

P R O C E E D I N G S

1
2 **CHAIRMAN BROWN:** All right. Moving to Item 6.
3 Hi, again.

4 **MR. SLEMKEWICZ:** John Slemkewicz on behalf of
5 staff.

6 Item No. 6 is Docket No. 150269-WS, which is
7 Utilities, Inc. of Florida's application for a limited
8 proceeding to increase water rates in Marion, Pasco, and
9 Seminole Counties. Subsequent to its filing, UIF has
10 requested that the water rate increase portion related
11 to Pasco County be bifurcated from this proceeding. As
12 a result, this recommendation addresses only the water
13 rate increase portions related to Marion and Seminole
14 Counties.

15 The water rate increases are intended to
16 recover the costs for the replacement of galvanized iron
17 pipes in Marion County and the preliminary costs
18 associated with interconnecting the Ravenna Park and
19 Crystal Lake water systems in Seminole County.

20 In its recommendation, staff has corrected
21 errors made by UIF in determining the overall cost of
22 capital, the calculation of income taxes, and the amount
23 of regulatory assessment fees. Rate case expense has
24 also been reduced.

25 Staff is recommending that the appropriate

1 water rate increases are \$45,663 for Marion County and
2 six, excuse me, and \$16,142 for Seminole County, which
3 represent a 28.85 percent and a 1.61 percent increase
4 respectively. Staff has an oral modification that has
5 been distributed previously to the Commissioners and the
6 parties to this docket.

7 And I would note that no customers attended
8 the customer meeting for Marion and Seminole Counties.
9 Representatives from the utility are present to address
10 the Commission, and the Office of Public Counsel has
11 intervened in this docket and is here to address the
12 Commission. And staff is prepared to answer any of the
13 Commissioners' questions.

14 **CHAIRMAN BROWN:** Thank you, Mr. Slemkewicz.
15 Mr. Friedman, haven't seen you in a month or
16 two.

17 **MR. FRIEDMAN:** It's been a while.

18 **CHAIRMAN BROWN:** How are you doing?

19 **MR. FRIEDMAN:** Good. Good. Thank you. How
20 about yourself?

21 **CHAIRMAN BROWN:** Good.

22 **MR. FRIEDMAN:** Marty Friedman on behalf of
23 Utilities, Inc. of Florida. While we don't object to
24 the rate case expense reduction, there does need to be a
25 reallocation to be consistent with really the philosophy

1 that the staff is trying to do, which is to cut the --
2 the rate case expense associated with Pasco out of the
3 process and just deal today with the rate case expense
4 for Marion and Seminole. And we agree with that
5 philosophy, and Mr. Hoy, President of Utilities, Inc. of
6 Florida, is going to go through the analysis that's
7 going to show you why it needed -- it just needs a
8 little tweaking because the way it is now, the
9 Summertree Pasco County customers are going to be
10 burdened with more rate case expense than we think is
11 fair to burden them with.

12 **CHAIRMAN BROWN:** Mr. Hoy.

13 **MR. HOY:** Good morning, Commissioners. And
14 I'm not going to go through a full analysis, but really
15 what it amounts to is, I think when staff, and rightly
16 so, tried to move the rate case expense and allocate it
17 amongst the counties, the proper countries, what they
18 initially did was took all of the Pasco-only costs and
19 allocated it to Pasco but didn't do the same thing for
20 the Marion and Seminole County costs that were allocated
21 or directed just to those counties. So they left all of
22 that in and then allocated that out to all three
23 counties.

24 So what we feel should been done was, you
25 know, separate all the costs and then allocate the rest.

1 So, for example, the cost of the meeting today is really
2 for Seminole and Marion and should not be borne by the
3 Pasco County customers. So that's our recommendation,
4 that that cost be changed. It comes to, you know, in
5 the neighborhood of \$3,500 that should be attributable
6 to Marion and Pasco.

7 **CHAIRMAN BROWN:** \$3,500?

8 **MR. HOY:** \$3,500 in total.

9 **CHAIRMAN BROWN:** Okay.

10 **MR. HOY:** Sorry, that should be going -- that
11 should go to Seminole and Marion and not to Pasco.

12 **CHAIRMAN BROWN:** Okay. Thank you. And before
13 I get to Office of Public Counsel, staff, do you have
14 any comments on Utilities, Inc.'s suggestion?

15 **MR. SLEMKEWICZ:** No, I don't. But I don't
16 have that calculation, so I cannot give you the -- a
17 revised rate increase number at this time.

18 **CHAIRMAN BROWN:** Okay. Can you work on it
19 while we listen to Office of Public Counsel, please?

20 Mr. Sayler, how are you?

21 **MR. SAYLER:** Outstanding. Good morning,
22 Chairman, Commissioners. We have -- Erik Sayler with
23 the Office of Public Counsel on behalf of all of
24 Utilities, Inc.'s customers, both Marion and Seminole
25 and even the Pasco customers. We understand that the

1 utility bifurcated the proceeding to focus on Marion and
2 Seminole Counties, but there may be some unintended
3 consequences as it relates to the Pasco customers, which
4 I will address momentarily.

5 Just to give you a brief roadmap, we have
6 concerns about rate case expense as well as Issue 3,
7 which is the, what we say, the premature prejudging and
8 the granting of temporary rates in event -- if there is
9 some protest of this order.

10 Starting with rate case expense. The Office
11 of Public Counsel, as a general matter, is always
12 concerned with the level of rate case expense,
13 especially the high cost and rates of consultants and
14 attorneys that are brought before this Commission for
15 review and approval. And on a number of occasions,
16 we've mentioned the high cost of the consultants and
17 attorneys for Utilities, Inc., but we also note that
18 this Commission has reviewed those and approved those in
19 the past. And we're not making arguments for a change
20 at this time, but we'd just note that for the record.
21 But if at some time in the future the Commission wants
22 to look at the dollar amount for the fees, then that is
23 something we are certainly willing and able to do.

24 As it relates to the Marion County -- or rate
25 case expense in this case, we understand that the rate

1 case expense has been separately identified for the
2 Pasco County customers. There's a specific amount for
3 Pasco related to the large customer meeting that was
4 held in April. We also understand that there's some
5 sort of pro rata general rate case expense that's also
6 been allocated to Pasco County.

7 As far as the change that the utility is
8 suggesting be made today, we don't weigh in on having an
9 opinion one way or the other, other than at the
10 appropriate time in the future when the Pasco portion of
11 this bifurcated proceeding comes before you, we can
12 challenge the reasonableness and prudence of the Pasco
13 County specific rate case expense. Staff's
14 recommendation doesn't -- doesn't delve into that area.
15 It's probably something that wasn't on their radar. But
16 if at the future, if there's an opportunity for our
17 office or the customers of Pasco to make arguments, then
18 that would be great. Because we just don't want this
19 PAA order to be -- prejudice the reasonableness and the
20 prudence of the Pasco County rate case expense and then
21 prejudice be used res judicata for those customers in
22 that future proceeding.

23 So if there's some clarification either on the
24 record or some language in the order that says that the
25 Pasco County rate case expense identified in this order

1 is not precedent or binding on the Commission in the
2 future, should there be any arguments to make that
3 there -- some of the rate case expense was unreasonable.
4 That's the first part.

5 The other part we notice is a change in the
6 Commission's allocation methodology as it relates to
7 rate case expense. And in consulting with Ms. Vandiver,
8 my understanding is that rate case expense is generally
9 allocated on an ERC basis, and in this case, it has been
10 split into two types. A certain amount was identified
11 and split on a one-third basis. Another amount was
12 identified and split on an ERC basis. We are -- Office
13 of Public Counsel is curious if this is a going-forward
14 change in the Commission's policy or if this is just a
15 different allocation of rate case expense due to the
16 unique facts and circumstances.

17 **CHAIRMAN BROWN:** Mr. Sayler, could I just stop
18 you for a sec?

19 **MR. SAYLER:** Sure.

20 **CHAIRMAN BROWN:** You said it was two different
21 ways. It was based on an ERC basis, and what was the
22 second?

23 **MR. SAYLER:** On a one-third basis. If you
24 look at -- if you look at Schedule 4, page 16 --

25 **CHAIRMAN BROWN:** Okay.

1 **MR. SAYLER:** -- as I understand, reading this,
2 you have a line called adjusted rate case expense
3 one-third to each county where they divide 17,959 by 3.
4 And then you look down at the customer notices, postage
5 stock, you see that's on a, as I understand it, an ERC
6 basis. So if this is one off for this case, that's a
7 policy decision of this Commission. But if it is a --
8 something that is going to be policy going forward, we
9 just would like to understand that and just if there can
10 be some additional explanation why this was done, so.

11 **CHAIRMAN BROWN:** Okay. Thank you.

12 **MR. SAYLER:** And that's related to rate case
13 expense. I can get into Issue 3 now, or if you want to
14 discuss the rate case expense items now --

15 **CHAIRMAN BROWN:** I'm going to give -- take
16 about a five-minute break so that staff can work on
17 their numbers and all the stuff that they're doing over
18 there. So let's just take a break.

19 **MR. SAYLER:** Certainly.

20 **CHAIRMAN BROWN:** And then get back to you in
21 the next five minutes. Okay?

22 **MR. SAYLER:** All right. Fantastic. Thank
23 you.

24 (Recess taken.)

25 **CHAIRMAN BROWN:** Mr. Slemkewicz, thank you for

1 preparing this spreadsheet, handout to the
2 Commissioners. We appreciate you working on it. I know
3 you ran up to your office. Thank you very much for
4 that.

5 **MR. SLEMKEWICZ:** You're welcome.

6 **CHAIRMAN BROWN:** Before we go to OPC, would
7 you like to address the Commission?

8 **MR. SLEMKEWICZ:** Based on the changes to the
9 rate case expense, the water rate increase would change
10 to -- for Marion County would be \$46,327, which would
11 represent a 29.27 percent rate increase, and the
12 four-year rate reduction would increase to \$2,416. And
13 as reflected on Schedule 2 for Seminole County, the
14 water rate increase would be \$16,400, which would
15 represent a 1.64 percent increase, and the four-year
16 rate reduction would increase to \$2,278.

17 **CHAIRMAN BROWN:** Thank you. Thank you, again,
18 for providing those numbers to us.

19 **MR. SLEMKEWICZ:** You're welcome.

20 **CHAIRMAN BROWN:** This is helpful.

21 All right. Mr. Saylor, would you like to
22 continue addressing the Commission? You're on three.

23 **MR. SAYLER:** Yes, ma'am. Commissioners,
24 Chairman, Issue 3 is -- relates to the issue of
25 temporary rates if the PAA order is protested by a party

1 other than the utility. But before I get to that, just
2 stepping back to one of my other issues related to Pasco
3 County, whether their rate case expense would be subject
4 to challenge, the amount that's identified in whatever
5 PAA order that comes out of this proceeding, if that
6 rate case expense amount, even though it's identified as
7 for illustrative purposes, but if our -- if OPC or the
8 customers make arguments that rate case expense is too
9 high, will we have the opportunity to do that? And
10 that's just something we need clarification because it
11 goes into the calculus of whether there's eventually a
12 protest of this order or not. And so if we have some
13 clarification on the record, that would be helpful. Or
14 if the utility doesn't mind allowing us to make those
15 arguments down the road, that would be helpful as well.

16 **CHAIRMAN BROWN:** I'm going to defer real
17 quickly to Ms. Mapp or, Mary Anne, if you want to
18 provide some comments to Mr. Saylor's request.

19 **MS. HELTON:** I'm sorry. I had stepped out and
20 I did not hear Mr. Saylor's request.

21 **CHAIRMAN BROWN:** Go ahead.

22 **MR. SAYLER:** Yes. Our concern is that under
23 the old staff recommendation there's about, I want to
24 say, \$13,000 of rate case expense that was identified as
25 being either specifically related to Pasco County or

1 their share of the overall rate case expense. This
2 proceeding has been bifurcated. It's premature really
3 to make arguments about the reasonableness of the Pasco
4 County-specific rate case expense here today, but we
5 would like to preserve the right to make those arguments
6 down the road when the Pasco County portion comes before
7 this Commission. And we were wondering if something
8 either on the record or a line in the order saying that
9 while the amounts identified for Pasco County are
10 illustrative, at the appropriate time and place people
11 can make arguments to challenge the reasonableness of
12 those amounts. Do you follow?

13 **CHAIRMAN BROWN:** Since it's a bifurcated
14 proceeding, he wants -- I think he just wants
15 clarification or comfort in that they will be able to
16 challenge the Pasco County rate case expense.

17 **MS. HELTON:** Well, let me just make sure I
18 understand. It's my understanding that the customers --
19 or the utility will not be receiving recovery for those
20 Pasco County-related expenses through the course of your
21 vote today; is that correct? Okay. Yes, then I see no
22 problem with the OPC being able to take up issues
23 concerning cost recovery that is not addressed today but
24 will be addressed in a later decision concerning Pasco
25 County.

1 **CHAIRMAN BROWN:** Mr. Mouring.

2 **MR. MOURING:** Yes, thank you, Commissioner.

3 It's certainly staff's intent that all rate case expense
4 associated with Pasco County would be deferred later on.
5 The last sentence in the paragraph entitled "Rate Case
6 Expense" on page 5 reads, "The recovery of any rate case
7 expense related to Pasco County will be determined in
8 the bifurcated portion."

9 **CHAIRMAN BROWN:** There it is. That's clear.

10 **MR. MOURING:** That's certainly staff's
11 intention.

12 **CHAIRMAN BROWN:** There it is, Erik. You
13 weren't reading.

14 Thank you. All right.

15 Mr. Sayler, would you like to go on?

16 **MR. SAYLER:** Certainly. And thank you for
17 that clarification, Mr. Mouring.

18 Regarding Issue 3 on page 9 of staff's
19 recommendation, we have two issues with the prejudging
20 of eligibility for temporary rates in a limited
21 proceeding.

22 First is a legal concern or issue and a second
23 one is a policy concern. As staff recommendation
24 states, the Commission does not expressly -- or the
25 limited proceeding statute does not expressly grant the

1 authority to allow for temporary rates in event of a
2 protest by a party other than the utility, and staff's
3 recommendation is clear on that. Staff's
4 recommendation -- or the recommend -- excuse me, the
5 recommendation goes on to say it's well-settled
6 precedent that temporary rates can be granted in the
7 case of a protest on a case-by-case basis. It cites a
8 number of orders. I've reviewed the orders. The last
9 time our office challenged this as not being statutorily
10 authorized was in 2010 in the Cypress Lakes case.
11 However, our position is still the same, that it can't
12 be well-settled precedent if there's no express
13 statutory authorization to do this.

14 Just because the Cypress Lakes order wasn't
15 protested and that wasn't an issue in any kind of
16 hearing or any of the other limited proceedings where
17 the Commission has allowed temporary rates if something
18 is protested, it doesn't mean that even though it's the
19 Commission's practice or unadopted rule, it doesn't
20 necessarily mean that the Commission has that authority.

21 When it comes to statutory interpretation,
22 it's a fundamental principle. When looking at the
23 statutes, you look at what the statute says and what it
24 doesn't say. The proposed agency action rate case
25 statute expressly allows for temporary rates. The

1 staff-assisted rate case statute expressly allows for
2 temporary rates. The limited proceeding statute is
3 silent on that matter. So it's a question of
4 interpretation, and we understand how the Commission
5 came to its interpretation in 2010, but we still
6 disagree with that here today.

7 We think that whenever there's an ambiguity
8 about what an agency has authority to do or not to do,
9 any ambiguity ought to be resolved against that
10 authority to do. So that's what we wanted to raise
11 today as it relates to -- we believe the limited
12 proceeding statute doesn't grant you the ability to do
13 Issue 3. So that is the legal argument.

14 On the policy argument, if this Commission
15 disagrees with the Public Counsel's Office position on
16 this, we also think that there's a little bit of a
17 chicken and an egg issue as it relates to this issue.
18 Nobody has protested this issue, so we don't know if
19 there will be any need for entitlement to temporary
20 rates. Staff's recommendation says that it should be
21 done on a case-by-case basis in the event of a protest.
22 My reading or understanding of that is a protest should
23 happen, and then the Commission would determine on a
24 case-by-case basis should there be entitlement to
25 temporary rates.

1 For instance, the health and the robust
2 financial position of the utility is certainly something
3 that would play into a factor of whether or not that
4 utility really needs temporary rates or not. If it's a
5 utility that is having difficulties making ends meet,
6 that's an argument for and against.

7 And here today our question is really when is
8 the appropriate time to make those arguments for
9 Issue 3 that perhaps we don't think Utilities, Inc. is
10 entitled to temporary rates in a situation where we
11 haven't had a protest?

12 So I hope you can understand the conundrum
13 that we have here with Issue 3. But notwithstanding
14 that policy conundrum, when should this issue really be
15 done, whether it should be done now or after a protest
16 is done, that's up to the Commission to decide. But we
17 still --

18 **CHAIRMAN BROWN:** Thank you. Mr. Sayler, and I
19 will tell you it is very helpful when Office of Public
20 Counsel files written remarks and correspondence in
21 advance so that the Commissioners and staff can have
22 time to review your arguments to be better prepared. So
23 this would be probably one of those situations where it
24 would have been much more helpful elucidating what
25 you're trying to argue under Issue 3. But thank you.

1 Are you -- does that complete your comments?

2 **MR. SAYLER:** Yes, ma'am, that completes our
3 comments. While we understand there's a policy
4 consideration if the Commission disagrees with our
5 position on the statutory interpretation, but we still
6 maintain that we think the statute is clear and that
7 case law is clear. If you don't have express or implied
8 authority to do something, then it's better policy to --
9 practice to just go against that.

10 **CHAIRMAN BROWN:** Okay. Thank you. Thank you
11 for your comments, Mr. Sayler.

12 Staff, any additional remarks? Mary Anne.

13 **MS. HELTON:** Madam Chairman, the limited
14 proceeding statutes states that "The Commission may
15 conduct limited proceedings to consider and act upon any
16 matter within its jurisdiction, including any matter,
17 the resolution of which, requires the utility to adjust
18 its rates." I'm not sure that I understand how the
19 statute could be any broader. And given the broadness
20 of the statute, it seems to me that setting rate case
21 expense falls within the limited proceeding purview.

22 **CHAIRMAN BROWN:** Thank you.

23 **MS. HELTON:** With respect to the policy for
24 setting rates in a limited proceeding, it's always been
25 my understanding that you have rate -- a file and

1 suspend rate case, which covers many issues and involves
2 much rate case expense and it's a very expensive
3 process. So the limited proceeding process allows for
4 the Commission to look at a finite number of issues in a
5 more limited scope to reduce the amount of rate case
6 expense for customers.

7 So I'm not really sure if Mr. Saylor is
8 arguing that we should look at rates only in the course
9 of a full rate proceeding, which would be much more
10 expensive and much more exhaustive with respect to our
11 resources, OPC's resources, and the utility's resources.

12 **CHAIRMAN BROWN:** Thank you. Mr. -- pardon me.
13 Staff, any other additional comments?

14 **MR. FLETCHER:** I would only add that for
15 Issue 3, as a result of staff's recalculated numbers,
16 that that would have to be adjusted, and it would only
17 be approximately \$600 to the \$41,308 that is in the
18 recommendation paragraph of Issue 3. It would be
19 increased by that.

20 **CHAIRMAN BROWN:** Okay. Thank you.
21 Commissioners? It got a little messy here,
22 but any comments or questions on this or the handout
23 that was presented to us by staff? I see no lights.

24 Yes.

25 **MR. FLETCHER:** If I may, also there would be a

1 resulting recalculation of the rates based on across the
2 board. That's something that staff did not have time to
3 calculate during the break, but that would be, if your
4 pleasure, administrative authority in order to make that
5 across-the-board calculation.

6 **CHAIRMAN BROWN:** I think that will cover all
7 that. Thank you.

8 All right. Commissioners.

9 Commissioner Graham.

10 **COMMISSIONER GRAHAM:** Thank you, Madam Chair.
11 I guess I will start to wiggle my way through a motion
12 here.

13 I will move the staff recommendation on this
14 item for all issues, taking into account the change that
15 was suggested by the utility that staff worked through
16 on the spreadsheet. And any other follow-through
17 numbers that need to come through, I would give staff
18 the flexibility to do that through administrative
19 control.

20 **CHAIRMAN BROWN:** Okay. That makes sense. Is
21 there a second?

22 **COMMISSIONER PATRONIS:** Second.

23 **CHAIRMAN BROWN:** Okay. Is there further
24 discussion on this? Commissioner Edgar.

25 **COMMISSIONER EDGAR:** Thank you, Madam Chair.

1 I would just, prior to the vote, and thank you for the
2 opportunity to point out that I believe this Commission
3 has a very long history of carefully reviewing rate case
4 expense requests by all parties that are involved, and I
5 can think of a number of instances in the past where we
6 have reduced the amount of rate case expense that had
7 been requested, and I have complete confidence that that
8 is a practice that will continue.

9 **CHAIRMAN BROWN:** Excellent. Thank you,
10 Commissioner Edgar.

11 Any other comments before we vote? Okay. We
12 have a motion and a second. All those in favor, say
13 aye.

14 (Vote taken.)

15 Opposed? The motion passes. Thank you, thank
16 you, parties, for being here today.

17 **MS. MAPP:** Chairman?

18 **CHAIRMAN BROWN:** Yes.

19 **MS. MAPP:** Do you also approve staff's oral
20 modification?

21 **CHAIRMAN BROWN:** Of course, that was in the
22 motion.

23 **MS. MAPP:** Thank you.

24 **CHAIRMAN BROWN:** Thank you.

25 (Agenda item concluded.)

UTILITIES, INC. OF FLORIDA - MARION COUNTY		SCHEDULE NO. 1	
WATER REVENUE REQUIREMENTS INCREASE		DOCKET NO. 150269-WS	
		UTILITY FILING	STAFF RECOMMENDATION
<u>Line No.</u>			
1	Utility Plant in Service (UPIS)	\$313,978	\$313,978
2	Retirements	-	-
3	Accumulated Depreciation	(3,651)	(3,651)
4	Contributions in Aid of Construction (CIAC)	-	-
5	Accumulated Amortization of CIAC	-	-
6	Cash Working Capital	452	289
7	Total Increase in Rate Base	<u>\$310,779</u>	<u>\$310,616</u>
8	Weighted Cost of Capital	8.03%	7.68%
9	Return Required	<u>\$24,968</u>	<u>\$23,855</u>
10	Increase in Depreciation Expenses Due to UPIS Increase	\$7,302	\$7,302
11	Decrease in Depreciation Expense Due to Retirements	-	-
12	Increase in CIAC Amortization	-	-
13	Increase in Rate Case Expense	3,619	2,312
14	Increase in Taxes Other Than Income Taxes	5,170	5,170
15	Total Increase in Operating Expenses Before Income Taxes	<u>\$16,091</u>	<u>\$14,784</u>
16	Total Taxable Income	\$24,968	\$15,127
17	Multiply by State Income Tax (5.5%)	1,373	832
18	Total Federal Taxable Income	\$23,595	\$14,295
19	Multiply by Federal Income Tax (34%)	8,022	4,860
20	Total Revenue Increase Before RAF (L9 + L15 + L17 + L19)	<u>\$50,454</u>	<u>\$44,332</u>
21	Multiply by RAF (4.5%)	2,270	1,995
22	Total Water Revenue Increase	<u>\$52,725</u>	<u>\$46,327</u>
23	Annualized Revenues	<u>\$155,831</u>	<u>\$158,277</u>
24	Percentage Increase in Rates	<u>33.83%</u>	<u>29.27%</u>
25	4 Year Rate Reduction (Rate Case Expense)		<u>\$2,416</u>

UTILITIES, INC. OF FLORIDA - SEMINOLE COUNTY
WATER REVENUE REQUIREMENTS INCREASE

SCHEDULE NO. 2
DOCKET NO. 150269-WS

	UTILITY FILING	STAFF RECOMMENDATION	
<u>Line No.</u>			
1	Utility Plant in Service (UPIS)	\$98,033	\$98,033
2	Retirements	-	-
3	Accumulated Depreciation	(1,400)	(1,400)
4	Contributions in Aid of Construction (CIAC)	-	-
5	Accumulated Amortization of CIAC	-	-
6	Cash Working Capital	499	272
7	Total Increase in Rate Base	<u>\$97,132</u>	<u>\$96,905</u>
8	Weighted Cost of Capital	8.03%	7.68%
9	Return Required	<u>\$7,804</u>	<u>\$7,442</u>
10	Increase in Depreciation Expenses Due to UPIS Increase	\$2,801	\$2,801
11	Decrease in Depreciation Expense Due to Retirements	-	-
12	Increase in CIAC Amortization	-	-
13	Increase in Rate Case Expense	3,992	2,180
14	Increase in Taxes Other Than Income Taxes	2,269	1,495
15	Total Increase in Operating Expenses Before Income Taxes	<u>\$9,062</u>	<u>\$6,476</u>
16	Total Taxable Income	\$7,804	\$4,719
17	Multiply by State Income Tax (5.5%)	429	260
18	Total Federal Taxable Income	\$7,374	\$4,460
19	Multiply by Federal Income Tax (34%)	2,507	1,516
20	Total Revenue Increase Before RAF (L9 + L15 + L17 + L19)	<u>\$19,802</u>	<u>\$15,694</u>
21	Multiply by RAF (4.5%)	891	706
22	Total Water Revenue Increase	<u>\$20,693</u>	<u>\$16,400</u>
23	Annualized Revenues	<u>\$980,373</u>	<u>\$1,001,476</u>
24	Percentage Increase in Rates	<u>2.11%</u>	<u>1.64%</u>
25	4 Year Rate Reduction (Rate Case Expense)		<u>\$2,278</u>