000 Gallons	\$27.18	\$34.79	\$64.72	\$36.12		

AUF/Orange Hill - Sugar Creek Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$211,872	\$54,881	\$266,753	(\$160)	\$266,593
2 Land and Land Rights	17,232	0	17,232	0	17,232
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(53,532)	8,404	(45,128)	(141)	(45,269)
5 CIAC	(22,014)	0	(22,014)	0	(22,014)
6 Amortization of CIAC	8,371	(377)	7,994	0	7,994
7 Working Capital Allowance	<u>0</u>	<u>24,811</u>	<u>24,811</u>	<u>(6,838)</u>	<u>17,973</u>
8 <b>Rate Base</b>	<u>\$161,929</u>	<u>\$87,719</u>	<u>\$249,648</u>	<u>(\$7,139)</u>	<u>\$242,509</u>

AUF/Orange Hill - Sugar Creek Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)		\$91	N/A
2 To reflect the appropriate amount of pro forma meters. (Issue 4)		(251)	N/A
Total		<u>(\$160)</u>	<u>N/A</u>
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)		(\$392)	N/A
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)		251	N/A
Total		<u>(\$141)</u>	<u>N/A</u>
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)		<u>(\$6,838)</u>	<u>N/A</u>

AUF/Orange Hill - Sugar Creek Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$52,040</u>	<u>\$68,172</u>	<u>\$120,212</u>	<u>(\$68,391)</u>	<u>\$51,821</u>	<u>\$58,245</u> 112.40%	<u>\$110,066</u>
Operating Expenses							
2 Operation & Maintenance	\$126,362	(\$58,125)	\$68,237	(\$5,218)	\$63,019		\$63,019
3 Depreciation	6,676	4,270	10,946	(272)	10,674		10,674
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	4,391	6,584	10,975	(3,803)	7,172	2,621	9,793
6 Income Taxes	<u>(32,939)</u>	<u>42,671</u>	<u>9,732</u>	<u>(22,354)</u>	<u>(12,622)</u>	<u>20,931</u>	<u>8,310</u>
7 Total Operating Expense	<u>\$104,490</u>	<u>(\$4,600)</u>	<u>\$99,890</u>	<u>(\$31,647)</u>	<u>\$68,243</u>	<u>\$23,552</u>	<u>\$91,795</u>
8 Operating Income	<u>(\$52,450)</u>	<u>\$72,772</u>	<u>\$20,322</u>	<u>(\$36,744)</u>	<u>(\$16,422)</u>	<u>\$34,692</u>	<u>\$18,270</u>
9 Rate Base	<u>\$161,929</u>		<u>\$249,648</u>		<u>\$242,509</u>		<u>\$242,509</u>
10 Rate of Return	<u>-32.39%</u>		<u>8.14%</u>		<u>-6.77%</u>		<u>7.53%</u>

AUF/Orange Hill - Sugar Creek Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$68,594)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	203	N/A	
Total	<u>(\$68,391)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$80)	N/A	
2 To reflect the appropriate pro forma expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(89)	N/A	
4 Stipulated Issue 37.	(140)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(7)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(322)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(81)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(548)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(1,872)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	391	N/A	
11 To reflect appropriate normalization adjustments (Issue 53)	(246)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(2,224)</u>	<u>N/A</u>	
Total	<u>(\$5,218)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect app. Dep. Expense for proforma Corporate IT. (Issue 4)	\$91	N/A	
2 To reflect app. Dep. Expense for proforma meters. (Issue 4)	(251)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(112)</u>	<u>N/A</u>	
Total	<u>(\$272)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$3,078)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(42)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(1)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(56)	N/A	
5 To reflect the appropriate property taxes. (Issue 57)	<u>(627)</u>	<u>N/A</u>	
Total	<u>(\$3,803)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$22,354)</u>	<u>N/A</u>	

AUF/Orange Hill - Sugar Creek Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final Rates	Commission Approved Final Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$9.49	\$12.71	\$21.92	\$16.44	\$0.27	\$0.58
3/4"	\$9.49	\$12.71	\$32.89	\$24.66	\$0.40	\$0.87
1"	\$24.05	\$32.22	\$54.81	\$41.10	\$0.67	\$1.45
1-1/2"	\$48.10	\$64.44	\$109.62	\$82.20	\$1.35	\$2.90
2"	\$76.93	\$103.07	\$175.39	\$131.52	\$2.16	\$4.64
3"	-	-	\$350.79	\$263.03	\$4.31	\$9.28
4"	-	-	\$548.10	\$410.99	\$6.74	\$14.49
6"	-	-	\$1,096.21	\$821.97	\$13.48	\$28.99
8"	-	-	\$1,753.93	\$1,315.16	\$21.56	\$46.38
10"	-	-	\$2,521.28	\$1,890.54	\$31.00	\$66.67
Gallonge Charge, per 1,000 Gallons						
Residential Service						
0-5 kgal	\$1.39	\$1.86	\$3.80	\$4.94	\$0.14	\$0.17
5 -10 kgal	\$1.39	\$1.86	\$4.76	\$6.17	\$0.17	\$0.22
Over 10 kgal	\$1.39	\$1.86	\$4.76	\$14.81	\$0.41	\$0.52
General Service and Multi-Family	\$1.39	\$1.86	\$3.80	\$6.05	\$0.13	\$0.21
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$10.96	\$0.18	\$0.39
3"	-	-	\$29.23	\$21.92	\$0.36	\$0.77
4"	-	-	\$45.68	\$34.25	\$0.56	\$1.21
6"	-	-	\$91.35	\$68.50	\$1.12	\$2.42
8"	-	-	\$146.16	\$109.60	\$1.80	\$3.86
10"	-	-	\$210.11	\$157.55	\$2.58	\$5.56
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$13.66	\$18.30	\$33.32	\$31.26		
5,000 Gallons	\$16.44	\$22.03	\$40.92	\$41.14		
10,000 Gallons	\$23.39	\$31.34	\$64.72	\$71.99		

Palm Port Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$116,586	\$22,859	\$139,445	(\$14,570)	\$124,875
2 Land and Land Rights	8,208	0	8,208	0	8,208
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(32,129)	5,530	(26,599)	(213)	(26,812)
5 CIAC	(22,302)	0	(22,302)	0	(22,302)
6 Amortization of CIAC	11,637	123	11,760	0	11,760
7 Working Capital Allowance	<u>0</u>	<u>16,028</u>	<u>16,028</u>	<u>(2,858)</u>	<u>13,170</u>
8 Rate Base	<u>\$82,000</u>	<u>\$44,540</u>	<u>\$126,540</u>	<u>(\$17,641)</u>	<u>\$108,899</u>



Palm Port Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$286,022	\$7,666	\$293,688	(\$564)	\$293,124
2 Land and Land Rights	10,023	0	10,023	0	10,023
3 Non-used and Useful Components	0	(3,702)	(3,702)	(13,105)	(16,807)
4 Accumulated Depreciation	(189,819)	(825)	(190,644)	(176)	(190,820)
5 CIAC	(25,882)	0	(25,882)	0	(25,882)
6 Amortization of CIAC	13,642	196	13,838	0	13,838
7 Working Capital Allowance	<u>0</u>	<u>15,930</u>	<u>15,930</u>	<u>(2,833)</u>	<u>13,097</u>
8 Rate Base	<u>\$93,986</u>	<u>\$19,265</u>	<u>\$113,251</u>	<u>(\$16,679)</u>	<u>\$96,572</u>

Palm Port Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)		(\$568)	(\$564)
2 To reflect the appropriate amount of pro forma meters. (Issue 4)		(14,002)	0
Total		<u>(\$14,570)</u>	<u>(\$564)</u>
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issue 10 and 11)		\$0	<u>(\$13,105)</u>
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. depr. of pro forma Corp. IT. (Issue 4)		(\$178)	(\$176)
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)		(35)	0
Total		<u>(\$213)</u>	<u>(\$176)</u>
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)		<u>(\$2,858)</u>	<u>(\$2,833)</u>

Palm Port Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$36,282</u>	<u>\$30,906</u>	<u>\$67,188</u>	<u>(\$31,052)</u>	<u>\$36,136</u>	<u>\$27,110</u> 75.02%	<u>\$63,246</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$24,822</u>	<u>\$9,757</u>	<u>\$34,579</u>	<u>(\$2,116)</u>	<u>\$32,463</u>	<u>\$0</u>	<u>\$32,463</u>
3 Depreciation	<u>2,965</u>	<u>1,329</u>	<u>4,294</u>	<u>30</u>	<u>4,324</u>	<u>0</u>	<u>4,324</u>
4 Amortization	<u>0</u>	<u>588</u>	<u>588</u>	<u>1,966</u>	<u>2,554</u>	<u>0</u>	<u>2,554</u>
5 Taxes Other Than Income	<u>8,607</u>	<u>3,822</u>	<u>12,429</u>	<u>(1,680)</u>	<u>10,749</u>	<u>1,220</u>	<u>11,969</u>
6 Income Taxes	<u>(43)</u>	<u>5,006</u>	<u>4,963</u>	<u>(10,974)</u>	<u>(6,011)</u>	<u>9,742</u>	<u>3,731</u>
7 Total Operating Expense	<u>\$36,351</u>	<u>\$20,502</u>	<u>\$56,853</u>	<u>(\$12,774)</u>	<u>\$44,079</u>	<u>\$10,962</u>	<u>\$55,042</u>
8 Operating Income	<u>(\$69)</u>	<u>\$10,404</u>	<u>\$10,335</u>	<u>(\$18,278)</u>	<u>(\$7,943)</u>	<u>\$16,148</u>	<u>\$8,204</u>
9 Rate Base	<u>\$82,000</u>		<u>\$126,540</u>		<u>\$108,899</u>		<u>\$108,899</u>
10 Rate of Return	<u>-0.08%</u>		<u>8.17%</u>		<u>-7.29%</u>		<u>7.53%</u>

Palm Port Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$58,907</u>	<u>\$31,061</u>	<u>\$89,968</u>	<u>(\$31,491)</u>	<u>\$58,477</u>	<u>\$30,067</u> 51.42%	<u>\$88,544</u>
Operating Expenses							
2 Operation & Maintenance	\$46,328	\$8,201	\$54,529	(\$2,015)	\$52,514	\$0	\$52,514
3 Depreciation	13,742	763	14,505	(2,422)	12,083	0	12,083
4 Amortization	0	589	589	6,375	6,964	0	6,964
5 Taxes Other Than Income	4,514	2,271	6,785	(1,739)	5,046	1,353	6,399
6 Income Taxes	<u>(2,190)</u>	<u>6,587</u>	<u>4,397</u>	<u>(11,893)</u>	<u>(7,496)</u>	<u>10,805</u>	<u>3,309</u>
7 Total Operating Expense	<u>\$62,394</u>	<u>\$18,411</u>	<u>\$80,805</u>	<u>(\$11,695)</u>	<u>\$69,110</u>	<u>\$12,158</u>	<u>\$81,268</u>
8 Operating Income	<u>(\$3,487)</u>	<u>\$12,650</u>	<u>\$9,163</u>	<u>(\$19,796)</u>	<u>(\$10,633)</u>	<u>\$17,909</u>	<u>\$7,276</u>
9 Rate Base	<u>\$93,986</u>		<u>\$113,251</u>		<u>\$96,572</u>		<u>\$96,572</u>
10 Rate of Return	<u>-3.71%</u>		<u>8.09%</u>		<u>-11.01%</u>		<u>7.53%</u>

Palm Port Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$31,052)	(\$31,491)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	91	0	
Total	<u>(\$31,052)</u>	<u>(\$31,491)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$36)	(\$36)	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
3 Stipulated Issue 35.	(54)	0	
4 Stipulated Issue 37.	(64)	(63)	
5 To remove image enhancing advertising expense. (Issue 38)	(3)	(3)	
6 To remove lobbying and acquisition expenses. (Issue 39)	(146)	(145)	
7 To remove executive risk insurance expense. (Issue 40)	(37)	(36)	
8 To remove below-the-line expenses. (Issue 48)	(249)	(247)	
9 To reflect the appropriate bad debt expense. (Issue 50)	(486)	(454)	
10 To reflect the appropriate rate case expense. (Issue 52)	211	209	
11 To reflect appropriate normalization adjustments. (Issue 53)	(248)	(246)	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(1,003)</u>	<u>(994)</u>	
Total	<u>(\$2,116)</u>	<u>(\$2,015)</u>	
<u>Depreciation expense</u>			
1 To reflect the appropriate amt. of depr exp. for pro forma Corp IT. (Issue 4)	\$45	\$44	
2 To reflect appropriate amt. of depr exp. for pro forma meters. (Issue 4)	35	0	
3 To reflect non-used and useful depreciation expense. (Issue 10 and 11)	0	(2,417)	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	(50)	(49)	
5 Stipulated Issue 56.	0	0	
Total	<u>\$30</u>	<u>(\$2,422)</u>	
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$1,966</u>	<u>\$6,375</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,397)	(\$1,417)	
2 To remove Non-U&U property taxes. (Issues 10 and 11)	0	(266)	
3 To remove below-the-line payroll taxes. (Issue 48)	(19)	(19)	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	(0)	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(25)	(25)	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(238)</u>	<u>(12)</u>	
Total	<u>(\$1,680)</u>	<u>(\$1,739)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$10,974)</u>	<u>(\$11,893)</u>	

Palm Port Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$12.57	\$14.81	\$21.92	\$15.52	\$0.00	\$0.43
3/4"	\$18.84	\$22.20	\$32.89	\$23.29	\$0.00	\$0.65
1"	\$31.39	\$37.00	\$54.81	\$38.81	\$0.00	\$1.08
1-1/2"	\$62.82	\$74.04	\$109.62	\$77.62	\$0.00	\$2.17
2"	\$100.51	\$118.46	\$175.39	\$124.19	\$0.00	\$3.46
3"	\$201.00	\$236.89	\$350.79	\$248.38	\$0.00	\$6.93
4"	\$314.06	\$370.14	\$548.10	\$388.10	\$0.00	\$10.83
6"	\$628.13	\$740.30	\$1,096.21	\$776.20	\$0.00	\$21.65
8"	\$1,005.00	\$1,184.46	\$1,753.93	\$1,241.92	\$0.00	\$34.64
10"	\$1,444.70	\$1,702.68	\$2,521.28	\$1,785.26	\$0.00	\$49.80
Gallage Charge, per 1,000 Gallons						
Residential Service						
Block 1, 0-5,000	\$4.43	\$5.22	\$3.80	\$6.59	\$0.00	\$0.18
Block 2, 5,001-10,000	\$4.43	\$5.22	\$4.76	\$8.24	\$0.00	\$0.23
Block 3, >10,000	\$4.43	\$5.22	\$4.76	\$19.78	\$0.00	\$0.55
General Service and Multi-Family	\$4.43	\$5.22	\$3.80	\$7.68	\$0.00	\$0.21
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$8.38	\$9.88	\$14.62	\$10.35	\$0.00	\$0.29
3"	\$16.74	\$19.73	\$29.23	\$20.70	\$0.00	\$0.58
4"	\$26.17	\$30.84	\$45.68	\$32.34	\$0.00	\$0.90
6"	\$52.35	\$61.70	\$91.35	\$64.68	\$0.00	\$1.80
8"	\$83.75	\$98.71	\$146.16	\$103.49	\$0.00	\$2.89
10"	\$120.39	\$141.89	\$210.11	\$148.77	\$0.00	\$4.15
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$25.86	\$30.47	\$33.32	\$35.29		
5,000 Gallons	\$34.72	\$40.91	\$40.92	\$46.26		
10,000 Gallons	\$56.87	\$67.01	\$59.92	\$89.67		

Palm Port Wastewater Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-B Docket No. 080121-WS		
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential</u></b>						
Base Facility Charge:						
All Meter Sizes	\$20.28	\$29.28	\$45.26	\$34.96	\$1.43	\$0.69
Gallage Charge - Per 1,000 gallons (6,000 gallon cap)	\$8.26	\$11.93	\$10.48	\$7.01	\$0.29	\$0.14
<b>Residential Flat Rate</b>	\$50.79	\$73.33	\$112.65	\$58.70	\$2.43	\$1.16
<b>General Service Flat Rate</b>	\$50.79	\$73.33	\$701.21	\$365.36	\$14.77	\$7.21
<b><u>General Service and Multi-Family</u></b>						
5/8" x 3/4"	\$20.28	\$29.28	\$45.26	\$34.96	\$1.43	\$0.69
3/4"	\$30.45	\$43.96	\$67.89	\$52.44	\$2.14	\$1.03
1"	\$50.76	\$73.29	\$113.14	\$87.40	\$3.57	\$1.72
1-1/2"	\$101.50	\$146.55	\$226.29	\$174.80	\$7.15	\$3.45
2"	\$162.39	\$234.46	\$362.06	\$279.69	\$11.43	\$5.52
3"	\$324.79	\$468.94	\$724.12	\$559.37	\$22.87	\$11.04
4"	\$507.47	\$732.69	\$1,131.44	\$874.02	\$35.73	\$17.25
6"	\$1,014.96	\$1,465.41	\$2,262.89	\$1,748.04	\$71.47	\$34.50
8"	\$1,623.94	\$2,344.67	\$3,620.62	\$2,796.87	\$114.34	\$55.20
10"	\$2,334.41	\$3,370.45	\$5,204.65	\$4,020.50	\$164.37	\$79.35
Gallage Charge	\$9.94	\$14.35	\$10.48	\$8.41	\$0.34	\$0.17
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$45.06	\$65.07	\$76.70	\$55.99		
5,000 Gallons	\$61.58	\$88.93	\$97.66	\$70.01		
6,000 Gallons	\$69.84	\$100.86	\$108.14	\$77.02		
(Wastewater Gallage Cap - 6,000 Gallons)						

AUF/Palm Terrace Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$280,449	\$265,657	\$546,106	(\$232,962)	\$313,144
2 Land and Land Rights	23,477	0	23,477	0	23,477
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(87,349)	43,429	(43,920)	(1,750)	(45,670)
5 CIAC	(138,725)	0	(138,725)	0	(138,725)
6 Amortization of CIAC	94,626	(243)	94,383	41	94,424
7 Working Capital Allowance	<u>0</u>	<u>178,193</u>	<u>178,193</u>	<u>(35,041)</u>	<u>143,152</u>
8 <b>Rate Base</b>	<u>\$172,478</u>	<u>\$487,036</u>	<u>\$659,514</u>	<u>(\$269,711)</u>	<u>\$389,803</u>



AUF/Palm Terrace Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$1,088,918	\$73,433	\$1,162,351	(\$5,809)	\$1,156,542
2 Land and Land Rights	70,890	0	70,890	0	70,890
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(284,379)	(7,821)	(292,200)	1,623	(290,577)
5 CIAC	(343,607)	0	(343,607)	0	(343,607)
6 Amortization of CIAC	294,772	(4,650)	290,122	10,300	300,422
7 Working Capital Allowance	<u>0</u>	<u>154,484</u>	<u>154,484</u>	<u>(30,438)</u>	<u>124,046</u>
8 <b>Rate Base</b>	<u>\$826,594</u>	<u>\$215,446</u>	<u>\$1,042,040</u>	<u>(\$24,323)</u>	<u>\$1,017,717</u>

AUF/Palm Terrace Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$6,736)	(\$5,809)	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(226,225)	0	
Total	<u>(\$232,962)</u>	<u>(\$5,809)</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate Acc. Dep. for Pro Forma Corporate IT. (Issue 4)	\$1,877	\$1,623	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	(3,627)	0	
Total	<u>(\$1,750)</u>	<u>\$1,623</u>	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	<u>\$41</u>	<u>\$10,300</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$35,041)</u>	<u>(\$30,438)</u>	

AUF/Palm Terrace Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$317,409</u>	<u>\$308,628</u>	<u>\$626,037</u>	<u>(\$309,594)</u>	<u>\$316,443</u>	<u>\$228,467</u> 72.20%	<u>\$544,910</u>
Operating Expenses							
2 Operation & Maintenance	\$394,440	\$83,512	\$477,952	(\$31,828)	\$446,124	\$0	\$446,124
3 Depreciation	5,741	16,705	22,446	(3,840)	18,606	0	18,606
4 Amortization	0	6,717	6,717	0	6,717	0	6,717
5 Taxes Other Than Income	24,660	14,037	38,697	(18,239)	20,458	10,281	30,739
6 Income Taxes	<u>(41,442)</u>	<u>67,437</u>	<u>25,995</u>	<u>(94,742)</u>	<u>(68,747)</u>	<u>82,103</u>	<u>13,357</u>
7 Total Operating Expense	<u>\$383,399</u>	<u>\$188,408</u>	<u>\$571,807</u>	<u>(\$148,649)</u>	<u>\$423,158</u>	<u>\$92,384</u>	<u>\$515,542</u>
8 Operating Income	<u>(\$65,990)</u>	<u>\$120,220</u>	<u>\$54,230</u>	<u>(\$160,945)</u>	<u>(\$106,715)</u>	<u>\$136,082</u>	<u>\$29,367</u>
9 Rate Base	<u>\$172,478</u>		<u>\$659,514</u>		<u>\$389,803</u>		<u>\$389,803</u>
10 Rate of Return	<u>-38.26%</u>		<u>8.22%</u>		<u>-27.38%</u>		<u>7.53%</u>

AUF/Palm Terrace Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$384,667</u>	<u>\$125,456</u>	<u>\$510,123</u>	<u>(\$128,586)</u>	<u>\$381,537</u>	<u>\$196,696</u> 51.55%	<u>\$578,233</u>
Operating Expenses							
2 Operation & Maintenance	\$211,359	\$78,021	\$289,380	(\$21,066)	\$268,314	\$0	\$268,314
3 Depreciation	29,392	19,843	49,235	(22,706)	26,529	0	26,529
4 Amortization	0	5,720	5,720	123,511	129,231	0	129,231
5 Taxes Other Than Income	15,143	24,960	40,103	(6,341)	33,762	8,851	42,614
6 Income Taxes	<u>49,674</u>	<u>(8,864)</u>	<u>40,810</u>	<u>(76,624)</u>	<u>(35,814)</u>	<u>70,686</u>	<u>34,872</u>
7 Total Operating Expense	<u>\$305,568</u>	<u>\$119,680</u>	<u>\$425,248</u>	<u>(\$3,225)</u>	<u>\$422,023</u>	<u>\$79,537</u>	<u>\$501,560</u>
8 Operating Income	<u>\$79,099</u>	<u>\$5,776</u>	<u>\$84,875</u>	<u>(\$125,361)</u>	<u>(\$40,486)</u>	<u>\$117,159</u>	<u>\$76,673</u>
9 Rate Base	<u>\$826,594</u>		<u>\$1,042,040</u>		<u>\$1,017,717</u>		<u>\$1,017,717</u>
10 Rate of Return	<u>9.57%</u>		<u>8.15%</u>		<u>-3.98%</u>		<u>7.53%</u>

AUF/Palm Terrace Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$311,421)	(\$128,586)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	1,827	0	
Total	<u>(\$309,594)</u>	<u>(\$128,586)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$381)	(\$330)	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
3 Stipulated Issue 35.	(473)	(537)	
4 Stipulated Issue 37.	(673)	(582)	
5 To remove image enhancing advertising expense. (Issue 38)	(33)	(28)	
6 To remove lobbying and acquisition expenses. (Issue 39)	(1,543)	(1,335)	
7 To remove executive risk insurance expense. (Issue 40)	(386)	(334)	
8 To remove below-the-line expenses. (Issue 48)	(2,623)	(2,270)	
9 To reflect the appropriate bad debt expense. (Issue 50)	(13,938)	(7,231)	
10 To reflect the appropriate rate case expense. (Issue 52)	1,564	1,370	
11 To reflect appropriate normalization adjustments. (Issue 53)	(2,617)	(2,264)	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(10,725)</u>	<u>(7,525)</u>	
Total	<u>(\$31,828)</u>	<u>(\$21,066)</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$409	\$409	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(3,627)	(3,627)	
4 To remove test year depreciation expenses. (Issue 55)	(546)	(472)	
5 Stipulated Issue 56.	<u>(76)</u>	<u>(19,016)</u>	
Total	<u>(\$3,840)</u>	<u>(\$22,706)</u>	
<u>Amorization</u>			
To reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$0</u>	<u>\$123,511</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$13,932)	(\$5,786)	
2 To remove below-the-line payroll taxes. (Issue 48)	(201)	(174)	
3 To reflect appropriate normalization adjustments. (Issue 53)	(3)	(2)	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(268)	(232)	
5 To reflect the appropriate property taxes. (Issue 57)	<u>(3,836)</u>	<u>(146)</u>	
Total	<u>(\$18,239)</u>	<u>(\$6,341)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$94,742)</u>	<u>(\$76,624)</u>	

AUF/Palm Terrace Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$10.63	\$14.24	\$21.92	\$15.52	\$0.00	\$0.53
3/4"	\$15.94	\$21.36	\$32.89	\$23.29	\$0.00	\$0.79
1"	\$26.60	\$35.64	\$54.81	\$38.81	\$0.00	\$1.32
1-1/2"	\$53.17	\$71.24	\$109.62	\$77.62	\$0.00	\$2.65
2"	\$85.08	\$113.99	\$175.39	\$124.19	\$0.00	\$4.24
3"	\$170.15	\$227.97	\$350.79	\$248.38	\$0.00	\$8.47
4"	\$265.87	\$356.21	\$548.10	\$388.10	\$0.00	\$13.24
6"	\$531.75	\$712.44	\$1,096.21	\$776.20	\$0.00	\$26.47
8"	\$850.79	\$1,139.88	\$1,753.93	\$1,241.92	\$0.00	\$42.35
10"	\$1,223.02	\$1,638.60	\$2,521.28	\$1,785.26	\$0.00	\$60.88
Gallonge Charge, per 1,000 Gallons						
Block 1, (0 - 5,000)	\$2.95	\$3.95	\$3.80	\$6.59	\$0.00	\$0.22
Block 2, (5,000 - 10,000)	\$2.95	\$3.95	\$4.76	\$8.24	\$0.00	\$0.28
Block 3, (Over 10,000)	\$2.95	\$3.95	\$4.76	\$19.78	\$0.00	\$0.67
General Service and Multi-Family	\$2.95	\$3.95	\$3.80	\$7.68	\$0.00	\$0.26
Commercial	\$2.95	\$3.95	\$3.80	\$7.68	\$0.00	\$0.26
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$7.09	\$9.50	\$10.63	\$1.29	\$0.00	\$0.04
3"	\$14.18	\$19.00	\$21.25	\$20.70	\$0.00	\$0.71
4"	\$22.16	\$29.69	\$33.22	\$32.34	\$0.00	\$1.10
6"	\$44.30	\$59.35	\$66.40	\$64.68	\$0.00	\$2.21
8"	\$70.90	\$94.99	\$106.27	\$103.49	\$0.00	\$3.53
10"	\$101.92	\$136.55	\$152.77	\$148.77	\$0.00	\$5.07
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$19.48	\$26.09	\$33.32	\$35.29		
5,000 Gallons	\$25.38	\$33.99	\$40.92	\$48.47		
10,000 Gallons	\$40.13	\$53.74	\$64.72	\$89.67		



AUF/Palms Mobile Home Park Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$115,767	\$16,889	\$132,656	(\$11,923)	\$120,733
2 Land and Land Rights	1,360	0	1,360	0	1,360
3 Non-used and Useful Components	0	(469)	(469)	11	(458)
4 Accumulated Depreciation	(50,022)	1,888	(48,134)	26	(48,108)
5 CIAC	(4,425)	0	(4,425)	0	(4,425)
6 Amortization of CIAC	2,580	(48)	2,532	96	2,628
7 Working Capital Allowance	<u>0</u>	<u>9,076</u>	<u>9,076</u>	<u>(1,896)</u>	<u>7,180</u>
8 <b>Rate Base</b>	<u>\$65,260</u>	<u>\$27,336</u>	<u>\$92,596</u>	<u>(\$13,686)</u>	<u>\$78,910</u>



AUF/Palms Mobile Home Park Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro-forma Corp. IT. (Issue 4)		(\$361)	N/A
2 To reflect the appropriate amount of pro-forma meters. (Issue 4)		<u>(11,562)</u>	<u>N/A</u>
Total		<u>(\$11,923)</u>	<u>N/A</u>
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issue 10)		<u>\$11</u>	<u>N/A</u>
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. depr. of pro-forma Corp. IT. (Issue 4)		(\$97)	N/A
2 To reflect the appropriate amt. acc. depr. of pro-forma meters. (Issue 4)		<u>123</u>	<u>N/A</u>
Total		<u>\$26</u>	<u>N/A</u>
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.		<u>\$96</u>	<u>N/A</u>
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)		<u>(\$1,896)</u>	<u>N/A</u>

AUF/Palms Mobile Home Park Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$11,308</u>	<u>\$34,380</u>	<u>\$45,688</u>	<u>(\$34,454)</u>	<u>\$11,234</u>	<u>\$29,172</u> 259.68%	<u>\$40,406</u>
Operating Expenses							
2 Operation & Maintenance	\$22,878	\$1,536	\$24,414	(\$1,646)	\$22,768		\$22,768
3 Depreciation	4,407	1,014	5,421	(307)	5,114		5,114
4 Amortization	0	323	0	0	0		0
5 Taxes Other Than Income	1,308	3,031	4,339	(1,776)	2,563	1,313	3,876
6 Income Taxes	<u>(6,667)</u>	<u>10,308</u>	<u>3,641</u>	<u>(11,421)</u>	<u>(7,780)</u>	<u>10,484</u>	<u>2,704</u>
7 Total Operating Expense	<u>\$21,926</u>	<u>\$16,212</u>	<u>\$37,815</u>	<u>(\$15,150)</u>	<u>\$22,665</u>	<u>\$11,796</u>	<u>\$34,462</u>
8 Operating Income	<u>(\$10,618)</u>	<u>\$18,168</u>	<u>\$7,873</u>	<u>(\$19,304)</u>	<u>(\$11,431)</u>	<u>\$17,376</u>	<u>\$5,945</u>
9 Rate Base	<u>\$65,260</u>		<u>\$92,596</u>		<u>\$78,910</u>		<u>\$78,910</u>
10 Rate of Return	<u>-16.27%</u>		<u>8.50%</u>		<u>-14.49%</u>		<u>7.53%</u>

AUF/Palms Mobile Home Park Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$34,503)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	49	N/A	
Total	<u>(\$34,454)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$47)	N/A	
2 Stipulated Issue 33.	(20)	N/A	
3 To remove non-utility expenses. (Issue 34)	0	N/A	
4 Stipulated Issue 35.	(14)	N/A	
5 Stipulated Issue 37.	(35)	N/A	
6 To remove image enhancing advertising expense. (Issue 38)	(2)	N/A	
7 To remove lobbying and acquisition expenses. (Issue 39)	(80)	N/A	
8 To remove executive risk insurance expense. (Issue 40)	(20)	N/A	
9 To remove below-the-line expenses. (Issue 48)	(135)	N/A	
10 To reflect the appropriate bad debt expense. (Issue 50)	(651)	N/A	
11 To reflect the appropriate rate case expense. (Issue 52)	69	N/A	
12 To reflect appropriate normalization adjustments. (Issue 53)	(135)	N/A	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(577)</u>	<u>N/A</u>	
Total	<u>(\$1,646)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect appropriate amt of depr exp. For pro-forma Corp. IT. ( Issue 4)	\$20	N/A	
2 To reflect appropriate amt of depr exp. For pro-forma meters. (Issue 4)	(123)	N/A	
3 To reflect non-used and useful depreciation expense. (Issue 10)	1	N/A	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	(29)	N/A	
5 Stipulated Issue 56.	<u>(177)</u>	<u>N/A</u>	
Total	<u>(\$307)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,550)	N/A	
2 To remove Non-U&U property taxes. (Issue 10)	1	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(10)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
5 To remove pro forma payroll taxes. (Issue 54)	(14)	N/A	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(201)</u>	<u>N/A</u>	
Total	<u>(\$1,776)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$11,421)</u>	<u>N/A</u>	

AUF/Palms Mobile Home Park Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$7.56	\$9.56	\$21.92	\$15.52	\$0.00	\$0.37
3/4"	\$11.36	\$14.36	\$32.89	\$23.29	\$0.00	\$0.55
1"	\$18.91	\$23.91	\$54.81	\$38.81	\$0.00	\$0.92
1-1/2"	\$37.85	\$47.86	\$109.62	\$77.62	\$0.00	\$1.84
2"	\$60.54	\$76.55	\$175.39	\$124.19	\$0.00	\$2.94
3"	\$121.08	\$153.11	\$350.79	\$248.38	\$0.00	\$5.89
4"	\$189.20	\$239.25	\$548.10	\$388.10	\$0.00	\$9.20
6"	\$378.39	\$478.48	\$1,096.21	\$776.20	\$0.00	\$18.40
8"	\$605.43	\$765.58	\$1,753.93	\$1,241.92	\$0.00	\$29.44
10"	\$870.29	\$1,100.50	\$2,521.28	\$1,785.26	\$0.00	\$42.32
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$4.96	\$6.27	\$3.80	\$6.59	\$0.00	\$0.16
Block 2, 5,001-10,000	\$4.96	\$6.27	\$4.76	\$8.24	\$0.00	\$0.20
Block 3, >10,000	\$4.96	\$6.27	\$4.76	\$19.78	\$0.00	\$0.47
General Service and Multi-Family	\$4.96	\$6.27	\$4.76	\$7.68	\$0.00	\$0.18
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$5.06	\$6.40	\$14.62	\$10.35	\$0.00	\$0.25
3"	\$10.09	\$12.76	\$29.23	\$20.70	\$0.00	\$0.49
4"	\$15.76	\$19.93	\$45.68	\$32.34	\$0.00	\$0.77
6"	\$31.53	\$39.87	\$91.35	\$64.68	\$0.00	\$1.53
8"	\$50.46	\$63.81	\$146.16	\$103.49	\$0.00	\$2.45
10"	\$72.52	\$91.70	\$210.11	\$148.77	\$0.00	\$3.53
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$22.44	\$28.37	\$33.32	\$35.29		
5,000 Gallons	\$32.36	\$40.91	\$40.92	\$48.47		
10,000 Gallons	\$57.16	\$72.26	\$64.72	\$89.67		

AUF/Park Manor Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$57,347	\$2,221	\$59,568	(\$206)	\$59,362
2 Land and Land Rights	1,011	0	1,011	0	1,011
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(34,670)	(234)	(34,904)	(44)	(34,948)
5 CIAC	(738)	0	(738)	0	(738)
6 Amortization of CIAC	681	(1)	680	0	680
7 Working Capital Allowance	<u>0</u>	<u>5,198</u>	<u>5,198</u>	<u>(1,142)</u>	<u>4,056</u>
8 <b>Rate Base</b>	<u>\$23,631</u>	<u>\$7,184</u>	<u>\$30,815</u>	<u>(\$1,392)</u>	<u>\$29,423</u>

AUF/Park Manor Adjustment to Rate Base Test Year Ended 12/31/07		Schedule 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u> To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)		N/A	(\$206)
<u>Accumulated Depreciation</u> To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)		N/A	(\$44)
<u>Working Capital</u> To reflect the appropriate working capital allowance. (Issue 21)		N/A	(\$1,142)

AUF/Park Manor Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$15,056</u>	<u>\$22,415</u>	<u>\$37,471</u>	<u>(\$22,547)</u>	<u>\$14,924</u>	<u>\$21,056</u> 141.09%	<u>\$35,980</u>
Operating Expenses							
2 Operation & Maintenance	31,335	(3,497)	27,838	(915)	26,923		26,923
3 Depreciation	2,301	325	2,626	(9)	2,617		2,617
4 Amortization	0	185	185	0	185		185
5 Taxes Other Than Income	747	2,366	3,113	(1,030)	2,083	948	3,031
6 Income Taxes	<u>(7,456)</u>	<u>8,659</u>	<u>1,203</u>	<u>(7,762)</u>	<u>(6,559)</u>	<u>7,567</u>	<u>1,008</u>
7 Total Operating Expense	<u>\$26,927</u>	<u>\$8,038</u>	<u>\$34,965</u>	<u>(\$9,716)</u>	<u>\$25,249</u>	<u>\$8,515</u>	<u>\$33,764</u>
8 Operating Income	<u>(\$11,871)</u>	<u>\$14,377</u>	<u>\$2,506</u>	<u>(\$12,831)</u>	<u>(\$10,325)</u>	<u>\$12,542</u>	<u>\$2,217</u>
9 Rate Base	<u>\$23,631</u>		<u>\$30,815</u>		<u>\$29,423</u>		<u>\$29,423</u>
10 Rate of Return	<u>-50.23%</u>		<u>8.13%</u>		<u>-35.09%</u>		<u>7.53%</u>

AUF/ Park Manor Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	N/A	(\$22,547)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	N/A	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	N/A	0	
Total	N/A	<u>(\$22,547)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	N/A	(\$9)	
2 Remove miscellaneous non-utility expenses. (Issue 34)	N/A	0	
3 Stipulated Issue 35.	N/A	0	
4 Stipulated Issue 37.	N/A	(16)	
5 To remove image enhancing advertising expense. (Issue 38)	N/A	(1)	
6 To remove lobbying and acquisition expenses. (Issue 39)	N/A	(36)	
7 To remove executive risk insurance expense. (Issue 40)	N/A	(9)	
8 To remove below-the-line expenses. (Issue 48)	N/A	(62)	
9 To reflect the appropriate bad debt expense. (Issue 50)	N/A	(459)	
10 To reflect appropriate normalization adjustments. (Issue 53)	N/A	(62)	
11 To reflect the appropriate pro forma expenses. (Issue 54)	N/A	<u>(262)</u>	
Total	N/A	<u>(\$915)</u>	
<u>Depreciation Expenses</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	N/A	\$6	
2 To reflect the appropriate test year depreciation expense. (Issue 55)	N/A	<u>(14)</u>	
Total	N/A	<u>(\$9)</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	N/A	(\$1,015)	
2 To remove below-the-line payroll taxes. (Issue 48)	N/A	(5)	
3 To reflect appropriate normalization adjustments. (Issue 53)	N/A	(0)	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	N/A	(6)	
5 To reflect appropriate pro forma property taxes. (Issue 57)	N/A	<u>(4)</u>	
Total	N/A	<u>(\$1,030)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	N/A	<u>(\$7,762)</u>	



AUF/Park Manor Wastewater Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-B Docket No. 080121-WS		
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential</u></b>						
Base Facility Charge:						
All Meter Sizes	\$29.80	\$42.47	\$45.26	\$34.96	\$1.43	\$0.43
Gallage Charge, per 1,000 Gallons (6,000 gallon cap)	\$5.95	\$8.48	\$8.73	\$7.01	\$0.29	\$0.09
<b>Residential Flat Rate</b>	\$49.36	\$70.35	\$112.65	\$61.05	\$2.53	\$0.75
<b>General Service Flat Rate</b>	\$49.36	\$70.35	\$701.21	\$380.03	\$15.72	\$4.68
<b><u>General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$29.80	\$42.47	\$45.26	\$34.96	\$1.43	\$0.43
3/4"	\$44.68	\$63.68	\$67.89	\$52.44	\$2.14	\$0.65
1"	\$74.49	\$106.16	\$113.14	\$87.40	\$3.57	\$1.08
1-1/2"	\$148.97	\$212.31	\$226.29	\$174.80	\$7.15	\$2.15
2"	\$238.36	\$339.71	\$362.06	\$279.69	\$11.43	\$3.44
3"	\$476.72	\$679.42	\$724.12	\$559.37	\$22.87	\$6.89
4"	\$744.88	\$1,061.60	\$1,131.44	\$874.02	\$35.73	\$10.76
6"	\$1,489.73	\$2,123.15	\$2,262.89	\$1,748.04	\$71.47	\$21.52
8"	\$2,383.58	\$3,397.05	\$3,620.62	\$2,796.87	\$114.34	\$34.43
10"	\$3,426.40	\$4,883.27	\$5,204.65	\$4,020.50	\$164.37	\$49.49
Gallage Charge, per 1,000 Gallons	\$7.13	\$10.16	\$10.48	\$8.41	\$0.34	\$0.10
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$47.65	\$67.91	\$71.45	\$55.99		
5,000 Gallons	\$59.55	\$84.87	\$88.91	\$70.01		
6,000 Gallons	\$65.50	\$93.35	\$97.64	\$77.02		
(Wastewater Gallage Cap - 6,000 Gallons)						

AUF/Picciola Island Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$125,077	\$62,637	\$187,714	(\$53,908)	\$133,806
2 Land and Land Rights	3,481	0	3,481	0	3,481
3 Non-used and Useful Components	0	(2,582)	(2,582)	2,825	243
4 Accumulated Depreciation	(67,053)	4,659	(62,394)	729	(61,665)
5 CIAC	(48,958)	0	(48,958)	0	(48,958)
6 Amortization of CIAC	29,726	296	30,022	0	30,022
7 Working Capital Allowance	<u>0</u>	<u>22,796</u>	<u>22,796</u>	<u>(4,677)</u>	<u>18,119</u>
8 <b>Rate Base</b>	<u>\$42,273</u>	<u>\$87,806</u>	<u>\$130,079</u>	<u>(\$55,031)</u>	<u>\$75,048</u>

AUF/Picciola Island Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro-forma corp. IT. (Issue 4)	(\$840)	\$0	
2 To reflect the appropriate amount of pro-forma meters. (Issue 4)	(53,068)	\$0	
Total	<u>(\$53,908)</u>	<u>\$0</u>	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issue 10)	<u>\$2,825</u>	<u>\$0</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. depr. of pro-forma corp. IT. (Issue 4)	(\$239)	\$0	
2 To reflect the appropriate amt. acc. depr. of pro-forma meters. (Issue 4)	968	\$0	
Total	<u>\$729</u>	<u>\$0</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(4,677)</u>	<u>\$0</u>	

AUF/Picciola Island Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$53,117</u>	<u>\$13,317</u>	<u>\$66,434</u>	<u>(\$13,865)</u>	<u>\$52,569</u>	<u>\$1,007</u> 1.91%	<u>\$53,576</u>
Operating Expenses							
2 Operation & Maintenance	\$31,983	\$6,949	\$38,932	(\$2,698)	\$36,234		\$36,234
3 Depreciation	\$2,407	\$2,491	\$4,898	(\$1,124)	\$3,774		\$3,774
4 Amortization	\$0	\$758	\$758	\$0	\$758		\$758
5 Taxes Other Than Income	\$3,084	\$3,024	\$6,108	(\$1,570)	\$4,538	\$45	\$4,584
6 Income Taxes	<u>\$6,034</u>	<u>(\$941)</u>	<u>\$5,093</u>	<u>(\$2,883)</u>	<u>\$2,210</u>	<u>\$362</u>	<u>\$2,572</u>
7 Total Operating Expense	<u>\$43,508</u>	<u>\$12,281</u>	<u>\$55,789</u>	<u>(\$8,274)</u>	<u>\$47,515</u>	<u>\$407</u>	<u>\$47,922</u>
8 Operating Income	<u>\$9,609</u>	<u>\$1,036</u>	<u>\$10,645</u>	<u>(\$5,591)</u>	<u>\$5,054</u>	<u>\$600</u>	<u>\$5,654</u>
9 Rate Base	<u>\$42,273</u>		<u>\$130,079</u>		<u>\$75,048</u>		<u>\$75,048</u>
10 Rate of Return	<u>22.73%</u>		<u>8.18%</u>		<u>6.73%</u>		<u>7.53%</u>

AUF/Picciola Island Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$13,935)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	70	N/A	
Total	<u>(\$13,865)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$44)	N/A	
2 Stipulated Issue 33.	(49)	N/A	
3 To remove non-utility expenses. (Issue 34)	0	N/A	
4 Stipulated Issue 35.	(95)	N/A	
5 Stipulated Issue 37.	(86)	N/A	
6 To remove image enhancing advertising expense. (Issue 38)	(4)	N/A	
7 To remove lobbying and acquisition expenses. (Issue 39)	(197)	N/A	
8 To remove executive risk insurance expense. (Issue 40)	49	N/A	
9 To remove below-the-line expenses. (Issue 48)	(334)	N/A	
10 To reflect the appropriate bad debt expense. (Issue 50)	(402)	N/A	
11 To reflect the appropriate rate case expense. (Issue 52)	216	N/A	
12 To reflect appropriate normalization adjustments. (Issue 53)	(334)	N/A	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(1,418)</u>	<u>N/A</u>	
Total	<u>(\$2,698)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect appropriate amt of depr exp. For pro-forma copr. IT. (Issue 4)	\$53	N/A	
2 To reflect appropriate amt of depr exp. For pro-forma meters. (Issue 4)	(968)	N/A	
3 To reflect non-used and useful depreciation expense. (Issue 10)	(140)	N/A	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(69)</u>	<u>N/A</u>	
Total	<u>(\$1,124)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$624)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(26)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
4 To remove pro forma payroll taxes. (Issue 54)	(34)	N/A	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(886)</u>	<u>N/A</u>	
Total	<u>(\$1,570)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$2,883)</u>	<u>N/A</u>	

AUF/Picciola Island Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$10.63	\$14.24	\$21.92	\$13.92	\$0.56	\$0.62
3/4"	\$15.94	\$21.36	\$32.89	\$20.88	\$0.84	\$0.92
1"	\$26.60	\$35.64	\$54.81	\$34.79	\$1.40	\$1.54
1-1/2"	\$53.17	\$71.24	\$109.62	\$69.59	\$2.80	\$3.08
2"	\$85.08	\$113.99	\$175.39	\$111.34	\$4.48	\$4.92
3"	\$170.15	\$227.97	\$350.79	\$222.69	\$8.96	\$9.85
4"	\$265.87	\$356.21	\$548.10	\$347.95	\$14.00	\$15.39
6"	\$531.75	\$712.44	\$1,096.21	\$695.89	\$27.99	\$30.77
8"	\$850.79	\$1,139.88	\$1,753.93	\$1,113.43	\$44.79	\$49.24
10"	\$1,223.02	\$1,638.60	\$2,521.28	\$1,600.56	\$64.40	\$70.78
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$2.95	\$3.95	\$3.80	\$1.97	\$0.13	\$0.09
Block 2, 5,001-10,000	\$2.95	\$3.95	\$4.76	\$2.47	\$0.17	\$0.11
Block 3, over 10,000	\$2.95	\$3.95	\$4.76	\$5.92	\$0.40	\$0.26
General Service and Multi-Family	\$2.95	\$3.95	\$3.80	\$3.29	\$0.19	\$0.15
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$7.09	\$9.50	\$14.62	\$9.28	\$0.37	\$0.41
3"	\$14.18	\$19.00	\$29.23	\$18.56	\$0.75	\$0.82
4"	\$22.16	\$29.69	\$45.68	\$29.00	\$1.17	\$1.28
6"	\$44.30	\$59.35	\$91.35	\$57.99	\$2.33	\$2.56
8"	\$70.90	\$94.99	\$146.16	\$92.79	\$3.73	\$4.10
10"	\$101.92	\$136.55	\$210.11	\$133.38	\$5.37	\$5.90
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$19.48	\$26.10	\$33.32	\$19.83		
5,000 Gallons	\$25.38	\$34.00	\$40.92	\$23.77		
10,000 Gallons	\$40.13	\$53.77	\$64.72	\$36.12		

AUF/Piney Woods Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$386,513	\$12,824	\$399,337	(\$963)	\$398,374
2 Land and Land Rights	1,867	0	1,867	0	1,867
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(159,028)	(1,399)	(160,427)	(292)	(160,719)
5 CIAC	(20,627)	(216)	(20,843)	0	(20,843)
6 Amortization of CIAC	6,572	0	6,572	431	7,003
7 Working Capital Allowance	<u>0</u>	<u>26,159</u>	<u>26,159</u>	<u>(4,894)</u>	<u>21,265</u>
8 Rate Base	<u>\$215,297</u>	<u>\$37,368</u>	<u>\$252,665</u>	<u>(\$5,718)</u>	<u>\$246,947</u>

AUF/Piney Woods Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u> To reflect the appropriate amount of pro-forma corp. IT. (Issue 4)		<u>(\$963)</u>	<u>N/A</u>
<u>Accumulated Depreciation</u> To reflect the appropriate amt. acc. depr. of pro-forma corp. IT. (Issue 4)		<u>(\$292)</u>	<u>N/A</u>
<u>Accumulated Amortization of CIAC</u> Stipulated Issue 15.		<u>\$431</u>	<u>N/A</u>
<u>Working Capital</u> To reflect the appropriate working capital allowance. (Issue 21)		<u>(\$4,894)</u>	<u>N/A</u>



AUF/Piney Woods Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$78,515</u>	<u>\$35,662</u>	<u>\$114,177</u>	<u>(\$36,154)</u>	<u>\$78,023</u>	<u>\$26,831</u> 34.39%	<u>\$104,854</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$47,454</u>	<u>\$10,593</u>	<u>\$58,047</u>	<u>(\$3,709)</u>	<u>\$54,338</u>	<u>\$0</u>	<u>\$54,338</u>
3 Depreciation	<u>11,661</u>	<u>2,327</u>	<u>13,988</u>	<u>(1,841)</u>	<u>12,147</u>	<u>0</u>	<u>12,147</u>
4 Amortization	<u>0</u>	<u>927</u>	<u>927</u>	<u>0</u>	<u>927</u>	<u>0</u>	<u>927</u>
5 Taxes Other Than Income	<u>6,805</u>	<u>4,088</u>	<u>10,893</u>	<u>(1,724)</u>	<u>9,169</u>	<u>1,207</u>	<u>10,376</u>
6 Income Taxes	<u>4,859</u>	<u>4,976</u>	<u>9,835</u>	<u>(11,015)</u>	<u>(1,180)</u>	<u>9,642</u>	<u>8,462</u>
7 Total Operating Expense	<u>\$70,779</u>	<u>\$22,911</u>	<u>\$93,690</u>	<u>(\$18,290)</u>	<u>\$75,400</u>	<u>\$10,850</u>	<u>\$86,249</u>
8 Operating Income	<u>\$7,736</u>	<u>\$12,751</u>	<u>\$20,487</u>	<u>(\$17,864)</u>	<u>\$2,623</u>	<u>\$15,981</u>	<u>\$18,605</u>
9 Rate Base	<u>\$215,297</u>		<u>\$252,665</u>		<u>\$246,947</u>		<u>\$246,947</u>
10 Rate of Return	<u>3.59%</u>		<u>8.11%</u>		<u>1.06%</u>		<u>7.53%</u>

AUF/Piney Woods		Schedule 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$36,322)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	168	N/A	
Total	<u>(\$36,154)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$104)	N/A	
2 Stipulated Issue 33.	(59)	N/A	
3 To remove non-utility expenses. (Issue 34)	0	N/A	
4 Stipulated Issue 35.	(130)	N/A	
5 Stipulated Issue 37.	(105)	N/A	
6 To remove image enhancing advertising expense. (Issue 38)	(5)	N/A	
7 To remove lobbying and acquisition expenses. (Issue 39)	(240)	N/A	
8 To remove executive risk insurance expense. (Issue 40)	(60)	N/A	
9 To remove below-the-line expenses. (Issue 48)	(408)	N/A	
10 To reflect the appropriate bad debt expense. (Issue 50)	(792)	N/A	
11 To reflect the appropriate rate case expense. (Issue 52)	318	N/A	
12 To reflect appropriate normalization adjustments. (Issue 53)	(407)	N/A	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(1,718)</u>	<u>N/A</u>	
Total	<u>(\$3,709)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect appropriate amt of depr exp. For pro-forma copr. IT. (Issue 4)	(\$963)	N/A	
2 To reflect the appropriate test year depreciation expense. (Issue 55)	(82)	N/A	
3 Stipulated Issue 56.	<u>(796)</u>	<u>N/A</u>	
Total	<u>(\$1,841)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,627)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(31)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
4 To remove pro forma payroll taxes. (Issue 54)	(42)	N/A	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(24)</u>	<u>N/A</u>	
Total	<u>(\$1,724)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$11,015)</u>	<u>N/A</u>	

AUF/Piney Woods Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$16.33	\$21.88	\$21.92	\$15.92	\$0.53	\$1.71
3/4"	\$24.48	\$32.80	\$32.89	\$23.88	\$0.80	\$2.57
1"	\$40.81	\$54.68	\$54.81	\$39.80	\$1.33	\$4.29
1-1/2"	\$81.58	\$109.30	\$109.62	\$79.61	\$2.67	\$8.57
2"	\$130.54	\$174.90	\$175.39	\$127.37	\$4.27	\$13.72
3"	\$261.08	\$349.79	\$350.79	\$254.75	\$8.54	\$27.44
4"	\$407.95	\$546.57	\$548.10	\$398.04	\$13.35	\$42.87
6"	\$815.90	\$1,093.14	\$1,096.21	\$796.08	\$26.69	\$85.75
8"	\$1,305.42	\$1,748.99	\$1,753.93	\$1,273.73	\$42.71	\$137.20
10"	\$1,876.57	\$2,514.22	\$2,521.28	\$1,830.99	\$60.95	\$197.22
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1, (0 - 5,000)	\$2.72	\$3.64	\$3.80	\$3.73	\$0.15	\$0.40
Block 2, (5,000 - 10,000)	\$2.72	\$3.64	\$4.76	\$4.66	\$0.18	\$0.50
Block 3, ( over 10,000)	\$2.72	\$3.64	\$4.76	\$11.20	\$0.44	\$1.21
General Service and Multi-Family	\$2.72	\$3.64	\$3.80	\$5.21	\$0.21	\$0.56
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$10.88	\$14.58	\$14.62	\$10.61	\$0.36	\$1.14
3"	\$21.75	\$29.14	\$29.23	\$21.23	\$0.71	\$2.29
4"	\$33.99	\$45.54	\$45.68	\$33.17	\$1.11	\$3.57
6"	\$67.98	\$91.08	\$91.35	\$66.34	\$2.22	\$7.15
8"	\$108.79	\$145.76	\$146.16	\$106.14	\$3.56	\$11.43
10"	\$156.39	\$209.53	\$210.11	\$152.58	\$5.08	\$16.43
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$24.49	\$32.81	\$33.32	\$27.11		
5,000 Gallons	\$29.93	\$40.10	\$40.92	\$34.57		
10,000 Gallons	\$43.53	\$58.32	\$64.72	\$57.87		

AUF/Pomona Park Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$419,312	\$33,242	\$452,554	(\$18,202)	\$434,352
2 Land and Land Rights	7,229	0	7,229	0	7,229
3 Non-used and Useful Components	0	(100,724)	(100,724)	(3,600)	(104,324)
4 Accumulated Depreciation	(101,343)	11,378	(89,965)	(615)	(90,580)
5 CIAC	(22,516)	0	(22,516)	0	(22,516)
6 Amortization of CIAC	9,919	(245)	9,674	353	10,027
7 Working Capital Allowance	<u>0</u>	<u>26,973</u>	<u>26,973</u>	<u>(6,091)</u>	<u>20,882</u>
8 <b>Rate Base</b>	<u>\$312,601</u>	<u>(\$29,376)</u>	<u>\$283,225</u>	<u>(\$28,155)</u>	<u>\$255,070</u>

AUF/Pomona Park Adjustments to Rate Base Test Year Ended 12/31/07			Schedule No. 3-C Docket No. 060368-WS	
Explanation	Water	Wastewater		
<u>Plant In Service</u>				
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$1,121)	N/A		
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	<u>(17,080)</u>	<u>N/A</u>		
Total	<u>(\$18,202)</u>	<u>N/A</u>		
<u>Non-used and Useful</u>				
To reflect net non-used and useful adjustment. (Issue 7)	<u>(\$3,600)</u>	<u>N/A</u>		
<u>Accumulated Depreciation</u>				
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$261)	N/A		
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	<u>(354)</u>	<u>N/A</u>		
Total	<u>(\$615)</u>	<u>N/A</u>		
<u>Accumulated Amortization of CIAC</u>				
Stipulated Issue 15.	<u>\$353</u>	<u>N/A</u>		
<u>Working Capital</u>				
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$6,091)</u>	<u>N/A</u>		

AUF/Pomona Park Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	\$60,166	\$52,972	\$113,138	(\$53,118)	\$60,020	\$38,772 64.60%	\$98,792
Operating Expenses							
2 Operation & Maintenance	\$108,675	(\$54,666)	\$54,009	(\$7,084)	\$46,925	\$0	\$46,925
3 Depreciation	11,743	202	11,945	(477)	11,468	0	11,468
4 Amortization	0	1,047	1,047	0	1,047	0	1,047
5 Taxes Other Than Income	10,197	2,159	12,356	(2,705)	9,651	1,745	11,396
6 Income Taxes	(27,176)	38,128	10,952	(16,146)	(5,194)	13,934	8,740
7 Total Operating Expense	\$103,439	(\$13,130)	\$90,309	(\$26,411)	\$63,898	\$15,678	\$79,576
8 Operating Income	(\$43,273)	\$66,102	\$22,829	(\$26,707)	(\$3,878)	\$23,094	\$19,217
9 Rate Base	\$312,601		\$283,225		\$255,070		\$255,070
10 Rate of Return	-13.84%		8.06%		-1.52%		7.53%

<b>AUF/Pomona Park  Adjustment to Operating Income  Test Year Ended 12/31/07</b>		<b>Schedule 4-C  Docket No. 080121-WS</b>	
Explanation		Water	Wastewater
<u>Operating Revenues</u>			
1	Remove requested final revenue increase.	(\$53,258)	N/A
2	To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A
3	To reflect the appropriate miscellaneous service revenues. (Issue 31)	140	N/A
	Total	<u>(\$53,118)</u>	<u>N/A</u>
<u>Operation and Maintenance Expenses</u>			
1	Stipulated Issue 5.	(\$9)	N/A
2	Stipulated Issue 33.	(53)	N/A
3	Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A
4	Stipulated Issue 35.	(616)	N/A
5	Stipulated Issue 37.	(94)	N/A
6	To remove image enhancing advertising expense. (Issue 38)	(5)	N/A
7	To remove lobbying and acquisition expenses. (Issue 39)	(215)	N/A
8	To remove executive risk insurance expense. (Issue 40)	(54)	N/A
9	To remove below-the-line expenses. (Issue 48)	(365)	N/A
10	To reflect the appropriate bad debt expense. (Issue 50)	(3,834)	N/A
11	To reflect the appropriate rate case expense. (Issue 52)	56	N/A
12	To reflect appropriate normalization adjustments. (Issue 53)	(364)	N/A
13	To reflect the appropriate pro forma expenses. (Issue 54)	<u>(1,532)</u>	<u>N/A</u>
	Total	<u>(\$7,084)</u>	<u>N/A</u>
<u>Depreciation Expense</u>			
1	To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$41	N/A
2	To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	354	N/A
3	To reflect non-used and useful depreciation expense. (Issue 7)	(139)	N/A
4	To reflect the appropriate test year depreciation expense. (Issue 55)	(82)	N/A
5	Stipulated Issue 56.	<u>(651)</u>	<u>N/A</u>
	Total	<u>(\$477)</u>	<u>N/A</u>
<u>Taxes Other Than Income</u>			
1	RAFTs on revenue adjustments above.	(\$2,390)	N/A
2	To remove Non-U&U property taxes. (Issue 7)	(29)	N/A
3	To remove below-the-line payroll taxes. (Issue 48)	(28)	N/A
4	To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A
5	To reflect the appropriate pro forma payroll taxes. (Issue 54)	(37)	N/A
6	To reflect appropriate pro forma property taxes. (Issue 57)	<u>(220)</u>	<u>N/A</u>
	Total	<u>(\$2,705)</u>	<u>N/A</u>
<u>Income Taxes</u>			
	To adjust to test year income tax expense.	<u>(\$16,146)</u>	<u>N/A</u>

AUF/Pomona Park Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, Commercial and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$16.33	\$21.88	\$21.92	\$15.52	\$0.00	\$0.41
3/4"	\$24.48	\$32.80	\$32.89	\$23.29	\$0.00	\$0.61
1"	\$40.81	\$54.68	\$54.81	\$38.81	\$0.00	\$1.02
1-1/2"	\$81.58	\$109.30	\$109.62	\$77.62	\$0.00	\$2.03
2"	\$130.54	\$174.90	\$175.39	\$124.19	\$0.00	\$3.25
3"	\$261.08	\$349.79	\$350.79	\$248.38	\$0.00	\$6.51
4"	\$407.95	\$546.57	\$548.10	\$388.10	\$0.00	\$10.17
6"	\$815.90	\$1,093.14	\$1,096.21	\$776.20	\$0.00	\$20.33
8"	\$1,305.42	\$1,748.99	\$1,753.93	\$1,241.92	\$0.00	\$32.53
10"	\$1,876.57	\$2,514.22	\$2,521.28	\$1,785.26	\$0.00	\$46.76
Gallonge Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$2.72	\$3.64	\$3.80	\$6.59	\$0.00	\$0.17
Block 2, 5,000-10,000	\$2.72	\$3.64	\$4.76	\$8.24	\$0.00	\$0.22
Block 3, >10,000	\$2.72	\$3.64	\$4.76	\$19.78	\$0.00	\$0.52
General Service and Multi-Family	\$2.72	\$3.64	\$3.80	\$7.68	\$0.00	\$0.20
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$10.88	\$14.58	\$14.62	\$10.35	\$0.00	\$0.27
3"	\$21.75	\$29.14	\$29.23	\$20.70	\$0.00	\$0.54
4"	\$33.99	\$45.54	\$45.68	\$32.34	\$0.00	\$0.85
6"	\$67.98	\$91.08	\$91.35	\$64.68	\$0.00	\$1.69
8"	\$108.79	\$145.76	\$146.16	\$103.49	\$0.00	\$2.71
10"	\$156.39	\$209.53	\$210.11	\$148.77	\$0.00	\$3.90
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$24.49	\$32.79	\$33.32	\$35.29		
5,000 Gallons	\$29.93	\$40.06	\$40.92	\$48.47		
10,000 Gallons	\$43.53	\$58.28	\$64.72	\$89.67		



AUF/Quail Ridge Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$165,496	\$23,858	\$189,354	(\$14,132)	\$175,222
2 Land and Land Rights	3,804	0	3,804	0	3,804
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(45,547)	2,512	(43,035)	(99)	(43,134)
5 CIAC	(108,292)	0	(108,292)	0	(108,292)
6 Amortization of CIAC	18,119	(1,409)	16,710	1,970	18,680
7 Working Capital Allowance	<u>0</u>	<u>10,628</u>	<u>10,628</u>	<u>(2,721)</u>	<u>7,907</u>
8 <b>Rate Base</b>	<u>\$33,580</u>	<u>\$35,589</u>	<u>\$69,169</u>	<u>(\$14,983)</u>	<u>\$54,186</u>

AUF/Quail Ridge Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$529)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(13,603)	N/A	
Total	(\$14,132)	N/A	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$155)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	55	N/A	
Total	(\$99)	N/A	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	\$1,970	N/A	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	(\$2,721)	N/A	

AUF/Quail Ridge Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$45,950</u>	<u>\$2,454</u>	<u>\$48,404</u>	<u>(\$2,547)</u>	<u>\$45,857</u>	<u>(\$3,286)</u> -7.17%	<u>\$42,571</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$31,873</u>	<u>(\$3,099)</u>	<u>\$28,774</u>	<u>(\$1,879)</u>	<u>\$26,895</u>		<u>\$26,895</u>
3 Depreciation	<u>2,051</u>	<u>4,243</u>	<u>6,294</u>	<u>(3,701)</u>	<u>2,593</u>		<u>2,593</u>
4 Amortization	<u>0</u>	<u>97</u>	<u>97</u>	<u>2,416</u>	<u>2,513</u>		<u>2,513</u>
5 Taxes Other Than Income	<u>3,624</u>	<u>1,552</u>	<u>5,176</u>	<u>(398)</u>	<u>4,778</u>	<u>(148)</u>	<u>4,630</u>
6 Income Taxes	<u>3,242</u>	<u>(642)</u>	<u>2,600</u>	<u>438</u>	<u>3,038</u>	<u>(1,181)</u>	<u>1,857</u>
7 Total Operating Expense	<u>\$40,790</u>	<u>\$2,151</u>	<u>\$42,941</u>	<u>(\$3,124)</u>	<u>\$39,817</u>	<u>(\$1,329)</u>	<u>\$38,488</u>
8 Operating Income	<u>\$5,160</u>	<u>\$303</u>	<u>\$5,463</u>	<u>\$577</u>	<u>\$6,040</u>	<u>(\$1,957)</u>	<u>\$4,082</u>
9 Rate Base	<u>\$33,580</u>		<u>\$69,169</u>		<u>\$54,186</u>		<u>\$54,186</u>
10 Rate of Return	<u>15.37%</u>		<u>7.90%</u>		<u>11.15%</u>		<u>7.53%</u>

AUF/Quail Ridge Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$2,624)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	77	N/A	
Total	<u>(\$2,547)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$0)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(62)	N/A	
4 Stipulated Issue 37.	(55)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(3)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(127)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(32)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(216)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(406)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	150	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(215)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(913)</u>	<u>N/A</u>	
Total	<u>(\$1,879)</u>	<u>N/A</u>	
<u>Depreciation Expenses</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$36	N/A	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(55)	N/A	
3 To remove test year depreciation expenses. (Issue 55)	(44)	N/A	
4 Stipulated Issue 56.	<u>(3,637)</u>	<u>N/A</u>	
Total	<u>(\$3,701)</u>	<u>N/A</u>	
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$2,416</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$115)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(17)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(22)	N/A	
5 To reflect appropriate pro forma property taxes. (Issue 57)	<u>(245)</u>	<u>N/A</u>	
Total	<u>(\$398)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>\$438</u>	<u>N/A</u>	

AUF/Quail Ridge Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$21.86	\$22.67	\$21.92	\$16.44	\$0.27	\$0.59
3/4"	\$32.81	\$34.02	\$32.89	\$24.66	\$0.40	\$0.89
1"	\$54.68	\$56.70	\$54.81	\$41.10	\$0.67	\$1.48
1-1/2"	\$109.35	\$113.40	\$109.62	\$82.20	\$1.35	\$2.95
2"	\$174.98	\$181.45	\$175.39	\$131.52	\$2.16	\$4.72
3"	\$349.93	\$362.88	\$350.79	\$263.03	\$4.31	\$9.45
4"	\$546.77	\$567.00	\$548.10	\$410.99	\$6.74	\$14.76
6"	\$1,093.55	\$1,134.01	\$1,096.21	\$821.97	\$13.48	\$29.52
8"	\$1,749.66	\$1,814.40	\$1,753.93	\$1,315.16	\$21.56	\$47.24
10"	\$2,515.16	\$2,608.22	\$2,521.28	\$1,890.54	\$31.00	\$67.90
Gallonge Charge, per 1,000 Gallons						
Residential						
Block 1, (0 - 5,000)	\$3.52	\$3.65	\$3.80	\$4.94	\$0.14	\$0.18
Block 2, (5,000 - 10,000)	\$3.52	\$3.65	\$4.76	\$6.17	\$0.17	\$0.22
Block 3, (Over 10,000)	\$3.52	\$3.65	\$4.76	\$14.81	\$0.41	\$0.53
General Service and Multi-Family	\$3.52	\$3.65	\$3.80	\$6.05	\$0.13	\$0.22
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$14.59	\$15.13	\$14.62	\$10.96	\$0.18	\$0.39
3"	\$29.16	\$30.24	\$29.23	\$21.92	\$0.36	\$0.79
4"	\$45.57	\$47.26	\$45.68	\$34.25	\$0.56	\$1.23
6"	\$91.11	\$94.48	\$91.35	\$68.50	\$1.12	\$2.46
8"	\$145.81	\$151.20	\$146.16	\$109.60	\$1.80	\$3.94
10"	\$209.62	\$217.38	\$210.11	\$157.55	\$2.58	\$5.66
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$32.42	\$33.62	\$33.32	\$31.26		
5,000 Gallons	\$39.46	\$40.92	\$40.92	\$41.14		
10,000 Gallons	\$57.06	\$59.17	\$64.72	\$71.99		

AUF/Ravenswood Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$45,771	\$5,512	\$51,283	(\$8,701)	\$42,582
2 Land and Land Rights	368	0	368	0	368
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(19,500)	6,855	(12,645)	(78)	(12,723)
5 CIAC	(12,090)	0	(12,090)	0	(12,090)
6 Amortization of CIAC	11,571	261	11,832	0	11,832
7 Working Capital Allowance	<u>0</u>	<u>4,925</u>	<u>4,925</u>	<u>(1,330)</u>	<u>3,595</u>
8 <b>Rate Base</b>	<u>\$26,120</u>	<u>\$17,553</u>	<u>\$43,673</u>	<u>(\$10,109)</u>	<u>\$33,564</u>

AUF/Ravenswood Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$234)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(8,467)	N/A	
Total	<u>(\$8,701)</u>	<u>N/A</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$75)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	(3)	N/A	
Total	<u>(\$78)</u>	<u>N/A</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$1,330)</u>	<u>N/A</u>	

AUF/Ravenswood Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$15,137</u>	<u>\$14,160</u>	<u>\$29,297</u>	<u>(\$14,268)</u>	<u>\$15,029</u>	<u>\$10,761</u> 71.60%	<u>\$25,790</u>
Operating Expenses							
2 Operation & Maintenance	\$15,059	\$4,628	\$19,687	(\$1,704)	\$17,983		\$17,983
3 Depreciation	2,156	(94)	2,062	1	2,063		2,063
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	1,018	1,369	2,387	(807)	1,580	484	2,065
6 Income Taxes	<u>(1,195)</u>	<u>2,874</u>	<u>1,679</u>	<u>(4,396)</u>	<u>(2,717)</u>	<u>3,867</u>	<u>1,150</u>
7 Total Operating Expense	<u>\$17,038</u>	<u>\$8,777</u>	<u>\$25,815</u>	<u>(\$6,905)</u>	<u>\$18,910</u>	<u>\$4,351</u>	<u>\$23,261</u>
8 Operating Income	<u>(\$1,901)</u>	<u>\$5,383</u>	<u>\$3,482</u>	<u>(\$7,363)</u>	<u>(\$3,881)</u>	<u>\$6,409</u>	<u>\$2,529</u>
9 Rate Base	<u>\$26,120</u>		<u>\$43,673</u>		<u>\$33,564</u>		<u>\$33,564</u>
10 Rate of Return	<u>-7.28%</u>		<u>7.97%</u>		<u>-11.56%</u>		<u>7.53%</u>



AUF/Ravenswood Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$14,338)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	70	N/A	
Total	<u>(\$14,268)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$15)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 37.	(27)	N/A	
4 To remove image enhancing advertising expense. (Issue 38)	(1)	N/A	
5 To remove lobbying and acquisition expenses. (Issue 39)	(61)	N/A	
6 To remove executive risk insurance expense. (Issue 40)	(15)	N/A	
7 To reflect appropriate contractual services other expense. (Issue 41)	(355)	N/A	
8 To remove fuel for purchased power production expense. (Issue 45)	(355)	N/A	
9 To remove below-the-line expenses. (Issue 48)	(104)	N/A	
10 To reflect the appropriate bad debt expense. (Issue 50)	(321)	N/A	
11 To reflect the appropriate rate case expense. (Issue 52)	92	N/A	
12 To reflect appropriate normalization adjustments. (Issue 53)	(104)	N/A	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(437)</u>	<u>N/A</u>	
Total	<u>(\$1,704)</u>	<u>N/A</u>	
<u>Depreciation Expenses</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$19	N/A	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	3	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(21)</u>	<u>N/A</u>	
Total	<u>\$1</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$642)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(8)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(11)	N/A	
5 To reflect appropriate pro forma property taxes. (Issue 57)	<u>(146)</u>	<u>N/A</u>	
Total	<u>(\$807)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$4,396)</u>	<u>N/A</u>	

AUF/Ravenswood Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$13.30	\$19.25	\$21.92	\$16.44	\$0.27	\$0.47
3/4"	\$19.95	\$28.88	\$32.89	\$24.66	\$0.40	\$0.71
1"	\$33.21	\$48.07	\$54.81	\$41.10	\$0.67	\$1.18
1-1/2"	\$64.81	\$93.82	\$109.62	\$82.20	\$1.35	\$2.36
2"	\$103.67	\$150.07	\$175.39	\$131.52	\$2.16	\$3.77
3"	\$207.34	\$300.14	\$350.79	\$263.03	\$4.31	\$7.54
4"	\$323.95	\$468.94	\$548.10	\$410.99	\$6.74	\$11.78
6"	\$647.92	\$937.91	\$1,096.21	\$821.97	\$13.48	\$23.56
8"	-	-	\$1,753.93	\$1,315.16	\$21.56	\$37.70
10"	-	-	\$2,521.28	\$1,890.54	\$31.00	\$54.20
Gallonge Charge, per 1,000 Gallons						
Block 1 (0 -5,000)	\$1.88	\$2.72	\$3.80	\$4.94	\$0.14	\$0.14
Block 2 (5,000 - 10,000)	\$1.88	\$2.72	\$4.76	\$6.17	\$0.17	\$0.18
Block 3 (> 10,000)	\$1.88	\$2.72	\$4.76	\$14.81	\$0.41	\$0.42
<b><u>General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	-	-	\$21.92	\$16.44	\$0.27	\$0.47
3/4"	-	-	\$32.89	\$24.66	\$0.40	\$0.71
1"	-	-	\$54.81	\$41.10	\$0.67	\$1.18
1-1/2"	-	-	\$109.62	\$82.20	\$1.35	\$2.36
2"	-	-	\$175.39	\$131.52	\$2.16	\$3.77
3"	-	-	\$350.79	\$263.03	\$4.31	\$7.54
4"	-	-	\$548.10	\$410.99	\$6.74	\$11.78
6"	-	-	\$1,096.21	\$821.97	\$13.48	\$23.56
8"	-	-	\$1,753.93	\$1,315.16	\$21.56	\$37.70
10"	-	-	\$2,521.28	\$1,890.54	\$31.00	\$54.20
Gallonge Charge, per 1,000 Gallons	-	-	\$3.80	\$6.05	\$0.13	\$0.17
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$10.96	\$0.18	\$0.31
3"	-	-	\$29.23	\$21.92	\$0.36	\$0.63
4"	-	-	\$45.68	\$34.25	\$0.56	\$0.98
6"	-	-	\$91.35	\$68.50	\$1.12	\$1.96
8"	-	-	\$146.16	\$109.60	\$1.80	\$3.14
10"	-	-	\$210.11	\$157.55	\$2.58	\$4.52
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$18.94	\$27.41	\$33.32	\$31.26		
5,000 Gallons	\$22.70	\$32.85	\$40.92	\$41.14		
10,000 Gallons	\$32.10	\$46.45	\$64.72	\$71.99		

AUF/River Grove Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$133,938	\$25,106	\$159,044	(\$8,999)	\$150,045
2 Land and Land Rights	3,511	0	3,511	0	3,511
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(76,016)	3,349	(72,667)	(73)	(72,740)
5 CIAC	(27,964)	0	(27,964)	0	(27,964)
6 Amortization of CIAC	25,580	64	25,644	0	25,644
7 Working Capital Allowance	<u>0</u>	<u>15,836</u>	<u>15,836</u>	<u>(2,600)</u>	<u>13,236</u>
8 <b>Rate Base</b>	<u>\$59,049</u>	<u>\$44,355</u>	<u>\$103,404</u>	<u>(\$11,672)</u>	<u>\$91,732</u>

AUF/River Grove Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$532)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	<u>(8,467)</u>	<u>N/A</u>	
Total	<u>(\$8,999)</u>	<u>N/A</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate Acc. Dep. for Pro Forma Corporate IT. (Issue 4)	(\$182)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	<u>109</u>	<u>N/A</u>	
Total	<u>(\$73)</u>	<u>N/A</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$2,600)</u>	<u>N/A</u>	

AUF/River Grove Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$36,732</u>	<u>\$19,983</u>	<u>\$56,715</u>	<u>(\$20,245)</u>	<u>\$36,470</u>	<u>\$14,347</u> 39.34%	<u>\$50,817</u>
Operating Expenses							
2 Operation & Maintenance	\$53,448	(\$20,815)	\$32,633	(\$2,778)	\$29,855		\$29,855
3 Depreciation	3,768	1,449	5,217	(109)	5,108		5,108
4 Amortization	0	578	578	0	578		578
5 Taxes Other Than Income	3,226	2,573	5,799	(1,223)	4,576	646	5,221
6 Income Taxes	<u>(9,146)</u>	<u>13,192</u>	<u>4,046</u>	<u>(6,059)</u>	<u>(2,013)</u>	<u>5,156</u>	<u>3,143</u>
7 Total Operating Expense	<u>\$51,296</u>	<u>(\$3,023)</u>	<u>\$48,273</u>	<u>(\$10,168)</u>	<u>\$38,105</u>	<u>\$5,801</u>	<u>\$43,906</u>
8 Operating Income	<u>(\$14,564)</u>	<u>\$23,006</u>	<u>\$8,442</u>	<u>(\$10,077)</u>	<u>(\$1,635)</u>	<u>\$8,546</u>	<u>\$6,911</u>
9 Rate Base	<u>\$59,049</u>		<u>\$103,404</u>		<u>\$91,732</u>		<u>\$91,732</u>
10 Rate of Return	<u>-24.66%</u>		<u>8.16%</u>		<u>-1.78%</u>		<u>7.53%</u>

AUF/River Grove Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$20,287)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	42	N/A	
Total	<u>(\$20,245)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$37)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(588)	N/A	
4 Stipulated Issue 37.	(65)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(3)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(149)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(37)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(254)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(635)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	257	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(253)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(1,013)</u>	<u>N/A</u>	
Total	<u>(\$2,778)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate Dep. Exp. for Pro Forma Corporate IT. (Issue 4)	\$50	N/A	
2 To reflect the appropriate Dep. Exp. for Pro Forma Meters. (Issue 4)	(109)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(49)</u>	<u>N/A</u>	
Total	<u>(\$109)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$911)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(19)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(26)	N/A	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(267)</u>	<u>N/A</u>	
Total	<u>(\$1,223)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$6,059)</u>	<u>N/A</u>	

AUF/River Grove Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-year Rate Reduction
<b><u>Residential, Commercial and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$10.25	\$13.73	\$21.92	\$15.52	\$0.00	\$0.55
3/4"	\$15.39	\$20.62	\$32.89	\$23.29	\$0.00	\$0.82
1"	\$25.64	\$34.35	\$54.81	\$38.81	\$0.00	\$1.37
1-1/2"	\$51.29	\$68.72	\$109.62	\$77.62	\$0.00	\$2.75
2"	\$82.07	\$109.96	\$175.39	\$124.19	\$0.00	\$4.39
3"	\$164.14	\$219.91	\$350.79	\$248.38	\$0.00	\$8.79
4"	\$256.46	\$343.60	\$548.10	\$388.10	\$0.00	\$13.73
6"	\$512.93	\$687.22	\$1,096.21	\$776.20	\$0.00	\$27.46
8"	\$820.69	\$1,099.56	\$1,753.93	\$1,241.92	\$0.00	\$43.94
10"	\$1,179.75	\$1,580.62	\$2,521.28	\$1,785.26	\$0.00	\$63.16
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$3.89	\$5.21	\$3.80	\$6.59	\$0.00	\$0.23
Block 2, 5,000-10,000	\$3.89	\$5.21	\$4.76	\$8.24	\$0.00	\$0.29
Block 3, >10,000	\$3.89	\$5.21	\$4.76	\$19.78	\$0.00	\$0.70
General Service and Multi-Family	\$3.89	\$5.21	\$3.80	\$7.68	\$0.00	\$0.27
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$6.85	\$9.18	\$14.62	\$10.35	\$0.00	\$0.37
3"	\$13.68	\$18.33	\$29.23	\$20.70	\$0.00	\$0.73
4"	\$21.37	\$28.63	\$45.68	\$32.34	\$0.00	\$1.14
6"	\$42.74	\$57.26	\$91.35	\$64.68	\$0.00	\$2.29
8"	\$68.38	\$91.62	\$146.16	\$103.49	\$0.00	\$3.66
10"	\$98.31	\$131.72	\$210.11	\$148.77	\$0.00	\$5.26
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$21.92	\$29.36	\$33.32	\$35.29		
5,000 Gallons	\$29.70	\$39.78	\$40.92	\$48.47		
10,000 Gallons	\$49.15	\$65.83	\$59.92	\$89.67		

AUF/Rosalie Oaks Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$77,933	\$26,812	\$104,745	(\$16,280)	\$88,465
2 Land and Land Rights	4,022	0	4,022	0	4,022
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(23,959)	(1,419)	(25,378)	139	(25,239)
5 CIAC	(3,296)	0	(3,296)	0	(3,296)
6 Amortization of CIAC	670	22	692	0	692
7 Working Capital Allowance	<u>0</u>	<u>10,385</u>	<u>10,385</u>	<u>(3,521)</u>	<u>6,864</u>
8 <b>Rate Base</b>	<u>\$55,370</u>	<u>\$35,800</u>	<u>\$91,170</u>	<u>(\$19,662)</u>	<u>\$71,508</u>



AUF/Rosalie Oaks Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$286,217	\$6,949	\$293,166	(\$609)	\$292,557
2 Land and Land Rights	0	0	0	0	0
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(16,055)	(287)	(16,342)	(144)	(16,486)
5 CIAC	(8,746)	0	(8,746)	0	(8,746)
6 Amortization of CIAC	1,504	18	1,522	0	1,522
7 Working Capital Allowance	<u>0</u>	<u>12,875</u>	<u>12,875</u>	<u>(3,524)</u>	<u>9,351</u>
8 Rate Base	<u>\$262,920</u>	<u>\$19,555</u>	<u>\$282,475</u>	<u>(\$4,276)</u>	<u>\$278,199</u>

AUF/Rosalie Oaks Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$609)	(\$609)	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(15,671)	0	
Total	<u>(\$16,280)</u>	<u>(\$609)</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$144)	(\$144)	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	283	0	
Total	<u>\$139</u>	<u>(\$144)</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$3,521)</u>	<u>(\$3,524)</u>	

AUF/Rosalie Oaks Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$14,022</u>	<u>\$34,605</u>	<u>\$48,627</u>	<u>(\$34,628)</u>	<u>\$13,999</u>	<u>\$29,347</u> 209.64%	<u>\$43,346</u>
Operating Expenses							
2 Operation & Maintenance	\$23,034	\$6,061	\$29,095	(\$1,767)	\$27,328		\$27,328
3 Depreciation	3,038	1,341	4,379	(304)	4,075		4,075
4 Amortization	0	0	0	253	253		253
5 Taxes Other Than Income	5,638	(1,250)	4,388	(1,856)	2,532	1,321	3,853
6 Income Taxes	<u>(6,823)</u>	<u>10,326</u>	<u>3,503</u>	<u>(11,599)</u>	<u>(8,096)</u>	<u>10,546</u>	<u>2,450</u>
7 Total Operating Expense	<u>\$24,887</u>	<u>\$16,478</u>	<u>\$41,365</u>	<u>(\$15,273)</u>	<u>\$26,092</u>	<u>\$11,867</u>	<u>\$37,959</u>
8 Operating Income	<u>(\$10,865)</u>	<u>\$18,127</u>	<u>\$7,262</u>	<u>(\$19,355)</u>	<u>(\$12,093)</u>	<u>\$17,480</u>	<u>\$5,387</u>
9 Rate Base	<u>\$55,370</u>		<u>\$91,170</u>		<u>\$71,508</u>		<u>\$71,508</u>
10 Rate of Return	<u>-19.62%</u>		<u>7.97%</u>		<u>-16.91%</u>		<u>7.53%</u>

AUF/Rosalie Oaks Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$26,909</u>	<u>\$73,603</u>	<u>\$100,512</u>	<u>(\$73,365)</u>	<u>\$27,147</u>	<u>\$81,761</u> 301.18%	<u>\$108,908</u>
Operating Expenses							
2 Operation & Maintenance	\$41,627	\$3,881	\$45,508	(\$2,647)	\$42,861		\$42,861
3 Depreciation	11,583	31	11,614	(21)	11,593		11,593
4 Amortization	0	0	0	13,080	13,080		13,080
5 Taxes Other Than Income	1,014	9,539	10,553	(3,350)	7,203	3,679	10,882
6 Income Taxes	<u>(10,537)</u>	<u>21,224</u>	<u>10,687</u>	<u>(30,537)</u>	<u>(19,850)</u>	<u>29,382</u>	<u>9,532</u>
7 Total Operating Expense	<u>\$43,687</u>	<u>\$34,675</u>	<u>\$78,362</u>	<u>(\$23,475)</u>	<u>\$54,887</u>	<u>\$33,061</u>	<u>\$87,949</u>
8 Operating Income	<u>(\$16,778)</u>	<u>\$38,928</u>	<u>\$22,150</u>	<u>(\$49,891)</u>	<u>(\$27,741)</u>	<u>\$48,700</u>	<u>\$20,959</u>
9 Rate Base	<u>\$262,920</u>		<u>\$282,475</u>		<u>\$278,199</u>		<u>\$278,199</u>
10 Rate of Return	<u>-6.38%</u>		<u>7.84%</u>		<u>-9.97%</u>		<u>7.53%</u>

AUF/Rosalie Oaks		Schedule 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$34,726)	(\$73,793)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	428	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	98	0	
Total	<u>(\$34,628)</u>	<u>(\$73,365)</u>	
<u>Operation &amp; Maintenance Expense</u>			
1 Stipulated Issue 33.	(\$29)	(\$149)	
2 To reflect the appropriate pro forma expenses. (Issue 34)	0	0	
3 Stipulated Issue 37.	(52)	(52)	
4 To remove image enhancing advertising expense. (Issue 38)	(3)	(3)	
5 To remove lobbying and acquisition expenses. (Issue 39)	(119)	(119)	
6 To remove executive risk insurance expense. (Issue 40)	(30)	(30)	
7 To remove below-the-line expenses. (Issue 48)	(202)	(202)	
8 To reflect the appropriate bad debt expense. (Issue 50)	(328)	(1,088)	
9 To reflect the appropriate rate case expense. (Issue 52)	40	40	
10 To reflect appropriate normalization adjustments. (Issue 53)	(201)	(201)	
11 To reflect the appropriate pro forma expenses. (Issue 54)	(844)	(844)	
Total	<u>(\$1,767)</u>	<u>(\$2,647)</u>	
<u>Depreciation Expense</u>			
1 To reflect app. Dep. Expense for proforma Corporate IT. (Issue 4)	\$24	\$24	
2 To reflect app. Dep. Expense for proforma meters. (Issue 4)	(283)	0	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	(45)	(45)	
Total	<u>(\$304)</u>	<u>(\$21)</u>	
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$253</u>	<u>\$13,080</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,558)	(\$3,301)	
2 To remove below-the-line payroll taxes. (Issue 48)	(15)	(15)	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	(0)	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(21)	(21)	
5 To reflect the appropriate property taxes. (Issue 57)	(261)	(13)	
Total	<u>(\$1,856)</u>	<u>(\$3,350)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$11,599)</u>	<u>(\$30,537)</u>	

AUF/Rosalie Oaks Water Monthly Service Rates Test Year Ended 12/31/07			Schedule No. 5-A Docket No. 080121-WS			
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final Rates	Commission Approved Final Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b>Residential</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$11.38	\$28.87	\$21.92	\$15.52	\$0.00	\$0.51
3/4"	-	-	\$32.89	\$23.29	\$0.00	\$0.77
1"	\$24.51	\$62.18	\$54.81	\$38.81	\$0.00	\$1.28
1-1/2"	-	-	\$109.62	\$77.62	\$0.00	\$2.56
2"	\$78.63	\$199.48	\$175.39	\$124.19	\$0.00	\$4.09
3"	-	-	\$350.79	\$248.38	\$0.00	\$8.18
4"	-	-	\$548.10	\$388.10	\$0.00	\$12.79
6"	-	-	\$1,096.21	\$776.20	\$0.00	\$25.57
8"	-	-	\$1,753.93	\$1,241.92	\$0.00	\$40.92
10"	-	-	\$2,521.28	\$1,785.26	\$0.00	\$58.82
Gallage Charge, per 1,000 Gallons						
0 - 5 kgal	\$0.95	\$2.41	\$3.80	\$6.59	\$0.00	\$0.22
5 - 10 kgal	\$1.20	\$3.04	\$4.76	\$8.24	\$0.00	\$0.27
Over 10 kgal	\$1.46	\$3.70	\$4.76	\$19.78	\$0.00	\$0.65
<b>General Service and Multi-Family</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	-	-	\$21.92	\$15.52	\$0.00	\$0.51
3/4"	-	-	\$32.89	\$23.29	\$0.00	\$0.77
1"	-	-	\$54.81	\$38.81	\$0.00	\$1.28
1-1/2"	-	-	\$109.62	\$77.62	\$0.00	\$2.56
2"	-	-	\$175.39	\$124.19	\$0.00	\$4.09
3"	-	-	\$350.79	\$248.38	\$0.00	\$8.18
4"	-	-	\$548.10	\$388.10	\$0.00	\$12.79
6"	-	-	\$1,096.21	\$776.20	\$0.00	\$25.57
8"	-	-	\$1,753.93	\$1,241.92	\$0.00	\$40.92
10"	-	-	\$2,521.28	\$1,785.26	\$0.00	\$58.82
Gallage Charge, per 1,000 Gallons						
	-	-	\$3.80	\$7.68	\$0.00	\$0.25
<b>Typical Residential Bills 5/8" x 3/4" Meter</b>						
3,000 Gallons	\$14.23	\$36.10	\$35.29	\$35.29		
5,000 Gallons	\$16.13	\$40.92	\$48.47	\$48.47		
10,000 Gallons	\$20.88	\$52.97	\$72.27	\$89.67		

AUF/Rosalie Oaks Wastewater Monthly Service Rates Test Year Ended 12/31/07			Schedule No. 5-B Docket No. 080121-WS			
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final Rates	Commission Approved Final Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential</u></b>						
Base Facility Charges:						
All Meter Sizes	\$15.51	\$28.22	\$45.26	\$29.03	\$0.00	\$0.38
Gallage Charge - Per 1,000 gallons (6,000 final gallon cap)	\$6.67	\$12.14	\$8.73	\$8.87	\$0.00	\$0.12
Residential Flat Rate	-	-	\$112.65	\$44.96	\$0.00	\$0.59
<b><u>General Service and Multi-Family</u></b>						
Base Facility Charge All Meter Sizes:						
5/8" x 3/4"	-	-	\$45.26	\$29.03	\$0.00	\$0.38
3/4"	-	-	\$67.89	\$43.55	\$0.00	\$0.57
1"	-	-	\$113.14	\$72.58	\$0.00	\$0.85
1-1/2"	-	-	\$226.29	\$145.17	\$0.00	\$1.90
2"	-	-	\$362.06	\$232.27	\$0.00	\$3.05
3"	-	-	\$724.12	\$464.54	\$0.00	\$6.09
4"	-	-	\$1,131.44	\$725.84	\$0.00	\$9.52
6"	-	-	\$2,262.89	\$1,451.68	\$0.00	\$19.04
8"	-	-	\$3,620.62	\$2,322.70	\$0.00	\$30.46
10"	-	-	\$5,204.65	\$3,338.87	\$0.00	\$43.79
Gallage Charge, per 1,000 Gallons	-	-	\$10.48	\$10.64	\$0.00	\$0.14
General Service Flat Rate	-	-	\$701.21	\$279.86	\$0.00	\$3.67
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$35.52	\$64.64	\$71.45	\$65.64		
5,000 Gallons	\$46.86	\$88.92	\$88.91	\$73.38		
6,000 Gallons	\$55.53	\$101.06	\$97.64	\$82.25		
(Wastewater Final Gallage Cap - 6,000 Gallons)						

AUF/Sebring Lakes Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$405,608	\$5,516	\$411,124	(\$14,390)	\$396,734
2 Land and Land Rights	4,800	0	4,800	0	4,800
3 Non-used and Useful Components	0	(45,572)	(45,572)	(209,258)	(254,830)
4 Accumulated Depreciation	(72,655)	79	(72,576)	3,893	(68,683)
5 CIAC	(329,155)	0	(329,155)	0	(329,155)
6 Amortization of CIAC	77,272	(1,503)	75,769	0	75,769
7 Working Capital Allowance	<u>0</u>	<u>8,864</u>	<u>8,864</u>	<u>(2,727)</u>	<u>6,137</u>
8 <b>Rate Base</b>	<u>\$85,870</u>	<u>(\$32,616)</u>	<u>\$53,254</u>	<u>(\$222,482)</u>	<u>\$0</u>



AUF/Sebring Lakes Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
1 To reflect the appropriate historical plant balance. (Issue 2)		(\$10,670)	N/A
2 To reflect the appropriate historical plant balance. (Issue 2)		(3,222)	N/A
3 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)		(498)	N/A
Total		<u>(\$14,390)</u>	<u>N/A</u>
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issues 7 and 10)		<u>(\$209,258)</u>	<u>N/A</u>
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)		(\$112)	N/A
2 To reflect the appropriate historical A/D balance. (Issue 14)		4,005	N/A
Total		<u>\$3,893</u>	<u>N/A</u>
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)		<u>(\$2,727)</u>	<u>N/A</u>

AUF/Sebring Lakes Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$16,177</u>	<u>\$117,539</u>	<u>\$133,716</u>	<u>(\$117,272)</u>	<u>\$16,444</u>	<u>\$90,345</u> 549.41%	<u>\$106,789</u>
Operating Expenses							
2 Operation & Maintenance	\$66,728	\$43,837	\$110,565	(\$10,462)	\$100,103		\$100,103
3 Depreciation	3,794	1,489	5,283	(7,861)	(2,578)		(2,578)
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	5,386	6,967	12,353	(7,153)	5,200	4,066	9,265
6 Income Taxes	<u>(23,041)</u>	<u>24,822</u>	<u>1,781</u>	<u>(34,248)</u>	<u>(32,467)</u>	<u>32,467</u>	<u>0</u>
7 Total Operating Expense	<u>\$52,867</u>	<u>\$77,115</u>	<u>\$129,982</u>	<u>(\$59,725)</u>	<u>\$70,257</u>	<u>\$36,533</u>	<u>\$106,789</u>
8 Operating Income	<u>(\$36,690)</u>	<u>\$40,424</u>	<u>\$3,734</u>	<u>(\$57,547)</u>	<u>(\$53,813)</u>	<u>\$53,813</u>	<u>\$0</u>
9 Rate Base	<u>\$85,870</u>		<u>\$53,254</u>		<u>\$0</u>		<u>\$0</u>
10 Rate of Return	<u>-42.73%</u>		<u>7.01%</u>		<u>0.00%</u>		<u>0.00%</u>

AUF/Sebring Lakes Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$117,356)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	84	N/A	
Total	<u>(\$117,272)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$4,054)	N/A	
2 Stipulated Issue 33.	(23)	N/A	
3 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
4 Stipulated Issue 37.	(40)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(2)	N/A	
6 To remove lobbying and acquisition expense. (Issue 39)	(92)	N/A	
7 To remove executive risk insurance expenses. (Issue 40)	(23)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(157)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(1,623)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	8	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(156)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(4,301)</u>	<u>N/A</u>	
Total	<u>(\$10,462)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$17	N/A	
2 To reflect non-used and useful depreciation expense. (Issues 7 and 10)	(7,202)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(675)</u>	<u>N/A</u>	
Total	<u>(\$7,861)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$5,277)	N/A	
2 To remove Non-U&U property taxes. (Issues 7 and 10)	(1,837)	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(12)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(16)	N/A	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(11)</u>	<u>N/A</u>	
Total	<u>(\$7,153)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$34,248)</u>	<u>N/A</u>	

AUF/Sebring Lakes Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service, and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$9.68	\$19.20	\$21.92	\$15.52	\$0.00	\$0.16
3/4"	\$14.51	\$28.78	\$32.89	\$23.29	\$0.00	\$0.24
1"	\$24.17	\$47.94	\$54.81	\$38.81	\$0.00	\$0.40
1-1/2"	\$48.34	\$95.88	\$109.62	\$77.62	\$0.00	\$0.81
2"	\$77.36	\$153.45	\$175.39	\$124.19	\$0.00	\$1.29
3"	\$154.72	\$306.89	\$350.79	\$248.38	\$0.00	\$2.58
4"	\$241.75	\$479.52	\$548.10	\$388.10	\$0.00	\$4.03
6"	\$483.50	\$959.03	\$1,096.21	\$776.20	\$0.00	\$8.06
8"	-	-	\$1,753.93	\$1,241.92	\$0.00	\$12.90
10"	-	-	\$2,521.28	\$1,785.26	\$0.00	\$18.54
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1	\$2.19	\$4.34	\$3.80	\$6.59	\$0.00	\$0.07
Block 2	\$2.19	\$4.34	\$4.76	\$8.24	\$0.00	\$0.09
Block 3	\$2.19	\$4.34	\$4.76	\$19.78	\$0.00	\$0.21
General Service and Multi-Family	\$2.19	\$4.34	\$3.80	\$7.68	\$0.00	\$0.08
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$10.35	\$0.00	\$0.11
3"	-	-	\$29.23	\$20.70	\$0.00	\$0.21
4"	-	-	\$45.68	\$32.34	\$0.00	\$0.34
6"	-	-	\$91.35	\$64.68	\$0.00	\$0.67
8"	-	-	\$146.16	\$103.49	\$0.00	\$1.07
10"	-	-	\$210.11	\$148.77	\$0.00	\$1.54
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$16.25	\$32.22	\$33.32	\$35.29		
5,000 Gallons	\$20.63	\$40.90	\$40.92	\$48.47		
10,000 Gallons	\$31.58	\$62.60	\$64.72	\$89.67		

AUF/Silver Lake Estate - Western Shores Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$2,232,448	\$327,141	\$2,559,589	(\$277,353)	\$2,282,236
2 Land and Land Rights	2,434	0	2,434	0	2,434
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(800,096)	101,993	(698,103)	(758)	(698,861)
5 CIAC	(672,239)	0	(672,239)	0	(672,239)
6 Amortization of CIAC	273,219	1,432	274,651	1,998	276,649
7 Working Capital Allowance	<u>0</u>	<u>248,714</u>	<u>248,714</u>	<u>(40,465)</u>	<u>208,249</u>
8 <b>Rate Base</b>	<u>\$1,035,766</u>	<u>\$679,280</u>	<u>\$1,715,046</u>	<u>(\$316,579)</u>	<u>\$1,398,467</u>

AUF/Silver Lake Estate - Western Shores Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro-forma corp. IT. (Issue 4)	(\$8,185)	N/A	
2 To reflect the appropriate amount of pro-forma meters.(Issue 4)	<u>(269,168)</u>	N/A	
Total	<u>(\$277,353)</u>	N/A	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issue 10)	<u>(\$2,212)</u>	N/A	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. depr. of pro-forma corp. IT. (Issue 4)	(\$2,710)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro-forma meters. (Issue 4)	<u>1,951</u>	N/A	
Total	<u>(\$758)</u>	N/A	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	<u>\$1,998</u>	N/A	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$40,465)</u>	N/A	

AUF/Silver Lake Estate - Western Shores Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$535,285</u>	<u>\$202,311</u>	<u>\$737,596</u>	<u>(\$204,334)</u>	<u>\$533,262</u>	<u>\$164,297</u> 30.81%	<u>\$697,559</u>
Operating Expenses							
2 Operation & Maintenance	251,985	111,165	363,150	(31,091)	332,059		332,059
3 Depreciation	78,373	16,843	95,216	(7,386)	87,830		87,830
4 Amortization	0	9,909	9,909	59,109	69,018		69,018
5 Taxes Other Than Income	38,495	23,941	62,436	(14,454)	47,982	7,393	55,376
6 Income Taxes	<u>64,201</u>	<u>3,053</u>	<u>67,254</u>	<u>(78,378)</u>	<u>(11,124)</u>	<u>59,043</u>	<u>47,919</u>
7 Total Operating Expense	<u>433,054</u>	<u>164,911</u>	<u>597,965</u>	<u>(72,201)</u>	<u>525,764</u>	<u>66,436</u>	<u>592,201</u>
8 Operating Income	<u>\$102,231</u>	<u>\$37,400</u>	<u>\$139,631</u>	<u>(\$132,133)</u>	<u>\$7,498</u>	<u>\$97,861</u>	<u>\$105,358</u>
9 Rate Base	<u>\$1,035,766</u>		<u>\$1,715,046</u>		<u>\$1,398,467</u>		<u>\$1,398,467</u>
10 Rate of Return	<u>9.87%</u>		<u>8.14%</u>		<u>0.54%</u>		<u>7.53%</u>

AUF/Silver Lake Estate - Western Shores		Schedule 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$205,167)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	833	N/A	
Total	<u>(\$204,334)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$638)	N/A	
2 Stipulated Issue 33.	(550)	N/A	
3 To remove non-utility expenses. (Issue 34)	0	N/A	
4 Stipulated Issue 35.	(991)	N/A	
5 Stipulated Issue 37.	(969)	N/A	
6 To remove image enhancing advertising expense. (Issue 38)	(47)	N/A	
7 To remove lobbying and acquisition expenses. (Issue 39)	(2,223)	N/A	
8 To remove executive risk insurance expense. (Issue 40)	(556)	N/A	
9 To remove below-the-line expenses. (Issue 48)	(3,781)	N/A	
10 To reflect the appropriate bad debt expense. (Issue 50)	(5,399)	N/A	
11 To reflect the appropriate rate case expense. (Issue 52)	3,596	N/A	
12 To reflect appropriate normalization adjustments. (Issue 53)	(3,772)	N/A	
13 To reflect the appropriate pro forma expenses. (Issue 54)	(15,760)	N/A	
Total	<u>(\$31,091)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect appropriate amt of depr exp. pro-forma corp. IT. (Issue 4)	\$716	N/A	
2 To reflect appropriate amt of depr exp. pro-forma meters. (Issue 4)	(1,951)	N/A	
3 To reflect non-used and useful depreciation expense. (Issue 10)	(1,721)	N/A	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	(742)	N/A	
5 Stipulated Issue 56.	(3,688)	N/A	
Total	<u>(\$7,386)</u>	<u>N/A</u>	
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$59,109</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$9,195)	N/A	
2 To remove Non-U&U property taxes. (Issue 10)	74	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(289)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(4)	N/A	
5 To remove pro forma payroll taxes. (Issue 54)	(387)	N/A	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	(4,653)	N/A	
Total	<u>(\$14,454)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$78,378)</u>	<u>N/A</u>	



AUF/Silver Lake Estate - Western Shores Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$7.64	\$7.79	\$21.92	\$13.92	\$0.56	\$0.53
3/4"	\$11.48	\$11.70	\$32.89	\$20.88	\$0.84	\$0.80
1"	\$19.12	\$19.49	\$54.81	\$34.79	\$1.40	\$1.34
1-1/2"	\$38.24	\$38.99	\$109.62	\$69.59	\$2.80	\$2.67
2"	\$61.18	\$62.38	\$175.39	\$111.34	\$4.48	\$4.27
3"	\$122.36	\$124.76	\$350.79	\$222.69	\$8.96	\$8.55
4"	\$191.19	\$194.93	\$548.10	\$347.95	\$14.00	\$13.36
6"	\$382.36	\$389.85	\$1,096.21	\$695.89	\$27.99	\$26.72
8"	\$611.78	\$623.76	\$1,753.93	\$1,113.43	\$44.79	\$42.75
10"	\$879.44	\$895.68	\$2,521.28	\$1,600.56	\$64.40	\$61.45
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$1.31	\$1.34	\$3.80	\$1.97	\$0.14	\$0.08
Block 2, 5,000-10,000	\$1.31	\$1.34	\$4.76	\$2.47	\$0.18	\$0.09
Block 3, Over 10,000	\$1.31	\$1.34	\$4.76	\$5.92	\$0.38	\$0.23
General Service and Multi-Family	\$1.31	\$1.34	\$3.80	\$3.29	\$0.18	\$0.13
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$5.10	\$5.20	\$14.62	\$9.28	\$0.37	\$0.36
3"	\$10.19	\$10.39	\$29.23	\$18.56	\$0.75	\$0.71
4"	\$15.91	\$16.22	\$45.68	\$29.00	\$1.17	\$1.11
6"	\$31.87	\$32.49	\$91.35	\$57.99	\$2.33	\$2.23
8"	\$50.99	\$51.99	\$146.16	\$92.79	\$3.73	\$3.56
10"	\$73.28	\$74.72	\$210.11	\$133.38	\$5.37	\$5.12
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$11.57	\$11.81	\$33.32	\$19.83		
5,000 Gallons	\$14.19	\$14.49	\$40.92	\$23.77		
10,000 Gallons	\$20.74	\$21.19	\$64.72	\$36.12		

AUF/Silver Lake Oaks Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$115,775	\$5,951	\$121,726	(\$5,641)	\$116,085
2 Land and Land Rights	1,070	0	1,070	0	1,070
3 Non-used and Useful Components	0	(544)	(544)	(21)	(565)
4 Accumulated Depreciation	(33,379)	5,642	(27,737)	(163)	(27,900)
5 CIAC	(4,739)	0	(4,739)	0	(4,739)
6 Amortization of CIAC	2,662	49	2,711	33	2,744
7 Working Capital Allowance	<u>0</u>	<u>5,840</u>	<u>5,840</u>	<u>(2,470)</u>	<u>3,370</u>
8 <b>Rate Base</b>	<u>\$81,389</u>	<u>\$16,938</u>	<u>\$98,327</u>	<u>(\$8,262)</u>	<u>\$90,065</u>

AUF/Silver Lake Oaks Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$103,220	\$3,080	\$106,300	(\$392)	\$105,908
2 Land and Land Rights	6,602	0	6,602	0	6,602
3 Non-used and Useful Components	0	(7,465)	(7,465)	(26,601)	(34,066)
4 Accumulated Depreciation	(80,795)	(324)	(81,119)	(44)	(81,163)
5 CIAC	(18,397)	0	(18,397)	0	(18,397)
6 Amortization of CIAC	12,069	148	12,217	0	12,217
7 Working Capital Allowance	<u>0</u>	<u>10,166</u>	<u>10,166</u>	<u>(2,367)</u>	<u>7,799</u>
8 <b>Rate Base</b>	<u>\$22,699</u>	<u>\$5,605</u>	<u>\$28,304</u>	<u>(\$29,404)</u>	<u>\$0</u>

AUF/Silver Lake Oaks Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$408)	(\$392)	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	<u>(5,232)</u>	<u>0</u>	
Total	<u>(\$5,641)</u>	<u>(\$392)</u>	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issues 9, 10 and 11)	<u>(\$21)</u>	<u>(\$26,601)</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$44)	(\$44)	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	<u>(120)</u>	<u>0</u>	
Total	<u>(\$163)</u>	<u>(\$44)</u>	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	<u>\$33</u>	<u>\$0</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$2,470)</u>	<u>(\$2,367)</u>	

AUF/Silver Lake Oaks Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$13,240</u>	<u>\$32,420</u>	<u>\$45,660</u>	<u>(\$32,361)</u>	<u>\$13,299</u>	<u>\$28,536</u> 214.57%	<u>\$41,835</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$21,440</u>	<u>\$2,233</u>	<u>\$23,673</u>	<u>(\$1,695)</u>	<u>\$21,978</u>	<u>\$0</u>	<u>\$21,978</u>
3 Depreciation	<u>3,586</u>	<u>592</u>	<u>4,178</u>	<u>86</u>	<u>4,264</u>	<u>0</u>	<u>4,264</u>
4 Amortization	<u>0</u>	<u>159</u>	<u>159</u>	<u>0</u>	<u>159</u>	<u>0</u>	<u>159</u>
5 Taxes Other Than Income	<u>3,947</u>	<u>1,895</u>	<u>5,842</u>	<u>(1,564)</u>	<u>4,278</u>	<u>1,284</u>	<u>5,562</u>
6 Income Taxes	<u>(6,069)</u>	<u>9,897</u>	<u>3,828</u>	<u>(10,997)</u>	<u>(7,169)</u>	<u>10,255</u>	<u>3,086</u>
7 Total Operating Expense	<u>\$22,904</u>	<u>\$14,776</u>	<u>\$37,680</u>	<u>(\$14,170)</u>	<u>\$23,510</u>	<u>\$11,539</u>	<u>\$35,049</u>
8 Operating Income	<u>(\$9,664)</u>	<u>\$17,644</u>	<u>\$7,980</u>	<u>(\$18,191)</u>	<u>(\$10,211)</u>	<u>\$16,997</u>	<u>\$6,785</u>
9 Rate Base	<u>\$81,389</u>		<u>\$98,327</u>		<u>\$90,065</u>		<u>\$90,065</u>
10 Rate of Return	<u>-11.87%</u>		<u>8.12%</u>		<u>-11.34%</u>		<u>7.53%</u>

AUF/Silver Lake Oaks Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$18,823</u>	<u>\$32,138</u>	<u>\$50,961</u>	<u>(\$32,262)</u>	<u>\$18,699</u>	<u>\$28,307</u> 151.38%	<u>\$47,006</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$38,743</u>	<u>\$1,282</u>	<u>\$40,025</u>	<u>(\$4,376)</u>	<u>\$35,649</u>		<u>\$35,649</u>
3 Depreciation	<u>4,543</u>	<u>(960)</u>	<u>3,583</u>	<u>(276)</u>	<u>3,307</u>		<u>3,307</u>
4 Amortization	<u>0</u>	<u>149</u>	<u>149</u>	<u>4,253</u>	<u>4,402</u>		<u>4,402</u>
5 Taxes Other Than Income	<u>740</u>	<u>3,112</u>	<u>3,852</u>	<u>(1,479)</u>	<u>2,373</u>	<u>1,274</u>	<u>3,647</u>
6 Income Taxes	<u>(9,722)</u>	<u>10,797</u>	<u>1,075</u>	<u>(11,247)</u>	<u>(10,172)</u>	<u>10,172</u>	<u>0</u>
7 Total Operating Expense	<u>\$34,304</u>	<u>\$14,380</u>	<u>\$48,684</u>	<u>(\$13,125)</u>	<u>\$35,559</u>	<u>\$11,446</u>	<u>\$47,006</u>
8 Operating Income	<u>(\$15,481)</u>	<u>\$17,758</u>	<u>\$2,277</u>	<u>(\$19,137)</u>	<u>(\$16,860)</u>	<u>\$16,860</u>	<u>\$0</u>
9 Rate Base	<u>\$22,699</u>		<u>\$28,304</u>		<u>\$0</u>		<u>\$0</u>
10 Rate of Return	<u>-68.20%</u>		<u>8.04%</u>		<u>0.00%</u>		<u>0.00%</u>

AUF/Silver Lake Oaks		Schedule 4-C	
Adjustment to Operating Income		Docket No. 080121-WS	
Test Year Ended 12/31/07			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$32,564)	(\$32,262)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	203	0	
Total	<u>(\$32,361)</u>	<u>(\$32,262)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$9)	(\$9)	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
3 Stipulated Issue 35.	(21)	0	
4 Stipulated Issue 37.	(16)	(16)	
5 To remove image enhancing advertising expense. (Issue 38)	(1)	(1)	
6 To remove lobbying and acquisition expenses. (Issue 39)	(36)	(36)	
7 To remove executive risk insurance expense. (Issue 40)	(9)	(9)	
8 To remove below-the-line expenses. (Issue 48)	(62)	(62)	
9 To reflect the appropriate bad debt expense. (Issue 50)	(992)	(3,711)	
10 To reflect the appropriate rate case expense. (Issue 52)	(183)	(170)	
11 To reflect appropriate normalization adjustments. (Issue 53)	(62)	(62)	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(305)</u>	<u>(301)</u>	
Total	<u>(\$1,695)</u>	<u>(\$4,376)</u>	
<u>Depreciation Expense - Net</u>			
1 To reflect the appropriate Dep. Exp. for Pro Forma Corporate IT. (Issue 4)	(\$11)	(\$10)	
2 To reflect the appropriate Dep. Exp. for Pro Forma Meters. (Issue 4)	120	0	
3 To reflect non-used and useful depreciation expense. (Issue 9, 10, and 11)	(2)	(185)	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	(20)	(20)	
5 Stipulated Issue 56.	0	(60)	
Total	<u>\$86</u>	<u>(\$276)</u>	
<u>Amortization</u>			
To reflect regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$0</u>	<u>\$4,253</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,456)	(\$1,452)	
2 To remove Non-U&U property taxes. (Issues 9, 10, and 11)	(3)	(9)	
3 To remove below-the-line payroll taxes. (Issue 48)	(5)	(5)	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	(0)	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(6)	(6)	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(94)</u>	<u>(7)</u>	
Total	<u>(\$1,564)</u>	<u>(\$1,479)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$10,997)</u>	<u>(\$11,247)</u>	

AUF/Silver Lake Oaks Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-year Rate Reduction
<b><u>Residential, Commercial and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$15.79	\$17.78	\$21.92	\$15.52	\$0.00	\$0.16
3/4"	\$23.70	\$26.69	\$32.89	\$23.29	\$0.00	\$0.24
1"	\$39.49	\$44.47	\$54.81	\$38.81	\$0.00	\$0.41
1-1/2"	\$78.97	\$88.92	\$109.62	\$77.62	\$0.00	\$0.81
2"	\$126.36	\$142.29	\$175.39	\$124.19	\$0.00	\$1.30
3"	\$252.72	\$284.57	\$350.79	\$248.38	\$0.00	\$2.59
4"	\$394.87	\$444.64	\$548.10	\$388.10	\$0.00	\$4.05
6"	\$789.76	\$889.29	\$1,096.21	\$776.20	\$0.00	\$8.11
8"	\$1,263.61	\$1,422.87	\$1,753.93	\$1,241.92	\$0.00	\$12.97
10"	\$1,816.44	\$2,045.37	\$2,521.28	\$1,785.26	\$0.00	\$18.64
Gallonge Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$4.11	\$4.63	\$3.80	\$6.59	\$0.00	\$0.07
Block 2, 5,000-10,000	\$4.11	\$4.63	\$4.76	\$8.24	\$0.00	\$0.09
Block 3, >10,000	\$4.11	\$4.63	\$4.76	\$19.78	\$0.00	\$0.21
General Service and Multi-Family	\$4.11	\$4.63	\$3.80	\$7.68	\$0.00	\$0.08
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$10.53	\$11.86	\$14.62	\$10.35	\$0.00	\$0.11
3"	\$21.05	\$23.70	\$29.62	\$20.70	\$0.00	\$0.22
4"	\$32.90	\$37.05	\$45.68	\$32.34	\$0.00	\$0.34
6"	\$65.82	\$74.12	\$91.35	\$64.68	\$0.00	\$0.68
8"	\$105.30	\$118.57	\$146.16	\$103.49	\$0.00	\$1.08
10"	\$151.36	\$170.44	\$210.11	\$148.77	\$0.00	\$1.55
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$28.12	\$31.67	\$33.32	\$35.29		
5,000 Gallons	\$36.34	\$40.93	\$40.92	\$48.47		
10,000 Gallons	\$56.89	\$64.08	\$59.92	\$89.67		





AUF/Skycrest Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$161,446	\$27,292	\$188,738	(\$20,802)	\$167,936
2 Land and Land Rights	431	0	431	0	431
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(34,212)	4,605	(29,607)	22	(29,585)
5 CIAC	(18,914)	0	(18,914)	0	(18,914)
6 Amortization of CIAC	8,875	(213)	8,662	331	8,993
7 Working Capital Allowance	<u>0</u>	<u>17,853</u>	<u>17,853</u>	<u>(3,275)</u>	<u>14,578</u>
8 Rate Base	<u>\$117,626</u>	<u>\$49,537</u>	<u>\$167,163</u>	<u>(\$23,724)</u>	<u>\$143,439</u>

AUF/Skycrest Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro-forma corp. IT. (Issue 4)	(\$648)	N/A	
2 To reflect the appropriate amount of pro-forma meters. (Issue 4)	(20,154)	N/A	
Total	<u>(\$20,802)</u>	<u>N/A</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. depr. of pro-forma corp. IT. (Issue 4)	(\$200)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro-forma meters. (Issue 4)	222	N/A	
Total	<u>\$22</u>	<u>N/A</u>	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	<u>\$331</u>	<u>N/A</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$3,275)</u>	<u>N/A</u>	

AUF/Skycrest Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$52,187</u>	<u>\$17,096</u>	<u>\$69,283</u>	<u>(\$17,231)</u>	<u>\$52,052</u>	<u>\$14,192</u> 27.26%	<u>\$66,244</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$25,842</u>	<u>\$8,703</u>	<u>\$34,545</u>	<u>(\$3,224)</u>	<u>\$31,321</u>		<u>\$31,321</u>
3 Depreciation	<u>5,377</u>	<u>2,140</u>	<u>7,517</u>	<u>(840)</u>	<u>6,677</u>		<u>6,677</u>
4 Amortization	<u>0</u>	<u>635</u>	<u>635</u>	<u>5,939</u>	<u>6,574</u>		<u>6,574</u>
5 Taxes Other Than Income	<u>4,006</u>	<u>2,480</u>	<u>6,486</u>	<u>(1,173)</u>	<u>5,313</u>	<u>639</u>	<u>5,951</u>
6 Income Taxes	<u>6,543</u>	<u>(32)</u>	<u>6,511</u>	<u>(6,696)</u>	<u>(185)</u>	<u>5,100</u>	<u>4,915</u>
7 Total Operating Expense	<u>\$41,768</u>	<u>\$13,926</u>	<u>\$55,694</u>	<u>(\$5,995)</u>	<u>\$49,699</u>	<u>\$5,739</u>	<u>\$55,437</u>
8 Operating Income	<u>\$10,419</u>	<u>\$3,170</u>	<u>\$13,589</u>	<u>(\$11,236)</u>	<u>\$2,353</u>	<u>\$8,453</u>	<u>\$10,806</u>
9 Rate Base	<u>\$117,626</u>		<u>\$167,163</u>		<u>\$143,439</u>		<u>\$143,439</u>
10 Rate of Return	<u>8.86%</u>		<u>8.13%</u>		<u>1.64%</u>		<u>7.53%</u>

AUF/Skycrest Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$17,392)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	161	N/A	
Total	<u>(\$17,231)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$41)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(83)	N/A	
4 Stipulated Issue 37.	(72)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(3)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(165)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(41)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(280)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(1,313)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	228	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(279)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	(1,176)	N/A	
Total	<u>(\$3,224)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect appropriate amt of depr exp. pro-forma copr. IT. (Issue 4)	\$49	N/A	
2 To reflect appropriate amt of depr exp. pro-forma meters. (Issue 4)	(222)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	(56)	N/A	
4 Stipulated Issue 56.	(611)	N/A	
Total	<u>(\$840)</u>	<u>N/A</u>	
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$5,939</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$775)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(21)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
4 To remove pro forma payroll taxes. (Issue 54)	(29)	N/A	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	(348)	N/A	
Total	<u>(\$1,173)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$6,696)</u>	<u>N/A</u>	

AUF/Skycrest Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$14.45	\$14.73	\$21.92	\$15.52	\$0.00	\$0.46
3/4"	\$21.69	\$22.11	\$32.89	\$23.29	\$0.00	\$0.70
1"	\$36.13	\$36.84	\$54.81	\$38.81	\$0.00	\$1.16
1-1/2"	\$72.27	\$73.69	\$109.62	\$77.62	\$0.00	\$2.32
2"	\$115.64	\$117.90	\$175.39	\$124.19	\$0.00	\$3.72
3"	\$231.28	\$235.81	\$350.79	\$248.38	\$0.00	\$7.43
4"	\$361.36	\$368.44	\$548.10	\$388.10	\$0.00	\$11.62
6"	\$722.72	\$736.87	\$1,096.21	\$776.20	\$0.00	\$23.23
8"	\$1,156.36	\$1,179.01	\$1,753.93	\$1,241.92	\$0.00	\$37.17
10"	\$1,662.26	\$1,694.81	\$2,521.28	\$1,785.26	\$0.00	\$53.43
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$4.23	\$4.31	\$3.80	\$6.59	\$0.00	\$0.20
Block 2, 5,001-10,000	\$4.23	\$4.31	\$4.76	\$8.24	\$0.00	\$0.25
Block 3, >10,000	\$4.23	\$4.31	\$4.76	\$19.78	\$0.00	\$0.59
General Service and Multi-Family	\$4.23	\$4.31	\$3.80	\$7.68	\$0.00	\$0.23
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$9.63	\$9.82	\$14.62	\$10.35	\$0.00	\$0.31
3"	\$19.27	\$19.65	\$29.23	\$20.70	\$0.00	\$0.62
4"	\$30.12	\$30.71	\$45.68	\$32.34	\$0.00	\$0.97
6"	\$60.22	\$61.40	\$91.35	\$64.68	\$0.00	\$1.94
8"	\$96.37	\$98.26	\$146.16	\$103.49	\$0.00	\$3.10
10"	\$138.53	\$141.24	\$210.11	\$148.77	\$0.00	\$4.45
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$27.14	\$27.66	\$33.32	\$35.29		
5,000 Gallons	\$35.60	\$36.28	\$40.92	\$48.47		
10,000 Gallons	\$56.75	\$57.83	\$64.72	\$89.67		

AUF/South Seas Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$3,335,676	\$124,872	\$3,460,548	(\$107,542)	\$3,353,006
2 Land and Land Rights	60,000	0	60,000	0	60,000
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(1,716,196)	(2,926)	(1,719,122)	1,683	(1,717,439)
5 CIAC	(424,732)	0	(424,732)	0	(424,732)
6 Amortization of CIAC	377,613	(1,087)	376,526	0	376,526
7 Working Capital Allowance	<u>0</u>	<u>11,755</u>	<u>11,755</u>	<u>(2,559)</u>	<u>9,196</u>
8 <b>Rate Base</b>	<u>\$1,632,361</u>	<u>\$132,614</u>	<u>\$1,764,975</u>	<u>(\$108,419)</u>	<u>\$1,656,556</u>

AUF/South Seas Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)		N/A	(\$423)
2 To adjust pro-forma plant for effluent disposal. (Issue 4)		N/A	(80,000)
3 To adjust pro-forma plant for misc plant equipment. (Issue 4)		<u>N/A</u>	<u>(27,120)</u>
Total		<u>N/A</u>	<u>(\$107,542)</u>
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)		N/A	(\$101)
2 To adjust pro-forma accum depr for effluent disposal. (Issue 4)		N/A	1,250
3 To adjust pro-forma accum depr for misc plant equipment. (Issue 4)		<u>N/A</u>	<u>534</u>
Total		<u>N/A</u>	<u>\$1,683</u>
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)		<u>N/A</u>	<u>(\$2,559)</u>



AUF/South Seas Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$452,894</u>	<u>\$420,081</u>	<u>\$872,975</u>	<u>(\$451,501)</u>	<u>\$421,474</u>	<u>\$360,150</u> 85.45%	<u>\$781,624</u>
Operating Expenses							
2 Operation & Maintenance	\$329,334	\$98,840	\$428,174	(\$49,196)	\$378,978		\$378,978
3 Depreciation	148,356	5,234	153,590	(1,798)	151,792		151,792
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	43,085	35,129	78,214	(25,131)	53,083	16,207	69,290
6 Income Taxes	<u>(26,185)</u>	<u>95,511</u>	<u>69,326</u>	<u>(141,990)</u>	<u>(72,664)</u>	<u>129,426</u>	<u>56,762</u>
7 Total Operating Expense	<u>\$494,590</u>	<u>\$234,714</u>	<u>\$729,304</u>	<u>(\$218,115)</u>	<u>\$511,189</u>	<u>\$145,632</u>	<u>\$656,821</u>
8 Operating Income	<u>(\$41,696)</u>	<u>\$185,367</u>	<u>\$143,671</u>	<u>(\$233,386)</u>	<u>(\$89,715)</u>	<u>\$214,517</u>	<u>\$124,802</u>
9 Rate Base	<u>\$1,632,361</u>		<u>\$1,764,975</u>		<u>\$1,656,556</u>		<u>\$1,656,556</u>
10 Rate of Return	<u>-2.55%</u>		<u>8.14%</u>		<u>-5.42%</u>		<u>7.53%</u>

AUF/South Seas Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Operating Revenues</u>			
1 Remove requested interim revenue increase.		N/A	(\$451,501)
2 To reflect appropriate annualized revenue adjustment. (Issue 30)		N/A	0
Total		N/A	(\$451,501)
<u>Operation &amp; Maintenance Expenses</u>			
1 Stipulated Issue 33.		N/A	(\$21)
2 To reflect the appropriate pro forma expenses. (Issue 34)		N/A	0
3 Stipulated Issue 35.		N/A	(1,057)
4 Stipulated Issue 37.		N/A	(36)
5 To remove image enhancing advertising expense. (Issue 38)		N/A	(2)
6 To remove lobbying and acquisition expenses. (Issue 39)		N/A	(84)
7 To remove executive risk insurance expense. (Issue 40)		N/A	(21)
8 To remove below-the-line expenses. (Issue 48)		N/A	(39,656)
9 To reflect the appropriate bad debt expense. (Issue 50)		N/A	(7,619)
10 To reflect the appropriate rate case expense. (Issue 52)		N/A	35
11 To reflect appropriate normalization adjustments. (Issue 53)		N/A	(142)
12 To reflect the appropriate pro forma expenses. (Issue 54)		N/A	(594)
Total		N/A	(\$49,196)
<u>Depreciation Expense</u>			
1 To reflect app. Dep. Expense for proforma Corporate IT. (Issue 4)		N/A	\$17
2 To adjust pro-forma depr for effluent disposal. (Issue 4)		N/A	(1,250)
3 To adjust pro-forma depr for misc plant equipment. (Issue 4)		N/A	(534)
4 To reflect the appropriate test year depreciation expense. (Issue 55)		N/A	(31)
Total		N/A	(\$1,798)
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.		N/A	(\$20,318)
2 To remove below-the-line payroll taxes. (Issue 48)		N/A	(3,034)
3 To reflect appropriate normalization adjustments. (Issue 53)		N/A	(0)
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)		N/A	(15)
5 To reflect the appropriate pro-forma property taxes. (Issue 57)		N/A	(1,765)
Total		N/A	(\$25,131)
<u>Income Taxes</u>			
To adjust to test year income tax expense.		N/A	(\$141,990)

AUF/South Seas Wastewater Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-B Docket No. 080121-W5		
	Rates Prior to Filing 12/31/2007	Commission Approved Interim	Utility Requested Final Rates	Commission Approved Final Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b>Residential</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$28.61	\$42.83	\$45.26	\$34.96	\$1.43	\$0.05
3/4"	\$71.54	\$107.09	\$45.26	\$34.96	\$1.43	\$0.05
1"	\$143.07	\$214.17	\$45.26	\$34.96	\$1.43	\$0.05
1-1/2"	\$228.89	\$342.64	\$45.26	\$34.96	\$1.43	\$0.05
2"	\$500.77	\$749.64	\$45.26	\$34.96	\$1.43	\$0.05
3"	\$858.45	\$1,285.07	\$45.26	\$34.96	\$1.43	\$0.05
4"	\$1,789.03	\$2,678.12	\$45.26	\$34.96	\$1.43	\$0.05
6"	-	-	\$45.26	\$34.96	\$1.43	\$0.05
8"	-	-	\$45.26	\$34.96	\$1.43	\$0.05
10"	-	-	\$45.26	\$34.96	\$1.43	\$0.05
Gallage Charge - Per 1,000 gallons (10,000 gallon cap)	\$3.94	\$5.90	-			
6,000 Final gallon cap	-	-	\$8.73	\$7.01	\$0.29	\$0.01
Residential Flat Rate	-	-	\$112.65	\$77.53	\$3.21	\$0.10
General Service Flat Rate	-	-	\$701.21	\$482.60	\$19.96	\$0.62
<b>General Service</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$28.61	\$42.83	\$45.26	\$34.96	\$1.43	\$0.05
3/4"	-	-	\$67.89	\$52.44	\$2.14	\$0.07
1"	\$71.54	\$107.09	\$113.14	\$87.40	\$3.57	\$0.11
1-1/2"	\$143.07	\$214.17	\$226.29	\$174.80	\$7.15	\$0.23
2"	\$228.89	\$342.64	\$362.06	\$279.69	\$11.43	\$0.36
3"	\$500.77	\$749.64	\$724.12	\$559.37	\$22.87	\$0.72
4"	\$858.45	\$1,285.07	\$1,131.44	\$874.02	\$35.73	\$1.13
6"	\$1,789.03	\$2,678.12	\$2,262.89	\$1,748.04	\$71.47	\$2.25
8"	-	-	\$3,620.62	\$2,796.87	\$114.34	\$3.61
10"	-	-	\$5,204.65	\$4,020.50	\$164.45	\$5.19
Gallage Charge, per 1,000 Gallons	\$4.71	\$7.05	\$10.48	\$8.41	\$0.34	\$0.01
<b>Multi-Family</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	-	-	\$45.26	\$34.96	\$1.43	\$0.05
3/4"	-	-	\$67.89	\$52.44	\$2.14	\$0.07
1"	-	-	\$113.14	\$87.40	\$3.57	\$0.11
1-1/2"	-	-	\$226.29	\$174.80	\$7.15	\$0.23
2"	-	-	\$362.06	\$279.69	\$11.43	\$0.36
3"	-	-	\$724.12	\$559.37	\$22.87	\$0.72
4"	-	-	\$1,131.44	\$874.02	\$35.73	\$1.13
6"	-	-	\$2,262.89	\$1,748.04	\$71.47	\$2.25
8"	-	-	\$3,620.62	\$2,796.87	\$114.34	\$3.61
10"	-	-	\$5,204.65	\$4,020.50	\$164.45	\$5.19
Gallage Charge, per 1,000 Gallons	-	-	\$10.48	\$8.41	\$0.34	\$0.01
Reuse Flat Rate	\$3,012.01	\$3,012.01	\$3,012.01	\$3,012.01	\$121.77	\$3.88
<b>Typical Residential Bills 5/8" x 3/4" Meter</b>						
3,000 Gallons	\$40.43	\$60.53	\$71.45	\$55.99		
5,000 Gallons	\$48.31	\$72.33	\$88.91	\$70.01		
6,000 Gallons	\$68.01	\$101.83	\$97.64	\$77.02		
(Wastewater Gallage Cap - 6,000 Gallons)						

AUF/St. Johns Highlands Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$28,310	\$20,311	\$48,621	(\$16,563)	\$32,058
2 Land and Land Rights	1,037	0	1,037	0	1,037
3 Non-used and Useful Components	0	(1,067)	(1,067)	(7,690)	(8,757)
4 Accumulated Depreciation	(8,692)	5,523	(3,169)	(39)	(3,208)
5 CIAC	(16,183)	0	(16,183)	0	(16,183)
6 Amortization of CIAC	7,469	(244)	7,225	260	7,485
7 Working Capital Allowance	<u>0</u>	<u>14,076</u>	<u>14,076</u>	<u>(2,639)</u>	<u>11,437</u>
8 Rate Base	<u>\$11,941</u>	<u>\$38,599</u>	<u>\$50,540</u>	<u>(\$26,671)</u>	<u>\$23,869</u>

AUF/St. Johns Highlands Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 060368-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$524)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	<u>(16,039)</u>	N/A	
Total	<u>(\$16,563)</u>	N/A	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issues 7 and 10)	<u>(\$7,690)</u>	N/A	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$163)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	<u>124</u>	N/A	
Total	<u>(\$39)</u>	N/A	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	<u>\$260</u>	N/A	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$2,639)</u>	N/A	

AUF/St. Johns Highlands Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$24,755</u>	<u>\$4,453</u>	<u>\$29,208</u>	<u>(\$4,086)</u>	<u>\$25,122</u>	<u>(\$2,309)</u> -9.19%	<u>\$22,813</u>
Operating Expenses							
2 Operation & Maintenance	\$16,182	\$1,930	\$18,112	(\$1,251)	\$16,861		\$16,861
3 Depreciation	383	1,760	2,143	(892)	1,251		1,251
4 Amortization	0	467	467	0	467		467
5 Taxes Other Than Income	1,402	956	2,358	(636)	1,722	(104)	1,618
6 Income Taxes	<u>2,619</u>	<u>(634)</u>	<u>1,985</u>	<u>(337)</u>	<u>1,648</u>	<u>(830)</u>	<u>818</u>
7 Total Operating Expense	<u>\$20,586</u>	<u>\$4,479</u>	<u>\$25,065</u>	<u>(\$3,116)</u>	<u>\$21,949</u>	<u>(\$934)</u>	<u>\$21,015</u>
8 Operating Income	<u>\$4,169</u>	<u>(\$26)</u>	<u>\$4,143</u>	<u>(\$970)</u>	<u>\$3,173</u>	<u>(\$1,375)</u>	<u>\$1,798</u>
9 Rate Base	<u>\$11,941</u>		<u>\$50,540</u>		<u>\$23,869</u>		<u>\$23,869</u>
10 Rate of Return	<u>34.91%</u>		<u>8.20%</u>		<u>13.30%</u>		<u>7.53%</u>

AUF/St. Johns Highlands Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$4,184)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	98	N/A	
Total	<u>(\$4,086)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$33)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
3 Stipulated Issue 35.	(32)	N/A	
4 Stipulated Issue 37.	(58)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(3)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(134)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(34)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(228)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	227	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	189	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(227)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	(918)	N/A	
Total	<u>(\$1,251)</u>	<u>N/A</u>	
<u>Depreciation Expense - Net</u>			
1 To reflect the appropriate Dep. Exp. for Pro Forma Corporate IT. (Issue 4)	\$40	N/A	
2 To reflect the appropriate Dep. Exp. for Pro Forma Meters. (Issue 4)	(124)	N/A	
3 To reflect non-used and useful depreciation expense. (Issues 7 and 10)	(246)	N/A	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	(46)	N/A	
5 Stipulated Issue 56.	(517)	N/A	
Total	<u>(\$892)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$184)	N/A	
2 To remove Non-U&U property taxes. (Issues 7 and 10)	(142)	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(17)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(23)	N/A	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	(269)	N/A	
Total	<u>(\$636)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$337)</u>	<u>N/A</u>	

AUF/St. Johns Highlands Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$9.05	\$11.27	\$21.92	\$15.92	\$0.46	\$1.13
3/4"	\$13.58	\$16.92	\$32.89	\$23.88	\$0.69	\$1.69
1"	\$22.64	\$28.20	\$54.81	\$39.80	\$1.15	\$2.81
1-1/2"	\$45.24	\$56.35	\$109.62	\$79.61	\$2.30	\$5.63
2"	\$72.39	\$90.17	\$175.39	\$127.37	\$3.68	\$9.01
3"	\$144.79	\$180.36	\$350.79	\$254.75	\$7.35	\$18.01
4"	\$226.23	\$281.81	\$548.10	\$398.04	\$11.49	\$28.14
6"	\$452.43	\$563.57	\$1,096.21	\$796.08	\$22.98	\$56.29
8"	\$723.91	\$901.75	\$1,753.93	\$1,273.73	\$36.77	\$90.06
10"	\$1,040.62	\$1,296.26	\$2,521.28	\$1,830.99	\$52.86	\$129.46
Gallage Charge, per 1,000 Gallons						
Residential Service						
Block 1, 0-5,000	\$4.76	\$5.93	\$3.80	\$3.73	\$0.14	\$0.26
Block 2, 5,000-10,000	\$4.76	\$5.93	\$4.76	\$4.66	\$0.18	\$0.33
Block 3, >10,000	\$4.76	\$5.93	\$4.76	\$11.20	\$0.43	\$0.79
General Service and Multi-Family	\$4.76	\$5.93	\$3.80	\$5.21	\$0.18	\$0.37
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$6.04	\$7.52	\$14.62	\$10.61	\$0.31	\$0.75
3"	\$12.06	\$15.02	\$29.23	\$21.23	\$0.61	\$1.50
4"	\$18.85	\$23.48	\$45.68	\$33.17	\$0.96	\$2.35
6"	\$37.72	\$46.99	\$91.35	\$66.34	\$1.92	\$4.69
8"	\$60.32	\$75.14	\$146.16	\$106.14	\$3.06	\$7.51
10"	\$86.71	\$108.01	\$210.11	\$152.58	\$4.41	\$10.79
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$23.33	\$29.06	\$33.32	\$27.11		
5,000 Gallons	\$32.85	\$40.92	\$40.92	\$34.57		
10,000 Gallons	\$56.65	\$70.57	\$59.92	\$57.87		



AUF/Stone Mountain Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$17,211	\$2,347	\$19,558	(\$1,890)	\$17,668
2 Land and Land Rights	84	0	84	0	84
3 Non-used and Useful Components	0	(450)	(450)	(13)	(463)
4 Accumulated Depreciation	(8,688)	315	(8,373)	11	(8,362)
5 CIAC	(5,818)	0	(5,818)	0	(5,818)
6 Amortization of CIAC	1,522	(76)	1,446	106	1,552
7 Working Capital Allowance	<u>0</u>	<u>1,377</u>	<u>1,377</u>	<u>(243)</u>	<u>1,134</u>
8 <b>Rate Base</b>	<u>\$4,311</u>	<u>\$3,513</u>	<u>\$7,824</u>	<u>(\$2,028)</u>	<u>\$5,796</u>

AUF/Stone Mountain Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro-forma corp.IT. (Issue 4)	(\$50)	N/A	
2 To reflect the appropriate amount of pro-forma meters. (Issue 4)	(1,840)	N/A	
Total	<u>(\$1,890)</u>	<u>N/A</u>	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issue 10)	<u>(\$13)</u>	<u>N/A</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. depr. of pro-forma corp. IT. (Issue 4)	(\$17)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro-forma meters. (Issue 4)	28	N/A	
Total	<u>\$11</u>	<u>N/A</u>	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	<u>\$106</u>	<u>N/A</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$243)</u>	<u>N/A</u>	

AUF/Stone Mountain Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$4,996</u>	<u>\$8,760</u>	<u>\$13,756</u>	<u>(\$8,758)</u>	<u>\$4,998</u>	<u>\$8,933</u> 178.72%	<u>\$13,931</u>
Operating Expenses							
2 Operation & Maintenance	\$11,979	(\$1,424)	\$10,555	(\$267)	\$10,288		\$10,288
3 Depreciation	445	276	721	(221)	500		500
4 Amortization	0	42	42	979	1,021		1,021
5 Taxes Other Than Income	383	1,133	1,516	(432)	1,084	402	1,486
6 Income Taxes	<u>(3,013)</u>	<u>3,309</u>	<u>296</u>	<u>(3,307)</u>	<u>(3,011)</u>	<u>3,210</u>	<u>199</u>
7 Total Operating Expense	<u>\$9,794</u>	<u>\$3,336</u>	<u>\$13,130</u>	<u>(\$3,248)</u>	<u>\$9,882</u>	<u>\$3,612</u>	<u>\$13,494</u>
8 Operating Income	<u>(\$4,798)</u>	<u>\$5,424</u>	<u>\$626</u>	<u>(\$5,510)</u>	<u>(\$4,884)</u>	<u>\$5,321</u>	<u>\$437</u>
9 Rate Base	<u>\$4,311</u>		<u>\$7,824</u>		<u>\$5,796</u>		<u>\$5,796</u>
10 Rate of Return	<u>-111.30%</u>		<u>8.00%</u>		<u>-84.26%</u>		<u>7.53%</u>

AUF/Stone Mountain Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$8,758)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	0	N/A	
Total	<u>(\$8,758)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$3)	N/A	
2 Remove miscellaneous non-utility expenses. (Issue 34)	(9)	N/A	
3 Stipulated Issue 37.	(6)	N/A	
4 To remove image enhancing advertising expense. (Issue 38)	(0)	N/A	
5 To remove lobbying and acquisition expenses. (Issue 39)	(14)	N/A	
6 To remove executive risk insurance expense. (Issue 40)	(3)	N/A	
7 To remove below-the-line expenses. (Issue 48)	(24)	N/A	
8 To reflect the appropriate bad debt expense. (Issue 50)	(109)	N/A	
9 To reflect the appropriate rate case expense. (Issue 52)	24	N/A	
10 To reflect appropriate normalization adjustments. (Issue 53)	(24)	N/A	
11 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(99)</u>	<u>N/A</u>	
Total	<u>(\$267)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect appropriate amt of depr exp. pro-forma copr. IT. (Issue 4)	\$5	N/A	
2 To reflect appropriate amt of depr exp. pro-forma meters. (Issue 4)	(28)	N/A	
3 To reflect non-used and useful depreciation expense. (Issue 10)	(1)	N/A	
4 Stipulated Issue 56.	<u>(196)</u>	<u>N/A</u>	
Total	<u>(\$221)</u>	<u>N/A</u>	
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$979</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$394)	N/A	
2 To remove Non-U&U property taxes. (Issue 10)	(2)	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(2)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
5 To remove pro forma payroll taxes. (Issue 54)	(2)	N/A	
6 To reflect the appropriate property taxes. (Issue 57)	<u>(31)</u>	<u>N/A</u>	
Total	<u>(\$432)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$432)</u>	<u>N/A</u>	

AUF/Stone Mountain Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$27.59	\$27.59	\$21.92	\$15.52	\$0.00	\$0.19
3/4"	\$41.37	\$41.37	\$32.89	\$23.29	\$0.00	\$0.28
1"	\$68.97	\$68.97	\$54.81	\$38.81	\$0.00	\$0.47
1-1/2"	\$137.98	\$137.98	\$109.62	\$77.62	\$0.00	\$0.94
2"	\$220.70	\$220.70	\$175.39	\$124.19	\$0.00	\$1.50
3"	\$441.45	\$441.45	\$350.79	\$248.38	\$0.00	\$3.00
4"	\$689.75	\$689.75	\$548.10	\$388.10	\$0.00	\$4.68
6"	\$1,379.49	\$1,379.49	\$1,096.21	\$776.20	\$0.00	\$9.36
8"	\$2,207.20	\$2,207.20	\$1,753.93	\$1,241.92	\$0.00	\$14.98
10"	\$3,172.84	\$3,172.84	\$2,521.28	\$1,785.26	\$0.00	\$21.53
Gallonge Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$2.97	\$2.97	\$3.80	\$6.59	\$0.00	\$0.08
Block 2, 5,001-10,000	\$2.97	\$2.97	\$4.76	\$8.24	\$0.00	\$0.10
Block 3, Over 10,000	\$2.97	\$2.97	\$4.76	\$19.78	\$0.00	\$0.24
General Service and Multi-Family	\$2.97	\$2.97	\$3.80	\$7.68	\$0.00	\$0.09
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$18.40	\$18.40	\$14.62	\$10.35	\$0.00	\$0.12
3"	\$36.80	\$36.80	\$29.23	\$20.70	\$0.00	\$0.25
4"	\$57.49	\$57.49	\$45.68	\$32.34	\$0.00	\$0.39
6"	\$114.96	\$114.96	\$91.35	\$64.68	\$0.00	\$0.78
8"	\$183.93	\$183.93	\$146.16	\$103.49	\$0.00	\$1.25
10"	\$264.42	\$264.42	\$210.11	\$148.77	\$0.00	\$1.79
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$36.50	\$36.50	\$33.32	\$35.29		
5,000 Gallons	\$42.44	\$42.44	\$40.92	\$48.47		
10,000 Gallons	\$57.29	\$57.29	\$64.72	\$89.67		

AUF/Sunny Hills Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$2,634,063	\$100,662	\$2,734,725	(\$86,024)	\$2,648,701
2 Land and Land Rights	10,779	0	10,779	0	10,779
3 Non-used and Useful Components	0	(926,633)	(926,633)	(14,925)	(941,558)
4 Accumulated Depreciation	(1,143,902)	86,985	(1,056,917)	(29,790)	(1,086,707)
5 CIAC	(624,977)	0	(624,977)	0	(624,977)
6 Amortization of CIAC	86,743	5,019	91,762	0	91,762
9 Working Capital Allowance	<u>0</u>	<u>88,603</u>	<u>88,603</u>	<u>(16,037)</u>	<u>72,566</u>
11 Rate Base	<u>\$962,706</u>	<u>(\$645,364)</u>	<u>\$317,342</u>	<u>(\$146,776)</u>	<u>\$170,566</u>

AUF/Sunny Hills Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$626,582	\$12,896	\$639,478	(\$1,095)	\$638,383
2 Land and Land Rights	4,483	0	4,483	0	4,483
3 Non-used and Useful Components	0	(52,884)	(52,884)	(9,938)	(62,822)
4 Accumulated Depreciation	(487,962)	(5,865)	(493,827)	(272)	(494,099)
5 CIAC	(2,483)	0	(2,483)	0	(2,483)
6 Amortization of CIAC	1,574	(22)	1,552	0	1,552
7 Working Capital Allowance	<u>0</u>	<u>26,802</u>	<u>26,802</u>	<u>(5,852)</u>	<u>20,950</u>
8 <b>Rate Base</b>	<u>\$142,194</u>	<u>(\$19,073)</u>	<u>\$123,121</u>	<u>(\$17,156)</u>	<u>\$105,965</u>

AUF/Sunny Hills Adjustments to Rate Base Test Year Ended 12/31/07			Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater		
<u>Plant In Service</u>				
1 To reflect the appropriate amount of pro forma Corp IT. (Issue 4)	(\$3,146)	(\$1,095)		
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(89,353)	0		
3 To reflect the appropriate amount to replace Water Pump. (Issue 4)	<u>6,475</u>	<u>0</u>		
Total	<u>(\$86,024)</u>	<u>(\$1,095)</u>		
<u>Non-used and Useful</u>				
To reflect net non-used and useful adjustment. (Issues 10 and 11)	<u>(\$14,925)</u>	<u>(\$9,938)</u>		
<u>Accumulated Depreciation</u>				
1 To reflect the appropriate amount of pro forma Corp IT. (Issue 4)	(\$942)	(\$272)		
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(224)	\$0		
3 To reflect the appropriate amount to replace Water Pump. (Issue 4)	<u>(28,624)</u>	<u>\$0</u>		
Total	<u>(\$29,790)</u>	<u>(\$272)</u>		
<u>Working Capital</u>				
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$16,037)</u>	<u>(\$5,852)</u>		



AUF/Sunny Hills Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$275,600</u>	<u>\$44,053</u>	<u>\$319,653</u>	<u>(\$46,444)</u>	<u>\$273,209</u>	<u>\$24,919</u> 9.12%	<u>\$298,128</u>
Operating Expenses							
2 Operation & Maintenance	\$147,974	\$48,405	\$196,379	(\$10,514)	\$185,865	\$0	\$185,865
3 Depreciation	61,031	(22,472)	38,559	(217)	38,342	0	38,342
4 Amortization	0	3,457	3,457	8,269	11,726	0	11,726
5 Taxes Other Than Income	55,436	(9,461)	45,975	(3,596)	42,379	1,121	43,501
6 Income Taxes	<u>4,305</u>	<u>7,076</u>	<u>11,381</u>	<u>(14,492)</u>	<u>(3,111)</u>	<u>8,955</u>	<u>5,844</u>
7 Total Operating Expense	<u>\$268,746</u>	<u>\$27,005</u>	<u>\$295,751</u>	<u>(\$20,549)</u>	<u>\$275,202</u>	<u>\$10,077</u>	<u>\$285,278</u>
8 Operating Income	<u>\$6,854</u>	<u>\$17,048</u>	<u>\$23,902</u>	<u>(\$25,895)</u>	<u>(\$1,993)</u>	<u>\$14,843</u>	<u>\$12,850</u>
9 Rate Base	<u>\$962,706</u>		<u>\$317,342</u>		<u>\$170,566</u>		<u>\$170,566</u>
10 Rate of Return	<u>0.71%</u>		<u>7.53%</u>		<u>-1.17%</u>		<u>7.53%</u>

AUF/Sunny Hills Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$86,899</u>	<u>\$46,965</u>	<u>\$133,864</u>	<u>(\$49,234)</u>	<u>\$84,630</u>	<u>\$46,848</u> 55.36%	<u>\$131,478</u>
Operating Expenses							
2 Operation & Maintenance	\$89,288	(\$4,514)	\$84,774	(\$3,995)	\$80,779	\$0	\$80,779
3 Depreciation	16,482	3,094	19,576	(4,142)	15,434	0	15,434
4 Amortization	0	991	991	9,587	10,578	0	10,578
5 Taxes Other Than Income	3,540	10,372	13,912	(2,947)	10,965	2,108	13,073
6 Income Taxes	<u>(8,645)</u>	<u>13,368</u>	<u>4,723</u>	<u>(17,928)</u>	<u>(13,205)</u>	<u>16,836</u>	<u>3,631</u>
7 Total Operating Expense	<u>\$100,665</u>	<u>\$23,311</u>	<u>\$123,976</u>	<u>(\$19,425)</u>	<u>\$104,551</u>	<u>\$18,944</u>	<u>\$123,495</u>
8 Operating Income	<u>(\$13,766)</u>	<u>\$23,654</u>	<u>\$9,888</u>	<u>(\$29,809)</u>	<u>(\$19,921)</u>	<u>\$27,904</u>	<u>\$7,983</u>
9 Rate Base	<u>\$142,194</u>		<u>\$123,121</u>		<u>\$105,965</u>		<u>\$105,965</u>
10 Rate of Return	<u>-9.68%</u>		<u>8.03%</u>		<u>-18.80%</u>		<u>7.53%</u>

AUF/Sunny Hills Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$46,444)	(\$49,234)	
2 To reflect Commission's proposed annualized revenue adjustment.	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	609	0	
Total	<u>(\$46,444)</u>	<u>(\$49,234)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5	(\$328)	\$0	
2 Stipulated Issue 33.	(191)	(56)	
3 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
4 Stipulated Issue 35.	(429)	0	
5 Stipulated Issue 37.	(338)	(98)	
6 To remove image enhancing advertising expense. (Issue 38)	(16)	(5)	
7 To remove lobbying and acquisition expenses. (Issue 39)	(774)	(225)	
8 To remove executive risk insurance expense. (Issue 40)	(194)	(56)	
9 To remove below-the-line expenses. (Issue 48)	(1,316)	(382)	
10 To reflect the appropriate bad debt expense. (Issue 50)	(1,274)	(1,337)	
11 To reflect the appropriate rate case expense. (Issue 52)	992	127	
12 To reflect appropriate normalization adjustments. (Issue 53)	(1,313)	(381)	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(5,332)</u>	<u>(1,584)</u>	
Total	<u>(\$10,514)</u>	<u>(\$3,995)</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$224	\$50	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	224	0	
3 To reflect the appropriate amt. of depr. exp. for Water Pump. (Issue 4)	624	0	
4 To reflect non-used and useful depreciation expense. (Issue 10 and 11)	(1,022)	(4,109)	
5 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(267)</u>	<u>(83)</u>	
Total	<u>(\$217)</u>	<u>(\$4,142)</u>	
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$8,269</u>	<u>\$9,587</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$2,090)	(\$2,216)	
2 To remove Non-U&U property taxes. (Issues 10 and 11)	695	(638)	
3 To remove below-the-line payroll taxes. (Issue 48)	(101)	(29)	
4 To reflect appropriate normalization adjustments. (Issue 53)	(1)	(0)	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(135)	(39)	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(1,964)</u>	<u>(25)</u>	
Total	<u>(\$3,596)</u>	<u>(\$2,947)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$14,492)</u>	<u>(\$17,928)</u>	

AUF/Sunny Hills Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$11.70	\$13.98	\$21.92	\$15.92	\$0.46	\$0.50
3/4"	\$17.57	\$20.99	\$32.89	\$23.88	\$0.69	\$0.75
1"	\$29.27	\$34.97	\$54.81	\$39.80	\$1.15	\$1.24
1-1/2"	\$58.54	\$69.94	\$109.62	\$79.61	\$2.30	\$2.49
2"	\$93.67	\$111.91	\$175.39	\$127.37	\$3.68	\$3.98
3"	\$187.34	\$223.82	\$350.79	\$254.75	\$7.35	\$7.97
4"	\$292.72	\$349.73	\$548.10	\$398.04	\$11.49	\$12.45
6"	\$585.42	\$699.43	\$1,096.21	\$796.08	\$22.98	\$24.90
8"	\$936.68	\$1,119.09	\$1,753.93	\$1,273.73	\$36.77	\$39.84
10"	\$1,346.47	\$1,608.69	\$2,521.28	\$1,830.99	\$52.86	\$57.27
Gallonge Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$4.51	\$5.39	\$3.80	\$3.73	\$0.14	\$0.12
Block 2, 5,000-10,000	\$4.51	\$5.39	\$4.76	\$4.66	\$0.18	\$0.15
Block 3, Over 10,000	\$4.51	\$5.39	\$4.76	\$11.20	\$0.43	\$0.35
General Service and Multi-Family	\$4.51	\$5.39	\$3.80	\$5.21	\$0.18	\$0.16
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$7.80	\$9.32	\$14.62	\$10.61	\$0.31	\$0.33
3"	\$15.61	\$18.65	\$29.23	\$21.23	\$0.61	\$0.66
4"	\$24.39	\$29.14	\$45.68	\$33.17	\$0.96	\$1.04
6"	\$48.78	\$58.28	\$91.35	\$66.34	\$1.92	\$2.08
8"	\$78.05	\$93.25	\$146.16	\$106.14	\$3.06	\$3.32
10"	\$112.21	\$134.06	\$210.11	\$152.58	\$4.41	\$4.77
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$25.23	\$30.15	\$33.32	\$27.11		
5,000 Gallons	\$34.25	\$40.93	\$40.92	\$34.57		
10,000 Gallons	\$56.80	\$67.88	\$64.72	\$57.87		

<b>AUF/Sunny Hills</b>	<b>Schedule No. 5-B</b>
<b>Wastewater Monthly Service Rates</b>	<b>Docket No. 080121-WS</b>
<b>Test Year Ended 12/31/07</b>	

AUF/Tangerine Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$347,892	\$51,967	\$399,859	(\$31,077)	\$368,782
2 Land and Land Rights	0	0	0	0	0
3 Non-used and Useful Components	0	(59,478)	(59,478)	(2,014)	(61,492)
4 Accumulated Depreciation	(70,920)	19,363	(51,557)	(917)	(52,474)
5 CIAC	(68,020)	0	(68,020)	0	(68,020)
6 Amortization of CIAC	40,730	(233)	40,497	2,830	43,327
9 Working Capital Allowance	<u>0</u>	<u>29,099</u>	<u>29,099</u>	<u>(9,259)</u>	<u>19,840</u>
11 Rate Base	<u>\$249,682</u>	<u>\$40,718</u>	<u>\$290,400</u>	<u>(\$40,437)</u>	<u>\$249,963</u>

AUF/Tangerine Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
1	To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$1,733)	N/A
2	To reflect the appropriate amount of pro forma meters. (Issue 4)	(29,344)	N/A
	Total	<u>(\$31,077)</u>	<u>N/A</u>
<u>Non-used and Useful</u>			
	To reflect net non-used and useful adjustment. (Issue 10)	<u>(\$2,014)</u>	<u>N/A</u>
<u>Accumulated Depreciation</u>			
1	To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$432)	N/A
2	To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	(484)	N/A
	Total	<u>(\$917)</u>	<u>N/A</u>
<u>Accumulated Amortization of CIAC</u>			
	Stipulated Issue 15.	<u>\$2,830</u>	<u>N/A</u>
<u>Working Capital</u>			
	To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$9,259)</u>	<u>N/A</u>

AUF/Tangerine Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$74,140</u>	<u>\$82,366</u>	<u>\$156,506</u>	<u>(\$83,149)</u>	<u>\$73,357</u>	<u>\$64,693</u> 88.19%	<u>\$138,050</u>
Operating Expenses							
2 Operation & Maintenance	\$60,584	\$26,398	\$86,982	(\$7,704)	\$79,278		\$79,278
3 Depreciation	9,530	2,564	12,094	240	12,334		12,334
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	6,116	16,126	22,242	(6,112)	16,130	2,911	19,042
6 Income Taxes	(806)	<u>12,184</u>	<u>11,378</u>	<u>(26,062)</u>	<u>(14,684)</u>	<u>23,249</u>	<u>8,565</u>
7 Total Operating Expense	<u>\$75,424</u>	<u>\$57,272</u>	<u>\$132,696</u>	<u>(\$39,637)</u>	<u>\$93,059</u>	<u>\$26,160</u>	<u>\$119,218</u>
8 Operating Income	<u>(\$1,284)</u>	<u>\$25,094</u>	<u>\$23,810</u>	<u>(\$43,512)</u>	<u>(\$19,702)</u>	<u>\$38,533</u>	<u>\$18,832</u>
9 Rate Base	<u>\$249,682</u>		<u>\$290,400</u>		<u>\$249,963</u>		<u>\$249,963</u>
10 Rate of Return	<u>-0.51%</u>		<u>8.20%</u>		<u>-7.88%</u>		<u>7.53%</u>



AUF/Tangerine Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested interim revenue increase.	(\$83,149)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	140	N/A	
Total	<u>(\$83,149)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulation Issue 5.	(\$178)	N/A	
2 Stipulated Issue 33.	(88)	N/A	
3 To reflect the appropriate pro forma expenses. (Issue 34)	0	N/A	
4 Stipulated Issue 35.	(213)	N/A	
5 Stipulated Issue 37.	(155)	N/A	
6 To remove image enhancing advertising expense. (Issue 38)	(8)	N/A	
7 To remove lobbying and acquisition expenses. (Issue 39)	(356)	N/A	
8 To remove executive risk insurance expense. (Issue 40)	(89)	N/A	
9 To remove below-the-line expenses. (Issue 48)	(605)	N/A	
10 To reflect the appropriate bad debt expense. (Issue 50)	(3,334)	N/A	
11 To reflect the appropriate rate case expense. (Issue 52)	203	N/A	
12 To reflect appropriate normalization adjustments. (Issue 53)	(271)	N/A	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(2,611)</u>	<u>N/A</u>	
Total	<u>(\$7,704)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect app. Dep. Expense for proforma Corporate IT. (Issue 4)	\$79	N/A	
2 To reflect app. Dep. Expense for proforma meters. (Issue 4)	484	N/A	
3 To reflect net non-used and useful adjustment. (Issue 10)	(195)	N/A	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(129)</u>	<u>N/A</u>	
Total	<u>\$240</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$3,742)	N/A	
2 To reflect net non-used and useful adjustment. (Issue 10)	(1,726)	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(46)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(1)	N/A	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(62)	N/A	
6 To reflect the appropriate property taxes. (Issue 57)	<u>(535)</u>	<u>N/A</u>	
Total	<u>(\$6,112)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$26,062)</u>	<u>N/A</u>	

AUF/Tangerine Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Effective 12/31/2007	Commission Approved Interim	Utility Requested Final Rates	Commission Approved Final Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$8.92	\$11.95	\$21.92	\$13.92	\$0.56	\$0.43
3/4"	\$13.38	\$17.93	\$32.89	\$20.88	\$0.84	\$0.65
1"	\$22.28	\$29.85	\$54.81	\$34.79	\$1.40	\$1.08
1-1/2"	\$44.58	\$59.73	\$109.62	\$69.59	\$2.80	\$2.16
2"	\$71.33	\$95.57	\$175.39	\$111.34	\$4.48	\$3.46
3"	\$142.65	\$191.12	\$350.79	\$222.69	\$8.96	\$6.91
4"	\$222.89	\$298.63	\$548.10	\$347.95	\$14.00	\$10.80
6"	\$445.79	\$597.27	\$1,096.21	\$695.89	\$27.99	\$21.60
8"	\$713.62	\$956.10	\$1,753.93	\$1,113.43	\$44.79	\$34.56
10"	\$1,025.82	\$1,374.39	\$2,521.28	\$1,600.56	\$64.38	\$49.68
Gallonge Charge, per 1,000 Gallons						
Residential Service						
0-5 kgal	\$1.53	\$2.05	\$3.80	\$1.97	\$0.13	\$0.06
5 -10 kgal	\$1.53	\$2.05	\$4.76	\$2.47	\$0.16	\$0.08
Over 10 kgal	\$1.53	\$2.05	\$4.76	\$5.92	\$0.38	\$0.18
General Service and Multi-Family	\$1.53	\$2.05	\$3.80	\$3.29	\$0.18	\$0.10
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$5.95	\$7.97	\$14.62	\$9.28	\$0.37	\$0.29
3"	\$11.88	\$15.92	\$29.23	\$18.56	\$0.75	\$0.58
4"	\$18.58	\$24.89	\$45.68	\$29.00	\$1.17	\$0.90
6"	\$37.15	\$49.77	\$91.35	\$57.99	\$2.33	\$1.80
8"	\$59.46	\$79.66	\$146.16	\$92.79	\$3.73	\$2.88
10'	\$85.48	\$114.53	\$210.11	\$133.38	\$5.37	\$4.14
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$13.51	\$18.10	\$33.32	\$19.83		
5,000 Gallons	\$16.57	\$22.20	\$40.92	\$23.77		
10,000 Gallons	\$24.22	\$32.45	\$64.72	\$36.12		

The Woods Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$191,062	\$17,118	\$208,180	(\$11,268)	\$196,912
2 Land and Land Rights	0	0	\$0	0	0
3 Non-used and Useful Components	0	(2,942)	(2,942)	26	(2,916)
4 Accumulated Depreciation	(119,472)	(1,390)	(\$120,862)	9	(120,853)
5 CIAC	(90,466)	0	(\$90,466)	0	(90,466)
6 Amortization of CIAC	78,331	(236)	\$78,095	1,011	79,106
7 Working Capital Allowance	<u>0</u>	<u>7,920</u>	<u>7,920</u>	<u>(3,480)</u>	<u>4,440</u>
8 <b>Rate Base</b>	<u>\$59,455</u>	<u>\$20,470</u>	<u>\$79,925</u>	<u>(\$13,702)</u>	<u>\$66,223</u>

The Woods Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$123,587	\$5,159	\$128,746	(\$579)	\$128,167
2 Land and Land Rights	7,500	0	7,500	0	7,500
3 Non-used and Useful Components	0	(3,651)	(3,651)	(1,378)	(5,029)
4 Accumulated Depreciation	(90,087)	(2,916)	(93,003)	(85)	(93,088)
5 CIAC	(64,175)	0	(64,175)	0	(64,175)
6 Amortization of CIAC	61,996	(10)	61,986	0	61,986
7 Working Capital Allowance	<u>0</u>	<u>12,846</u>	<u>12,846</u>	<u>(3,383)</u>	<u>9,463</u>
8 <b>Rate Base</b>	<u>\$38,821</u>	<u>\$11,428</u>	<u>\$50,249</u>	<u>(\$5,425)</u>	<u>\$44,824</u>

The Woods Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$598)		(\$579)
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(10,670)		0
Total	<u>(\$11,268)</u>		<u>(\$579)</u>
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment	\$26		<u>(\$1,378)</u>
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc.depr. of pro forma Corp. IT. (Issue 4)	(\$92)		(\$85)
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	101		0
Total	<u>\$9</u>		<u>(\$85)</u>
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	\$1,011		\$0
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$3,480)</u>		<u>(\$3,383)</u>

The Woods Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$23,203</u>	<u>\$50,625</u>	<u>\$73,828</u>	<u>(\$50,634)</u>	<u>\$23,194</u>	<u>\$51,316</u> 221.25%	<u>\$74,510</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$42,437</u>	<u>\$6,538</u>	<u>\$48,975</u>	<u>(\$4,937)</u>	<u>\$44,038</u>	<u>\$0</u>	<u>\$44,038</u>
3 Depreciation	<u>(1,105)</u>	<u>7,681</u>	<u>6,576</u>	<u>(2,017)</u>	<u>4,559</u>	<u>0</u>	<u>4,559</u>
4 Amortization	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,869</u>	<u>9,869</u>	<u>0</u>	<u>9,869</u>
5 Taxes Other Than Income	<u>2,175</u>	<u>6,781</u>	<u>8,956</u>	<u>(2,480)</u>	<u>6,476</u>	<u>2,309</u>	<u>8,785</u>
6 Income Taxes	<u>(7,832)</u>	<u>10,863</u>	<u>3,031</u>	<u>(19,203)</u>	<u>(16,172)</u>	<u>18,441</u>	<u>2,269</u>
7 Total Operating Expense	<u>\$35,675</u>	<u>\$31,863</u>	<u>\$67,538</u>	<u>(\$18,767)</u>	<u>\$48,771</u>	<u>\$20,751</u>	<u>\$69,521</u>
8 Operating Income	<u>(\$12,472)</u>	<u>\$18,762</u>	<u>\$6,290</u>	<u>(\$31,867)</u>	<u>(\$25,577)</u>	<u>\$30,566</u>	<u>\$4,989</u>
9 Rate Base	<u>\$59,455</u>		<u>\$79,925</u>		<u>\$66,223</u>		<u>\$66,223</u>
10 Rate of Return	<u>-20.98%</u>		<u>7.87%</u>		<u>-38.62%</u>		<u>7.53%</u>

The Woods Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$20,232</u>	<u>\$46,464</u>	<u>\$66,696</u>	<u>(\$46,620)</u>	<u>\$20,076</u>	<u>\$45,042</u> 224.35%	<u>\$65,118</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$46,187</u>	<u>\$2,170</u>	<u>\$48,357</u>	<u>(\$2,661)</u>	<u>\$45,696</u>	<u>\$0</u>	<u>\$45,696</u>
3 Depreciation	<u>1,794</u>	<u>5,279</u>	<u>7,073</u>	<u>(82)</u>	<u>6,991</u>	<u>0</u>	<u>6,991</u>
4 Amortization	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,294</u>	<u>2,294</u>	<u>0</u>	<u>2,294</u>
5 Taxes Other Than Income	<u>940</u>	<u>4,392</u>	<u>5,332</u>	<u>(2,136)</u>	<u>3,196</u>	<u>2,027</u>	<u>5,223</u>
6 Income Taxes	<u>(11,067)</u>	<u>12,996</u>	<u>1,929</u>	<u>(16,580)</u>	<u>(14,651)</u>	<u>16,186</u>	<u>1,536</u>
7 Total Operating Expense	<u>\$37,854</u>	<u>\$24,837</u>	<u>\$62,691</u>	<u>(\$19,163)</u>	<u>\$43,528</u>	<u>\$18,213</u>	<u>\$61,741</u>
8 Operating Income	<u>(\$17,622)</u>	<u>\$21,627</u>	<u>\$4,005</u>	<u>(\$27,456)</u>	<u>(\$23,451)</u>	<u>\$26,828</u>	<u>\$3,377</u>
9 Rate Base	<u>\$38,821</u>		<u>\$50,249</u>		<u>\$44,824</u>		<u>\$44,824</u>
10 Rate of Return	<u>-45.39%</u>		<u>7.97%</u>		<u>-52.32%</u>		<u>7.53%</u>

The Woods Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$50,809)	(\$47,151)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	531	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	175	0	
Total	<u>(\$50,634)</u>	<u>(\$46,620)</u>	
<u>Operations and Maintenance Expense</u>			
1 Stipulated Issue 33.	(\$19)	(\$18)	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
3 Stipulated Issue 35.	(572)	0	
4 Stipulated Issue 37.	(33)	(31)	
5 To remove image enhancing advertising expense. (Issue 38)	(2)	(2)	
6 To remove lobbying and acquisition expenses. (Issue 39)	(77)	(71)	
7 To remove executive risk insurance expense. (Issue 40)	(19)	(18)	
8 To remove below-the-line expenses. (Issue 48)	(130)	(121)	
9 To reflect the appropriate bad debt expense. (Issue 50)	(3,189)	(1,544)	
10 To reflect the appropriate rate case expense. (Issue 52)	(154)	(164)	
11 To reflect appropriate normalization adjustments. (Issue 53)	(130)	(121)	
12 To reflect the appropriate pro forma expenses. (Issue 54)	(610)	(572)	
Total	<u>(\$4,937)</u>	<u>(\$2,661)</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	(\$2)	(\$4)	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(101)	0	
3 To reflect non-used and useful depreciation expense. (Issue 10 and 11)	(14)	(45)	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	(35)	(33)	
5 Stipulated Issue 56.	(1,866)	0	
Total	<u>(\$2,017)</u>	<u>(\$82)</u>	
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$9,869</u>	<u>\$2,294</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$2,279)	(\$2,098)	
2 To remove Non-U&U property taxes. (Issues 10 and 11)	19	(4)	
3 To remove below-the-line payroll taxes. (Issue 48)	(10)	(9)	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	(0)	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(13)	(12)	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	(196)	(12)	
Total	<u>(\$2,480)</u>	<u>(\$2,136)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$19,203)</u>	<u>(\$16,580)</u>	



The Woods Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No.5-A Docket No. 080121-WS		
	Prior Period Rates	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential and General Service</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$16.40	\$21.07	\$21.92	\$15.52	\$0.00	\$0.19
3/4"	\$24.62	\$31.63	\$32.89	\$23.29	\$0.00	\$0.29
1"	\$41.02	\$52.70	\$54.81	\$38.81	\$0.00	\$0.48
1-1/2"	\$82.03	\$105.39	\$109.62	\$77.62	\$0.00	\$0.96
2"	\$131.24	\$168.61	\$175.39	\$124.19	\$0.00	\$1.54
3"	\$262.47	\$337.21	\$350.79	\$248.38	\$0.00	\$3.08
4"	\$410.10	\$526.89	\$548.10	\$388.10	\$0.00	\$4.81
6"	\$820.25	\$1,053.83	\$1,096.21	\$776.20	\$0.00	\$9.63
8"	\$1,312.36	\$1,686.08	\$1,753.93	\$1,241.92	\$0.00	\$15.40
10"	\$22.14	\$22.14	\$2,521.28	\$1,785.26	\$0.00	\$22.14
Gallorage Charge, per 1,000 Gallons						
Residential						
Block 1 (0 -5,000)	\$3.09	\$3.97	\$3.80	\$6.59	\$0.00	\$0.08
Block 2 (5,000 - 10,000)	\$3.09	\$3.97	\$4.76	\$8.24	\$0.00	\$0.10
Block 3 (> 10,000)	\$3.09	\$3.97	\$4.76	\$19.78	\$0.00	\$0.25
General Service	\$3.09	\$3.97	\$3.80	\$7.68	\$0.00	\$0.10
<b><u>Multi-Family</u></b>						
5/8" x 3/4"	-		\$21.92	\$15.52	\$0.00	\$0.19
3/4"	-		\$32.89	\$23.29	\$0.00	\$0.29
1"	-		\$54.81	\$38.81	\$0.00	\$0.48
1-1/2"	-		\$109.62	\$77.62	\$0.00	\$0.96
2"	-		\$175.39	\$124.19	\$0.00	\$1.54
3"	-		\$350.79	\$248.38	\$0.00	\$3.08
4"	-		\$548.10	\$388.10	\$0.00	\$4.81
6"	-		\$1,096.21	\$776.20	\$0.00	\$9.63
8"	-		\$1,753.93	\$1,241.92	\$0.00	\$15.40
10"	-		\$2,521.28	\$1,785.26	\$0.00	\$22.14
Gallorage Charge, per 1,000 Gallons	-		\$3.80	\$7.68	\$0.00	\$0.10
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$10.35	\$0.00	\$0.13
3"	-	-	\$29.23	\$20.70	\$0.00	\$0.26
4"	-	-	\$45.68	\$32.34	\$0.00	\$0.40
6"	-	-	\$91.35	\$64.68	\$0.00	\$0.80
8"	-	-	\$146.16	\$103.49	\$0.00	\$1.28
10"	-	-	\$210.11	\$148.77	\$0.00	\$1.85
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$25.67	\$32.98	\$33.32	\$35.29		
5,000 Gallons	\$31.85	\$40.92	\$40.92	\$48.47		
10,000 Gallons	\$47.30	\$60.77	\$63.76	\$89.67		

The Woods Wastewater Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-B Docket No. 080121-W5		
	Prior Period Rates	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential</u></b>						
Base Facility Charge All Meter Sizes:						
5/8" x 3/4"	\$15.74	\$38.62	\$45.26	\$34.96	\$1.43	\$0.46
3/4"	\$15.74	\$38.62	\$45.26	\$34.96	\$1.43	\$0.46
1"	\$15.74	\$38.62	\$45.26	\$34.96	\$1.43	\$0.46
1-1/2"	\$15.74	\$38.62	\$45.26	\$34.96	\$1.43	\$0.46
2"	\$15.74	\$38.62	\$45.26	\$34.96	\$1.43	\$0.46
3"	\$15.74	\$38.62	\$45.26	\$34.96	\$1.43	\$0.46
4"	\$15.74	\$38.62	\$45.26	\$34.96	\$1.43	\$0.46
6"	\$15.74	\$38.62	\$45.26	\$34.96	\$1.43	\$0.46
8"	\$15.74	\$38.62	\$45.26	\$34.96	\$1.43	\$0.46
10"	\$15.74	\$38.62	\$45.26	\$34.96	\$1.43	\$0.46
Gallage Charge - Per 1,000 gallons (6,000 gallon cap)	\$4.10	\$10.06	\$8.73	\$7.01	\$0.29	\$0.09
<b>Residential Flat Rate</b>	-	-	\$112.65	\$64.18	\$2.66	\$0.84
<b>General Service Flat Rate</b>	-	-	\$701.21	\$399.51	\$16.15	\$5.26
<b><u>General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	-	-	\$45.26	\$34.96	\$1.43	\$0.46
3/4"	-	-	\$67.89	\$52.44	\$2.14	\$0.69
1"	-	-	\$113.14	\$87.40	\$3.57	\$1.15
1-1/2"	-	-	\$226.29	\$174.80	\$7.15	\$2.30
2"	-	-	\$362.06	\$279.69	\$11.43	\$3.68
3"	-	-	\$724.12	\$559.37	\$22.87	\$7.36
4"	-	-	\$1,131.44	\$874.02	\$35.73	\$11.50
6"	-	-	\$2,262.89	\$1,748.04	\$71.47	\$23.00
8"	-	-	\$3,620.62	\$2,796.87	\$114.34	\$36.81
10"	-	-	\$5,204.65	\$4,020.50	\$164.37	\$52.91
Gallage Charge, per 1,000 Gallons	-	-	\$10.48	\$8.41	\$0.34	\$0.11
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$28.04	\$68.80	\$71.45	\$55.99		
5,000 Gallons	\$36.24	\$88.92	\$88.91	\$70.01		
6,000 Gallons	\$40.34	\$98.98	\$97.64	\$77.02		
(Wastewater Gallage Cap - 6,000 Gallons)						

Tomoka Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$251,758	\$52,388	\$304,146	(\$28,223)	\$275,923
2 Land and Land Rights	2,000	0	2,000	0	2,000
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(73,574)	18,825	(54,749)	(1,066)	(55,815)
5 CIAC	(49,712)	0	(49,712)	0	(49,712)
6 Amortization of CIAC	39,591	(569)	39,022	1,190	40,212
7 Working Capital Allowance	<u>0</u>	<u>27,670</u>	<u>27,670</u>	<u>(7,129)</u>	<u>20,541</u>
8 <b>Rate Base</b>	<b><u>\$170,063</u></b>	<b><u>\$98,314</u></b>	<b><u>\$268,377</u></b>	<b><u>(\$35,229)</u></b>	<b><u>\$233,148</u></b>

Tomoka Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$1,421)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(26,803)	N/A	
Total	(\$28,223)	N/A	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$448)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	(618)	N/A	
Total	(\$1,066)	N/A	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	\$1,190	N/A	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	(\$7,129)	N/A	

Tomoka Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$47,538</u>	<u>\$141,657</u>	<u>\$189,195</u>	<u>(\$141,825)</u>	<u>\$47,370</u>	<u>\$124,358</u> 262.52%	<u>\$171,728</u>
Operating Expenses							
2 Operation & Maintenance	\$104,526	\$21,727	\$126,253	(\$7,641)	\$118,612		\$118,612
3 Depreciation	7,449	4,728	12,177	(1,590)	10,587		10,587
4 Amortization	0	0	0	0	0		0
5 Taxes Other Than Income	5,731	12,526	18,257	(6,878)	11,379	5,596	16,975
6 Income Taxes	<u>(27,068)</u>	<u>37,631</u>	<u>10,563</u>	<u>(47,264)</u>	<u>(36,701)</u>	<u>44,690</u>	<u>7,989</u>
7 Total Operating Expense	<u>\$90,638</u>	<u>\$76,612</u>	<u>\$167,250</u>	<u>(\$63,373)</u>	<u>\$103,877</u>	<u>\$50,286</u>	<u>\$154,163</u>
8 Operating Income	<u>(\$43,100)</u>	<u>\$65,045</u>	<u>\$21,945</u>	<u>(\$78,452)</u>	<u>(\$56,507)</u>	<u>\$74,072</u>	<u>\$17,565</u>
9 Rate Base	<u>\$170,063</u>		<u>\$268,377</u>		<u>\$233,148</u>		<u>\$233,148</u>
10 Rate of Return	<u>-25.34%</u>		<u>8.18%</u>		<u>-24.24%</u>		<u>7.53%</u>

Tomoka Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$141,944)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
To reflect the appropriate miscellaneous service revenues. (Issue 31)	119	N/A	
Total	<u>(\$141,825)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$169)	N/A	
2 Stipulated Issue 33.	(91)	N/A	
3 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
4 Stipulated Issue 35.	(1,226)	N/A	
5 Stipulated Issue 37.	(161)	N/A	
6 To remove image enhancing advertising expense. (Issue 38)	(8)	N/A	
7 To remove lobbying and acquisition expenses. (Issue 39)	(368)	N/A	
8 To remove executive risk insurance expense. (Issue 40)	(92)	N/A	
9 To remove below-the-line expenses. (Issue 48)	(626)	N/A	
10 To reflect the appropriate bad debt expense. (Issue 50)	(2,293)	N/A	
11 To reflect the appropriate rate case expense. (Issue 52)	538	N/A	
12 To reflect appropriate normalization adjustments. (Issue 53)	(625)	N/A	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(2,520)</u>	<u>N/A</u>	
Total	<u>(\$7,641)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$113	N/A	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	618	N/A	
3 Stipulated Issue 56.	(2,197)	N/A	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(125)</u>	<u>N/A</u>	
Total	<u>(\$1,590)</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$6,382)	N/A	
2 To remove below-the-line payroll taxes. (Issue 48)	(48)	N/A	
3 To reflect appropriate normalization adjustments. (Issue 53)	(1)	N/A	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(64)	N/A	
5 To reflect appropriate pro forma property taxes. (Issue 57)	<u>(383)</u>	<u>N/A</u>	
Total	<u>(\$6,878)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$47,264)</u>	<u>N/A</u>	

Tomoka Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$4.78	\$6.40	\$21.92	\$15.52	\$0.00	\$0.40
3/4"	\$11.96	\$16.02	\$32.89	\$23.29	\$0.00	\$0.60
1"	\$23.94	\$32.07	\$54.81	\$38.81	\$0.00	\$1.00
1-1/2"	\$38.28	\$51.29	\$109.62	\$77.62	\$0.00	\$2.00
2"	\$38.28	\$51.29	\$175.39	\$124.19	\$0.00	\$3.21
3"	\$38.28	\$51.29	\$350.79	\$248.38	\$0.00	\$6.42
4"	\$38.28	\$51.29	\$548.10	\$388.10	\$0.00	\$10.02
6"	\$38.28	\$51.29	\$1,096.21	\$776.20	\$0.00	\$20.05
8"	\$38.28	\$51.29	\$1,753.93	\$1,241.92	\$0.00	\$32.08
10"	\$38.28	\$51.29	\$2,521.28	\$1,785.26	\$0.00	\$46.11
Gallage Charge, per 1,000 Gallons						
Residential Service						
Block 1, 0-5,000	\$1.40	\$1.88	\$3.80	\$6.59	\$0.00	\$0.17
Block 2, 5,001-10,000	\$1.40	\$1.88	\$4.76	\$8.24	\$0.00	\$0.21
Block 3, over 10,000	\$1.40	\$1.88	\$4.76	\$19.78	\$0.00	\$0.51
General Service and Multi-Family	\$1.40	\$1.88	\$4.76	\$7.68	\$0.00	\$0.20
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$3.20	\$4.29	\$14.62	\$10.35	\$0.00	\$0.27
3"	\$3.20	\$4.29	\$29.23	\$20.70	\$0.00	\$0.53
4"	\$3.20	\$4.29	\$45.68	\$32.34	\$0.00	\$0.84
6"	\$3.20	\$4.29	\$91.35	\$64.68	\$0.00	\$1.67
8"	\$3.20	\$4.29	\$146.16	\$103.49	\$0.00	\$2.67
10"	\$3.20	\$4.29	\$210.11	\$148.77	\$0.00	\$3.84
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$8.98	\$12.04	\$33.32	\$35.29		
5,000 Gallons	\$11.78	\$15.80	\$40.92	\$48.47		
10,000 Gallons	\$18.78	\$25.20	\$64.72	\$89.67		

AUF/Valencia Terrace Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$277,712	\$50,032	\$327,744	(\$30,725)	\$297,019
2 Land and Land Rights	1,191	0	1,191	0	1,191
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(20,495)	12,058	(8,437)	(513)	(8,950)
5 CIAC	(42,611)	0	(42,611)	0	(42,611)
6 Amortization of CIAC	15,578	53	15,631	192	15,823
7 Working Capital Allowance	<u>0</u>	<u>54,474</u>	<u>54,474</u>	<u>(10,079)</u>	<u>44,395</u>
8 <b>Rate Base</b>	<u>\$231,375</u>	<u>\$116,617</u>	<u>\$347,992</u>	<u>(\$41,125)</u>	<u>\$306,867</u>



AUF/Valencia Terrace Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$467,025	\$25,003	\$492,028	(\$1,955)	\$490,073
2 Land and Land Rights	2,460	0	2,460	0	2,460
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(233,725)	(2,788)	(236,513)	(556)	(237,069)
5 CIAC	(39,496)	0	(39,496)	0	(39,496)
6 Amortization of CIAC	13,357	155	13,512	263	13,775
7 Working Capital Allowance	<u>0</u>	<u>62,162</u>	<u>62,162</u>	<u>0</u>	<u>62,162</u>
8 <b>Rate Base</b>	<u>\$209,621</u>	<u>\$84,532</u>	<u>\$294,153</u>	<u>(\$2,249)</u>	<u>\$291,904</u>

AUF/Valencia Terrace Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro-forma corp. IT. (Issue 4)	(\$1,960)	(\$1,955)	
2 To reflect the appropriate amount of pro-forma meters. (Issue 4)	(3,765)	N/A	
3 To reflect the appropriate amount of pro-forma SCADA . (Issue 4)	(25,000)	0	
Total	<u>(\$30,725)</u>	<u>(\$1,955)</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. depr. of pro-forma corp. IT. (Issue 4)	(\$569)	(\$556)	
2 To reflect the appropriate amt. acc. depr. of pro-forma meters. (Issue 4)	(639)	N/A	
3 To reflect the appropriate amount acc. Depr of pro-forma SCADA. (Issue 4)	694	0	
Total	<u>(\$513)</u>	<u>(\$556)</u>	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	\$192	\$263	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$10,079)</u>	<u>(\$10,113)</u>	

AUF/Valencia Terrace Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$93,574</u>	<u>\$57,610</u>	<u>\$151,184</u>	<u>(\$58,226)</u>	<u>\$92,958</u>	<u>\$41,942</u> 45.12%	<u>\$134,900</u>
Operating Expenses							
2 Operation & Maintenance	\$59,004	\$22,167	\$81,171	(\$6,688)	\$74,483		\$74,483
3 Depreciation	8,649	4,199	12,848	251	13,099		13,099
4 Amortization	0	2,140	2,140	0	2,140		2,140
5 Taxes Other Than Income	9,348	3,596	12,944	(3,288)	9,656	1,887	11,544
6 Income Taxes	<u>6,393</u>	<u>7,286</u>	<u>13,679</u>	<u>(18,237)</u>	<u>(4,558)</u>	<u>15,072</u>	<u>10,515</u>
7 Total Operating Expense	<u>\$83,394</u>	<u>\$39,388</u>	<u>\$122,782</u>	<u>(\$27,961)</u>	<u>\$94,821</u>	<u>\$16,960</u>	<u>\$111,781</u>
8 Operating Income	<u>\$10,180</u>	<u>\$18,222</u>	<u>\$28,402</u>	<u>(\$30,265)</u>	<u>(\$1,863)</u>	<u>\$24,982</u>	<u>\$23,119</u>
9 Rate Base	<u>\$231,375</u>		<u>\$347,992</u>		<u>\$306,867</u>		<u>\$306,867</u>
10 Rate of Return	<u>4.40%</u>		<u>8.16%</u>		<u>-0.61%</u>		<u>7.53%</u>

AUF/Valencia Terrace Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$127,704</u>	<u>\$55,990</u>	<u>\$183,694</u>	<u>\$56,827</u>	<u>\$240,521</u>	<u>(\$67,564)</u> -28.09%	<u>\$172,956</u>
<b>Operating Expenses</b>							
2    Operation & Maintenance	\$91,642	\$20,032	\$111,674	(\$6,433)	\$105,241		\$105,241
3    Depreciation	17,303	3,500	20,803	(71)	20,732		20,732
4    Amortization	0	2,154	2,154	0	2,154		2,154
5    Taxes Other Than Income	5,053	8,453	13,506	2,370	15,876	(3,040)	12,836
6    Income Taxes	<u>5,287</u>	<u>6,270</u>	<u>11,557</u>	<u>22,725</u>	<u>34,282</u>	<u>(24,280)</u>	<u>10,002</u>
7 <b>Total Operating Expense</b>	<u>\$119,285</u>	<u>\$40,409</u>	<u>\$159,694</u>	<u>\$18,591</u>	<u>\$178,285</u>	<u>(\$27,321)</u>	<u>\$150,965</u>
8 <b>Operating Income</b>	<u>\$8,419</u>	<u>\$15,581</u>	<u>\$24,000</u>	<u>\$38,235</u>	<u>\$62,235</u>	<u>(\$40,243)</u>	<u>\$21,992</u>
9 <b>Rate Base</b>	<u>\$209,621</u>		<u>\$294,153</u>		<u>\$291,904</u>		<u>\$291,904</u>
10 <b>Rate of Return</b>	<u>4.02%</u>		<u>8.16%</u>		<u>21.32%</u>		<u>7.53%</u>

AUF/Valencia Terrace Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$58,226)	\$57,135	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	(308)	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	336	336	
Total	<u>(\$58,226)</u>	<u>\$56,827</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$116)	(\$113)	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
3 Stipulated Issue 35.	(191)	(293)	
4 Stipulated Issue 37.	(204)	(199)	
5 To remove image enhancing advertising expense. (Issue 38)	(10)	(10)	
6 To remove lobbying and acquisition expenses. (Issue 39)	(467)	(458)	
7 To remove executive risk insurance expense. (Issue 40)	(117)	(114)	
8 To remove below-the-line expenses. (Issue 48)	(795)	(778)	
9 To reflect the appropriate bad debt expense. (Issue 50)	(1,179)	(1,021)	
10 To reflect the appropriate rate case expense. (Issue 52)	545	501	
11 To reflect appropriate normalization adjustments. (Issue 53)	(793)	(776)	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(3,363)</u>	<u>(3,172)</u>	
Total	<u>(\$6,688)</u>	<u>(\$6,433)</u>	
<u>Depreciation Expense</u>			
1 To reflect appropriate amt of depr exp. pro-forma copr. IT. (Issue 4)	\$131	\$124	
2 To reflect appropriate amt of depr exp. pro-forma meters. (Issue 4)	639	0	
3 To reflect non-used and useful depreciation expense. (Issue 10)	0	451	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	(163)	(161)	
5 Stipulated Issue 56.	<u>(355)</u>	<u>(486)</u>	
Total	<u>\$251</u>	<u>(\$71)</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$2,620)	\$2,557	
2 To remove below-the-line payroll taxes. (Issue 48)	(61)	(60)	
3 To reflect appropriate normalization adjustments. (Issue 53)	(1)	(1)	
4 To remove pro forma payroll taxes. (Issue 54)	(81)	(80)	
5 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(525)</u>	<u>(47)</u>	
Total	<u>(\$3,288)</u>	<u>\$2,370</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$18,237)</u>	<u>\$22,725</u>	

AUF/Valencia Terrace Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$9.90	\$13.26	\$21.92	\$15.92	\$0.46	\$0.66
3/4"	\$14.86	\$19.91	\$32.89	\$23.88	\$0.69	\$1.00
1"	\$24.76	\$33.17	\$54.81	\$39.80	\$1.15	\$1.66
1-1/2"	\$49.49	\$66.31	\$109.62	\$79.61	\$2.30	\$3.32
2"	\$79.20	\$106.11	\$175.39	\$127.37	\$3.68	\$5.31
3"	\$158.39	\$212.21	\$350.79	\$254.75	\$7.35	\$10.63
4"	\$247.48	\$331.57	\$548.10	\$398.04	\$11.49	\$16.61
6"	\$494.98	\$663.17	\$1,096.21	\$796.08	\$22.98	\$33.22
8"	\$791.96	\$1,061.06	\$1,753.93	\$1,273.73	\$36.77	\$53.15
10"	\$1,138.43	\$1,525.26	\$2,521.28	\$1,830.99	\$52.86	\$76.40
Gallorage Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$2.14	\$2.87	\$3.80	\$3.73	\$0.14	\$0.16
Block 2, 5,001-10,000	\$2.14	\$2.87	\$4.79	\$4.66	\$0.18	\$0.19
Block 3, Over 10,000	\$2.14	\$2.87	\$4.79	\$11.20	\$0.43	\$0.47
General Service and Multi-Family	\$2.14	\$2.87	\$3.80	\$5.21	\$0.18	\$0.22
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$6.58	\$8.82	\$14.62	\$10.61	\$0.31	\$0.44
3"	\$13.21	\$17.70	\$29.23	\$21.23	\$0.61	\$0.89
4"	\$20.63	\$27.64	\$45.68	\$33.17	\$0.96	\$1.38
6"	\$41.25	\$55.27	\$91.35	\$66.34	\$1.92	\$2.77
8"	\$66.00	\$88.43	\$146.16	\$106.14	\$3.06	\$4.43
10"	\$94.87	\$127.11	\$210.11	\$152.58	\$4.41	\$6.37
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$16.32	\$21.87	\$33.32	\$27.11		
5,000 Gallons	\$20.60	\$27.60	\$40.92	\$34.57		
10,000 Gallons	\$31.30	\$41.94	\$64.87	\$62.28		

AUF/Valencia Terrace Wastewater Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-B Docket No. 080121-WS		
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b>Residential</b>						
Base Facility Charge:						
All Meter Sizes	\$16.30	\$31.36	\$45.26	\$16.91	\$0.00	\$0.05
Gallage Charge - Per 1,000 gallons (6,000 gallon cap)	\$3.30	\$6.35	\$8.73	\$4.69	\$0.00	\$0.01
<b>Residential Flat Rate</b>	\$28.94	\$55.68	\$112.65	\$32.30	\$0.00	\$0.10
<b>General Service and Mutli-Family</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$16.30	\$31.36	\$45.26	\$16.91	\$0.00	\$0.05
3/4"	\$24.41	\$46.96	\$67.89	\$25.37	\$0.00	\$0.08
1"	\$40.72	\$78.34	\$113.14	\$42.29	\$0.00	\$0.13
1-1/2"	\$81.40	\$156.60	\$226.29	\$84.57	\$0.00	\$0.26
2"	\$130.23	\$250.54	\$362.06	\$135.32	\$0.00	\$0.41
3"	\$260.46	\$501.08	\$724.12	\$270.63	\$0.00	\$0.82
4"	\$406.96	\$782.92	\$1,131.44	\$422.86	\$0.00	\$1.28
6"	\$813.92	\$1,565.84	\$2,262.89	\$845.72	\$0.00	\$2.57
8"	\$1,302.27	\$2,505.33	\$3,620.62	\$1,353.15	\$0.00	\$4.11
10"	\$1,872.01	\$3,601.41	\$5,204.65	\$1,945.15	\$0.00	\$5.90
Gallage Charge, per 1,000 Gallo	\$3.96	\$7.62	\$10.48	\$5.62	\$0.00	\$0.02
<b>General Service Flat Rate</b>	\$28.94	\$55.68	\$701.21	\$201.05	\$0.00	\$0.61
<b>Typical Residential Bills 5/8" x 3/4" Meter</b>						
3,000 Gallons	\$26.20	\$50.40	\$71.45	\$30.98		
5,000 Gallons	\$32.80	\$63.10	\$88.91	\$40.36		
6,000 Gallons	\$36.10	\$69.45	\$97.64	\$45.05		
(Wastewater Gallage Cap - 6,000 Gallons)						

AUF/Venetian Village Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$247,924	\$37,304	\$285,228	(\$28,071)	\$257,157
2 Land and Land Rights	1,782	0	1,782	0	1,782
3 Non-used and Useful Components	0	(2,691)	(2,691)	(202)	(2,893)
4 Accumulated Depreciation	(62,283)	5,227	(57,056)	68	(56,988)
5 CIAC	(73,078)	0	(73,078)	0	(73,078)
6 Amortization of CIAC	32,221	394	32,615	0	32,615
7 Working Capital Allowance	<u>0</u>	<u>23,434</u>	<u>23,434</u>	<u>(4,476)</u>	<u>18,958</u>
8 <b>Rate Base</b>	<b><u>\$146,566</u></b>	<b><u>\$63,668</u></b>	<b><u>\$210,234</u></b>	<b><u>(\$32,681)</u></b>	<b><u>\$177,553</u></b>



AUF/Venetian Village Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$312,144	\$6,806	\$318,950	(\$472)	\$318,478
2 Land and Land Rights	17,279	0	17,279	0	17,279
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(177,639)	(711)	(178,350)	(162)	(178,512)
5 CIAC	(150,021)	0	(150,021)	0	(150,021)
6 Amortization of CIAC	140,844	547	141,391	0	141,391
7 Working Capital Allowance	<u>0</u>	<u>13,883</u>	<u>13,883</u>	<u>(2,309)</u>	<u>11,574</u>
8 <b>Rate Base</b>	<u>\$142,607</u>	<u>\$20,525</u>	<u>\$163,132</u>	<u>(\$2,942)</u>	<u>\$160,190</u>

AUF/Venetian Village Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$883)	(\$472)	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(27,188)	0	
Total	<u>(\$28,071)</u>	<u>(\$472)</u>	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issue 7)	<u>(\$202)</u>	<u>\$0</u>	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$270)	(\$162)	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	337	0	
Total	<u>\$68</u>	<u>(\$162)</u>	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	<u>(\$4,476)</u>	<u>(\$2,309)</u>	

AUF/Venetian Village Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$58,436</u>	<u>\$27,180</u>	<u>\$85,616</u>	<u>(\$27,506)</u>	<u>\$58,110</u>	<u>\$17,124</u> 29.47%	<u>\$75,234</u>
Operating Expenses							
2 Operation & Maintenance	\$35,981	\$9,731	\$45,712	(\$3,158)	\$42,554		\$42,554
3 Depreciation	4,935	1,406	6,341	(450)	5,891		5,891
4 Amortization	0	775	775	0	775		775
5 Taxes Other Than Income	4,938	2,616	7,554	(1,770)	5,784	771	6,554
6 Income Taxes	<u>4,853</u>	<u>3,328</u>	<u>8,181</u>	<u>(8,251)</u>	<u>(70)</u>	<u>6,154</u>	<u>6,084</u>
7 Total Operating Expense	<u>\$50,707</u>	<u>\$17,856</u>	<u>\$68,563</u>	<u>(\$13,630)</u>	<u>\$54,933</u>	<u>\$6,925</u>	<u>\$61,858</u>
8 Operating Income	<u>\$7,729</u>	<u>\$9,324</u>	<u>\$17,053</u>	<u>(\$13,876)</u>	<u>\$3,177</u>	<u>\$10,200</u>	<u>\$13,377</u>
9 Rate Base	<u>\$146,566</u>		<u>\$210,234</u>		<u>\$177,553</u>		<u>\$177,553</u>
10 Rate of Return	<u>5.27%</u>		<u>8.11%</u>		<u>1.79%</u>		<u>7.53%</u>

AUF/Venetian Village Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$49,873</u>	<u>\$27,331</u>	<u>\$77,204</u>	<u>(\$27,764)</u>	<u>\$49,440</u>	<u>\$24,153</u> 48.85%	<u>\$73,593</u>
Operating Expenses							
2 Operation & Maintenance	\$114,732	(\$71,990)	\$42,742	(\$1,347)	\$41,395		\$41,395
3 Depreciation	8,418	(155)	8,263	(0)	8,263		8,263
4 Amortization	0	492	492	0	492		492
5 Taxes Other Than Income	2,072	4,018	6,090	(1,291)	4,799	1,087	5,886
6 Income Taxes	<u>(29,066)</u>	<u>35,432</u>	<u>6,366</u>	<u>(9,557)</u>	<u>(3,191)</u>	<u>8,680</u>	<u>5,489</u>
7 Total Operating Expense	<u>\$96,156</u>	<u>(\$32,203)</u>	<u>\$63,953</u>	<u>(\$12,195)</u>	<u>\$51,758</u>	<u>\$9,767</u>	<u>\$61,525</u>
8 Operating Income	<u>(\$46,283)</u>	<u>\$59,534</u>	<u>\$13,251</u>	<u>(\$15,569)</u>	<u>(\$2,318)</u>	<u>\$14,387</u>	<u>\$12,068</u>
9 Rate Base	<u>\$142,607</u>		<u>\$163,132</u>		<u>\$160,190</u>		<u>\$160,190</u>
10 Rate of Return	<u>-32.45%</u>		<u>8.12%</u>		<u>-1.45%</u>		<u>7.53%</u>

AUF/Venetian Village Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$27,667)	(\$27,764)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	161	0	
Total	<u>(\$27,506)</u>	<u>(\$27,764)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$55)	(\$33)	
2 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
3 Stipulated Issue 35.	(79)	(72)	
4 Stipulated Issue 37.	(97)	(58)	
5 To remove image enhancing advertising expense. (Issue 38)	(5)	(3)	
6 To remove lobbying and acquisition expenses. (Issue 39)	(222)	(133)	
7 To remove executive risk insurance expense. (Issue 40)	(55)	(33)	
8 To remove below-the-line expenses. (Issue 48)	(377)	(225)	
9 To reflect the appropriate bad debt expense. (Issue 50)	(607)	104	
10 To reflect the appropriate rate case expense. (Issue 52)	300	228	
11 To reflect appropriate normalization adjustments. (Issue 53)	(376)	(225)	
12 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(1,586)</u>	<u>(898)</u>	
Total	<u>(\$3,158)</u>	<u>(\$1,347)</u>	
<u>Depreciation Expenses</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$66	\$44	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(337)	0	
3 To reflect non-used and useful depreciation expense. (Issue 7)	(103)	0	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(76)</u>	<u>(44)</u>	
Total	<u>(\$450)</u>	<u>(\$0)</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,238)	(\$1,249)	
2 To remove Non-U&U property taxes. (Issue 7)	3	0	
3 To remove below-the-line payroll taxes. (Issue 48)	(29)	(6)	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	(0)	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(39)	(23)	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	<u>(467)</u>	<u>(12)</u>	
Total	<u>(\$1,770)</u>	<u>(\$1,291)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$8,251)</u>	<u>(\$9,557)</u>	

AUF/Venetian Village Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior To Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$10.28	\$13.77	\$21.92	\$16.44	\$0.27	\$0.58
3/4"	\$15.44	\$20.69	\$32.89	\$24.66	\$0.40	\$0.88
1"	\$25.71	\$34.45	\$54.81	\$41.10	\$0.67	\$1.46
1-1/2"	\$51.43	\$68.91	\$109.62	\$82.20	\$1.35	\$2.92
2"	\$82.28	\$110.24	\$175.39	\$131.52	\$2.16	\$4.67
3"	\$164.57	\$220.49	\$350.79	\$263.03	\$4.31	\$9.34
4"	\$257.13	\$344.50	\$548.10	\$410.99	\$6.74	\$14.59
6"	\$514.27	\$689.02	\$1,096.21	\$821.97	\$13.48	\$29.19
8"	\$822.82	\$1,102.41	\$1,753.93	\$1,315.16	\$21.56	\$46.70
10"	\$1,182.82	\$1,584.74	\$2,521.28	\$1,890.54	\$31.00	\$67.13
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$3.89	\$5.21	\$3.80	\$4.94	\$0.14	\$0.18
Block 2, 5,001-10,000	\$3.89	\$5.21	\$4.76	\$6.17	\$0.17	\$0.22
Block 3, over 10,000	\$3.89	\$5.21	\$4.76	\$14.81	\$0.41	\$0.53
General Service and Multi-Family	\$3.89	\$5.21	\$3.80	\$6.05	\$0.13	\$0.21
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$6.87	\$9.20	\$14.62	\$10.96	\$0.18	\$0.39
3"	\$13.71	\$18.37	\$29.23	\$21.92	\$0.36	\$0.78
4"	\$21.42	\$28.70	\$45.68	\$34.25	\$0.56	\$1.22
6"	\$42.85	\$57.41	\$91.35	\$68.50	\$1.12	\$2.43
8"	\$68.57	\$91.87	\$146.16	\$109.60	\$1.80	\$3.89
10"	\$98.57	\$132.06	\$210.11	\$157.55	\$2.58	\$5.59
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$21.95	\$29.40	\$33.32	\$31.26		
5,000 Gallons	\$29.73	\$39.82	\$40.92	\$41.14		
10,000 Gallons	\$49.18	\$65.87	\$64.72	\$71.99		

**AUF/Venetian Village  
Wastewater Monthly Service Rates  
Test Year Ended 12/31/07**

AUF/Village Water Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$278,247	\$33,984	\$312,231	(\$22,259)	\$289,972
2 Land and Land Rights	0	0	0	0	0
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(85,354)	14,165	(71,189)	(552)	(71,741)
5 CIAC	(3,321)	0	(3,321)	0	(3,321)
6 Amortization of CIAC	811	43	854	0	854
7 Working Capital Allowance	<u>0</u>	<u>18,787</u>	<u>18,787</u>	<u>(6,494)</u>	<u>12,293</u>
8 <b>Rate Base</b>	<u>\$190,383</u>	<u>\$66,979</u>	<u>\$257,362</u>	<u>(\$29,305)</u>	<u>\$228,057</u>



AUF/Village Water Schedule of Wastewater Rate Base Test Year Ended 12/31/07			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$858,975	\$352,507	\$1,211,482	(\$337,734)	\$873,748
2 Land and Land Rights	19,000	0	19,000	0	19,000
3 Non-used and Useful Components	0	(205,604)	(205,604)	79,673	(125,931)
4 Accumulated Depreciation	(120,199)	(3,832)	(124,031)	5,022	(119,009)
5 CIAC	(1,193)	0	(1,193)	0	(1,193)
6 Amortization of CIAC	0	13	13	0	13
7 Working Capital Allowance	<u>0</u>	<u>27,134</u>	<u>27,134</u>	<u>(1,852)</u>	<u>25,282</u>
8 <b>Rate Base</b>	<u>\$756,583</u>	<u>\$170,218</u>	<u>\$926,801</u>	<u>(\$254,891)</u>	<u>\$671,910</u>

AUF/Village Water Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$1,188)	(\$184)	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(21,071)	(337,550)	
Total	(\$22,259)	(\$337,734)	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issues 9 and 11)	\$0	\$79,673	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$267)	(\$58)	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	(285)	5,080	
Total	(\$552)	\$5,022	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	(\$6,494)	(\$1,852)	

AUF/Village Water Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$100,514</u>	<u>\$113,068</u>	<u>\$213,582</u>	<u>(\$113,329)</u>	<u>\$100,253</u>	<u>\$103,159</u> 102.90%	<u>\$203,412</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$151,888</u>	<u>(\$8,154)</u>	<u>\$143,734</u>	<u>(\$5,724)</u>	<u>\$138,010</u>		<u>\$138,010</u>
3 Depreciation	<u>17,258</u>	<u>1,663</u>	<u>18,921</u>	<u>240</u>	<u>19,161</u>		<u>19,161</u>
4 Amortization	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,331</u>	<u>2,331</u>		<u>2,331</u>
5 Taxes Other Than Income	<u>18,343</u>	<u>1,483</u>	<u>19,826</u>	<u>(5,553)</u>	<u>14,273</u>	<u>4,642</u>	<u>18,915</u>
6 Income Taxes	<u>(33,551)</u>	<u>43,645</u>	<u>10,094</u>	<u>(39,352)</u>	<u>(29,258)</u>	<u>37,072</u>	<u>7,814</u>
7 Total Operating Expense	<u>\$153,938</u>	<u>\$38,637</u>	<u>\$192,575</u>	<u>(\$48,058)</u>	<u>\$144,517</u>	<u>\$41,714</u>	<u>\$186,231</u>
8 Operating Income	<u>(\$53,424)</u>	<u>\$74,431</u>	<u>\$21,007</u>	<u>(\$65,271)</u>	<u>(\$44,264)</u>	<u>\$61,445</u>	<u>\$17,181</u>
9 Rate Base	<u>\$190,383</u>		<u>\$257,362</u>		<u>\$228,057</u>		<u>\$228,057</u>
10 Rate of Return	<u>-28.06%</u>		<u>8.16%</u>		<u>-19.41%</u>		<u>7.53%</u>

AUF/Village Water Statement of Wastewater Operations Test Year Ended 12/31/07				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$156,101</u>	<u>\$146,890</u>	<u>\$302,991</u>	<u>(\$209,359)</u>	<u>\$93,632</u>	<u>\$123,007</u> 131.37%	<u>\$216,639</u>
Operating Expenses							
2 Operation & Maintenance	\$113,499	\$5,317	<u>\$118,816</u>	(\$30,598)	\$88,218		\$88,218
3 Depreciation	37,614	(2,152)	<u>\$35,462</u>	(9,672)	25,790		25,790
4 Amortization	0	0	<u>\$0</u>	0	0		0
5 Taxes Other Than Income	6,951	27,852	<u>\$34,803</u>	(11,350)	23,453	5,535	28,988
6 Income Taxes	<u>(757)</u>	<u>37,831</u>	<u>\$37,074</u>	<u>(58,256)</u>	<u>(21,182)</u>	<u>44,205</u>	<u>23,023</u>
7 Total Operating Expense	<u>\$157,307</u>	<u>\$68,848</u>	<u>\$226,155</u>	<u>(\$109,876)</u>	<u>\$116,279</u>	<u>\$49,740</u>	<u>\$166,019</u>
8 Operating Income	<u>(\$1,206)</u>	<u>\$78,042</u>	<u>\$76,836</u>	<u>(\$99,483)</u>	<u>(\$22,647)</u>	<u>\$73,267</u>	<u>\$50,621</u>
9 Rate Base	<u>\$756,583</u>		<u>\$926,801</u>		<u>\$671,910</u>		<u>\$671,910</u>
10 Rate of Return	<u>-0.16%</u>		<u>8.29%</u>		<u>-3.37%</u>		<u>7.53%</u>

AUF/Village Water Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested interim revenue increase.	(\$113,499)	(\$209,512)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	153	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	170	0	
Total	<u>(\$113,329)</u>	<u>(\$209,359)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Audit Finding 17.	\$0	(\$11,841)	
2 Stipulated Issue 33.	(54)	(122)	
3 To reflect the appropriate pro forma expenses. (Issue 34)	0	0	
4 Stipulated Issue 35.	0	(15,014)	
5 Stipulated Issue 37.	(96)	(21)	
6 To remove image enhancing advertising expense. (Issue 38)	(5)	(1)	
7 To remove lobbying and acquisition expenses. (Issue 39)	(220)	(47)	
8 To remove executive risk insurance expense. (Issue 40)	(55)	(12)	
9 To remove below-the-line expenses. (Issue 48)	(375)	(6)	
10 To reflect the appropriate bad debt expense. (Issue 50)	(2,989)	(3,197)	
11 To reflect the appropriate rate case expense. (Issue 52)	24	68	
12 To reflect appropriate normalization adjustments. (Issue 53)	(374)	(80)	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(1,580)</u>	<u>(325)</u>	
Total	<u>(\$5,724)</u>	<u>(\$30,598)</u>	
<u>Depreciation Expense</u>			
1 To reflect app. Dep. Expense for proforma Corporate IT. (Issue 4)	\$39	\$15	
2 To reflect app. Dep. Expense for proforma meters. (Issue 4)	285	(5,080)	
3 To reflect non-used and useful adjustments. (Issues 9 and 11)	0	(4,591)	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	<u>(84)</u>	<u>(16)</u>	
Total	<u>\$240</u>	<u>(\$9,672)</u>	
<u>Amortization</u>			
Reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$2,331</u>	<u>\$0</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$5,100)	(\$9,421)	
2 To reflect non-used and useful adjustments. (Issues 9 and 11)	0	3,602	
3 To remove below-the-line payroll taxes. (Issue 48)	(29)	(6)	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	(0)	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(38)	(8)	
6 To reflect the appropriate property taxes. (Issue 57)	<u>(386)</u>	<u>(5,516)</u>	
Total	<u>(\$5,553)</u>	<u>(\$11,350)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$39,352)</u>	<u>(\$58,256)</u>	

AUF/Village Water Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Prior to Filing 12/31/2007	Commission Approved Interim	Utility Requested Final Rates	Commission Approved Final Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b>Residential</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$12.98	\$20.80	\$21.92	\$15.52	\$0.00	\$0.20
3/4"	\$12.98	\$20.80	\$32.89	\$23.29	\$0.00	\$0.30
1"	\$32.44	\$52.00	\$54.81	\$38.81	\$0.00	\$0.51
1-1/2"	\$64.87	\$103.97	\$109.62	\$77.62	\$0.00	\$1.01
2"	\$103.80	\$166.37	\$175.39	\$124.19	\$0.00	\$1.62
3"	\$207.61	\$332.76	\$350.79	\$248.38	\$0.00	\$3.24
4"	\$324.41	\$519.97	\$548.10	\$388.10	\$0.00	\$5.07
6"	\$1,038.02	\$1,663.76	\$1,096.21	\$776.20	\$0.00	\$10.13
8"	-	-	\$1,753.93	\$1,241.92	\$0.00	\$16.21
10"	-	-	\$2,521.28	\$1,785.26	\$0.00	\$23.30
Gallage Charge, per 1,000 Gallons						
0 - 5 kgal	\$2.51	\$4.02	\$3.80	\$6.59	\$0.00	\$0.09
5 - 10 kgal	\$2.51	\$4.02	\$4.76	\$8.24	\$0.00	\$0.11
Over 10 kgal	\$2.51	\$4.02	\$4.76	\$19.78	\$0.00	\$0.26
<b>General Service</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$12.98	\$20.80	\$21.92	\$15.52	\$0.00	\$0.20
3/4"	\$12.98	\$20.80	\$32.89	\$23.29	\$0.00	\$0.30
1"	\$32.44	\$52.00	\$54.81	\$38.81	\$0.00	\$0.51
1-1/2"	\$64.87	\$103.97	\$109.62	\$77.62	\$0.00	\$1.01
2"	\$103.80	\$166.37	\$175.39	\$124.19	\$0.00	\$1.62
3"	\$207.61	\$332.76	\$350.79	\$248.38	\$0.00	\$3.24
4"	\$324.41	\$519.97	\$548.10	\$388.10	\$0.00	\$5.07
6"	-	-	\$1,096.21	\$776.20	\$0.00	\$10.13
8"	\$1,038.02	\$1,663.76	\$1,753.93	\$1,241.92	\$0.00	\$16.21
10"	-	-	\$2,521.28	\$1,785.26	\$0.00	\$23.30
Gallage Charge, per 1,000 Gallons						
	\$2.51	\$4.02	\$3.80	\$7.68	\$0.00	\$0.10
<b>Multi-Family</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	-	-	\$21.92	\$15.52	\$0.00	\$0.20
3/4"	-	-	\$32.89	\$23.29	\$0.00	\$0.30
1"	-	-	\$54.81	\$38.81	\$0.00	\$0.51
1-1/2"	-	-	\$109.62	\$77.62	\$0.00	\$1.01
2"	-	-	\$175.39	\$124.19	\$0.00	\$1.62
3"	-	-	\$350.79	\$248.38	\$0.00	\$3.24
4"	-	-	\$548.10	\$388.10	\$0.00	\$5.07
6"	-	-	\$1,096.21	\$776.20	\$0.00	\$10.13
8"	-	-	\$1,753.93	\$1,241.92	\$0.00	\$16.21
10"	-	-	\$2,521.28	\$1,785.26	\$0.00	\$23.30
Gallage Charge, per 1,000 Gallons						
	-	-	\$3.80	\$7.68	\$0.00	\$0.10
<b>Private Fire Protection</b>						
Base Facility Charge by Meter Size:						
2"	-	-	\$14.62	\$10.35	\$0.00	\$0.14
3"	-	-	\$29.23	\$20.70	\$0.00	\$0.27
4"	-	-	\$45.68	\$32.34	\$0.00	\$0.42
6"	-	-	\$91.35	\$64.68	\$0.00	\$0.84
8"	-	-	\$146.16	\$103.49	\$0.00	\$1.35
10"	-	-	\$210.11	\$148.77	\$0.00	\$1.94
<b>Typical Residential Bills 5/8" x 3/4" Meter</b>						
3,000 Gallons	\$20.51	\$32.86	\$36.20	\$35.29		
5,000 Gallons	\$25.53	\$40.90	\$45.72	\$48.47		
10,000 Gallons	\$38.08	\$61.00	\$69.52	\$89.67		

AUF/Village Water Wastewater Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-B Docket No. 080121-WS	
	Rates Prior to Filing 12/31/2007	Commission Approved Interim	Utility Requested Final Rates	Commission Approved Final Rates	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b>Residential</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	-	-	\$45.26	\$75.36	\$3.31	\$0.00
3/4"	-	-	\$45.26	\$75.36	\$3.31	\$0.00
1"	-	-	\$45.26	\$75.36	\$3.31	\$0.00
1-1/2"	-	-	\$45.26	\$75.36	\$3.31	\$0.00
2"	-	-	\$45.26	\$75.36	\$3.31	\$0.00
3"	-	-	\$45.26	\$75.36	\$3.31	\$0.00
4"	-	-	\$45.26	\$75.36	\$3.31	\$0.00
6"	-	-	\$45.26	\$75.36	\$3.31	\$0.00
8"	-	-	\$45.26	\$75.36	\$3.31	\$0.00
10"	-	-	\$45.26	\$75.36	\$3.31	\$0.00
Gallage Charge, per 1,000 gallons (6,000 gallon cap)	-	-	\$8.73	\$9.36	\$0.41	\$0.00
Residential Flat Rate	-	-	\$112.65	\$211.02	\$9.24	\$0.56
General Service Flat Rate	-	-	\$701.21	\$1,313.51	\$57.54	\$3.46
<b>General Service</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$42.73	\$42.73	\$45.26	\$75.36	\$3.31	\$0.00
3/4"	\$42.73	\$42.73	\$67.89	\$113.05	\$4.97	\$0.00
1"	\$106.81	\$106.81	\$113.14	\$188.41	\$8.28	\$0.00
1-1/2"	\$213.61	\$213.61	\$226.29	\$376.82	\$16.56	\$0.00
2"	\$341.77	\$341.77	\$362.06	\$602.92	\$26.50	\$0.00
3"	\$683.53	\$683.53	\$724.12	\$1,205.84	\$52.99	\$0.00
4"	\$1,068.03	\$1,068.03	\$1,131.44	\$1,884.12	\$82.80	\$0.00
6"	\$3,417.63	\$3,417.63	\$2,262.89	\$3,768.24	\$165.60	\$0.00
8"	-	-	\$3,620.62	\$6,029.18	\$264.95	\$0.00
10"	-	-	\$5,204.65	\$8,666.95	\$380.87	\$0.00
Gallage Charge, per 1,000 Gallons:	\$3.89	\$3.89	\$10.48	\$11.23	\$0.49	\$0.00
<b>Multi-Family</b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	-	-	\$45.26	\$75.36	\$3.31	\$0.00
3/4"	-	-	\$67.89	\$113.05	\$4.97	\$0.00
1"	-	-	\$113.14	\$188.41	\$8.28	\$0.00
1-1/2"	-	-	\$226.29	\$376.82	\$16.56	\$0.00
2"	-	-	\$362.06	\$602.92	\$26.50	\$0.00
3"	-	-	\$724.12	\$1,205.84	\$52.99	\$0.00
4"	-	-	\$1,131.44	\$1,884.12	\$82.80	\$0.00
6"	-	-	\$2,262.89	\$3,768.24	\$165.60	\$0.00
8"	-	-	\$3,620.62	\$6,029.18	\$264.95	\$0.00
10"	-	-	\$5,204.65	\$8,666.95	\$380.87	\$0.00
Gallage Charge, per 1,000 Gallons:	-	-	\$10.48	\$11.23	\$0.49	\$0.00
<b>Typical Residential Bills 5/8" x 3/4" Meter</b>						
3,000 Gallons	N/A	N/A	\$71.45	\$103.44		
5,000 Gallons	N/A	N/A	\$88.91	\$122.16		
6,000 Gallons	N/A	N/A	\$97.64	\$131.52		
(Wastewater Gallage Cap - 6,000 Gallons)						

AUF/Welaka-Saratoga Harbour Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$228,599	\$25,287	\$253,886	(\$22,045)	\$231,841
2 Land and Land Rights	4,864	0	4,864	0	4,864
3 Non-used and Useful Components	0	(10,590)	(10,590)	(1,790)	(12,380)
4 Accumulated Depreciation	(83,360)	14,533	(68,827)	(377)	(69,204)
5 CIAC	(30,376)	0	(30,376)	0	(30,376)
6 Amortization of CIAC	6,266	113	6,379	0	6,379
7 Working Capital Allowance	<u>0</u>	<u>22,417</u>	<u>22,417</u>	<u>(4,544)</u>	<u>17,873</u>
8 Rate Base	<u>\$125,993</u>	<u>\$51,760</u>	<u>\$177,753</u>	<u>(\$28,757)</u>	<u>\$148,996</u>



AUF/Welaka-Saratoga Harbour Adjustments to Rate Base Test Year Ended 12/31/07		Schedule 3-C Docket No. 060368-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$875)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(21,170)	N/A	
Total	(\$22,045)	N/A	
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment. (Issues 7 and 10)	(\$1,790)	N/A	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$246)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	(131)	N/A	
Total	(\$377)	N/A	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	(\$4,544)	N/A	

AUF/Welaka-Saratoga Harbour Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$46,594</u>	<u>\$44,584</u>	<u>\$91,178</u>	<u>(\$44,709)</u>	<u>\$46,469</u>	<u>\$34,974</u> 75.26%	<u>\$81,443</u>
Operating Expenses							
2 Operation & Maintenance	\$57,294	(\$6,319)	\$50,975	(\$4,216)	\$46,759	\$0	\$46,759
3 Depreciation	6,381	1,437	7,818	(1,777)	6,041	0	6,041
4 Amortization	0	775	775	2,204	2,979	0	2,979
5 Taxes Other Than Income	5,714	4,524	10,238	(2,479)	7,759	1,574	9,333
6 Income Taxes	<u>(8,793)</u>	<u>15,729</u>	<u>6,936</u>	<u>(14,399)</u>	<u>(7,463)</u>	<u>12,568</u>	<u>5,105</u>
7 Total Operating Expense	<u>60,596</u>	<u>16,146</u>	<u>76,742</u>	<u>(20,666)</u>	<u>56,076</u>	<u>14,142</u>	<u>70,218</u>
8 Operating Income	<u>(14,002)</u>	<u>28,438</u>	<u>14,436</u>	<u>(24,043)</u>	<u>(9,607)</u>	<u>20,832</u>	<u>11,225</u>
\$9 Rate Base	<u>\$125,993</u>		<u>\$177,753</u>		<u>\$148,996</u>		<u>\$148,996</u>
10 Rate of Return	<u>-11.11%</u>		<u>8.12%</u>		<u>-6.45%</u>		<u>7.53%</u>

AUF/Welaka-Saratoga Harbour Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$44,968)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	259	N/A	
Total	(\$44,709)	N/A	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$5)	N/A	
2 Stipulated Issue 33.	(50)	N/A	
3 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
4 Stipulated Issue 35.	(65)	N/A	
5 Stipulated Issue 37.	(88)	N/A	
6 To remove image enhancing advertising expense. (Issue 38)	(4)	N/A	
7 To remove lobbying and acquisition expenses. (Issue 39)	(202)	N/A	
8 To remove executive risk insurance expense. (Issue 40)	(51)	N/A	
9 To remove below-the-line expenses. (Issue 48)	(344)	N/A	
10 To reflect the appropriate bad debt expense. (Issue 50)	(1,876)	N/A	
11 To reflect the appropriate rate case expense. (Issue 52)	212	N/A	
12 To reflect appropriate normalization adjustments. (Issue 53)	(343)	N/A	
13 To reflect the appropriate pro forma expenses. (Issue 54)	(1,404)	N/A	
Total	(\$4,216)	N/A	
<u>Depreciation Expense</u>			
1 To reflect the appropriate Dep. Exp. for Pro Forma Corporate IT. (Issue 4)	\$54	N/A	
2 To reflect the appropriate Dep. Exp. for Pro Forma Meters. (Issue 4)	131	N/A	
3 To reflect non-used and useful depreciation expense. (Issues 7 and 10)	(1,891)	N/A	
4 To reflect the appropriate test year depreciation expense. (Issue 55)	(71)	N/A	
Total	(\$1,777)	N/A	
<u>Amortization</u>			
To reflect regulatory asset from Capped Interim Rates. (Issue 73)	\$2,204	N/A	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$2,012)	N/A	
2 To remove Non-U&U property taxes. (Issues 7 and 10)	(42)	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(26)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(35)	N/A	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	(363)	N/A	
Total	(\$2,479)	N/A	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	\$14,399	N/A	

AUF/Welaka-Saratoga Harbour Water Monthly Service Rates Test Year Ended 12/31/07					Schedule No. 5-A Docket No. 080121-WS	
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$10.25	\$12.52	\$21.92	\$15.52	\$0.00	\$0.46
3/4"	\$15.39	\$18.80	\$32.89	\$23.29	\$0.00	\$0.70
1"	\$25.65	\$31.33	\$54.81	\$38.81	\$0.00	\$1.16
1-1/2"	\$51.32	\$62.69	\$109.62	\$77.62	\$0.00	\$2.32
2"	\$82.08	\$100.26	\$175.39	\$124.19	\$0.00	\$3.72
3"	\$164.15	\$200.51	\$350.79	\$248.38	\$0.00	\$7.43
4"	\$256.48	\$313.29	\$548.10	\$388.10	\$0.00	\$11.61
6"	\$512.99	\$626.61	\$1,096.21	\$776.20	\$0.00	\$23.22
8"	\$820.78	\$1,002.58	\$1,753.93	\$1,241.92	\$0.00	\$37.15
10"	\$1,179.86	\$1,441.19	\$1,521.28	\$1,785.26	\$0.00	\$53.41
Gallonge Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$4.65	\$5.68	\$3.80	\$6.59	\$0.00	\$0.20
Block 2, 5,000-10,000	\$4.65	\$5.68	\$4.76	\$8.24	\$0.00	\$0.25
Block 3, >10,000	\$4.65	\$5.68	\$4.76	\$19.78	\$0.00	\$0.59
General Service and Multi-Family	\$4.65	\$5.68	\$3.80	\$7.68	\$0.00	\$0.23
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$6.66	\$8.38	\$14.62	\$10.35	\$0.00	\$0.31
3"	\$13.68	\$16.71	\$29.23	\$20.70	\$0.00	\$0.62
4"	\$21.38	\$26.12	\$45.68	\$32.34	\$0.00	\$0.97
6"	\$42.76	\$52.23	\$91.35	\$64.68	\$0.00	\$1.93
8"	\$68.39	\$83.54	\$146.16	\$103.49	\$0.00	\$3.10
10"	\$98.33	\$120.11	\$210.11	\$148.77	\$0.00	\$4.45
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$24.20	\$29.56	\$33.32	\$35.29		
5,000 Gallons	\$33.50	\$40.92	\$40.92	\$48.47		
10,000 Gallons	\$56.75	\$69.32	\$59.92	\$89.67		

AUF/Wootens Schedule of Water Rate Base Test Year Ended 12/31/07			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$87,578	\$4,423	\$92,001	(\$5,037)	\$86,964
2 Land and Land Rights	196	0	196	0	196
3 Non-used and Useful Components	0	(343)	(343)	0	(343)
4 Accumulated Depreciation	(28,009)	3,115	(24,894)	(38)	(24,932)
5 CIAC	(9,972)	0	(9,972)	0	(9,972)
6 Amortization of CIAC	2,608	(141)	2,467	173	2,640
7 Working Capital Allowance	<u>0</u>	<u>4,116</u>	<u>4,116</u>	<u>(782)</u>	<u>3,334</u>
8 <b>Rate Base</b>	<u>\$52,401</u>	<u>\$11,170</u>	<u>\$63,571</u>	<u>(\$5,684)</u>	<u>\$57,887</u>

AUF/Wootens Adjustments to Rate Base Test Year Ended 12/31/07		Schedule No. 3-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amount of pro forma Corp. IT. (Issue 4)	(\$154)	N/A	
2 To reflect the appropriate amount of pro forma meters. (Issue 4)	(4,883)	N/A	
Total	(\$5,037)	N/A	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate amt. acc. Depr. of pro forma Corp. IT. (Issue 4)	(\$47)	N/A	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	9	N/A	
Total	(\$38)	N/A	
<u>Accumulated Amortization of CIAC</u>			
Stipulated Issue 15.	\$173	N/A	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	(\$782)	N/A	

AUF/Wootens Statement of Water Operations Test Year Ended 12/31/07				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>7,130</u>	<u>24,566</u>	<u>31,696</u>	<u>(24,619)</u>	<u>7,077</u>	<u>22,872</u> 323.19%	<u>29,949</u>
Operating Expenses							
2 Operation & Maintenance	41,974	(25,415)	16,559	(647)	15,912		15,912
3 Depreciation	2,843	694	3,537	(329)	3,208		3,208
4 Amortization	0	136	136	706	842		842
5 Taxes Other Than Income	1,570	2,238	3,808	(1,195)	2,613	1,029	3,642
6 Income Taxes	<u>(15,143)</u>	<u>17,633</u>	<u>2,490</u>	<u>(8,726)</u>	<u>(6,236)</u>	<u>8,219</u>	<u>1,983</u>
7 Total Operating Expense	<u>31,244</u>	<u>(4,714)</u>	<u>26,530</u>	<u>(10,191)</u>	<u>16,339</u>	<u>9,249</u>	<u>25,588</u>
8 Operating Income	<u>(24,114)</u>	<u>29,280</u>	<u>5,166</u>	<u>(14,428)</u>	<u>(9,262)</u>	<u>13,623</u>	<u>4,361</u>
9 Rate Base	<u>52,401</u>		<u>63,571</u>		<u>57,887</u>		<u>57,887</u>
10 Rate of Return	<u>-46.02%</u>		<u>8.13%</u>		<u>-16.00%</u>		<u>7.53%</u>

AUF/Wootens Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$24,619)	N/A	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	N/A	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	35	N/A	
Total	<u>(\$24,619)</u>	<u>N/A</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$10)	N/A	
2 Stipulated Issue 33.	(10)	N/A	
3 Remove miscellaneous non-utility expenses. (Issue 34)	0	N/A	
4 Stipulated Issue 37.	(17)	N/A	
5 To remove image enhancing advertising expense. (Issue 38)	(1)	N/A	
6 To remove lobbying and acquisition expenses. (Issue 39)	(39)	N/A	
7 To remove executive risk insurance expense. (Issue 40)	(10)	N/A	
8 To remove below-the-line expenses. (Issue 48)	(66)	N/A	
9 To reflect the appropriate bad debt expense. (Issue 50)	(223)	N/A	
10 To reflect the appropriate rate case expense. (Issue 52)	53	N/A	
11 To reflect appropriate normalization adjustments. (Issue 53)	(66)	N/A	
12 To reflect the appropriate pro forma expenses. (Issue 54)	(268)	N/A	
Total	<u>(\$647)</u>	<u>N/A</u>	
<u>Depreciation Expense</u>			
1 To reflect the appropriate Dep. Exp. for Pro Forma Corporate IT. (Issue 4)	\$12	N/A	
2 To reflect the appropriate Dep. Exp. for Pro Forma Meters. (Issue 4)	(9)	N/A	
3 To reflect the appropriate test year depreciation expense. (Issue 55)	(13)	N/A	
4 Stipulated Issue 56.	(319)	N/A	
Total	<u>(\$329)</u>	<u>N/A</u>	
<u>Amortization</u>			
To reflect regulatory asset from Capped Interim Rates. (Issue 73)	<u>\$706</u>	<u>N/A</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$1,108)	N/A	
2 To remove Non-U&U property taxes. (Issues 10)	7	N/A	
3 To remove below-the-line payroll taxes. (Issue 48)	(5)	N/A	
4 To reflect appropriate normalization adjustments. (Issue 53)	(0)	N/A	
5 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(7)	N/A	
6 To reflect the appropriate pro-forma property taxes. (Issue 57)	(82)	N/A	
Total	<u>(\$1,195)</u>	<u>N/A</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$8,726)</u>	<u>N/A</u>	



AUF/Wootens Water Monthly Service Rates Test Year Ended 12/31/07				Schedule No. 5-A Docket No. 080121-WS		
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-year Reg. Asset Rate Reduction	4-year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$9.32	\$11.51	\$21.92	\$15.52	\$0.00	\$0.24
3/4"	\$13.98	\$17.27	\$32.89	\$23.29	\$0.00	\$0.37
1"	\$23.31	\$28.80	\$54.81	\$38.81	\$0.00	\$0.61
1-1/2"	\$46.58	\$57.55	\$109.62	\$77.62	\$0.00	\$1.22
2"	\$74.55	\$92.11	\$175.39	\$124.19	\$0.00	\$1.95
3"	\$149.10	\$184.21	\$350.79	\$248.38	\$0.00	\$3.90
4"	\$232.98	\$287.85	\$548.10	\$388.10	\$0.00	\$6.10
6"	\$465.95	\$575.68	\$1,096.21	\$776.20	\$0.00	\$12.19
8"	\$745.52	\$921.10	\$1,753.93	\$1,241.92	\$0.00	\$19.51
10"	\$1,071.70	\$1,324.09	\$2,521.28	\$1,785.26	\$0.00	\$28.04
Gallage Charge, per 1,000 Gallons						
Residential Service						
Block 1, 0-5,000	\$4.76	\$5.88	\$3.80	\$6.59	\$0.00	\$0.10
Block 2, 5,001-10,000	\$4.76	\$5.88	\$4.76	\$8.24	\$0.00	\$0.13
Block 3, >10,000	\$4.76	\$5.88	\$4.76	\$19.78	\$0.00	\$0.31
General Service and Multi-Family	\$4.76	\$5.88	\$3.80	\$7.68	\$0.00	\$0.12
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$6.22	\$7.68	\$14.62	\$10.35	\$0.00	\$0.16
3"	\$12.42	\$15.35	\$29.23	\$20.70	\$0.00	\$0.33
4"	\$19.42	\$23.99	\$45.68	\$32.34	\$0.00	\$0.51
6"	\$38.84	\$47.99	\$91.35	\$64.68	\$0.00	\$1.02
8"	\$62.12	\$76.75	\$146.16	\$103.49	\$0.00	\$1.63
	\$89.31	\$110.34	\$210.11	\$148.77	\$0.00	\$2.34
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$23.60	\$29.15	\$33.32	\$35.29		
5,000 Gallons	\$33.12	\$40.91	\$40.92	\$48.47		
10,000 Gallons	\$56.92	\$70.31	\$59.92	\$89.67		

AUF/Zephyr Shores Schedule of Water Rate Base Test Year Ended 12/31/05			Schedule No. 3-A Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$240,638	\$113,344	\$353,982	(\$108,271)	\$245,711
2 Land and Land Rights	0	0	0	0	0
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(7,519)	21,738	14,219	(1,137)	13,082
5 CIAC	(49,490)	0	(49,490)	0	(49,490)
6 Amortization of CIAC	25,160	1,014	26,174	0	26,174
7 Working Capital Allowance	<u>0</u>	<u>76,760</u>	<u>76,760</u>	<u>(19,584)</u>	<u>57,176</u>
8 <b>Rate Base</b>	<u>\$208,789</u>	<u>\$212,856</u>	<u>\$421,645</u>	<u>(\$128,991)</u>	<u>\$292,654</u>

AUF/Zephyr Shores Schedule of Wastewater Rate Base Test Year Ended 12/31/05			Schedule No. 3-B Docket No. 080121-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year
1 Plant in Service	\$302,575	\$37,039	\$339,614	(\$3,474)	\$336,140
2 Land and Land Rights	44,384	0	44,384	0	44,384
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(149,424)	(3,898)	(153,322)	728	(152,594)
5 CIAC	(83,828)	0	(83,828)	0	(83,828)
6 Amortization of CIAC	40,407	1,592	41,999	0	41,999
7 Working Capital Allowance	<u>0</u>	<u>76,257</u>	<u>76,257</u>	<u>(19,253)</u>	<u>57,004</u>
8 <b>Rate Base</b>	<u>\$154,114</u>	<u>\$110,990</u>	<u>\$265,104</u>	<u>(\$22,000)</u>	<u>\$243,104</u>

AUF/Zephyr Shores		Schedule No. 3-C	
Adjustments to Rate Base		Docket No. 080121-WS	
Test Year Ended 12/31/05			
Explanation	Water	Wastewater	
<u>Plant In Service</u>			
1 To reflect the appropriate amt. of proforma Corporate IT. (Issue 4)	(\$3,526)	(\$3,474)	
2 To reflect the app. amt. of proforma Meter Replacements. (Issue 4)	(104,745)	0	
Total	(\$108,271)	(\$3,474)	
<u>Accumulated Depreciation</u>			
1 To reflect the appropriate Acc. Dep. for Pro Forma Corporate IT. (Issue 4)	\$730	\$728	
2 To reflect the appropriate amt. acc. depr. of pro forma meters. (Issue 4)	(1,866)	0	
Total	(\$1,137)	\$728	
<u>Working Capital</u>			
To reflect the appropriate working capital allowance. (Issue 21)	(\$19,584)	(\$19,253)	

AUF/Zephyr Shores Statement of Water Operations Test Year Ended 12/31/05				Schedule No. 4-A Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$76,898</u>	<u>\$123,055</u>	<u>\$199,953</u>	<u>(\$122,989)</u>	<u>\$76,964</u>	<u>\$83,172</u> 108.07%	<u>\$160,136</u>
Operating Expenses							
2 Operation & Maintenance	\$85,620	\$31,177	\$116,797	(\$14,958)	\$101,839	\$0	\$101,839
3 Depreciation	6,304	6,409	12,713	(2,022)	10,691	0	10,691
4 Amortization	0	2,772	2,772	0	2,772	0	2,772
5 Taxes Other Than Income	7,265	9,223	16,488	(7,474)	9,014	3,743	12,757
6 Income Taxes	<u>(8,599)</u>	<u>25,238</u>	<u>16,639</u>	<u>(36,500)</u>	<u>(19,861)</u>	<u>29,889</u>	<u>10,028</u>
7 Total Operating Expense	<u>\$90,590</u>	<u>\$74,819</u>	<u>\$165,409</u>	<u>(\$60,953)</u>	<u>\$104,456</u>	<u>\$33,632</u>	<u>\$138,088</u>
8 Operating Income	<u>(\$13,692)</u>	<u>\$48,236</u>	<u>\$34,544</u>	<u>(\$62,036)</u>	<u>(\$27,492)</u>	<u>\$49,540</u>	<u>\$22,048</u>
9 Rate Base	<u>\$208,789</u>		<u>\$421,645</u>		<u>\$292,654</u>		<u>\$292,654</u>
10 Rate of Return	<u>-6.56%</u>		<u>8.19%</u>		<u>-9.39%</u>		<u>7.53%</u>

AUF/Zephyr Shores Statement of Wastewater Operations Test Year Ended 12/31/05				Schedule No. 4-B Docket No. 080121-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$134,430</u>	<u>\$41,376</u>	<u>\$175,806</u>	<u>(\$42,747)</u>	<u>\$133,059</u>	<u>\$37,650</u> 28.30%	<u>\$170,709</u>
Operating Expenses							
2 Operation & Maintenance	\$78,936	\$36,720	\$115,656	(\$8,524)	\$107,132	\$0	\$107,132
3 Depreciation	10,153	4,329	14,482	(149)	14,333	0	14,333
4 Amortization	0	2,761	2,761	9,411	12,172	0	12,172
5 Taxes Other Than Income	4,821	6,100	10,921	(2,187)	8,734	1,694	10,428
6 Income Taxes	<u>15,631</u>	<u>(5,240)</u>	<u>10,391</u>	<u>(15,591)</u>	<u>(5,200)</u>	<u>13,530</u>	<u>8,330</u>
7 Total Operating Expense	<u>\$109,541</u>	<u>\$44,670</u>	<u>\$154,211</u>	<u>(\$17,041)</u>	<u>\$137,170</u>	<u>\$15,225</u>	<u>\$152,394</u>
8 Operating Income	<u>\$24,889</u>	<u>(\$3,294)</u>	<u>\$21,595</u>	<u>(\$25,706)</u>	<u>(\$4,111)</u>	<u>\$22,426</u>	<u>\$18,315</u>
9 Rate Base	<u>\$154,114</u>		<u>\$265,104</u>		<u>\$243,104</u>		<u>\$243,104</u>
10 Rate of Return	<u>16.15%</u>		<u>8.15%</u>		<u>-1.69%</u>		<u>7.53%</u>

AUF/Zephyr Shores Adjustment to Operating Income Test Year Ended 12/31/05		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$123,654)	(\$42,086)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	(661)	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	665	0	
Total	<u>(\$122,989)</u>	<u>(\$42,747)</u>	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 5.	(\$423)	\$0	
2 Stipulated Issue 33.	(149)	(149)	
3 Remove miscellaneous non-utility expenses. (Issue 34)	0	0	
4 Stipulated Issue 35.	(3,629)	(221)	
5 Stipulated Issue 37.	(263)	(262)	
6 To remove image enhancing advertising expense. (Issue 38)	(13)	(13)	
7 To remove lobbying and acquisition expenses. (Issue 39)	(603)	(601)	
8 To remove executive risk insurance expense. (Issue 40)	(151)	(150)	
9 To remove below-the-line expenses. (Issue 48)	(1,025)	(1,022)	
10 To reflect the appropriate bad debt expense. (Issue 50)	(3,126)	(562)	
11 To reflect the appropriate rate case expense. (Issue 52)	(177)	(138)	
12 To reflect appropriate normalization adjustments. (Issue 53)	(1,022)	(1,020)	
13 To reflect the appropriate pro forma expenses. (Issue 54)	<u>(4,378)</u>	<u>(4,386)</u>	
Total	<u>(\$14,958)</u>	<u>(\$8,524)</u>	
<u>Depreciation Expense</u>			
1 To reflect app. Dep. Expense for proforma Corporate IT. (Issue 4)	\$85	\$89	
2 To reflect app. Dep. Expense for proforma meters. (Issue 4)	(1,866)	0	
3 To remove test year depreciation expenses. (Issue 55)	<u>(240)</u>	<u>(238)</u>	
Total	<u>(\$2,022)</u>	<u>(\$149)</u>	
<u>Amorization</u>			
To reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	\$0	<u>\$9,411</u>	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$5,535)	(\$1,924)	
2 To remove below-the-line payroll taxes. (Issue 48)	(78)	(78)	
3 To reflect appropriate normalization adjustments. (Issue 53)	(1)	(1)	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(105)	(105)	
5 To reflect the appropriate property taxes. (Issue 57)	<u>(1,755)</u>	<u>(80)</u>	
Total	<u>(\$7,474)</u>	<u>(\$2,187)</u>	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	<u>(\$36,500)</u>	<u>(\$15,591)</u>	

AUF/Zephyr Shores Water Monthly Service Rates Test Year Ended 12/31/05				Schedule No. 5-A Docket No. 080121-WS		
	Rates Prior to Filing 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$6.30	\$6.64	\$21.92	\$15.52	\$0.00	\$0.70
3/4"	\$9.47	\$9.81	\$32.89	\$23.29	\$0.00	\$1.06
1"	\$15.76	\$16.10	\$54.81	\$38.81	\$0.00	\$1.76
1-1/2"	\$31.51	\$31.85	\$109.62	\$77.62	\$0.00	\$3.52
2"	\$50.43	\$50.77	\$175.39	\$124.19	\$0.00	\$5.63
3"	\$100.84	\$101.18	\$350.79	\$248.38	\$0.00	\$11.26
4"	\$157.58	\$157.92	\$548.10	\$388.10	\$0.00	\$17.59
6"	\$315.14	\$315.48	\$1,096.21	\$776.20	\$0.00	\$35.18
8"	\$504.23	\$504.57	\$1,753.93	\$1,241.92	\$0.00	\$56.29
10"	\$724.83	\$725.17	\$2,521.28	\$1,785.26	\$0.00	\$80.92
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$5.03	\$5.37	\$3.80	\$6.59	\$0.00	\$0.30
Block 2, 5,001-10,000	\$5.03	\$5.37	\$4.76	\$8.24	\$0.00	\$0.37
Block 3, Over 10,000	\$5.03	\$5.37	\$4.76	\$19.78	\$0.00	\$0.90
General Service and Multi-Family	\$5.03	\$5.37	\$3.80	\$7.33	\$0.00	\$0.33
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$4.20	\$4.54	\$14.62	\$10.35	\$0.00	\$0.47
3"	\$8.40	\$8.74	\$29.23	\$20.70	\$0.00	\$0.94
4"	\$13.15	\$13.49	\$45.68	\$32.34	\$0.00	\$1.47
6"	\$26.25	\$26.59	\$91.35	\$64.68	\$0.00	\$2.93
8"	\$42.03	\$42.37	\$146.16	\$103.49	\$0.00	\$4.69
10"	\$60.40	\$60.34	\$210.11	\$148.77	\$0.00	\$6.74
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$21.39	\$22.75	\$33.32	\$35.29		
5,000 Gallons	\$31.45	\$33.49	\$40.92	\$48.47		
10,000 Gallons	\$56.60	\$60.34	\$64.72	\$89.67		



AUF/Zephyr Shores Wastewater Monthly Service Rates Test Year Ended 12/31/05						Schedule No. 5-B Docket No. 080121-WS
	Rates Prior to Filing 12/31/2007	Commission Approved Interim	Utility Requested Final	Commission Approved Final	2-Year Reg. Asset Rate Reduction	4-Year Rate Reduction
<b><u>Residential</u></b>						
Base Facility Charge:						
All Meter Sizes	\$11.39	\$17.14	\$45.26	\$34.96	\$1.43	\$1.48
Gallonge Charge - Per 1,000 gallons (6,000 gallon cap)	\$9.54	\$14.35	\$8.73	\$7.01	\$0.29	\$0.30
<b>Residential Flat Rate</b>	\$27.63	\$41.57	\$112.65	\$46.38	\$1.92	\$1.97
<b><u>General Service &amp; Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$11.39	\$17.14	\$45.26	\$34.96	\$1.43	\$1.48
3/4"	\$17.08	\$25.70	\$67.89	\$52.44	\$2.14	\$2.22
1"	\$28.48	\$42.85	\$113.14	\$87.40	\$3.57	\$3.71
1-1/2"	\$56.93	\$85.66	\$226.29	\$174.80	\$7.15	\$7.42
2"	\$91.11	\$137.09	\$362.06	\$279.69	\$11.43	\$11.86
3"	\$182.22	\$274.18	\$724.12	\$559.37	\$22.87	\$23.73
4"	\$284.72	\$428.41	\$1,131.44	\$874.02	\$35.73	\$37.08
6"	\$569.41	\$856.76	\$2,262.89	\$1,748.04	\$71.47	\$74.16
8"	\$911.08	\$1,370.86	\$3,620.62	\$2,796.87	\$114.34	\$118.65
10"	\$1,309.66	\$1,970.59	\$5,204.65	\$4,020.50	\$164.37	\$170.56
Gallonge Charge, per 1,000 Gallons	\$11.46	\$17.24	\$10.48	\$8.41	\$0.34	\$0.36
<b>General Service Flat Rate</b>	\$27.63	\$41.57	\$701.21	\$288.73	\$11.79	\$12.25
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$40.01	\$60.19	\$71.45	\$55.99		
5,000 Gallons	\$59.09	\$88.89	\$88.91	\$70.01		
6,000 Gallons (Wastewater Gallonge Cap - 6,000 Gallons)	\$106.79	\$103.24	\$97.64	\$77.02		

Carlton Village Water Distribution Lines DOCKET NO. 080121-WS					SCHEDULE 6 Page 1 of 31
Allowance for Funds Prudently Invested Calculation of Carrying Cost Per ERC Per Month:					
	2008 ----	2009 ----	2010 ----	2011 ----	2012 ----
January	37.86	494.46	978.46	1,491.91	2,037.04
February	75.72	534.59	1,021.02	1,537.10	2,085.06
March	113.58	574.72	1,063.59	1,582.29	2,133.07
April	151.44	614.85	1,106.16	1,627.48	2,181.09
May	189.31	654.98	1,148.73	1,672.68	2,229.10
June	227.17	695.11	1,191.30	1,717.87	2,277.12
July	265.03	735.24	1,233.87	1,763.06	2,325.13
August	302.89	775.37	1,276.44	1,808.26	2,373.15
September	340.75	815.50	1,319.01	1,853.45	2,421.16
October	378.61	855.63	1,361.57	1,898.64	2,469.18
November	416.47	895.76	1,404.14	1,943.84	2,517.19
December	454.33	935.89	1,446.71	1,989.03	2,565.20
*Remaining ERCs 78 (350 GPD/ERC)					

Hermits Cove Water Distribution Lines DOCKET NO. 080121-WS				SCHEDULE 6 Page 2 of 31	
Allowance for Funds Prudently Invested Calculation of Carrying Cost Per ERC Per Month:					
	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	1.69	22.20	44.95	70.11	97.86
February	3.39	24.08	47.03	72.40	100.39
March	5.08	25.96	49.11	74.69	102.91
April	6.77	27.84	51.19	76.99	105.44
May	8.47	29.72	53.27	79.28	107.96
June	10.16	31.60	55.34	81.58	110.49
July	11.86	33.48	57.42	83.87	113.01
August	13.55	35.36	59.50	86.16	115.54
September	15.24	37.24	61.58	88.46	118.06
October	16.94	39.12	63.66	90.75	120.58
November	18.63	41.00	65.73	93.05	123.11
December	20.32	42.88	67.81	95.34	125.63
*Remaining ERCs 200 (350 GPD/ERC)					

Hermit's Cove Water Treatment Plant DOCKET NO. 080121-WS				SCHEDULE 6 Page 3 of 31	
Allowance for Funds Prudently Invested Calculation of Carrying Cost Per ERC Per Month:					
	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	8.09	106.99	227.47	358.38	497.19
February	16.17	116.95	238.33	369.87	509.54
March	24.26	126.92	249.18	381.37	521.88
April	32.34	136.89	260.04	392.87	534.23
May	40.43	146.85	270.89	404.37	546.57
June	48.51	156.82	281.75	415.86	558.92
July	56.60	166.78	292.60	427.36	571.26
August	64.68	176.75	303.46	438.86	583.61
September	72.77	186.72	314.31	450.36	595.95
October	80.85	196.68	325.17	461.85	608.30
November	88.94	206.65	336.02	473.35	620.64
December	97.02	216.61	346.88	484.85	632.98
*Remaining ERCs 66 (350 GPD/ERC)					

Holiday Haven Water Distribution Lines DOCKET NO. 080121-WS				SCHEDULE 6 Page 4 of 31	
Allowance for Funds Prudently Invested Calculation of Carrying Cost Per ERC Per Month:					
	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	2.37	30.96	61.42	93.90	128.52
February	4.74	33.49	64.11	96.77	131.58
March	7.11	36.01	66.81	99.63	134.64
April	9.48	38.54	69.50	102.50	137.70
May	11.85	41.06	72.19	105.37	140.76
June	14.22	43.59	74.88	108.24	143.82
July	16.59	46.11	77.57	111.11	146.88
August	18.96	48.63	80.26	113.98	149.95
September	21.33	51.16	82.95	116.85	153.01
October	23.70	53.68	85.64	119.72	156.07
November	26.07	56.21	88.33	122.59	159.13
December	28.44	58.73	91.03	125.46	162.19
*Remaining ERCs 156 (350 GPD/ERC)					

Holiday Haven Wastewater Distribution Lines DOCKET NO. 080121-WS				SCHEDULE 6 Page 5 of 31	
Allowance for Funds Prudently Invested Calculation of Carrying Cost Per ERC Per Month:					
	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	7.83	102.26	202.24	308.22	420.61
February	15.66	110.55	211.03	317.54	430.50
March	23.49	118.84	219.82	326.86	440.39
April	31.32	127.13	228.60	336.17	450.28
May	39.15	135.42	237.39	345.49	460.18
June	46.98	143.71	246.18	354.81	470.07
July	54.81	152.00	254.97	364.13	479.96
August	62.64	160.29	263.75	373.45	489.85
September	70.47	168.58	272.54	382.77	499.74
October	78.31	176.87	281.33	392.08	509.63
November	86.14	185.17	290.11	401.40	519.52
December	93.97	193.46	298.90	410.72	529.41
*Remaining ERCs 161 (280 GPD/ERC)					

Holiday Haven Wastewater Treatment Plant DOCKET NO. 080121-WS		SCHEDULE 6 Page 6 of 31			
Allowance for Funds Prudently Invested Calculation of Carrying Cost Per ERC Per Month:					
	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	121.54	1,584.61	3,103.05	4,681.06	6,323.10
February	243.08	1,710.74	3,234.11	4,817.42	6,465.16
March	364.62	1,836.86	3,365.17	4,953.78	6,607.23
April	486.16	1,962.99	3,496.23	5,090.14	6,749.29
May	607.70	2,089.11	3,627.29	5,226.51	6,891.36
June	729.24	2,215.24	3,758.35	5,362.87	7,033.42
July	850.78	2,341.36	3,889.41	5,499.23	7,175.49
August	972.32	2,467.49	4,020.47	5,635.59	7,317.55
September	1,093.86	2,593.62	4,151.52	5,771.95	7,459.62
October	1,215.40	2,719.74	4,282.58	5,908.31	7,601.68
November	1,336.94	2,845.87	4,413.64	6,044.67	7,743.75
December	1,458.48	2,971.99	4,544.70	6,181.03	7,885.81
*Remaining ERCs 30 (280 GPD/ERC)					

Interlachen Lake Estates Water Distribution Lines DOCKET NO. 080121-WS				SCHEDULE 6 Page 7 of 31	
Allowance for Funds Prudently Invested Calculation of Carrying Cost Per ERC Per Month:					
	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	1.13	14.73	29.14	44.42	60.66
February	2.26	15.92	30.40	45.77	62.09
March	3.38	17.12	31.67	47.12	63.52
April	4.51	18.31	32.94	48.46	64.96
May	5.64	19.51	34.21	49.81	66.39
June	6.77	20.70	35.47	51.15	67.82
July	7.89	21.90	36.74	52.50	69.25
August	9.02	23.09	38.01	53.85	70.68
September	10.15	24.28	39.28	55.19	72.11
October	11.28	25.48	40.54	56.54	73.55
November	12.40	26.67	41.81	57.88	74.98
December	13.53	27.87	43.08	59.23	76.41
*Remaining ERCs 375 (350 GPD/ERC)					



J Swiderski 48 Estates - Water Distribution Lines DOCKET NO. 080121-WS				SCHEDULE 6 Page 8 of 31	
Allowance for Funds Prudently Invested Calculation of Carrying Cost Per ERC Per Month:					
	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	2.44	31.92	63.18	96.33	131.52
February	4.89	34.51	65.93	99.25	134.62
March	7.33	37.11	68.68	102.17	137.72
April	9.78	39.70	71.43	105.08	140.81
May	12.22	42.29	74.17	108.00	143.91
June	14.67	44.88	76.92	110.92	147.01
July	17.11	47.47	79.67	113.83	150.11
August	19.55	50.06	82.42	116.75	153.21
September	22.00	52.66	85.17	119.67	156.31
October	24.44	55.25	87.92	122.59	159.41
November	26.89	57.84	90.67	125.50	162.50
December	29.33	60.43	93.41	128.42	165.60
*Remaining ERCs 134 (350 GPD/ERC)					

Leisure Lakes Water Distribution Lines		SCHEDULE 6			
DOCKET NO. 080121-WS		Page 9 of 31			
Allowance for Funds Prudently Invested					
Calculation of Carrying Cost Per ERC Per Month:					
	2008	2009	2010	2011	2012
	-----	-----	-----	-----	-----
January	1.54	20.10	39.80	60.71	82.93
February	3.08	21.74	41.53	62.55	84.89
March	4.62	23.37	43.27	64.39	86.85
April	6.16	25.00	45.00	66.24	88.80
May	7.70	26.64	46.73	68.08	90.76
June	9.24	28.27	48.47	69.92	92.72
July	10.77	29.90	50.20	71.76	94.68
August	12.31	31.53	51.93	73.60	96.64
September	13.85	33.17	53.67	75.44	98.60
October	15.39	34.80	55.40	77.29	100.55
November	16.93	36.43	57.14	79.13	102.51
December	18.47	38.07	58.87	80.97	104.47
*Remaining ERCs 401 (350 GPD/ERC)					

Palm Port Wastewater Distribution Lines		SCHEDULE 6			
DOCKET NO. 080121-WS		Page 10 of 31			
Allowance for Funds Prudently Invested					
Calculation of Carrying Cost Per ERC Per Month:					
	2008	2009	2010	2011	2012
	-----	-----	-----	-----	-----
January	3.78	49.44	97.94	149.51	204.41
February	7.57	53.46	102.21	154.06	209.25
March	11.35	57.48	106.49	158.61	214.10
April	15.14	61.50	110.76	163.16	218.94
May	18.92	65.52	115.04	167.71	223.79
June	22.71	69.54	119.31	172.26	228.63
July	26.49	73.56	123.59	176.81	233.48
August	30.28	77.58	127.86	181.36	238.32
September	34.06	81.60	132.14	185.91	243.17
October	37.85	85.62	136.41	190.46	248.02
November	41.63	89.64	140.69	195.01	252.86
December	45.42	93.66	144.96	199.56	257.71
*Remaining ERCs 136 (280 GPD/ERC)					

Palms MHP Water Distribution Lines		SCHEDULE 6			
DOCKET NO. 080121-WS		Page 11 of 31			
Allowance for Funds Prudently Invested					
Calculation of Carrying Cost Per ERC Per Month:					
	2008	2009	2010	2011	2012
	----	----	----	----	----
January	0.69	9.02	17.86	27.21	37.15
February	1.38	9.76	18.63	28.03	38.02
March	2.07	10.49	19.41	28.86	38.90
April	2.76	11.22	20.18	29.68	39.77
May	3.45	11.95	20.96	30.51	40.65
June	4.15	12.69	21.73	31.33	41.52
July	4.84	13.42	22.51	32.15	42.40
August	5.53	14.15	23.29	32.98	43.27
September	6.22	14.88	24.06	33.80	44.15
October	6.91	15.62	24.84	34.62	45.02
November	7.60	16.35	25.61	35.45	45.90
December	8.29	17.08	26.39	36.27	46.77
*Remaining ERCs 80 (350 GPD/ERC)					

Picciola Island Water Distribution Lines				SCHEDULE 6	
DOCKET NO. 080121-WS				Page 12 of 31	
Allowance for Funds Prudently Invested					
Calculation of Carrying Cost Per ERC Per Month:					
	2008	2009	2010	2011	2012
	----	----	----	----	----
January	0.36	4.66	9.14	13.82	18.73
February	0.71	5.03	9.52	14.23	19.16
March	1.07	5.40	9.91	14.64	19.59
April	1.43	5.77	10.30	15.04	20.02
May	1.79	6.14	10.69	15.45	20.45
June	2.14	6.52	11.08	15.86	20.88
July	2.50	6.89	11.47	16.26	21.31
August	2.86	7.26	11.86	16.67	21.74
September	3.21	7.63	12.25	17.08	22.17
October	3.57	8.00	12.64	17.49	22.60
November	3.93	8.37	13.02	17.89	23.03
December	4.28	8.75	13.41	18.30	23.46
*Remaining ERCs 200 (350 GPD/ERC)					

Picciola Island Water Treatment Plant		SCHEDULE 6			
DOCKET NO. 080121-WS		Page 13 of 31			
Allowance for Funds Prudently Invested					
Calculation of Carrying Cost Per ERC Per Month:					
	2008	2009	2010	2011	2012
	-----	-----	-----	-----	-----
January	2.66	34.75	68.76	104.85	143.14
February	5.32	37.57	71.75	108.02	146.52
March	7.98	40.39	74.74	111.20	149.89
April	10.64	43.21	77.74	114.37	153.26
May	13.30	46.03	80.73	117.55	156.64
June	15.96	48.85	83.72	120.72	160.01
July	18.62	51.67	86.71	123.90	163.38
August	21.28	54.49	89.71	127.07	166.76
September	23.95	57.31	92.70	130.25	170.13
October	26.61	60.13	95.69	133.42	173.50
November	29.27	62.95	98.68	136.60	176.88
December	31.93	65.77	101.68	139.77	180.25
*Remaining ERCs 37 (350 GPD/ERC)					

Pomona Park Water Distribution Lines			SCHEDULE 6		
DOCKET NO. 080121-WS			Page 14 of 31		
Allowance for Funds Prudently Invested					
Calculation of Carrying Cost Per ERC Per Month:					
	2008	2009	2010	2011	2012
	----	----	----	----	----
January	8.27	108.11	214.64	328.42	449.94
February	16.55	116.94	224.07	338.48	460.71
March	24.82	125.76	233.50	348.55	471.47
April	33.09	134.59	242.93	358.62	482.23
May	41.37	143.42	252.35	368.69	492.99
June	49.64	152.25	261.78	378.76	503.76
July	57.91	161.08	271.21	388.83	514.52
August	66.19	169.90	280.64	398.90	525.28
September	74.46	178.73	290.06	408.97	536.05
October	82.73	187.56	299.49	419.04	546.81
November	91.01	196.39	308.92	429.11	557.57
December	99.28	205.22	318.35	439.18	568.34
*Remaining ERCs 347 (350 GPD/ERC)					

Sebring Lakes Water Treatment Plant DOCKET NO. 080121-WS				SCHEDULE 6 Page 15 of 31	
Allowance for Funds Prudently Invested Calculation of Carrying Cost Per ERC Per Month:					
	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	13.33	174.21	345.86	529.06	724.71
February	26.66	188.44	361.04	545.27	742.02
March	40.00	202.66	376.22	561.48	759.34
April	53.33	216.89	391.40	577.70	776.66
May	66.66	231.11	406.58	593.91	793.97
June	79.99	245.33	421.76	610.12	811.29
July	93.33	259.56	436.94	626.33	828.61
August	106.66	273.78	452.12	642.54	845.93
September	119.99	288.01	467.31	658.75	863.24
October	133.32	302.23	482.49	674.97	880.56
November	146.66	316.45	497.67	691.18	897.88
December	159.99	330.68	512.85	707.39	915.19
*Remaining ERCs 105 (350 GPD/ERC)					



Silver Lake Oaks Water Distribution Lines DOCKET NO. 080121-WS				SCHEDULE 6 Page 16 of 31	
Allowance for Funds Prudently Invested Calculation of Carrying Cost Per ERC Per Month:					
	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	0.59	7.74	15.35	23.47	32.15
February	1.18	8.37	16.03	24.19	32.92
March	1.78	9.00	16.70	24.91	33.69
April	2.37	9.63	17.37	25.63	34.46
May	2.96	10.26	18.04	26.35	35.22
June	3.55	10.89	18.72	27.07	35.99
July	4.14	11.52	19.39	27.79	36.76
August	4.74	12.16	20.06	28.50	37.53
September	5.33	12.79	20.74	29.22	38.30
October	5.92	13.42	21.41	29.94	39.07
November	6.51	14.05	22.08	30.66	39.84
December	7.10	14.68	22.75	31.38	40.61
*Remaining ERCs 52 (350 GPD/ERC)					

**Silver Lake Oaks Wastewater Distribution Lines**  
**DOCKET NO. 080121-WS**

**SCHEDULE 6**  
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**Allowance for Funds Prudently Invested**  
**Calculation of Carrying Cost Per ERC Per Month:**

	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	3.05	39.93	79.71	122.63	168.94
February	6.11	43.22	83.26	126.46	173.08
March	9.16	46.52	86.82	130.30	177.21
April	12.21	49.81	90.37	134.13	181.35
May	15.27	53.10	93.92	137.97	185.48
June	18.32	56.40	97.48	141.80	189.62
July	21.37	59.69	101.03	145.64	193.75
August	24.42	62.98	104.58	149.47	197.89
September	27.48	66.28	108.14	153.31	202.02
October	30.53	69.57	111.69	157.14	206.16
November	33.58	72.86	115.24	160.98	210.29
December	36.64	76.16	118.80	164.81	214.43

\*Remaining ERCs 53 (280 GPD/ERC)

Silver Lake Oaks Wastewater Treatment Plant DOCKET NO. 080121-WS				SCHEDULE 6 Page 18 of 31	
Allowance for Funds Prudently Invested Calculation of Carrying Cost Per ERC Per Month:					
	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	4.40	57.55	114.97	177.01	243.99
February	8.80	62.30	120.11	182.56	249.98
March	13.20	67.05	125.25	188.10	255.96
April	17.60	71.81	130.38	193.65	261.95
May	22.00	76.56	135.52	199.19	267.93
June	26.40	81.32	140.65	204.74	273.92
July	30.80	86.07	145.79	210.28	279.90
August	35.20	90.82	150.92	215.83	285.88
September	39.60	95.58	156.06	221.37	291.87
October	43.99	100.33	161.19	226.92	297.85
November	48.39	105.09	166.33	232.46	303.84
December	52.79	109.84	171.47	238.01	309.82
*Remaining ERCs 18 (280 GPD/ERC)					

St. John's Highlands Water Distribution Lines DOCKET NO. 080121-WS				SCHEDULE 6 Page 19 of 31	
Allowance for Funds Prudently Invested Calculation of Carrying Cost Per ERC Per Month:					
	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	0.72	9.38	18.75	28.91	39.88
February	1.43	10.15	19.59	29.82	40.87
March	2.15	10.93	20.43	30.73	41.85
April	2.87	11.70	21.27	31.63	42.83
May	3.58	12.48	22.11	32.54	43.82
June	4.30	13.25	22.95	33.45	44.80
July	5.02	14.03	23.79	34.36	45.78
August	5.73	14.80	24.64	35.27	46.77
September	6.45	15.58	25.48	36.18	47.75
October	7.17	16.36	26.32	37.08	48.73
November	7.88	17.13	27.16	37.99	49.72
December	8.60	17.91	28.00	38.90	50.70
*Remaining ERCs 144 (350 GPD/ERC)					

**Stone Mountain Water Distribution Lines  
DOCKET NO. 080121-WS**

**SCHEDULE 6  
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**Allowance for Funds Prudently Invested  
Calculation of Carrying Cost Per ERC Per Month:**

	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	0.69	8.95	17.71	26.98	36.83
February	1.37	9.68	18.48	27.80	37.69
March	2.06	10.41	19.25	28.62	38.56
April	2.74	11.13	20.02	29.43	39.43
May	3.43	11.86	20.78	30.25	40.30
June	4.11	12.58	21.55	31.06	41.16
July	4.80	13.31	22.32	31.88	42.03
August	5.49	14.04	23.09	32.70	42.90
September	6.17	14.76	23.86	33.51	43.76
October	6.86	15.49	24.63	34.33	44.63
November	7.54	16.21	25.40	35.14	45.50
December	8.23	16.94	26.17	35.96	46.37

\*Remaining ERCs 21 (350 GPD/ERC)

**Sunny Hills Water Distribution Lines  
DOCKET NO. 080121-WS**

**SCHEDULE 6  
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**Allowance for Funds Prudently Invested  
Calculation of Carrying Cost Per ERC Per Month:**

	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	3.03	39.55	78.46	119.95	164.21
February	6.05	42.77	81.89	123.62	168.13
March	9.08	46.00	85.33	127.29	172.04
April	12.11	49.22	88.77	130.96	175.95
May	15.13	52.45	92.21	134.62	179.87
June	18.16	55.67	95.65	138.29	183.78
July	21.19	58.89	99.09	141.96	187.69
August	24.22	62.12	102.53	145.63	191.60
September	27.24	65.34	105.97	149.30	195.52
October	30.27	68.57	109.41	152.96	199.43
November	33.30	71.79	112.84	156.63	203.34
December	36.32	75.02	116.28	160.30	207.26

\*Remaining ERCs 5,592 (350 GPD/ERC)

**Sunny Hills Wastewater Distribution Lines  
DOCKET NO. 080121-WS**

**SCHEDULE 6  
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**Allowance for Funds Prudently Invested  
Calculation of Carrying Cost Per ERC Per Month:**

	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	11.50	150.55	302.40	468.01	648.41
February	23.00	163.11	316.10	482.94	664.65
March	34.50	175.67	329.80	497.86	680.89
April	46.00	188.23	343.50	512.78	697.13
May	57.50	200.79	357.20	527.71	713.37
June	69.00	213.35	370.89	542.63	729.61
July	80.50	225.91	384.59	557.55	745.85
August	91.99	238.46	398.29	572.48	762.09
September	103.49	251.02	411.99	587.40	778.33
October	114.99	263.58	425.69	602.32	794.57
November	126.49	276.14	439.39	617.25	810.81
December	137.99	288.70	453.09	632.17	827.05

\*Remaining ERCs 508 (280 GPD/ERC)

**Tangerine Water Distribution Lines  
DOCKET NO. 080121-WS**

**SCHEDULE 6  
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**Allowance for Funds Prudently Invested  
Calculation of Carrying Cost Per ERC Per Month:**

	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	4.21	54.98	109.33	167.52	229.84
February	8.41	59.48	114.15	172.68	235.38
March	12.62	63.99	118.97	177.84	240.91
April	16.83	68.49	123.79	183.01	246.44
May	21.03	72.99	128.61	188.17	251.97
June	25.24	77.49	133.43	193.33	257.51
July	29.45	82.00	138.25	198.50	263.04
August	33.65	86.50	143.07	203.66	268.57
September	37.86	91.00	147.89	208.82	274.10
October	42.07	95.51	152.72	213.98	279.64
November	46.27	100.01	157.54	219.15	285.17
December	50.48	104.51	162.36	224.31	290.70

\*Remaining ERCs 561 (350 GPD/ERC)



**The Woods Water Distribution Lines  
DOCKET NO. 080121-WS**

**SCHEDULE 6  
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**Allowance for Funds Prudently Invested  
Calculation of Carrying Cost Per ERC Per Month:**

	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	0.43	5.59	11.11	17.01	23.32
February	0.86	6.05	11.60	17.54	23.88
March	1.28	6.51	12.09	18.06	24.44
April	1.71	6.96	12.58	18.58	25.00
May	2.14	7.42	13.07	19.10	25.56
June	2.57	7.88	13.56	19.63	26.12
July	2.99	8.34	14.05	20.15	26.68
August	3.42	8.79	14.54	20.67	27.24
September	3.85	9.25	15.02	21.19	27.81
October	4.28	9.71	15.51	21.72	28.37
November	4.71	10.17	16.00	22.24	28.93
December	5.13	10.62	16.49	22.76	29.49

\*Remaining ERCs 139 (350 GPD/ERC)

**The Woods Wastewater Distribution Lines  
DOCKET NO. 080121-WS**

**SCHEDULE 6  
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**Allowance for Funds Prudently Invested  
Calculation of Carrying Cost Per ERC Per Month:**

	2008 ----	2009 ----	2010 ----	2011 ----	2012 ----
January	1.07	13.97	27.67	42.25	57.77
February	2.14	15.11	28.88	43.54	59.14
March	3.21	16.24	30.09	44.82	60.51
April	4.28	17.38	31.30	46.11	61.88
May	5.35	18.52	32.51	47.40	63.25
June	6.42	19.65	33.71	48.68	64.62
July	7.49	20.79	34.92	49.97	65.99
August	8.56	21.92	36.13	51.25	67.36
September	9.63	23.06	37.34	52.54	68.73
October	10.70	24.19	38.55	53.83	70.10
November	11.77	25.33	39.76	55.11	71.47
December	12.84	26.47	40.96	56.40	72.84

\*Remaining ERCs 140 (280 GPD/ERC)

**Venetian Village Water Treatment Plant  
DOCKET NO. 080121-WS**

**SCHEDULE 6  
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**Allowance for Funds Prudently Invested  
Calculation of Carrying Cost Per ERC Per Month:**

	2008 ----	2009 ----	2010 ----	2011 ----	2012 ----
January	2.62	34.13	67.13	101.73	138.04
February	5.23	36.87	70.00	104.74	141.21
March	7.85	39.61	72.87	107.75	144.37
April	10.46	42.35	75.74	110.77	147.54
May	13.08	45.09	78.61	113.78	150.70
June	15.70	47.83	81.49	116.80	153.87
July	18.31	50.56	84.36	119.81	157.03
August	20.93	53.30	87.23	122.82	160.20
September	23.54	56.04	90.10	125.84	163.36
October	26.16	58.78	92.97	128.85	166.53
November	28.78	61.52	95.84	131.87	169.69
December	31.39	64.26	98.71	134.88	172.86

\*Remaining ERCs 70 (350 GPD/ERC)

**Village Water Wastewater Distribution Lines  
DOCKET NO. 080121-WS**

**SCHEDULE 6  
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**Allowance for Funds Prudently Invested  
Calculation of Carrying Cost Per ERC Per Month:**

	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	43.97	574.45	1,138.78	1,739.50	2,379.38
February	87.95	621.23	1,188.57	1,792.54	2,435.89
March	131.92	668.00	1,238.36	1,845.57	2,492.41
April	175.89	714.78	1,288.15	1,898.60	2,548.93
May	219.87	761.56	1,337.94	1,951.63	2,605.44
June	263.84	808.33	1,387.73	2,004.67	2,661.96
July	307.81	855.11	1,437.52	2,057.70	2,718.48
August	351.78	901.88	1,487.31	2,110.73	2,774.99
September	395.76	948.66	1,537.10	2,163.76	2,831.51
October	439.73	995.43	1,586.89	2,216.80	2,888.02
November	483.70	1,042.21	1,636.68	2,269.83	2,944.54
December	527.68	1,088.99	1,686.47	2,322.86	3,001.06

\*Remaining ERCs 73 (280 GPD/ERC)

Allowance for Funds Prudently Invested  
Calculation of Carrying Cost Per ERC Per Month:

	2008 ----	2009 ----	2010 ----	2011 ----	2012 ----
January	38.26	499.42	985.01	1,496.87	2,036.98
February	76.52	539.70	1,027.47	1,541.67	2,084.29
March	114.78	579.99	1,069.93	1,586.47	2,131.61
April	153.04	620.27	1,112.39	1,631.27	2,178.93
May	191.31	660.56	1,154.85	1,676.07	2,226.24
June	229.57	700.84	1,197.31	1,720.87	2,273.56
July	267.83	741.13	1,239.77	1,765.67	2,320.87
August	306.09	781.41	1,282.23	1,810.46	2,368.19
September	344.35	821.70	1,324.69	1,855.26	2,415.51
October	382.61	861.98	1,367.15	1,900.06	2,462.82
November	420.87	902.27	1,409.61	1,944.86	2,510.14
December	459.13	942.55	1,452.07	1,989.66	2,557.46

\*Remaining ERCs 36 (280 GPD/ERC)

**Welaka/Saratoga Water Distribution Lines  
DOCKET NO. 080121-WS**

**SCHEDULE 5  
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**Allowance for Funds Prudently Invested  
Calculation of Carrying Cost Per ERC Per Month:**

	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	1.14	14.82	28.92	43.48	58.49
February	2.28	16.00	30.13	44.73	59.78
March	3.41	17.17	31.34	45.97	61.08
April	4.55	18.34	32.55	47.22	62.37
May	5.69	19.51	33.76	48.47	63.66
June	6.83	20.68	34.97	49.72	64.95
July	7.96	21.86	36.18	50.96	66.24
August	9.10	23.03	37.39	52.21	67.53
September	10.24	24.20	38.60	53.46	68.83
October	11.38	25.37	39.81	54.71	70.12
November	12.52	26.54	41.02	55.95	71.41
December	13.65	27.71	42.23	57.20	72.70

\*Remaining ERCs 470 (350 GPD/ERC)

**Welaka/Saratoga Water Treatment Plant  
DOCKET NO. 080121-WS**

**SCHEDULE 6  
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**Allowance for Funds Prudently Invested  
Calculation of Carrying Cost Per ERC Per Month:**

	2008 -----	2009 -----	2010 -----	2011 -----	2012 -----
January	7.09	92.71	184.37	282.51	387.61
February	14.19	100.31	192.50	291.21	396.93
March	21.28	107.90	200.63	299.92	406.26
April	28.37	115.49	208.76	308.63	415.59
May	35.47	123.09	216.89	317.33	424.92
June	42.56	130.68	225.02	326.04	434.24
July	49.65	138.27	233.15	334.75	443.57
August	56.75	145.86	241.28	343.45	452.90
September	63.84	153.46	249.41	352.16	462.23
October	70.93	161.05	257.54	360.87	471.55
November	78.03	168.64	265.67	369.57	480.88
December	85.12	176.23	273.80	378.28	490.21

\*Remaining ERCs 62 (350 GPD/ERC)

Wootens Water Distribution Lines		SCHEDULE 6			
DOCKET NO. 080121-WS		Page 31 of 31			
Allowance for Funds Prudently Invested					
Calculation of Carrying Cost Per ERC Per Month:					
	2008	2009	2010	2011	2012
	----	----	----	----	----
January	0.22	2.87	5.69	8.67	11.83
February	0.44	3.10	5.93	8.93	12.10
March	0.66	3.34	6.18	9.19	12.38
April	0.88	3.57	6.43	9.46	12.66
May	1.10	3.80	6.68	9.72	12.94
June	1.32	4.04	6.92	9.98	13.21
July	1.54	4.27	7.17	10.24	13.49
August	1.76	4.50	7.42	10.50	13.77
September	1.98	4.74	7.67	10.76	14.05
October	2.20	4.97	7.91	11.03	14.32
November	2.42	5.20	8.16	11.29	14.60
December	2.64	5.44	8.41	11.55	14.88
*Remaining ERCs 60 (350 GPD/ERC)					