

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for original certificates to
provide water and wastewater service in Lake
County by Sunlake Estates Utilities, L.L.C.

DOCKET NO. 130180-WS
ORDER NO. PSC-14-0018-PAA-WS
ISSUED: January 7, 2014

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

NOTICE OF PROPOSED AGENCY ACTION
ORDER SETTING INITIAL RATES AND CHARGES
AND
GRANTING ORIGINAL CERTIFICATE TO PROVIDE WATER AND WASTEWATER
SERVICE IN LAKE COUNTY BY SUNLAKE ESTATES UTILITIES, LLC

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein, except for the granting of water and wastewater certificates to Sunlake Estates Utilities, LLC, is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code, (F.A.C.).

Background

Sunlake Estates Utilities, L.L.C. (Sunlake or Utility) has been providing potable water and wastewater service to Sunlake Estates Mobile Home Community (Sunlake MHC), located in Grand Island, Florida, since around 1978. The Utility currently serves approximately 448 residential and 12 general service customers, which include a clubhouse, fire station, recreation center, and maintenance barn. Sunlake MHC is an adult residential golfing community.

On June 27, 2013, the Utility filed an application for original water and wastewater certificates and initial rates and charges in Lake County. Historically, the Utility included the cost of water and wastewater service in customers' lot rental fees. As such, the Utility was exempt from Commission regulation, pursuant to Section 367.022(5), Florida Statutes (F.S.), and

was granted an exemption from Commission jurisdiction by Order No. 19567.¹ The Department of Business and Professional Regulation enforces the Florida Mobile Home Act set out in Chapter 723 of the Florida Statutes. Section 723.037, F.S., requires that 90 days' written notice be provided to the affected residents when a mobile home park wishes to change its lot rental fees. As such, Sunlake MHC's prospectus will need to be amended and its lot rental fees will need to be reduced pursuant to this section.

Sunlake MHC is in an area of the St. Johns River Water Management District (SJRWMD) which has a two-day a week landscape irrigation restriction. On July 3, 2013, SJRWMD issued a Consumptive Use Permit (CUP) requiring the Utility to reduce its consumption of water. The CUP states that the maximum annual groundwater withdrawals from the Florida aquifer must not exceed 119.66 million gallons in 2013 and increases approximately one percent per year until 2020. The permit expires August 30, 2026, and the amount not to exceed for 2020 through 2026 is the same at 128.13 million gallons. As part of this application for original certificate rates, the Utility is proposing to implement a water conservation rate structure. In support of this request, the Utility states that such a rate structure is required by the SJRWMD as a condition of obtaining a CUP. In correspondence to Commission staff, the Utility states that the water conservation rate structure is appropriate due to the high water consumption at Sunlake MHC, and the overall objective of the SJRWMD to conserve water. Based on proposed revenues, the Utility will be a Class C water and wastewater utility.

Sunlake Homeowners' Association, Inc. (HOA) filed a timely objection to the application on August 8, 2013. On August 28, 2013, Commission staff conducted a noticed, informal meeting with the Utility, HOA, and Office of Public Counsel (OPC) to discuss the Utility's application and the objection. After the meeting, the HOA decided it was not interested in pursuing an administrative hearing and withdrew its protest.

On October 10, 2013, a noticed customer meeting was held at the Sunlake Clubhouse to give customers an opportunity to comment on the Utility's application for water and wastewater certificates and proposed initial rates and charges. The meeting was noticed to all renters and property owners by mail. Approximately 200 customers attended the meeting with 28 customers speaking at the meeting. The customers' concerns were that the Utility never informed the customers that they were over-consuming water, the meters are not calibrated or not working properly, complaints of infrastructure issues, and that the application was a way for the Utility to make a profit. The customers also asked questions about the Commission process and what would happen after the Utility is granted a certificate. Commission staff answered all the questions that were asked. Twenty-two customers provided written comments to the Commission, most stating their opposition to the application.

Pursuant to Section 367.031, F.S., this Commission shall grant or deny an application for a certificate of authorization within 90 days after the official filing date of the completed application. The Utility's application was completed on August 28, 2013. On October 14, 2013, the Utility filed a waiver of the statutory timeframe in Section 367.031, F.S., giving the Utility

¹ Order No. 19567, issued June 24, 1988, in Docket No. 880515-WS, In re: request by Sunlake Estates for an exemption from FPSC jurisdiction for a water and sewer system in Lake County.

and Commission staff more time to respond and consider the comments made at the customer meeting. On November 8, 2013, the Utility filed another waiver of Section 367.031, F.S., giving the Utility and Commission staff more time to gather and review additional information. As such, we addressed and voted on the application at the December 17, 2013 Agenda Conference.

This Order addresses the application for original water and wastewater certificates and initial rates and charges. This Commission has jurisdiction pursuant to Section 367.031, 367.045, 367.081 and 367.091, F.S.

Decision

As previously stated, on June 27, 2013, the Utility filed an application for original water and wastewater certificates and initial rates and charges in Lake County. The original filing was deficient. The deficiencies were corrected on August 28, 2013; therefore, in accordance with Section 367.083, F.S., the official filing date is August 28, 2013. The Utility's application is in compliance with the governing statutes, Sections 367.031 and 367.045, F.S., and other pertinent statutes and administrative rules concerning an application for original certificates.

Notice

The application contained proof of compliance with the noticing provisions of Rule 25-30.030, F.A.C. As discussed previously, on August 8, 2013, Sunlake Homeowners' Association, Inc. (HOA) filed a timely objection to the application. The HOA noted that Sunlake MHC is governed by a Prospectus which states that water and wastewater services are furnished by the Utility, with the cost of such services included in the lot rental amount. The HOA also noted that the meters do not appear to be properly calibrated and are not adequate to begin metered billing. On August 28, 2013, Commission staff conducted a noticed, informal meeting with the Utility, HOA, and OPC to discuss the Utility's application and the objection. After the meeting, the HOA decided it was not interested in pursuing an administrative hearing and withdrew its protest. However, the HOA has continued to monitor this docket. No local government or utility objected to the application and the time for filing such objections has expired.

Territory

Rule 25-30.033(1)(l) and (n), F.A.C., provides that a utility's application for original certificates shall provide a description of the territory to be served, using township, range, and section references, as well as a copy of a map showing township, range, and section with the proposed territory plotted thereon and with a defined reference point of beginning. The Utility has provided an accurate legal description of the service territory and adequate service territory maps. The service territory, approximately 190 acres, includes the area currently served by the Utility. The legal description of the proposed service territory is appended to this Order as Attachment A.

Proof of Ownership

Rule 25-30.033(1)(j), F.A.C., requires evidence in the form of a warranty deed that the utility owns the land upon which the utility facilities are located or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The application contained a copy of an executed water and wastewater site lease agreement between Sunlake Joint Venture, the owner of the property on which the water and wastewater facilities are located, and Sunlake. The lease agreement is for a period of 99 years and contains a legal description of the lease site. This lease agreement provides proof the Utility will have long-term access to the land upon which the water and wastewater treatment facilities are located.

Financial and Technical Ability

Rule 25-30.033(1)(e), (r), and (s), F.A.C., requires a statement showing the financial and technical ability of the applicant to provide service, a detailed financial statement, and a list of all entities upon which the applicant is relying to provide funding along with those entities' financial statements. Since the Utility has not been authorized by this Commission to provide service for compensation, it is relying upon the financial backing of its sister company, ALL TRS Holding Company, Inc. (ALL TRS), as well as ALL TRS' parent company, Asset Investors Operating Partnership, L.P. We have traditionally relied on a parent's financial ability in these situations.² Our reasoning has been the logical vested interest of a parent in the financial stability of its subsidiary.

All three companies are under the umbrella of a Real Estate Investment Trust (REIT) that owns and manages residential land-lease communities. Financial statements were provided for all three companies, which were evaluated in the context of a REIT to establish financial ability. All of the financial statements were filed under a request for confidential treatment and the request was granted by Order No. PSC-13-0631-CFO-WS, issued November 27, 2013. We find that the available financial statements and the REIT's extensive business operations in Florida show adequate and stable funding reserves for the Utility. Therefore, we conclude that the applicant has demonstrated that it will have access to adequate financial resources to operate the Utility.

With respect to technical ability, the application indicates the operations of the systems are contracted to General Utilities Corp., which operates other systems subject to our jurisdiction. Related parties, in the same REIT as the applicant, operate other water and wastewater systems serving mobile home communities. Two of these communities, GCP

² See Order Nos. PSC-12-0224-PAA-WS, issued April 30, 2012, in Docket No. 090445-WS, In re: Application for original certificates for proposed water and wastewater system and request for initial rates and charges in Indian River, Okeechobee and St. Lucie Counties by Grove Land Utilities, LLC; PSC-08-0540-PAA-WS, issued August 18, 2008, in Docket No. 080103-WS, In re: Application for certificates to provide water and wastewater service in Hardee and Polk Counties by TBBT Utility LLC; PSC-07-0076-PAA-SU, issued January 29, 2007, in Docket No. 060602-SU, In re: Application for certificate to provide wastewater service in Lee and Charlotte Counties by Town and Country Utilities Company; and PSC-07-0274-PAA-WS, issued April 2, 2007, in Docket No. 060694-WS, In re: Application for certificates to provide water and wastewater service in Flagler and Volusia Counties by D & E Water Resources.

Plantation Landings, LLC and GCP Fairfield Village, LLC, are regulated by this Commission. The Utility has access to a wide array of technical resources through related and contracted parties. These resources bring experience in numerous areas of facility operation, regulatory compliance, planning, and financing. We find that the applicant has demonstrated that it will have access to adequate technical resources to operate the Utility.

We note that the Utility is neither the developer of the service territory nor a previously regulated entity. Instead, it is a private entity established by the developer of the service territory solely for the purpose of owning and operating the water and wastewater systems for the Sunlake MHC.

The Utility has stated it has exceeded the permitted amount of water usage set forth in its CUP issued by SJRWMD. One reason the Utility applied for water and wastewater certificates was to develop a rate structure to comply with the permitted amount of water usage. Additionally, the Florida Department of Environmental Protection (DEP) conducted an inspection of the water facilities on July 14, 2010, and then again on October 30, 2013. Both reports indicated no deficiencies with the water facilities. The Utility is also in compliance with DEP's primary and secondary contaminants water standards. DEP conducted an inspection of the wastewater facilities on August 4, 2011, and then again on October 30, 2013. The August 4, 2011 inspection indicated a deficiency that advisory signs must be posted around the rapid infiltration basins. The Utility corrected this deficiency within eight days of the inspection report. Commission staff conducted a site visit on October 10, 2013 of the water and wastewater treatment plants and facilities and agrees with DEP's finding that the plants and facilities are satisfactory. During the site visit, Commission staff confirmed that the advisory signs had been posted around the rapid infiltration basins. Also, the October 30, 2013 DEP inspection of the wastewater facilities indicated a deficiency that the rapid infiltration basins contained excessive vegetation. The Utility corrected the deficiency on November 4, 2013, providing DEP with pictures showing that the vegetation was removed. The Utility's wastewater facility permit issued by DEP expires on September 11, 2021.

Customer Meeting

Approximately 200 Sunlake MHC customers attended a noticed customer meeting held at the Sunlake Estates Clubhouse on October 10, 2013. The purpose of the meeting was to allow customers to ask questions and provide input regarding the utility's quality of service. Representatives of the Utility and the Office of Public Counsel (OPC) were present. Commission staff gave opening remarks and answered questions asked by the customers. Twenty-eight customers raised fifty-four specific complaints and concerns. We have summarized these complaints and concerns in Table 1, which identifies meters, infrastructure, and conservation efforts as the most prevalent categories.

| Type of Complaint | Total |
|------------------------------|-------|
| Meters | 11 |
| Infrastructure | 9 |
| Conservation Efforts | 9 |
| Rates | 8 |
| Management Company Issues | 6 |
| Excess Unaccounted for Water | 2 |
| Treatment Plant Issues | 2 |
| Other | 7 |
| Total | 54 |

The majority of the customers who spoke at the meeting expressed concerns over the condition of the meters. Most of the comments mentioned how customers believed the meters were not calibrated and were not providing correct readings, and that digital meters would be preferred. One customer mentioned how they should have two meters, one for the house and one for irrigation.

The Utility filed a response to the concerns raised at the customer meeting stating the meters are not tested or calibrated on a scheduled basis; however, the meters come from the manufacturer already tested and calibrated. The meters are monitored monthly in connection with meter readings and are deemed bad or inoperable when the readings are the same in several consecutive months. If the meter is deemed inoperable, they are replaced. In addition, if the Utility becomes jurisdictional, it will be subject to meter accuracy standards required by Rules 25-30.260 through 25-30.267, F.A.C.

The customers mentioned there have been water leaks for years and that the Utility needs to replace all the water lines. It was further stated the infrastructure is old and the Utility repairs broken pipes with duct tape. In the Utility's response, it reported a complete infrastructure leak detection test was completed in October 2012. The leak detection test was performed and two small leaks were found at meter locations and both were repaired at the time they were found. Around the same time, all the water valves in the community were verified and exercised. The Utility borrowed a leak detector from the Florida Rural Water Association and more than five percent of the meters were tested randomly with no issues discovered. The Utility believes the infrastructure is in good condition. Following Commission staff's inquiry, the Utility responded stating the occurrence of water leaks was very seldom. The Utility mentioned that in the last year it only experienced approximately four water main breaks. To repair leaks, a vendor is called immediately to make the repairs. The Utility mentioned that sometimes repairs are done in the resident's house. As discussed previously, Commission staff conducted a site visit of the facilities and agrees with DEP that they are satisfactory.

Another major issue identified in Table 1 was conservation efforts. The customers stated that the community had a resident conservation committee in 2005, but it was disbanded by the

management company in 2006 with no explanation. They also stated that some customers were never told they were using too much water. Furthermore, the customers maintain that the community needs to correct the over-consumption issue before the Utility starts charging rates. The Utility provided a copy and stated in its response that "Courtesy Notices", which are water consumption letters, are sent to the residents that show high water usage, and that literature from the SJRWMD is provided in the information for all new home closings. This information is also posted on the community bulletin board and copies are provided in the management's office. In addition, information regarding irrigation days and conservation tips are posted on the community channel, and the security guards that patrol at night provide notices to residents who are irrigating on the incorrect days or times.

Conclusion

Based on the above information, we find that Sunlake has met the requirements of Section 367.031 and 367.045, F.S., and has demonstrated that it has the technical and financial ability to operate a utility consistent with Chapter 367, F.S. Therefore, we find that it is in the public interest to grant Sunlake's request for original water and wastewater certificates. Accordingly, we hereby grant water and wastewater Certificate Nos. 665-W and 569-S, respectively, to serve the territory described in Attachment A, effective the date of our vote, December 17, 2013. This Order shall serve as the Utility's water and wastewater certificates and shall be retained by the Utility as such.

Rates and Return on Equity

Rule 25-30.033(1)(u),(v), and (w), F.A.C., specifies the requirements for establishing rates and charges for original certificates, including the submission of data related to the projected plant, capital structure, and operating expenses. In the instant case, the Utility's water and wastewater facilities are currently in operation and are built out. Therefore, the requested rates and charges in the application are based on the actual operating costs of the existing systems at designed capacity. This is consistent with Commission policy for setting initial rates and charges. The special report provided in the application includes data related to the existing plant, capital structure, and operation and maintenance (O&M) expenses.

Utility Facilities

The Utility's service territory covers approximately a 190-acre area in Lake County. This area encompasses Sunlake MHC, which consists of mobile homes, a clubhouse, a fire station, a recreation center, and a maintenance barn. Sunlake has experienced a high failure rate of its meters that were originally installed in 2001. The Utility has replaced 18 percent of its meters and has plans to replace the remainder of the meters within 24 months of the issuance of this Order. The Utility's current CUP, issued by the SJRWMD, authorizes the use of 119 million gallons per year of groundwater from the Florida aquifer for household, landscape irrigation, and essential and unaccounted for type uses. The CUP is for three wells, two of which are owned by the Utility and the other well is for the golf course, which is owned by Sunlake Joint Venture.

The Utility's water facilities include two 12-inch wells with vertical turbine pumps and a 10,500 gallon hydropneumatic tank. The plant has a design capacity of 0.639 million gallons per day (MGD), which is sufficient to accommodate the current average flows of 0.302 MGD annual average daily flow (AADF). One 12-inch well is equipped with a 500 gallon per minute (GPM) pump and the second 12-inch well is equipped with a 588 GPM pump, for a combined pumping capacity of 1,088 GPM. Water is chlorinated prior to entering the hydropneumatic tank and then pumped to the distribution system.

The existing wastewater treatment facilities have a capacity of 0.058 MGD, permitted on an AADF basis. The manner of treatment for the wastewater facilities is contact stabilization. This consists of contact, reaeration, secondary clarification, chlorination, aerobic digestion of the biosolids and disposal by two rapid infiltration basins. DEP considers rapid infiltration basins as a reuse system.

Rate Base

Consistent with Commission practice in applications for original certificates, rate base is identified only as a tool to aid in setting initial rates and is not intended to formally establish rate base. The Utility's proposed water and wastewater rate base calculations, as well as our adjustments, are described below.

Sunlake proposed a utility plant-in-service balance of \$349,550 for water as shown on Schedule No. 2 and \$734,266 for wastewater as shown on Schedule No. 3. These balances include the estimated original cost of existing plant as well as additional pro forma plant improvements. Plant improvements for the water system include maintenance on water mains and meter replacements totaling \$32,382. Plant improvements for the wastewater system include the construction of a wastewater treatment plant totaling \$217,595. Only one improvement, meter replacements, required further adjustments.

In its application, the Utility reported a total of 460 meters and included \$27,789 to replace 131 meters that were malfunctioning. In response to a Commission staff data request, the Utility stated that the water meters seem to be breaking more often than normal and that it believes it is reasonable to replace them all to assure the accuracy of consumption data. This would result in an additional 329 meters that need to be replaced. The Utility stated it would replace the remainder of the meters in a 24 month time period after the order is issued. The additional replacements increase pro forma plant by \$83,061.

The Utility did not include any retirement adjustments in its initial filing, so a corresponding adjustment shall be made to recognize the retirement of the old meters. As such, plant shall be decreased by \$60,092 to reflect the correct amount of meter retirements. In total, the adjustment associated with the Utility's meter replacement program shall result in a net \$22,969 increase to plant for water. Corresponding adjustments shall also be made to decrease accumulated depreciation by \$58,742 and increase depreciation expense by \$1,351 for water.

Sunlake's working capital balance is based on one-eighth of the O&M expense. However, the purchased power expense for water shall be decreased by \$2,637 to remove the

costs associated with the community's golf course well, a non-utility function. Therefore, the Utility's requested working capital allowance of \$13,172 for water shall be decreased by \$330. As a result, we find that working capital of \$12,842 shall be approved for water and \$14,623 for wastewater.

The Utility's reported accumulated depreciation balances for water and wastewater were \$99,707 and \$36,643, respectively. However, due to a clerical error related to depreciation, the Utility's balance of accumulated depreciation was understated. To correct this error, the accumulated depreciation reflected in wastewater rate base was increased by \$152,887. In addition, it was determined that a few of the plant accounts used incorrect depreciation rates. After adjusting the rates to reflect average service life guidelines set forth in Rule 25-30.140, F.A.C., accumulated depreciation increased by \$363 for water and \$9,960 for wastewater. The net increase to accumulated depreciation for water and wastewater is \$58,379 and \$162,847, respectively.

The Utility recorded zero balances for Contribution In Aid of Construction (CIAC) and amortization of CIAC for both the water and wastewater systems. Although the service territory is a mobile home park in which Community Sunlake Joint Venture primarily rents lots to customers, there are a few lot owners. In accordance with Rule 25-30.570, F.A.C., without any record of CIAC, the amount of CIAC was imputed using the amounts attributable to the transmission and distribution mains for water and collection sewers (both force and gravity) for wastewater in proportion to the number of lot owners. The imputation of these costs increased CIAC for water and wastewater by \$6,790 and \$18,422 respectively. Corresponding adjustments were made to increase the amortization of CIAC, using the same prescribed rates for depreciating each system, in the amounts of \$179 for water and \$480 for wastewater.

Based on the foregoing, we find that the appropriate projected rate base is \$337,422 for water and \$531,457 for wastewater. Rate base and our adjustments for water and wastewater are shown on Schedule Nos. 2 and 3, respectively.

Cost of Capital

As required by Rule 25-30.033(1)(w), F.A.C., the application contained a schedule of the Utility's capital structure, including a statement of the methods of financing the Utility's operations. The Utility's capital structure, as shown on Schedule No. 1, consists of 33.40 percent equity and 66.60 percent debt. The Utility's proposed return on equity (ROE) is 11.30 percent. Sunlake's proposed cost of debt is 5.66 percent.

We find that the Utility's ROE shall be based on the most recent leverage formula at the time of the vote in this matter, consistent with prior Commission decisions regarding applications for original certificates.³ Using the most recent leverage formula, the ROE shall be 11.16 percent. We find an overall cost of capital of 7.50 percent for the Utility based on a capital

³ See Order No. PSC-13-0241-PAA-WS, issued June 3, 2013, in Docket No. 130006-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.

structure consisting of 33.40 percent equity at an ROE of 11.16 percent and 66.60 percent debt at a cost of rate of 5.66 percent.

Net Operating Income

The Utility's net operating income for water and wastewater is \$19,839 and \$53,724, respectively. As noted previously, Sunlake's proposed depreciation rates were adjusted, necessitating adjustments to depreciation expense. Depreciation expense was reduced by \$147 for water and increased by \$920 for wastewater. Including the adjustment necessitated by the additional meter replacements, depreciation expense shall be increased by a net \$1,204 for water.

The O&M expenses for water and wastewater, which are based on estimates using historical data from 2009-2013, include costs for purchased power, chemicals, contractual services, insurance, and miscellaneous expenses. Wastewater O&M expense also includes costs for sludge removal. The Utility's proposed O&M expenses appear prudent and reasonable. However, the purchased power expense for water shall be decreased by \$2,637 to remove the costs associated with the community's golf course, a non-utility function.

Based on the above adjustments, net operating income shall be \$25,296 for water and \$39,843 for wastewater, which is reasonable for use in establishing initial rates. The approved net operating income and our adjustments for water and wastewater are shown on Schedule Nos. 2 and 3, respectively.

Revenue Requirement

The Utility's proposed revenue requirements for water and wastewater of \$151,557 and \$225,460, respectively, are shown on Schedule Nos. 2 and 3. The revenue requirement includes O&M expenses, net depreciation expense, taxes other than income, and a return on investment. Consistent with our approvals concerning the underlying rate base, cost of capital, and operating income issues, we approve rates designed to generate a revenue requirement of \$157,061 for water and \$211,741 for wastewater. The approved revenue requirements will allow the Utility the opportunity to recover its expenses and earn a 7.50 percent return on its investment in rate base as shown on Schedule Nos. 2 and 3.

Rates

Sunlake's proposed residential and general service rates are based on revenue requirements of \$151,557 and \$225,460 for water and wastewater, respectively. As shown on Schedule Nos. 2 and 3, the Utility's requested residential water rates include a monthly base facility charge (BFC) and three-tier inclining block rate structure. The Utility's requested general service water rates include a BFC and a single gallonage charge. In addition, the Utility's proposed wastewater rates include a BFC, a single gallonage charge, and a 10,000 gallon cap for residential customers.

For water service, the Utility proposed a residential and general service BFC of \$8.40 for 5/8" x 3/4" meters. For residential water usage, the Utility proposed a three-tier inclining block rate structure of: a) 0-3,000 gallons; b) 3,001-8,000 gallons; and c) all usage in excess of 8,000 gallons per month with gallonage charges of \$.70, \$1.05, and \$1.40, respectively. For general service water usage, the Utility proposed a gallonage charge of \$1.14 per 1,000 gallons. For wastewater service, the Utility proposed a BFC of \$18.69 for all residential customers and general service customers with a 5/8" x 3/4" meter. For residential wastewater usage, the Utility proposed a gallonage charge of \$3.42 per 1,000 gallons, capped at 8,000 gallons. For general service wastewater usage, the Utility proposed a gallonage charge of \$4.10 per 1,000 gallons.

The customer usage data provided by the Utility for the most recent 12 months has been reviewed. According to the Utility, approximately 50 percent of the customers are seasonal; however, many of these customers have irrigation systems on timers. Average customer demand is approximately 16,000 gallons per month. Therefore, it appears that the customers are using a significant amount of water for irrigation.

For water rates, due to the seasonal nature of the customers, we find that that 40 percent of the revenues shall be generated from the BFC in order to ensure the Utility will have sufficient cash flow to cover fixed costs. A repression adjustment was applied to usage above the 5,000-gallon, non-discretionary threshold. We do not believe the Utility's proposed rates reflect sufficient repression. The customers' response to paying for water that was once included in their lot rent can create a significant reduction of consumption. Underestimating repression can result in a revenue deficiency for the Utility. We hereby approve a BFC and gallonage charge rate structure, with an additional rate block for the non-discretionary residential usage below 5,000 gallons.

For wastewater rates, we find that 50 percent of the revenues shall be generated from the BFC due to the capital intensive nature of wastewater plants. For residential customers, the Utility proposed a gallonage cap of 8,000 gallons. Based on the billing data, we find that the gallonage cap shall be set at 10,000 gallons, which results in a lower gallonage charge. General Service customers' gallonage charge shall be 1.2 times higher than the residential gallonage charge. Our approved rates, based on our approved revenue requirements for water of \$157,061 and wastewater of \$211,741, are shown on Schedule Nos. 2 and 3.

The Utility shall file water and wastewater tariff sheets and a proposed customer notice to reflect the Commission-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 approved rates shall not be implemented until Commission 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.

Conclusion

Based upon the above, we find that the monthly water and wastewater rates shown on Schedule Nos. 2 and 3 are reasonable and hereby approved. The Utility shall file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved

rates shall be effective for services 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 Commission staff has approved the proposed customer notice. The Utility shall provide proof of the date the notice was given within 10 days of the date of the notice. The Utility shall be required to charge the approved rates until a change is authorized by this Commission in a subsequent proceeding. A return on equity of 11.16 percent as shown on Schedule No. 1, with a range of plus or minus 100 basis points, is hereby approved.

Miscellaneous Service Charges

Pursuant to Section 367.091, F.S., Sunlake requested authority to collect for certain miscellaneous service charges. Rule 25-30.460, F.A.C., defines miscellaneous service charges, including initial connection, normal reconnection, violation reconnection, and premises visit charges. Sunlake's proposed miscellaneous service charges, which are based upon actual expenses, are shown on Schedule No. 4. The Utility's proposed charges are similar to or lower than charges previously approved by this Commission for similar utilities.⁴ Additionally, Commission practice has been to place the burden of such charges on the cost causer rather than the general body of ratepayers. This is consistent with one of the fundamental principles of rate making – ensuring that the cost of providing service is recovered from the cost causer.⁵

For Sunlake, water miscellaneous service charges of \$21.00 for the normal hours initial connection, normal reconnection, violation reconnection, and premise visit is hereby approved. A charge of \$42.00 for the after hours initial connection, normal reconnection, violation reconnection, and premise visit for water service is hereby approved. For wastewater, miscellaneous service charges of \$21.00 for the normal hours initial connection, normal reconnection, and premise visit and actual cost for a violation reconnection is hereby approved. A charge of \$42.00 for after hours initial connection, normal reconnection, and premise visit and actual cost for a violation reconnection for wastewater services is hereby approved. A late payment charge of \$5.00 is hereby approved. The appropriate nonsufficient funds check charge shall be in accordance with Sections 832.08(5) and 68.065(2), F.S., which allow for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Section 832.08(5), F.S., the following fees may be assessed:

1. \$25, if the face value does not exceed \$50
2. \$30, if the face value exceeds \$50 but does not exceed \$300
3. \$40, if the face value exceeds \$300

⁴ See Order No. PSC-11-0199-PAA-WU, issued April 22, 2011, in Docket No. 100149-WU, In re: Application for increase in water rates in Lee County by Ni Florida, LLC; and Order No. PSC-08-0827-PAA-WS, issued December 22, 2008, in Docket No. 070694-WS, In re: Application for increase in water and wastewater rates in Orange County by Wedgefield Utilities, Inc.

⁵ See Order No. PSC-03-1119-PAA-SU, issued October 7, 2003, in Docket No. 030106-SU, In re: Application for staff-assisted rate case in Lee County by Environmental Protection Systems of Pine Island, Inc.; and Order No. PSC-96-1409-FOF-WU, issued November 20, 1996, 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.

We find that the Utility's proposed miscellaneous service charges shown on Schedule No. 4 are reasonable and approved. Sunlake shall be required to file a proposed customer notice to reflect the Commission-approved miscellaneous service charges. The approved charges are cost-based and shall be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charges shall not be implemented until Commission 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.

Customer Deposit

Rule 25-30.311, F.A.C., contains the criteria for collecting, administering, and refunding customer deposits. Rule 25-30.311(7), F.A.C. provides that new or additional customer deposits may be collected from existing customers based on an average monthly bill for a two-month period. An initial residential customer deposit of \$60.00 for water and \$88.00 for wastewater has been calculated for Sunlake. Also, the initial general service customer deposit shall be two times the average bill for a two-month period.

An initial residential customer deposit of \$60.00 for water, \$88.00 for wastewater, and two-times the average bill for the initial general service customer deposit, as shown on Schedule No. 4, is hereby approved. The Utility shall file a revised tariff sheet and proposed notice consistent with this Commission's vote. The initial customer deposits shall become effective for connections made on or after the stamped approval date of the revised tariff sheet after the customers have been notified.

Service Availability Policy and Meter Installation Charge

Rule 25-30.580(1)(a), F.A.C., provides that the maximum amount of contributions-in-aid-of-construction (CIAC), net of amortization, should not exceed 75 percent of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their design capacity. The maximum guideline is designed to ensure that the utility retains an investment in the system. Rule 25-30.580(1)(b), F.A.C., provides that the minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution systems.

There are several vacant lots located within Sunlake MHC. Where no meters currently exist, Sunlake proposed a meter installation charge of \$250 for 5/8" x 3/4" meters based on the labor and materials required to install new meters. The Utility's proposed meter installation charges is similar to or lower than meter installation charges previously approved by this Commission for similar utilities.⁶ Because the Sunlake MHC is almost built out, no other service availability charges were requested.

⁶ See Order No. PSC-13-0197-FOF-WU, issued May 16, 2013, in Docket No. 110200-WU, In re: Application for increase in water rates in Franklin County by Water Management Services, Inc.; and Order No. PSC-03-1474-TRF-WU, issued December 31, 2003, in Docket No. 030956-WU, In re: Application for approval of revised service availability charges to increase meter installation fees in Osceola County by O&S Water Company, Inc.

The Utility's proposed service availability policy described above and the meter installation charge shown on Schedule No. 4 are consistent with the guidelines contained in Rule 25-30.580(1)(a), F.A.C., and are hereby approved. Sunlake shall be required to apply its approved service availability policy and to collect its approved service availability charges until authorized to change them by this Commission in a subsequent proceeding. The approved policy and charges shall be effective for connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Sunlake Estates Utilities, LLC's application is in the public interest and shall be granted Water Certificate No. 665-W and Wastewater Certificate No. 569-S to serve the territory described in Attachment A. The resultant order shall serve as Sunlake Estates, LLC's water and wastewater certificates and shall be retained by the Utility. It is further

ORDERED that the monthly water and wastewater rates shown on Schedule Nos. 2 and 3 are approved. The Utility shall file revised tariff sheets and a proposed customer notice to reflect the approved rates. The approved rates shall be effective for services 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 Commission staff has approved the proposed customer notice. It is further

ORDERED that a return on equity of 11.16 percent is approved. It is further

ORDERED that the Utility's proposed miscellaneous service charges shown on Schedule No. 4 are reasonable and are hereby approved. It is further

ORDERED that an initial residential customer deposit of \$60.00 for water, \$88.00 for wastewater, and two-times the average bill for the initial general service customer deposit, as shown on Schedule No. 4, is hereby approved. It is further


ORDERED that the Utility's proposed service availability policy and the meter installation charge shown on Schedule No. 4 are consistent with the guidelines contained in Rule 25-30.580(1)(a), F.A.C., and are hereby approved. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall remain open to allow Sunlake Estates Utilities, L.L.C. to file a proposed customer notice reflecting the

Commission-approved water and wastewater rates and charges and to provide proof of the date notice was given no less than 10 days after the date of the notice. Upon completion of this action, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 7th day of January, 2014.



CARLOTTA S. STAUFFER

Commission Clerk

Florida Public Service Commission

2540 Shumard Oak Boulevard

Tallahassee, Florida 32399

(850) 413-6770

www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

JEG

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.

As identified in the body of this order, our action, except for the granting of water and wastewater certificates to Sunlake Estates Utilities, LLC, is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 28, 2014. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

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, 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 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.

Sunlake Estates Utilities, L.L.C.
Sunlake Estates Mobile Home Community
Description of Water and Wastewater Territory
Lake County

A portion of Sections 12 and 13, Township 18 South, Range 25 East, being in Lake County, Florida being described as follows:

Commence at the southwest corner of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 12, and run N.89°50'56"W, 400.00 feet, for a Point of Beginning; thence, continue, N.89°50'56"W, along said south boundary line 253.58 feet; thence, leaving said south boundary line, N.00°10'35"E.1253.54 feet; thence, N.89°48'54"W., 35.87 feet; thence, N.00°21'15"W., 42.00 feet to the south right-of-way line of South Em-En-El Grove Road; thence, S.89°48'54"E., along said south right-of-way line, 689.00 feet; thence, continue, S.89°48'54"E., along said south right-of-way line, 95.23 feet to a point of curvature; thence, along said right-of-way line, along said curve to the right, having a radius of 560.19 feet, an arc length of 274.35 feet, a chord length of 271.62 feet and a chord bearing of S.75°47'05"E., thence, S.61°45'16"E., along said south right-of-way line, 100.80 feet; thence, along said south right-of-way line, along a curve to the left, having a radius of 385.00 feet, an arc length of 374.33 feet, a chord length of 359.76 feet and a chord bearing of S.89°36'28"E.; thence, N.62°32'19"E., along said south right-of-way line, 100.00 feet; thence, along said south right-of-way line, along a curve to the right, having a radius of 597.00 feet, an arc length of 288.08 feet, a chord length of 285.29 feet and a chord bearing of N.76°21'42"E.; thence, S.89°48'54"E., along said south right-of-way line, 153.67 feet; thence, S.89°55'13"E., along said south right-of-way line, 1280.81 feet; thence, leaving said south right-of-way line, S.00°06'53"E., along the west right-of-way line of Thomas Boat Landing Road, 1293.73 feet to the south boundary line of said Section 12; thence, continue along said west right-of-way line, S.00°22'13"W., 1007.84 feet to the ordinary high water line of Lake Yale; thence, leaving said west right-of-way line, along the ordinary high water line of Lake Yale, the following nineteen (19) courses; (1) thence, N.69°33'59"W., 58.11 feet; (2) thence, N.86°38'05"W., 24.79 feet; (3) thence, S.80°09'07"W., 49.34 feet; (4) thence, S.59°17'50"W., 105.49 feet; (5) thence, S.51°54'45"W., 56.92 feet; (6) thence, S.53°46'02"W., 48.77 feet; (7) thence, S.49°15'28"W., 59.70 feet; (8) thence, S.58°19'14"W., 75.82 feet; (9) thence, S.47°08'38"W., 41.26 feet; (10) thence, S.55°39'24"W., 51.45 feet; (11) thence, S.62°08'53"W., 111.80 feet; (12) thence, S.64°27'27"W., 55.68 feet; (13) thence, S.52°28'52"W., 58.80 feet; (14) thence, S.55°19'56"W., 58.33 feet; (15) thence, S.53°53'24"W., 53.84 feet; (16) thence, S.46°00'44"W., 53.77 feet; (17) thence, S.50°09'30"W., 58.94 feet; (18) thence, S.46°55'52"W., 20.66 feet; (19) thence, S.72°48'21"W., 32.13 feet; thence, leaving the ordinary high water line of Lake Yale, N.45°14'05"W., 285.56 feet; thence, N.89°47'48"W., 165.69 feet; thence, N.89°51'08"W., 1339.46 feet; thence, N.00°08'20"E., along said west boundary line of the Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 13, 992.97 feet; thence, leaving said west boundary line, N.89°52'52"W., 400.00 feet; thence, N.00°08'20"W., 330.65 feet to the Point of Beginning.

AND

Commence at the southwest corner of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 12, Township 18 South, Range 25 East, Lake County, Florida and run N.89°50'56"W., along the south boundary line of Block 57 of the Plat of HIGLEY, as filed in or about April 2, 1884, in the Public Records of Lake County, Florida, 400.00 feet to a point on the west boundary line of the eastern 400 feet of the North $\frac{1}{4}$ of Block 58 of said Plat of HIGLEY; thence, continue, N.89°50'56"W., along said south boundary line, 253.58 feet, to a point on the east boundary line of the west 674.28 feet of said Block 57; thence, leaving said south boundary line, N.00°10'35"E., along said east boundary line, 1253.54 feet; thence, leaving said east boundary line, N.89°48'54"W., 35.87 feet; thence, N.00°21'15"W., 42.00 feet to the south right-of-way of South Em-En-El Grove Road; thence, S.89°48'54"E., 689.00 feet; thence, continue, S.89°48'54"E., 375.51 feet for a Point of Beginning; thence, continue, S.89°48'54"E., 508.40 feet to the most easterly corner of said Tract "A"; thence, S.62°32'19"W; thence, along a curve to the right, having a radius of 319.00 feet, an arc length of 310.16 feet, a chord length of 298.08 feet and a chord bearing of N.89°36'28"W.; thence, N.61°45'16"W., 116.97 feet to the Point of Beginning.

AND

Commence at the southwest corner of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 12, Township 18 South, Range 25 East, Lake County, Florida and run N.89°50'56"W., 400.00 feet; thence, continue, N.89°50'56"W., 253.58 feet; thence, N.00°10'35"E., 1253.54 feet; thence, N.89°48'54"W., 35.87 feet; thence N.00°21'15"W., 75.00 feet to the north right-of-way line of South Em-En-El Grove Road; thence, S.89°48'54"E., along said north right-of-way line, 1116.00 feet for a Point of Beginning; thence, N.00°06'04"E., 500.00 feet; thence, S.89°48'54"E., 900.00 feet; thence, S.89°55'13"E., 1311.80 feet; thence, S.00°06'53"E., 500.00 feet to the northeast corner of the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 12, Township 18 South, Range 25 East; thence, leaving said east boundary line, N.89°55'13"W., along the north right-of-way line of South Em-En-El Grove Road, 1313.69 feet; thence, N.89°48'54"W., along said north right-of-way line, 900.00 feet to the Point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION

authorizes

Sunlake Estates Utilities, L.L.C.
pursuant to
Certificate Number 665-W

to provide water service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

| <u>Order Number</u> | <u>Date Issued</u> | <u>Docket Number</u> | <u>Filing Type</u> |
|---------------------|--------------------|----------------------|----------------------|
| * | * | 130180-WS | Original Certificate |

* **Order Number and date to be provided at time of issuance**

FLORIDA PUBLIC SERVICE COMMISSION

authorizes

Sunlake Estates Utilities, L.L.C.

pursuant to

Certificate Number 569-S

to provide wastewater service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

| <u>Order Number</u> | <u>Date Issued</u> | <u>Docket Number</u> | <u>Filing Type</u> |
|---------------------|--------------------|----------------------|----------------------|
| * | * | 130180-WS | Original Certificate |

*** Order Number and date to be provided at time of issuance**

SUNLAKE ESTATES UTILITIES, L.L.C.

Cost of Capital

| <u>Capital Structure</u> | <u>Balance per Filing</u> | <u>Percent Ratio</u> | <u>Commission Approved Cost Rate</u> | <u>Commission Approved Weighted Cost</u> |
|---------------------------------------|----------------------------------|-----------------------------|---|---|
| Debt | \$566,462 | 66.60% | 5.66% | 3.77% |
| Equity | <u>\$284,073</u> | <u>33.40%</u> | 11.16% | <u>3.73%</u> |
| Overall Cost of Capital | \$850,535 | 100.0% | | 7.50% |
| <u>Range of Reasonableness</u> | | | High | Low |
| Return on Common Equity | | | 12.16% | 10.16% |

**SUNLAKE ESTATES UTILITIES, L.L.C.
 WATER SYSTEM**

Water Rate Base

| | <u>Utility Proposed</u> | <u>Adjustment</u> | <u>Commission Approved</u> |
|--------------------------------------|--------------------------------|--------------------------|-----------------------------------|
| Utility Plant in Service | \$349,550 | \$22,969 | \$372,519 |
| Accumulated Depreciation | \$(99,707) | \$58,379 | \$(41,328) |
| Contributions In Aid of Construction | - | \$(6,790) | \$(6,790) |
| Accumulated Amortization of CIAC | - | \$179 | \$179 |
| Working Capital Allowance (1/8 O&M) | \$13,172 | \$(330) | \$12,842 |
| Water Rate Base | <u>\$263,015</u> | <u>\$74,407</u> | <u>\$337,422</u> |

Water Revenue Requirement

| | <u>Utility Proposed</u> | <u>Adjustment</u> | <u>Commission Approved</u> |
|-----------------------------------|--------------------------------|--------------------------|-----------------------------------|
| Operating Revenues | \$151,557 | \$5,504 | \$157,061 |
| Operating and Maintenance (O & M) | \$105,375 | \$(2,637) | \$102,738 |
| Net Depreciation Expense | \$15,992 | \$1,204 | \$17,196 |
| Taxes Other Than Income | \$10,351 | \$1,487 | \$11,838 |
| Net Operating Income | <u>\$19,839</u> | <u>\$5,256</u> | <u>\$25,296</u> |
| Water Rate Base | \$263,015 | | \$337,422 |
| Rate of Return | 7.54% | | 7.50% |

**SUNLAKE ESTATES UTILITIES, L.L.C.
 WATER SYSTEM**

Monthly Water Service Rates

| | <u>Utility Requested Rates</u> | <u>Approved Rates</u> |
|---|---|----------------------------------|
| <u>Residential and General Service</u> | | |
| Base Facility Charge by Meter Size | | |
| 5/8"x3/4" | \$8.40 | \$10.12 |
| 3/4" | - | \$15.18 |
| 1" | - | \$25.29 |
| 1-1/2" | - | \$50.18 |
| 2" | - | \$80.28 |
| 3" | - | \$160.56 |
| 4" | - | \$250.88 |
| 6" | - | \$501.76 |
| Charge per 1,000 Gallons- Residential | | |
| 0-3,000 Gallons | \$0.70 | - |
| 3,001-8,000 Gallons | \$1.05 | - |
| Over 8,000 Gallons | \$1.40 | |
| 0-5,000 Gallons | - | \$1.06 |
| Over 5,000 Gallons | - | \$1.77 |
| Charge per 1,000 Gallons- General Service | \$1.14 | \$1.49 |
| <u>Typical Residential Bills 5/8"X3/4" meter</u> | | |
| 3,000 gallons | \$10.50 | \$13.30 |
| 5,000 gallons | \$12.60 | \$15.42 |
| 10,000 gallons | \$18.55 | \$24.27 |

SUNLAKE ESTATES UTILITIES, L.L.C.
WASTEWATER SYSTEM

Wastewater Rate Base

| | <u>Utility Proposed</u> | <u>Adjustment</u> | <u>Commission Approved</u> |
|--------------------------------------|--------------------------------|--------------------------|-----------------------------------|
| Utility Plant in Service | \$734,266 | - | \$734,266 |
| Accumulated Depreciation | \$(36,643) | \$(162,847) | \$(199,490) |
| Contributions In Aid of Construction | | \$(18,422) | \$(18,422) |
| Accumulated Amortization of CIAC | | \$480 | \$480 |
| Working Capital Allowance (1/2 O&M) | \$14,623 | - | \$14,623 |
| Wastewater Rate Base | <u>\$712,245</u> | <u>\$(180,789)</u> | <u>\$531,457</u> |

Wastewater Revenue Requirement

| | <u>Utility Proposed</u> | <u>Adjustment</u> | <u>Commission Approved</u> |
|-----------------------------------|--------------------------------|--------------------------|-----------------------------------|
| Operating Revenues | \$225,460 | \$(13,719) | \$211,741 |
| Operating and Maintenance (O & M) | \$116,984 | - | \$116,984 |
| Net Depreciation Expense | \$36,643 | \$920 | \$37,563 |
| Taxes Other Than Income | \$18,109 | \$(747) | \$17,362 |
| Net Operating Income | <u>\$53,724</u> | <u>\$(13,650)</u> | <u>\$39,843</u> |
| Water Rate Base | \$712,245 | | \$531,457 |
| Rate of Return | 7.54% | | 7.50% |

**SUNLAKE ESTATES UTILITIES, L.L.C.
 WASTEWATER SYSTEM**

Monthly Wastewater Service Rates

| | <u>Utility Requested Rates</u> | <u>Approved Rates</u> |
|---|---|----------------------------------|
| <u>Residential</u> | | |
| Base Facility Charge – All Meter Sizes | \$18.69 | \$17.56 |
| Charge per 1,000 Gallons- Residential* | | |
| *8,000 cap | \$3.42 | - |
| *10,000 cap | - | \$2.66 |
| | | |
| <u>General Service</u> | | |
| Base Facility Charge by Meter Size | | |
| 5/8"x3/4" | \$18.69 | \$17.56 |
| 3/4" | - | \$26.34 |
| 1" | - | \$43.90 |
| 1-1/2" | - | \$87.80 |
| 2" | - | \$140.48 |
| 3" | - | \$280.96 |
| 4" | - | \$439.00 |
| 6" | - | \$878.00 |
| | | |
| Charge per 1,000 Gallons- General Service | \$4.10 | \$3.19 |
| | | |
| <u>Typical Residential Bills 5/8"X3/4" meter</u> | | |
| 3,000 gallons | \$28.95 | \$25.54 |
| 5,000 gallons | \$35.79 | \$30.86 |
| 10,000 gallons | \$46.05 | \$44.16 |

SUNLAKE ESTATES UTILITIES, L.L.C.

Water Miscellaneous Service Charges

| <u>Description</u> | <u>Commission Approved</u> | |
|--|-----------------------------------|---------------------------|
| | <u>Normal Hours</u> | <u>After Hours</u> |
| Initial Connection Charge | \$ 21.00 | \$ 42.00 |
| Normal Reconnection Charge | \$ 21.00 | \$ 42.00 |
| Violation Reconnection Charge | \$ 21.00 | \$ 42.00 |
| Premises Visit in Lieu of Disconnection Charge | \$ 21.00 | \$ 42.00 |
| Late Payment Charge | | \$5.00 |
| NSF Check Charge | | Pursuant to Statute |

Water Initial Customer Deposits

Residential

5/8" x 3/4"

\$60.00

General Service

All Meter Sizes

2 x (avg. of 2 months' bill)

Wastewater Miscellaneous Service Charges

Commission Approved

| <u>Description</u> | <u>Normal Hours</u> | <u>After Hours</u> |
|--|----------------------------|---------------------------|
| Initial Connection Charge | \$ 21.00 | \$ 42.00 |
| Normal Reconnection Charge | \$ 21.00 | \$ 42.00 |
| Violation Reconnection Charge | Actual Cost | Actual Cost |
| Premises Visit in Lieu of Disconnection Charge | \$ 21.00 | \$ 42.00 |
| Late Payment Charge | | \$5.00 |
| NSF Check Charge | | Pursuant to Statute |

Wastewater Initial Customer Deposits

Residential

5/8" x 3/4"

\$88.00

General Service

All Meter Sizes

2 x (avg. of 2 months' bill)

Service Availability Charges

Commission Approved

Description

Meter Installation Fee

\$250.00