

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in
Pasco County by Crestridge Utilities, LLC.

DOCKET NO. 140175-WU
ORDER NO. PSC-17-0042-PAA-WU
ISSUED: February 1, 2017

The following Commissioners participated in the disposition of this matter:

JULIE I. BROWN, Chairman
LISA POLAK EDGAR
ART GRAHAM
RONALD A. BRISÉ
DONALD J. POLMANN

NOTICE OF PROPOSED AGENCY ACTION ORDER APPROVING PHASE II RATE
INCREASE FOR CRESTRIDGE UTILITIES, LLC

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that, except for the granting of temporary rates in the event of protest, the action discussed herein 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

Crestridge Utilities, LLC. (Crestridge or Utility) is a Class C water utility serving approximately 614 customers in Pasco County. Crestridge's service territory is located in the Southwest Florida Water Management District (SWFWMD) and is in a water use caution area. Crestridge's application in the instant docket shows total gross revenue of \$100,193, with a net operating loss of \$84,564.

Crestridge filed its application for a staff-assisted rate case (SARC) on September 10, 2014, and subsequently completed our filing requirements. November 7, 2014, was established as the official filing date in this case. Prior to the instant proceeding, rates were last established for Crestridge in 1992, in a staff-assisted rate case.¹ Rate base was last established for Crestridge

¹ Order No. PSC-93-0012-FOF-WU, issued January 5, 1993, in Docket No. 920417-WU, In re: Application for staff-assisted rate case in Pasco County by Crestridge Utility Corporation.

when it was transferred in 2014.² On December 30, 2015, we approved a Phase I rate increase for Crestridge.³ We also approved a Phase II rate increase, upon our staff verifying that Crestridge completed all approved pro forma approved and submitted documentation of the final costs.⁴

On October 4, 2016, Crestridge filed for a limited proceeding to recover costs associated with recent capital improvements made in addition to the Phase II items we previously approved.⁵ In light of the budget underruns for the approved Phase II projects, and the scope of the capital improvements sought in the limited proceeding, Crestridge requested that the additional items included in the limited proceeding be subsumed in the current proceeding as part of the Phase II rate adjustment. Thus, on November 23, 2016, Crestridge withdrew its request for a limited proceeding.⁶

We have jurisdiction in this case pursuant to Section 367.0814, Florida Statutes (F.S.).

DECISION

By Order No. PSC-15-0592-PAA-WU, we approved a list of pro forma items for Phase II rate implementation. Based on the estimated costs and after adjusting for retirements, we found an increase in the Utility Plant in Service (UPIS) balance of \$10,370. In addition, we conditioned the implementation of the Phase II rate increase upon Crestridge completing the approved pro forma items within 12 months of our Order becoming final, and submitting a copy of the final invoices and payment documentation for our staff's review.

As stated above, while we granted Crestridge permission to implement Phase II rates upon our staff verifying that all pro forma were completed and the supporting documentation provided, Crestridge requested recovery of additional capital improvement costs not previously considered, which requires our approval.

Phase II Pro Forma Items Addressed in Order No. PSC-15-0592-PAA-WU

As required by Order No. PSC-15-0592-PAA-WU, Crestridge submitted copies of the final invoices and payment documentation for implementation of the approved Phase II rates. Based on the invoiced amounts shown in the table below, we find the adjustment to UPIS to be \$7,959, or \$2,411 less than the costs estimated for these items. An overview of the improvements completed by Crestridge is provided below.

² Order No. PSC-15-0420-PAA-WU, issued October 5, 2015, in Docket No. 140174-WU, In re: Application for approval of transfer of Certificate No. 117-W from Crestridge Utility Corporation to Crestridge Utilities, L.L.C., in Pasco County.

³ Order No. PSC-15-0592-PAA-WU, issued December 30, 2015, in Docket No. 140175-WU, In re: Application for staff-assisted rate case in Pasco County by Crestridge Utilities, LLC.

⁴ Id.

⁵ Document No. 07969-16 in Docket No. 160218-WU, In re: Application for a Limited proceeding for Crestridge Utilities, LLC in Pasco, County, Florida.

⁶ Document No. 08981-16 in Docket No. 160218-WU.

Phase II Pro Forma Adjustments

Description	Plant Account	Estimated Cost (A)	Actual Cost (B)	Associated Retirement (C)	Net Change in UPIS
New Computer and Printer	340	\$264	\$231	(\$0)	\$231
New Portable Meter	334	\$565	\$0	(\$0)	\$0
Check Valve at Well #2	311	\$800	\$771	(\$578)	\$193
Replumb at Well #2	311	\$1,800	\$176	(\$132)	\$44
Repaint at Well #2 & #4	304	\$400	\$2,585	(\$1,939)	\$646
Roof at Well #2 & #4	304	\$8,000	\$2,835	(\$2,126)	\$709
Air Relief Valve at Well #2	311	\$200	\$0	(\$0)	\$0
Check Valve at Well #4	311	\$800	\$535	(\$401)	\$134
Replumb at Well #4	311	\$1,800	\$1,079	(\$809)	\$270
Gate Valve at Well #4	311	\$1,500	\$434	(\$326)	\$108
Tank Replacement	330	\$22,862	\$22,496	(\$16,872)	\$5,624
Total		\$38,991	\$31,142	(\$23,183)	\$7,959

*Source: Document Nos. 08268-16 and 08634-16

Summary of Previously Approved Improvements

The extent of the work required for replumbing at well number 2 and the gate valve upgrade at well number 4 was reduced and resulted in a lower than estimated cost. Crestridge did not purchase the portable meter because it was no longer needed. For the repaint work, Crestridge added stucco at the pump houses, which resulted in a higher cost than estimated. In addition, Crestridge was able to acquire the roof upgrades at a lower cost than estimated. Costs for the air relief valve were included as part of the new well motor installation. We have reviewed the documentation demonstrating these projects were completed and verified corresponding the invoices and receipts.

Our practice is to use 75 percent of the cost of the replacement as the retirement value when the original cost is not known.⁷ The table above outlines our approved adjustments to UPIS and retirements by plant account.

Additional Capital Improvement Items

As previously discussed, since we approved Crestridge's initial rate increase, Crestridge made additional capital improvements, not previously approved for recovery in Phase II rates. Crestridge requested that we consider these additional improvements in the current proceeding due to the necessity of the items and for coming in under budget for the previously-approved Phase II projects. Although it is not our customary practice, we find it reasonable to consider the

⁷ Order No. PSC-16-0256-PAA-WU, issued June 30, 2016, in Docket No. 150199-WU, In re: Application for staff-assisted rate case in Lake County by Raintree Waterworks, Inc.

additional improvement items in this proceeding because it will reduce regulatory lag and rate case expense by mitigating the need for the Utility to file an additional limited proceeding. Therefore, we find that the following additional items, originally filed as a limited proceeding,⁸ shall be combined into this proceeding. An overview of the additional improvements is provided below.

Crestridge stated that a leak in well number 2 was noted as a deficiency in its most recent Department of Environmental Protection inspection. Crestridge resolved the deficiency by replacing well number 2's motor and pump. Crestridge determined that it would also replace well number 4's motor and pump at the same time, because both units were in need of replacement. In addition, Crestridge believed that a single outage, requiring a boiled water notice, to complete the repairs would minimize the inconvenience to its customers. Crestridge also claimed that, by upgrading both wells at once, it saved its customers money on the bids for the electrical equipment. By September 2016, Crestridge had replaced the motors, the pumps, and the electrical equipment in well numbers 2 and 4, which have in-service dates of 1975 and 1976 respectively. Crestridge also upgraded its electrical equipment to ensure that the new equipment was properly protected with efficient electrical upgrades. Given the age and the condition of the motors, the pumps and the need for supporting electrical equipment for well numbers 2 and 4, we find the improvement projects to be reasonable.

Crestridge also completed replumbing for well number 3 on September 6, 2016. This was done in order to use well 3 as a back-up well to supply customers with water while upgrades were being made to well number 2 and well number 4. For the replumb of well number 3, Crestridge stated that the cost given was for the replacement of a failed check valve and the original galvanized piping. The well has been out of service since being struck by lightning in 2013; however, Crestridge eventually plans to return the well to service in the future. Crestridge also intends to replace the destroyed tank, replumb from the new check valve to the new tank, and update the electrical panels for well number 3 in order to return the well to service. These improvements, however, will be addressed in a future proceeding. Therefore, given the need for well number 3 as a back-up water supply during the completion of the upgrades to the other wells, as well as the Utility's plans of returning well number 3 to service in the future, we find the project to be reasonable.

Crestridge requested \$29,673, for the total cost of the equipment and installation, including \$21,042 for the new motors and pumps, and \$7,533, for the electrical equipment for well numbers 2 and 4, \$898 for the well number 3 replumb, and \$200 for well testing. Based on the proposals for the motors, pumps, and electrical equipment for well numbers 2 and 4, Crestridge saved a total of \$1,086. For the motors and pumps, Crestridge only sought one bid for each well. Crestridge claimed that Pope's Water Systems, Inc., the company from which it sought a bid, is the original well installer and has been servicing these wells since their in-service date. Crestridge also asserted that there is no other company in the area capable of accurately completing this project. For these reasons, Crestridge states that it uses this company exclusively

⁸ Docket No. 160218-WU, In re: Application for a Limited proceeding for Crestridge Utilities, LLC in Pasco County, Florida.

to ensure adequate functionality with the wells. We note that this company is not an affiliate or a subsidiary of Crestridge. For the electrical equipment, Crestridge received two bids and selected the lowest cost option. Given the age of the equipment to be replaced, and the cost savings to customers by upgrading both wells at once, we find these costs to be reasonable and find it appropriate to allow Crestridge to recover these costs in this proceeding.

As stated above, for retirements, it is our practice to use 75 percent of the cost of the replacement as the retirement value when the original cost is not known. The Table below outlines our approved adjustments to UPIS and retirements by plant account.

Adjustments for Additional Items

Description	Plant Account	UPIS (A)	Retirement (B)	Net Change in UPIS
Well #2: New Motor and Pump	311	\$11,091	(\$8,318)	\$2,773
Well #2: Electrical Equipment	311	\$3,624	(\$2,718)	\$906
Well #4: New Motor and Pump	311	\$9,952	(\$7,464)	\$2,488
Well #4: Electrical Equipment	311	\$3,909	(\$2,932)	\$977
Well #3: Replumb	311	\$898	(\$674)	\$224
Well Testing	630	\$200	(\$150)	\$50
Total		\$29,674	(\$22,256)	\$7,418

*Source: Document Nos. 08268-16 and 08634-16

Our net adjustment for Crestridge based on Phase II pro forma items of \$7,959, and additional items of \$7,418, results in an increase of \$15,377 to UPIS and a corresponding decrease to Accumulated Depreciation of \$42,468. In addition, we adjusted depreciation expense to reflect the pro forma additions and retirements resulting in an increase of \$771. Also, we increased Taxes Other Than Income by \$231 to reflect Regulatory Assessment Fees (RAFs) of 4.5 percent on the change in revenues. Our total adjustment to operating expenses, including additional RAFs, is \$1,002, resulting in total operating expenses of \$176,792.

We find Crestridge's Phase II revenue requirement to be \$188,170, representing a 2.81 percent increase over the approved Phase I revenue requirement. Although the additional items result in a higher Phase II revenue increase over the 2.04 percent we previously approved,⁹ we find it reasonable to include the additional items in this proceeding because it reduces regulatory lag and rate case expense, by mitigating the need for an additional limited proceeding.

Phase II rate base is shown on Schedule No. 1-A attached hereto. The capital structure for Phase II is shown on Schedule No. 2 and the revenue requirement is shown on Schedule No. 3-A. The resulting rates are shown on Schedule No. 4.

⁹ Order No. PSC-15-0592-PAA-WU.

Rates and Rate Structure

The Phase II revenues approved herein, less miscellaneous service revenues, results in an increase of 2.95 percent (\$5,138) over the previously-approved Phase I revenue requirement (\$183,032).¹⁰ The calculation is as follows:

Percentage Phase II Rate Increase		Water
1.	Phase I Revenue Requirement	\$183,032
2.	Less Miscellaneous Service Revenues	(\$8,837)
3.	Phase I Service Revenue Requirement	\$174,195
4.	Phase II Revenue Increase	\$5,138
5.	% Service Rate Increase (Line 4/Line 3)	2.95%

We find and approve a Phase II rate increase of 2.95 percent, to be applied as an across-the-board increase to the existing Phase I rates. The rates, as shown on Schedule No. 4 attached hereto, shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Crestridge is required to file revised tariff sheets and a proposed customer notice, reflecting the rates approved herein. In addition, Crestridge shall not implement the rates approved herein until our staff has reviewed and approved the proposed customer notice, and the notice has been received by the Utility's customers. Crestridge must file documentation that the notice was provided to its customers within 10 days of the date of the notice.

Temporary Rates

Pursuant to Section 367.0814(7), F.S., Crestridge's Phase II rates are approved on a temporary basis subject to refund, in the event of a protest filed by a party, other than the Utility. A timely protest may delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the Utility. Crestridge must file revised tariff sheets and a proposed customer notice, reflecting the approved rates. The approved Phase II rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, Crestridge shall not implement the temporary rates approved herein until our staff has reviewed and approved the proposed customer notice, and the notice has been received by the Utility's customers. Crestridge must file documentation that the notice was provided to its customers within 10 days of the date of the notice. The temporary Phase II rates collected by Crestridge shall be subject to the refund provisions discussed below.

¹⁰ Order No. PSC-15-0592-PAA-WU.

Prior to implementation of any temporary rates, Crestridge shall provide appropriate security. Crestridge may collect the temporary Phase II rates upon our staff's approval of an appropriate security for the potential refund and the proposed customer notice. The security shall be in the form of a bond or letter of credit in the amount of \$3,436. Alternatively, Crestridge may establish an escrow agreement with an independent financial institution.

If Crestridge chooses a bond as security, the bond must contain wording to the effect that it will be terminated only under the following conditions:

- 1) The Commission approves the rate increase; or
- 2) If the Commission denies the increase, the Utility shall refund the amount collected that is attributable to the increase.

If Crestridge chooses a letter of credit as a security, it must contain the following conditions:

- 1) The letter of credit is irrevocable for the period it is in effect; and
- 2) The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions shall be part of the agreement:

- 1) The Commission Clerk, or his or her designee, must be a signatory to the escrow agreement;
- 2) No monies in the escrow account may be withdrawn by the Utility without the prior written authorization of the Commission Clerk, or his or her designee;
- 3) The escrow account shall be an interest bearing account;
- 4) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers;
- 5) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility;
- 6) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times;
- 7) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt;
- 8) 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; and
- 9) The account must specify by whom and on whose behalf such monies were paid.

In no instance shall the maintenance and administrative costs associated with the refund be borne by the Utility's customers. These costs are the sole responsibility of, and shall be borne by, Crestridge. Irrespective of the form of security chosen by Crestridge, an account of all monies received as a result of the rate increase shall be maintained by Crestridge. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

Crestridge shall maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., Crestridge must file reports with the Office of the Commission Clerk no later than the 20th of each month, indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed must also indicate the status of the security being used to guarantee repayment of any potential refund.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Crestridge Utilities, LLC's application for Phase II increase in rates associated with pro forma previously approved by Order No. PSC-15-0592-PAA-WU and additional requested items, is hereby approved as set forth in the body of this Order. It is further,

ORDERED that each of the findings made in the body of this Order are hereby approved in every respect. It is further,

ORDERED that all matters contained in the schedules attached hereto are incorporated by reference. It is further,

ORDERED that the appropriate Phase II revenue requirement for Crestridge Utilities, LLC is \$188,170, which is a 2.81 percent increase over the Phase I revenue requirement approved by Order No. PSC-15-0592-PAA-WU. It is further,

ORDERED that the total Phase II rate increase of 2.95 percent shall be applied as an across-the-board increase to Crestridge Utilities, LLC's existing Phase I rates. The rates, as shown on Schedule No. 4 attached hereto, shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. It is further,

ORDERED that Crestridge Utilities, LLC shall file revised tariff sheets and a proposed customer notice to reflect the approved Phase II rates shown on Schedule 4 attached hereto. The revised tariff sheets shall be approved upon our staff's verification that the tariff sheets are consistent with our decision herein. It is further,

ORDERED that Crestridge Utilities, LLC's approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. It is further,

ORDERED that Crestridge Utilities, LLC's approved rates shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers as forth in this Order. Crestridge Utilities, LLC shall provide documentation that the notice was provided to its customers within 10 days of the date of the notice. It is further,

ORDERED that the approved Phase II rates shall be approved for Crestridge Utilities, LLC on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility. Crestridge Utilities, LLC shall file revised tariff sheets and a proposed customer notice, reflecting the approved temporary rates. The approved temporary rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. It is further,

ORDERED that prior to implementation of any temporary rates, Crestridge Utilities, LLC shall provide appropriate security for the potential refund in \$3,436, as set out in the body of this Order. The temporary rates collected by Crestridge shall be subject to refund provisions. Crestridge Utilities, LLC may collect the temporary Phase I rates upon our staff's approval of an appropriate security for the potential refund and the proposed customer notice. It is further,

ORDERED that, irrespective of the form of the security chosen by Crestridge Utilities, LLC, the Utility shall maintain an account of all monies received as a result of the rate increase. It is further,

ORDERED that, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., Crestridge Utilities, LLC shall file reports with the Office of the Commission Clerk no later than the 20th of each month, indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report shall also indicate the status of the security being used to guarantee repayment of any potential refund. It is further,

ORDERED that, except for the granting of temporary rates in the event of protest, which is final agency action, 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, F.A.C., is received by the Office of 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,

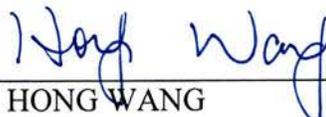
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ORDERED that, if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a Consummating Order shall be issued. This docket shall remain open for our staff to verify that: (i) the required revised tariff sheets and customer notices have been filed by Crestridge Utilities, LLC and approved by our staff; and (ii) Crestridge Utilities, LLC has properly implemented the approved Phase II rates. Once these actions are complete, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 1st day of February, 2017.



HONG WANG

Chief Deputy 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.

KFC

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, the action proposed herein, except for the granting of temporary rates in the event of protest, 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 February 22, 2017.

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.

CRESTRIDGE UTILITIES, LLC		SCHEDULE NO. 1-A	
TEST YEAR ENDED 09/30/14		DOCKET NO. 140175-WU	
SCHEDULE OF WATER RATE BASE (PHASE II)			
DESCRIPTION	PHASE I BALANCE	COMMISSION ADJUSTMENTS TO UTIL. BAL.	BALANCE PER COMMISSION
UTILITY PLANT IN SERVICE	\$225,181	\$15,378	\$240,559
LAND & LAND RIGHTS	6,000	0	6,000
NON-USED AND USEFUL COMPONENTS	0	0	0
CIAC	(86,055)	0	(86,055)
ACCUMULATED DEPRECIATION	(163,013)	42,468	(120,545)
AMORTIZATION OF CIAC	86,055	0	86,055
WORKING CAPITAL ALLOWANCE	<u>19,305</u>	<u>0</u>	<u>19,305</u>
WATER RATE BASE	<u>\$87,473</u>	<u>\$57,846</u>	<u>\$145,319</u>

CRESTRIDGE UTILITIES, LLC		SCHEDULE NO. 1-B
TEST YEAR ENDED 09/30/14		DOCKET NO. 140175-WU
ADJUSTMENTS TO RATE BASE (PHASE II)		
		<u>WATER</u>
<u>UTILITY PLANT IN SERVICE</u>		
To reflect pro forma plant additions and retirements.		<u>\$15,378</u>
<u>ACCUMULATED DEPRECIATION</u>		
To reflect pro forma plant additions and retirements.		<u>\$42,468</u>

**CRESTRIDGE UTILITIES, LLC
 TEST YEAR ENDED 09/30/14
 SCHEDULE OF CAPITAL STRUCTURE (PHASE II)**

CAPITAL COMPONENT	PHASE I BALANCE	COMMISSION SPECIFIC ADJUST- MENTS	BALANCE BEFORE PRO RATA ADJUSTMENTS	PRO RATA ADJUST- MENTS	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
1. COMMON EQUITY	\$22,113	\$0	\$22,113	\$5,334	\$27,447	18.89%	11.16%	2.11%
2. LONG-TERM DEBT	60,694	30,000	90,694	21,877	112,571	77.46%	7.17%	5.56%
3. SHORT-TERM DEBT (Truck)	3,818	0	3,818	921	4,739	3.26%	5.00%	0.16%
4. PREFERRED STOCK	0	0	0	0	0	0.00%	0.00%	0.00%
5. CUSTOMER DEPOSITS	563	0	563	0	563	0.39%	2.00%	0.01%
6. DEFERRED INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
7. TOTAL	<u>\$87,188</u>	<u>\$30,000</u>	<u>\$117,188</u>	<u>\$28,132</u>	<u>\$145,319</u>	<u>100.00%</u>		<u>7.83%</u>
RANGE OF REASONABLENESS						<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY						<u>10.16%</u>	<u>12.16%</u>	
OVERALL RATE OF RETURN						<u>7.64%</u>	<u>8.02%</u>	

CRESTRIDGE UTILITIES, LLC				SCHEDULE NO. 3-A	
TEST YEAR ENDED 09/30/14				DOCKET NO. 140175-WU	
SCHEDULE OF WATER OPERATING INCOME (PHASE II)					
	PHASE I	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$183,032</u>	<u>\$0</u>	<u>\$183,032</u>	<u>\$5,138</u> 2.81%	<u>\$188,170</u>
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	\$154,442	\$0	\$154,442	\$0	\$154,442
3. DEPRECIATION (NET)	4,923	771	5,694	0	5,694
4. TAXES OTHER THAN INCOME	16,424	0	16,424	231	16,655
5. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
6. TOTAL OPERATING EXPENSES	<u>\$175,789</u>	<u>\$771</u>	<u>\$176,561</u>	<u>\$231</u>	<u>\$176,792</u>
7. OPERATING INCOME/(LOSS)	<u>\$7,243</u>		<u>\$6,471</u>		<u>\$11,379</u>
8. WATER RATE BASE	<u>\$87,473</u>		<u>\$145,319</u>		<u>\$145,319</u>
9. RATE OF RETURN	<u>8.28%</u>		<u>4.45%</u>		<u>7.83%</u>

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CRESTRIDGE UTILITIES, LLC
TEST YEAR ENDED 09/30/14
ADJUSTMENTS TO OPERATING INCOME (PHASE II)

SCHEDULE NO. 3-B
DOCKET NO. 140175-WU

DEPRECIATION EXPENSE

To reflect appropriate depreciation expense per Rule 25-30.140 F.A.C..

WATER

\$771

CRESTRIDGE UTILITIES, LLC	SCHEDULE NO. 4	
MONTHLY WATER RATES	DOCKET NO. 140175-WU	
	UTILITY CURRENT RATES	COMMISSION APPROVED PHASE II RATES
<u>Residential and General Service</u>		
Base Facility Charge by Meter Size		
5/8"X3/4"	\$11.73	\$12.08
3/4"	\$17.60	\$18.12
1"	\$29.33	\$30.20
1-1/2"	\$58.65	\$60.40
2"	\$93.84	\$96.64
3"	\$187.68	\$193.28
4"	\$293.25	\$302.00
6"	\$586.50	\$604.00
Charge per 1,000 gallons - Residential		
0 - 3,000 gallons	\$3.85	\$3.96
Over 3,000 gallons	\$7.65	\$7.88
Charge per 1,000 gallons - General Service		
	\$4.90	\$5.04
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>		
3,000 Gallons	\$23.28	\$23.96
5,000 Gallons	\$38.58	\$39.72
10,000 Gallons	\$76.83	\$79.12