

State of Florida



Public Service Commission
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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: July 1, 2009

TO: Office of Commission Clerk (Cole)

FROM: Division of Regulatory Compliance (Polk, Beard, Casey)
Division of Economic Regulation (Redemann, Daniel, Buys)
Office of the General Counsel (Sayle)

Handwritten initials and signatures: JSP, CSB, PK, DMB, JPB, TB, and a large signature.

RE: Docket No. 080695-WU – Application for general rate increase by Peoples Water Service Company of Florida, Inc.

AGENDA: 07/14/09 – Regular Agenda – Decision on Suspension of Rates and on Interim Rates – Participation is at the Discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Edgar

CRITICAL DATES: 60-Day Suspension Date - July 20, 2009

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\RCP\WP\080695.RCM.DOC

Case Background

Peoples Water Service Company of Florida, Inc. (Peoples or the Utility) is a Class A water utility providing service to approximately 8,277 customers in Escambia County. Peoples is a Florida corporation incorporated on May 1, 1995. Peoples has never had a general rate increase application processed before the Florida Public Service Commission (Commission). The Utility's last general rate increase request was approved by the Escambia County Board of County Commissioners in June of 1991. The Commission received jurisdiction over Peoples in December 1991.¹ The Utility has implemented pass-through and annual indexing adjustments

¹ Order No. 25593, issued January 13, 1992, in Docket No. 911196-WS, In re: Resolution of the Board of County Commissioners of Escambia County declaring Escambia County subject to the provisions of Chapter 367, Florida Statutes.

DOCUMENT NUMBER-DATE

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FPSC - COMMISSION CLERK

Docket No. 080695-WU
Date: July 1, 2009

pursuant to the provisions of Section 367.081(4)(a) and (b), Florida Statutes (F.S.). In its 2008 annual report, the Utility reported operating revenues of \$3,048,381 and a net income of \$104,327.

On May 20, 2009, Peoples filed its application for approval of interim and final rate increases in this instant docket. The Utility had a few deficiencies in the Minimum Filing Requirements (MFRs). As of the filing of this recommendation, those deficiencies remain outstanding. Peoples requested that the application be processed using the Proposed Agency Action (PAA) procedure. The test year established for interim and final rates is the historical twelve-month period ended December 31, 2008.

Peoples requested interim rates designed to generate annual water revenues of \$3,417,161, an increase of \$351,033 or 11.6 percent. The Utility requested final rates designed to generate annual water revenues of \$3,483,246, an increase of \$417,118 or 13.75 percent.

The sixty-day statutory deadline for the Commission to suspend Peoples requested final rates is July 20, 2009. This recommendation addresses the suspension of Peoples final rates and staff's recommended interim rate increase. The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, F.S.

Discussion of Issues

Issue 1: Should the Utility's proposed water rates be suspended?

Recommendation: Yes. Peoples' proposed water rates should be suspended. (Polk, Beard, Casey)

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

Staff has reviewed the filing and has considered the information filed in support of the rate application and the proposed final rates. Staff recommends further investigation of this information, including on-site investigations by staff accountants and engineers. Based on the foregoing, staff recommends suspension of the Utility's proposed rate increase.

Issue 2: Should an interim revenue increase be approved?

Recommendation: Yes. On an interim basis, the Utility should be authorized to collect annual water revenues as indicated below:

	<u>Adjusted Test Year</u> <u>Revenues</u>	<u>\$ Increase</u>	<u>Revenue</u> <u>Requirement</u>	<u>% Increase</u>
Water	\$3,066,128	\$284,028	\$3,350,156	9.26%

(Polk, Beard, Casey, Redemann, Daniel)

Staff Analysis: In its MFRs, Peoples requested interim rates designed to generate annual revenues of \$3,417,161. This represents a water revenue increase of \$351,033 (11.6 percent). The Utility has filed rate base, cost of capital, and operating statements to support its requested revenue increase.

Pursuant to Section 367.082(5)(b)1, F.S., the achieved rate of return for interim purposes must be calculated by applying appropriate adjustments consistent with those made in a utility's most recent rate proceeding. As mentioned in the case background, Peoples has not had a general rate increase application processed before the Commission. When a utility has not had a previous rate case where the return on equity has been established, the current leverage graph is used to establish the mid-point of the return on equity.² The mid-point is then reduced by one percent (100 basis points) to determine the low end to be used in the interim calculation of equity.

Staff has reviewed People's interim request and recommends the adjustments that are discussed below. Staff has attached accounting schedules to illustrate staff's recommended rate base, capital structure, and test year operating income amounts. The rate base schedule is shown on Schedule No. 1-A, with adjustments shown on Schedule No. 1-B; the capital structure schedule is shown on Schedule No. 2, and the operating income schedule is shown on Schedule No. 3-A, with the adjustments shown on Schedule No. 3-B.

RATE BASE

Peoples filed a year-end water interim rate base for the calendar year ended December 31, 2008. Pursuant to Rule 25-30.433(4), Florida Administrative Code (F.A.C.), for Class A utilities, rate base is to be calculated using a 13-month average. Plant-in-service, accumulated depreciation, contributions in aid of construction (CIAC), and accumulated amortization of CIAC should reflect 13-month average balances. To properly reflect the 13-month average balances, staff recommends that plant-in-service, accumulated depreciation, CIAC, and accumulated amortization of CIAC should be decreased as follows:

² 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 rate of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

Adjustments Required to Reflect 13-Month Average Balances	
Plant-in-Service	(\$266,042)
Accumulated Depreciation	\$63,921
CIAC	\$235,269
Accumulated Amort. of CIAC	(\$49,616)

Used and Useful Plant - In its application, the Utility asserts that its water treatment plant, ground storage facilities, and water distribution system are 100 percent used and useful. The water treatment system has five wells; four are rated at 1,000 gallons per minute (gpm) and one is rated at 720 gpm. The wells pump water to three ground storage tanks and one elevated storage tank. Gas chlorine is used for disinfection. The storage tanks have a usable capacity of 2,661,000 gallons. The single maximum day in the test year of 4,172,000 gallons occurred on February 29, 2008. It does not appear that there was a fire, line break, or other unusual occurrence on that day. The Utility's records indicate there is no excessive unaccounted for water. The Utility's fire flow requirement is 500 gpm for 2 hours or 60,000 gallons. The Utility included a growth allowance of 6,126 gallons based on average equivalent residential connections (ERCs) of 12,206 and a growth rate of .154 percent.

Staff recommends that, pursuant to Rule 25-30.4325, F.A.C., the water treatment plant is 100 percent used and useful, based on the peak day demand of 4,172,000 gallons, a growth allowance of 6,126 gallons, a fire flow allowance of 60,000 gallons, and a firm reliable capacity of 3,571,200 gallons, based on a 16 hour day, pursuant to Rule 25-30.4325(6)(b), F.A.C. In addition, because the usable storage capacity is less than the peak day demand, the storage tanks should be considered 100 percent used and useful, pursuant to Rule 25-30.4325(8), F.A.C. According to the Utility, the water distribution system was installed by the developer and recorded as CIAC; therefore, staff recommends that the water distribution system is 100 percent used and useful.

In accordance with Rule 25-30.433(2), F.A.C., Working Capital for Class A utilities shall be calculated using the balance sheet approach. The Utility's MFRs show the calculation of Working Capital as \$26,273 for interim rate purposes.

Pursuant to Section 367.082(5)(b)1, F.S., the only adjustments that should be made to the interim test year are those consistent with the most recent individual rate proceeding or adjustments to annualize rate changes occurring during the interim test year. After review of the Utility's rate base in the MFRs, staff believes the only adjustments necessary to rate base for interim rate purposes are the 13-month averaging adjustments and Working Capital Allowance adjustment. Based on the above, staff recommends that interim rate base should be \$3,556,084.

COST OF CAPITAL

In its MFRs, the Utility reflected a capital structure consisting of common equity of \$3,187,570 and customer deposits of \$115,984, with cost rates of 9.74 percent and 6 percent, respectively. Peoples also included deferred income taxes of \$277,917. To determine the accuracy of the amounts, staff compared the capital structure amounts with amounts contained in the Utility's balance sheet. A review of the balance sheet shows 13-month average balances of \$3,187,570 for common equity, \$114,873 for customer deposits, and \$277,917 for deferred income taxes.

As required by Section 367.082(5)(b)1, F.S., the only adjustments that should be made to the interim test year are those consistent with the most recent individual rate proceeding or adjustments to annualize rate changes occurring during the interim test year. In accordance with Rule 25-30.433(4), F.A.C., the averaging method used by the Commission to calculate rate base and cost of capital shall be a 13-month average for Class A utilities such as Peoples. The Utility used the December 2008 balance of customer deposits in lieu of the 13-month average balance. To correct the Utility's capital structure to reflect the proper amounts, staff recommends that customer deposits be reduced by \$1,111 to match the Utility's MFR balance sheet.

The Utility calculated a cost of common equity of 9.74 percent and overall cost of capital of 8.86 percent. Staff determined that Peoples included customer deposits and accumulated deferred income tax in their calculation of the equity ratio. By Order No. PSC-08-0846-FOF-WS, the Commission approved the following formula for the Equity Ratio which does not include customer deposits or accumulated deferred income tax:

Equity Ratio = Common Equity / (Common Equity + Preferred Equity + Long-Term and Short-Term Debt)

Section 367.082(2)(a), Florida Statutes, provides that for "a proceeding for an interim increase in rates, the Commission shall authorize, within 60 days of the filing of such relief, the collection of rates sufficient to earn the minimum of the range of rate of return." (emphasis added). Peoples used the mid-point of the return on equity from the 2008 leverage graph instead of the minimum of the range of return on equity as determined by the leverage graph. Based on staff's adjustments and the Commission's current 2008 leverage graph, staff recommends that the interim return on equity should be 8.48 percent and the interim cost of capital should be 7.74 percent.³

NET OPERATING INCOME

Pursuant to Section 367.082(5)(b)1, F.S., the only adjustments that should be made to the interim test year are those consistent with the most recent individual rate proceeding or adjustments to annualize rate changes occurring during the interim test year. A review of the Utility's MFRs show that two adjustments were made affecting test year net operating income, an adjustment of \$17,747 to annualize revenues, and an adjustment of \$351,033 to reflect the utility's requested revenue adjustment. Based on the above, staff recommends that the appropriate test year operating income, before any revenue increase, should be \$106,237.

REVENUE REQUIREMENT

The Utility requested an interim revenue requirement of \$3,417,161. Based on the above, staff recommends an interim revenue requirement of \$3,350,156. This represents an interim revenue increase of \$284,028, or 9.26 percent. This will allow Peoples the opportunity to recover its operating expenses and earn a 7.74 percent return on its rate base.

³ Staff notes that a Consummating Order making the 2009 leverage formula Order (PSC-09-0430-PAA-WS) final and effective, may be issued by or on July 14, 2009, if no substantially affected person files a petition requesting a formal hearing. Using the 2009 leverage formula would increase the utility's return on equity from 8.48 percent to 8.67 percent, increase the utility's overall rate of return from 7.74 percent to 7.91 percent, and increase the revenue requirement by \$9,780.

Issue 3: What are the appropriate interim water rates?

Recommendation: The water service rates for Peoples in effect as of December 31, 2008, should be increased by 9.65 percent to generate the recommended revenue increase for the interim period. The approved rates should be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1)(a), F.A.C. The rates should not be implemented until staff verifies that the tariff sheets are consistent with the Commission's decision, the proposed customer notice is adequate, and the required security discussed in Issue 4 has been filed. The Utility should provide proof of the date the customer notice was given within 10 days after the date of notice. (Polk, Beard, Casey)

Staff Analysis: Staff recommends that interim wastewater service rates for Peoples be designed to allow the Utility the opportunity to generate annual operating revenues of \$3,350,156. This reflects an increase of \$284,028, or 9.26 percent, before removal of miscellaneous revenues. To determine the appropriate percentage increase to apply to the service rates, miscellaneous service revenues should be removed from the test year revenues. In its MFRs, Peoples included miscellaneous revenues of \$121,420. The calculation is as follows:

1	Total Test Year Revenues	\$3,066,128
2	Miscellaneous Revenues	<u>(\$121,420)</u>
3	Test Year Revenues from Service Rates	\$2,944,708
4	Revenue Increase	<u>\$284,028</u>
5	% Service Rate Increase (Line 4/Line 3)	<u>9.65%</u>

The interim rate increase of 9.65 percent for water should be applied as an across-the-board increase to the service rates in effect as of December 31, 2008. The approved rates should be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. The rates should not be implemented until staff verifies that the tariff sheets are consistent with the Commission's decision, the proposed customer notice is adequate, and the required security discussed in Issue 4 has been filed. The Utility should provide proof of the date notice was given within 10 days after the date of notice.

The Utility's test year, proposed interim and final water rates, and staff's recommended interim water rates are shown on Schedule No. 4.

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

Recommendation: Peoples cannot support a corporate undertaking in the amount of \$165,852. The Utility should provide either an escrow agreement, a bond, or a letter of credit to guarantee the interim rates collected subject to refund. If the security provided is an escrow agreement, Peoples should deposit 9.26 percent of water revenues into the escrow account each month. If the security provided is a bond or letter of credit, said instrument should be in the amount of \$165,852. Pursuant to Rule 25-30.360(6), F.A.C., the Utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C. (Polk, Beard, Casey, Buys)

Staff Analysis: Pursuant to Section 367.082, F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the Commission. As recommended in Issue 2, the total annual interim increase is \$284,028. In accordance with Rule 25-30.360, F.A.C., staff calculated the potential refund of revenues and interest collected under interim conditions to be \$165,852. This amount is based on an estimated seven months of revenue being collected from staff's recommended interim rates over the Utility's current authorized rates shown on Schedule No. 4.

The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff reviewed the financial statements of the company to determine if it can support a corporate undertaking. Peoples' 2006, 2007, and 2008 annual reports were used to determine the financial condition of the Utility.

Two of the Utility's liquidity ratios are deficient. Peoples' working capital was negative and the Utility's current ratios were deficient in 2006, 2007, and 2008. Peoples' and its parent company, The Peoples Water Service Company, have zero long-term and short-term debt, resulting in a very high interest coverage ratio and a 100 percent equity ratio. However, the Utility's amount of equity does not significantly exceed the requested corporate undertaking amount. While Peoples' profitability ratios are acceptable for 2006 and 2007, the annual net income has decreased significantly over the past three years and was deficient in 2008; falling below the requested corporate undertaking amount. Peoples' return on equity (ROE) decreased from 11.4 percent in 2006 to 3.3 percent in 2008. For these reasons, staff believes the Utility does not have the financial capability to support a corporate undertaking in the amount of \$165,852. Based on this analysis, staff recommends that Peoples be required to secure a surety bond, letter of credit, or escrow agreement to guarantee any potential refund.

If the security provided is an escrow account, the Utility should deposit 9.26 percent of water revenues into the escrow account each month. In addition, the following conditions shall be part of the agreement:

- 1) No refunds in the escrow account may be withdrawn by the Utility without the express approval of the Commission;
- 2) The escrow account shall be an interest bearing account;

- 3) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers;
- 4) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility;
- 5) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times;
- 6) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt;
- 7) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments;
- 8) The Commission Clerk must be a signatory to the escrow agreement; and
- 9) This account must specify by whom and on whose behalf such monies were paid.

If the security provided is a bond or letter of credit, said instrument should be in the amount of \$165,852. In addition, the bond or letter of credit should state that it will be released or should terminate only upon subsequent order of the Commission.

Regardless of the type of security provided, the Utility should keep an accurate and detailed account of all monies it receives. Pursuant to Rule 25-30.360(6), F.A.C., the Utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C. In no instance should maintenance and administrative costs associated with any refund be borne by the customers. The costs are the responsibility of, and should be borne by, the Utility.

Docket No. 080695-WU

Date: July 1, 2009

Issue 5: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission's final action on the Utility's requested rate increase. (Sayler, Polk, Beard, Casey)

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

Peoples Water Service Company of Florida, Inc. Schedule of Water Rate Base Test Year Ended 12/31/08			Schedule No. 1-A Docket No. 080695-WU		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$12,668,953	\$0	\$12,668,953	(\$266,042)	\$12,402,911
2 Land and Land Rights	\$104,055	\$0	104,055	0	104,055
3 Non-used and Useful Components	\$0	\$0	0	0	0
4 Accumulated Depreciation	(\$6,532,450)	\$0	(6,532,450)	63,921	(6,468,529)
5 CIAC	(\$4,255,227)	\$0	(4,255,227)	235,269	(4,019,958)
6 Amortization of CIAC	\$1,560,948	\$0	1,560,948	(49,616)	1,511,332
7 Net Debit Deferred Income Taxes	0	0	0	0	0
8 Advances for Construction	\$0	\$0	0	0	0
9 Working Capital Allowance	\$0	\$0	0	26,273	26,273
10 Other	0	0	0	0	0
11 Rate Base	\$3,546,279	\$0	\$3,546,279	\$9,805	\$3,556,084

Peoples Water Service Company of Florida, Inc. Adjustments to Rate Base Test Year Ended 12/31/08		Schedule No. 1-B Docket No. 080695-WU
Explanation	Water	
Plant In Service To reflect 13 month average plant.		<u>(\$266,042)</u>
<u>Accumulated Depreciation</u> To reflect 13 month average accumulated depreciation.		<u>\$63,921</u>
<u>CIAC</u> To reflect 13 month average CIAC.		<u>\$235,269</u>
<u>Accumulated Amortization of CIAC</u> To reflect 13 month average amortization of CIAC.		<u>(\$49,616)</u>
<u>Working Capital</u>		<u>\$26,273</u>

Peoples Water Service Company of Florida, Inc.
Capital Structure-13-Month Average
Test Year Ended 12/31/08

Schedule No. 2
Docket No. 080695-WU

Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	
2 Short-term Debt	0	0	\$0	0	\$0	0.00%	0.00%	0.00%	
3 Preferred Stock	0	0	\$0	0	\$0	0.00%	0.00%	0.00%	
4 Common Equity	3,187,570	0	\$3,187,570	(23,366)	\$3,164,204	88.98%	9.74%	8.67%	
5 Customer Deposits	115,984	0	\$115,984	0	\$115,984	3.26%	6.00%	0.20%	
6 Deferred Income Taxes	<u>277,917</u>	<u>0</u>	<u>\$277,917</u>	<u>(2,021)</u>	<u>\$275,896</u>	<u>7.76%</u>	0.00%	<u>0.00%</u>	
10 Total Capital	<u>\$3,581,471</u>	<u>\$0</u>	<u>\$3,581,471</u>	<u>(\$25,387)</u>	<u>\$3,556,084</u>	<u>100.00%</u>		<u>8.86%</u>	
Per Staff									
11 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.10%	0.00%	
12 Short-term Debt	0	0	\$0	\$0	0	0.00%	0.00%	0.00%	
13 Preferred Stock	0	0	\$0	\$0	0	0.00%	0.00%	0.00%	
14 Common Equity	3,187,570	0	\$3,187,570	(\$21,612)	3,165,958	89.03%	8.48%	7.55%	
15 Customer Deposits	115,984	(1,111)	\$114,873	(\$779)	114,094	3.21%	6.00%	0.19%	
16 Deferred Income Taxes	277,917	0	\$277,917	(\$1,884)	276,033	7.76%	0.00%	0.00%	
20 Total Capital	<u>\$3,581,471</u>	<u>(\$1,111)</u>	<u>\$3,580,360</u>	<u>(\$24,275)</u>	<u>\$3,556,085</u>	<u>100.00%</u>		<u>7.74%</u>	
						LOW	HIGH		
RETURN ON EQUITY						8.48%	10.48%		
OVERALL RATE OF RETURN						<u>7.74%</u>	<u>9.53%</u>		

**Peoples Water Service Company of Florida, Inc.
Statement of Water Operations
Test Year Ended 12/31/08**

**Schedule No. 3-A
Docket No. 080695-WU**

Description	Test Year Per Utility	Utility Adjustments	Adjusted Test Year Per Utility	Staff Adjustments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$3,048,381</u>	<u>\$368,780</u>	<u>\$3,417,161</u>	<u>(\$351,033)</u>	<u>\$3,066,128</u>	<u>\$284,028</u> 9.26%	<u>\$3,350,156</u>
Operating Expenses							
2 Operation & Maintenance	\$2,223,816	\$0	2,223,816	0	2,223,816		2,223,816
3 Depreciation	466,949	0	466,949	0	466,949		466,949
4 Amortization	(95,500)	0	(95,500)	0	(95,500)		(95,500)
5 Taxes Other Than Income	303,861	16,595	320,456	(15,796)	304,660	12,781	317,441
6 Income Taxes	<u>74,622</u>	<u>111,393</u>	<u>186,015</u>	<u>(126,049)</u>	<u>59,966</u>	<u>102,070</u>	<u>162,037</u>
7 Total Operating Expense	2,973,748	127,988	3,101,736	(141,845)	2,959,891	114,851	3,074,742
8 Operating Income	<u>\$74,633</u>	<u>\$240,792</u>	<u>\$315,425</u>	<u>(\$209,188)</u>	<u>\$106,237</u>	<u>\$169,177</u>	<u>\$275,414</u>
9 Rate Base	<u>\$3,546,279</u>		<u>\$3,546,279</u>		<u>\$3,556,084</u>		<u>\$3,556,084</u>
10 Rate of Return	<u>2.10%</u>		<u>8.89%</u>		<u>2.99%</u>		<u>7.74%</u>

PEOPLES WATER SERVICE COMPANY OF FLORIDA, INC.		Schedule 3-B
Adjustment to Operating Income		Docket No. 080695-WU
Test Year Ended 12/31/08		
Explanation	Water	
<u>Operating Revenues</u>		
Remove requested interim revenue increase.	<u>(\$351,033)</u>	
<u>Taxes Other Than Income</u>		
RAFs on revenue adjustments above.	<u>(\$15,796)</u>	

PEOPLES WATER SERVICE COMPANY OF FLORIDA, INC.		Schedule No. 4			
Water Monthly Service Rates		Docket No. 080695-WU			
Test Year Ended 12/31/08					
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim	
Residential - Minimum charges / base facility charges					
5/8" x 3/4" (3,000 gallon minimum)	\$10.05	\$11.27	\$11.31	\$11.02	
1" (6,300 gallon minimum)	\$22.97	\$25.75	\$28.28	\$25.19	
1-1/4" (8,800 gallon minimum)	\$32.76	\$36.72	\$39.59	\$35.92	
1-1/2" (10,900 gallon minimum)	\$40.60	\$45.51	\$56.55	\$44.52	
2" (30,500 gallon minimum)	\$107.41	\$120.40	\$90.48	\$117.78	
3" (64,600 gallon minimum)	\$221.87	\$248.69	\$169.65	\$243.28	
4" (132,800 gallon minimum)	\$450.81	\$505.31	\$282.75	\$494.31	
6" (269,100 gallon minimum)	\$908.32	\$1,018.14	\$565.50	\$995.97	
Gallage Charge - Per 1,000 gallons					
First 3,000 gallons - included in min. chg.	\$10.05	\$11.27	-	\$11.02	
Next 7,000 gallons - in excess of min.	\$3.91	\$4.38	-	\$4.29	
Next 10,000 gallons - in excess of min.	\$3.47	\$3.89	-	\$3.80	
All over 20,000 gallons per month	\$3.35	\$3.76	-	\$3.67	
Proposed Gallage Charges					
Block 1 (First 7,000 gallons)	-	-	\$2.25	-	
Block 2 (7,0001 to 15,000 gallons)	-	-	\$3.38	-	
Block 3 (15,001 to 20,000 gallons)	-	-	\$4.50	-	
Block 4 (over 20,000 gallons)	-	-	\$6.75	-	
General Service, Multi-Family, Public Authority, Hydrant					
Meters, and Irrigation - Minimum Charges/Base Facility Charges					
5/8" x 3/4" (3,000 gallon minimum)	\$10.05	\$11.27	\$11.31	\$11.02	
1" (6,300 gallon minimum)	\$22.97	\$25.75	\$28.28	\$25.19	
1-1/4" (8,800 gallon minimum)	\$32.76	\$36.72	\$39.59	\$35.92	
1-1/2" (10,900 gallon minimum)	\$40.60	\$45.51	\$56.55	\$44.52	
2" (30,500 gallon minimum)	\$107.41	\$120.40	\$90.48	\$117.78	
3" (64,600 gallon minimum)	\$221.87	\$248.69	\$169.65	\$243.28	
4" (132,800 gallon minimum)	\$450.81	\$505.31	\$282.75	\$494.31	
6" (269,100 gallon minimum)	\$908.32	\$1,018.14	\$565.50	\$995.97	
8"	-	-	\$1,017.90	-	
10"	-	-	\$1,639.95	-	
Gallage Charge - Per 1,000 gallons					
First 3,000 gallons - included in min. chg.	\$10.05	\$11.27	-	\$11.02	
Next 7,000 gallons - in excess of min.	\$3.91	\$4.38	-	\$4.29	
Next 10,000 gallons - in excess of min.	\$3.47	\$3.89	-	\$3.80	
All over 20,000 gallons per month	\$3.35	\$3.76	-	\$3.67	
Proposed Gallage Charge per 1,000 gallons	-	-	\$2.75	-	
Fire Protection Service (Sprinklers & Private Fire Hydrants)					
2" connection	\$12.78	\$14.33	\$7.54	\$14.01	
3" connection	\$15.36	\$17.22	\$14.14	\$16.84	
4" connection	\$19.59	\$21.96	\$23.56	\$21.48	
6" connection	\$30.68	\$34.39	\$47.13	\$33.64	
8" connection	\$51.17	\$57.36	\$84.83	\$56.11	
10" connection	\$76.70	\$85.97	\$136.66	\$84.10	
Typical Residential Bills 5/8" x 3/4" Meter					
3,000 Gallons	\$10.05	\$11.27	\$18.06	\$11.02	
5,000 Gallons	\$17.87	\$20.03	\$22.56	\$19.59	
10,000 Gallons	\$37.42	\$41.93	\$37.20	\$41.03	