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DIVISION OF ECONOMICS
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Public Service Commission

June 7, 2018

Byron Smith, Utility Manager
River Ranch Water Management, LLC.
5601 Windhover Dr.
Orlando, FL 32819

Re: Docket No. 20170219-WS – Application for staff-assisted rate case in Polk County by River Ranch Water Management, LLC.

Dear Mr. Smith:

Enclosed are two copies of the staff report. Please ensure that a copy of the completed Application for Staff Assistance and the staff report are available for review pursuant to Rule 25-22.0407(9)(b), Florida Administrative Code, by all interested persons at the following location:

River Ranch Water Management, LLC.
Comptroller's Office
3200 River Ranch Blvd
River Ranch, FL 33867

Should you have any questions about any of the matters contained herein, please contact Sonica Bruce at (850) 413-6994.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sonica Bruce".

Sonica Bruce
Economic Analyst

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Enclosures

SB

cc: Office of Commission Clerk (Docket No. 20170219-WS)

State of Florida



Public Service Commission

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

DATE: June 6, 2018

TO: Patti Daniel, Bureau Chief, Bureau of Economic Impact and Rate Design

FROM: Division of Economics (Bruce)
Division of Accounting and Finance (Galloway, Wilson)
Division of Engineering (Mtenga)

RE: Docket No. 20170219-WS - Application for staff-assisted rate case in Polk County by River Ranch Water Management, LLC.

- STAFF REPORT -

This Staff Report is preliminary in nature. The Commission staff's final recommendation will not be filed until after the customer meeting scheduled for June 20, 2018.

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Case Background

River Ranch Water Management, LLC (River Ranch or utility) is a Class C water and wastewater utility located in Polk County in the South Florida Water Management District (SFWMD). The utility provides water and wastewater service to residential customers as well as a mobile home park, a recreational vehicle park, condominiums, and other commercial resort properties. According to the utility's 2016 Annual Report, total gross revenues were \$135,329 for water and \$165,554 for wastewater, and total operating expenses were \$131,891 for water and \$225,065 for wastewater.

The utility has been providing service since 1973. In 1996, Polk County transferred its jurisdiction of the privately-owned water and wastewater facilities to the Commission. In September 1997, New River Ranch, L.C.C. d/b/a River Ranch filed an application for grandfather certificates. Effective February 1999, the utility was granted Certificate Nos. 603-W and 519-S.¹ In 2003, the certificates were transferred to River Ranch Water Management, LLC.² The utility's last Commission approved rate increase was in a staff assisted rate case (SARC) in 2003.³ On May 10, 2011, the utility filed for a SARC, but later withdrew the application. The utility filed for the SARC in the instant docket on October 10, 2017. A test year ended September 2017 was selected.

This Staff Report is a preliminary analysis of the utility prepared by the Commission staff to give utility customers and the utility an advanced look at what staff may be proposing. The final recommendation to the Commission (currently scheduled to be filed August 23, 2018, for the September 6, 2018 Commission Conference) will be revised as necessary using updated information and the results of customer quality of service or other relevant comments received at the customer meeting. The Commission has jurisdiction in this case pursuant to Sections 367.081, 367.0812, 367.0814, and 367.091, Florida Statutes (F.S.).

¹ Order No. PSC-99-0254-FOF-WS, issued February 9, 1999, in Docket No. 19971185-WS, *In re: Application for original certificates for an existing utility providing water and wastewater service in Polk County by New River Ranch, L.C. d/b/a River Ranch.*

² Order No. PSC-03-0518-FOF-WS, issued April 18, 2003, in Docket No. 20020382-WS, *In re: Application for transfer of facilities and Certificate Nos. 603-W and 519-S in Polk County from New River Ranch L.C. d/b/a River Ranch to River Ranch Water Management, LLC.*

³ Order No. PSC-03-0740-PAA-WS, issued June 23, 2003, in Docket No. 20021067-WS, *In re: Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.*

Discussion of Issues

Issue 1: Is the quality of service provided by River Ranch satisfactory?

Preliminary Recommendation: Staff's recommendation regarding quality of service will not be finalized until after the June 20, 2018 customer meeting. (Mtenga)

Staff Analysis: Pursuant to Section 367.081(2)(a)1., F.S., in water and wastewater rate cases, the Commission shall consider the overall quality of service provided by the utility. Rule 25-30.433(1), Florida Administrative Code (F.A.C.), provides for the evaluation of three separate components of the utility's operations. The components evaluated are: (1) the quality of the utility's products; (2) the operating conditions of the utility's plant and facilities; and (3) the utility's attempt to address customer satisfaction. The rule further states that sanitary surveys, outstanding citations, violations, and consent orders on file with the Department of Environmental Protection (DEP) and the county health department over the preceding three year period shall be considered. Additionally, Section 367.0812(1)(c), F.S., requires the Commission to consider the extent to which the utility provides water service that meets secondary water quality standards as established by the DEP.

Quality of Utility's Product

In evaluation of River Ranch's product quality, staff reviewed the utility's compliance with the DEP's primary and secondary drinking water standards. Primary standards protect public health, while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. Based on a preliminary review of the DEP's records from October 1, 2013, to April 6, 2018, they indicate River Ranch's finished water product met all primary and secondary standards. The most recent chemical analysis occurred in March 2015 and the next scheduled testing should occur later in 2018.

The utility's operation of its wastewater treatment system is subject to various environmental requirements such as permitting, testing, and discharge monitoring under the jurisdiction of the DEP. Currently, DEP has no violations or corrective orders pending against the utility concerning the treatment and disposal of domestic wastewater.

Operating Conditions of the Utility's Plant and Facilities

River Ranch's service area is located in Lake Wales, Florida, in Polk County, and is within the SFWMD. The raw water source is ground water which is obtained from two wells in the service area and is treated. The utility was issued a notice of violation by the DEP on June 16, 2015, which indicated that, after inspection, both of the water tanks were in overall poor condition. The utility replaced the water tanks in 2016.

DEP conducted a sanitary survey inspection of the facility on December 12, 2017, and found five deficiencies. These deficiencies included a cross-connection between the point of entry tap and irrigation system, an unprotected hydro-pneumatic tank, partial fence down around the water plant, Well No. 2 not properly protected, and the raw water tap on Well No. 1 was threaded. DEP re-inspected River Ranch's water facilities on April 6, 2018, and found that the utility was in compliance with the DEP rules.

River Ranch also operates an activated sludge wastewater treatment plant (WWTP), with a permitted capacity of 140,000 gallons per day (gpd) based on a three-month rolling average daily flow (TMRADF). The plant consists of one surge tank, four aeration basins, two clarifiers, two chlorine contact chambers, and one digester. Treated effluent is discharged into groundwater via a pond. The River Ranch WWTP was inspected by DEP on March 27, 2018, and the facility was rated in-compliance.

The Utility's Attempt to Address Customer Satisfaction

Staff reviewed the Commission's complaint records from October 1, 2012, through April 6, 2018, and found zero complaints in that time period. River Ranch also indicated, in response to a staff data request, that they had not received any complaints in the past five-years. The DEP also indicated that they had not received any complaints regarding River Ranch in the past five-years as well.

Summary

Staff's recommendation regarding quality of service will not be finalized until after the June 20, 2018 customer meeting.

Issue 2: What are the used and useful (U&U) percentages of River Ranch's water treatment plant, storage, wastewater treatment plant, water distribution system, and wastewater collection system?

Preliminary Recommendation: Staff recommends that River Ranch's U&U for the water treatment plant (WTP) and storage should be considered 100 percent, the WWTP 52.4 percent, the water distribution system 79.8 percent, and the wastewater collection system 83.2 percent. Staff is unable to recommend an amount for excessive unaccounted for water (EUW) or excessive inflow and infiltration (I&I) at this time. This is a preliminary determination and further investigation is needed. (Mtenga)

Staff Analysis: River Ranch's water system has one well rated at 300 gallons per minute (gpm) and another well rated at 250 gpm. Storage consists of one 200,000 gallon concrete ground storage tank with aeration and one steel hydropneumatic tank with a capacity of 1,000 gallons. A hypochlorination system is used for disinfection and water from the tanks is pumped into the water distribution system. The distribution system is a composite network of approximately 16,317 linear feet of 2 inch polyvinyl chloride (PVC) pipe, 5,090 linear feet of 3 inch PVC pipe, 400 linear feet of 4 inch PVC pipe, and 33,330 linear feet of 5 inch PVC pipe. According to the utility, there are 29 fire hydrants in its service area.

The WWTP is a 140,000 gpd extended aeration activated sludge facility which consists of one surge tank, four aeration basins, two clarifiers, two chlorine contact chambers, and one digester. The collection system is a composite network of force mains, collection mains, and six lift stations. The force mains consist of approximately 1,860 linear feet of 3 inch PVC pipe, 17,370 linear feet of 8 inch PVC pipe, and 256 linear feet of 10 inch PVC pipe. The collection mains consist of approximately 4,330 linear feet of 4 inch PVC pipe, 4,510 linear feet of 6 inch PVC pipe, 13,982 linear feet of 8 inch PVC pipe, and 80 linear feet of 8 inch clay pipe. According to the utility, there are 43 manholes.

Excessive Unaccounted for Water

Rule 25-30.4325, F.A.C., describes EUW as unaccounted for water in excess of 10 percent of the amount produced. The Commission recognizes that some uses of the water are readily measurable and others are not. Unaccounted for water is all water that is produced that is not sold, metered, or accounted for in the records of the utility. The rule provides that to determine whether adjustments to plant and operating expenses, such as purchased electrical power and chemical costs, are necessary the Commission will consider all relevant factors as to the reason for EUW, solutions implemented to correct the problem, or whether a proposed solution is economically feasible. The unaccounted for water is calculated by subtracting both the gallons used for other purposes, such as flushing, and the gallons sold to customers from the total gallons pumped for the test year.

While staff was able to obtain River Ranch's monthly operating reports (MORs), so the gallons produced could be determined, the utility was unable to provide specific gallons sold because of the use of flat rates. Therefore, EUW cannot be determined for this utility at this time.

Water Treatment Plant Used and Useful

Rule 25-30.4325, F.A.C., provides the method to address U&U calculations for a WTP with storage facilities. For a WTP with more than one well and storage capacity, the U&U is calculated using the following equation: $((\text{Peak Demand} + \text{Fire Flow} + \text{Growth} - \text{EUW}) / \text{Firm Reliable Capacity})$.

The peak demand is the single maximum day in the test year where there is no unusual occurrences and is measured in gallons per day. Based on River Ranch's MORs, the maximum day usage during the test year was 301,133 gallons which occurred on April 5, 2017. Fire flow for the utility's service area is 1,000 gpm for two hours, or 120,000 gpd. Based on the utility's annual reports, staff is expecting zero growth for the community. As discussed above, no EUW has been identified for this system.

Because the utility has storage capacity, the firm reliable capacity (FRC) is based on 16 hours of pumping, excluding the largest well. The utility has two wells rated at 300 gpm and 250 gpm. The utility's FRC is calculated by the smallest well capacity x 16 hours (250 gpm x 60 min/hr x 16 hrs) which equates to 240,000 gallons.

Based on the inputs discussed above, the resulting U&U calculation for the WTP $((301,133 + 120,000 + 0 - 0) / 240,000)$ exceeds 100 percent. Therefore, the WTP can be considered 100 percent U&U.

Storage Used and Useful

Pursuant to Rule 25-30.4325(8), F.A.C., for water systems with storage, if the storage capacity is less than the peak demand, the storage system should be considered 100 percent U&U. River Ranch has a 200,000 gallon ground storage tank and one hydropneumatic tank rated at 1,000 gallons. Per the rule, the hydropneumatic tank is not included in the U&U calculation. Since the storage capacity of 200,000 gallons is less than the peak demand of 301,133 gallons, the storage tank should be considered 100 percent U&U.

Inflow & Infiltration

Infiltration occurs from groundwater entering a wastewater collection system through broken or defective pipes and joints; whereas, inflow results from water entering a wastewater collection system through manholes or lift stations. The allowance for infiltration is 500 gallons per day, per inch diameter pipe per mile; an additional 10 percent of water sold is allowed for inflow. As with the EUW determination, staff was able to obtain River Ranch's discharge monitoring reports, but was unable to determine the I&I at this time.

Wastewater Treatment Plant Used and Useful

Rule 25-30.432, F.A.C., provides the method for calculating the U&U of a utility's WWTP: $((\text{Customer Demand} - \text{I\&I} + \text{Growth}) / \text{Permitted Capacity})$. In this calculation, customer demand is measured on the same basis as the permitted capacity which is TMRADF.

The TMRADF from August 1, 2016, to October 31, 2016, was 73,337 gpd. As previously discussed, no I&I has been identified for this system and the expected growth is zero. The DEP permitted plant capacity, based on TMRADF, is 140,000 gpd. Based on the inputs described

above, the calculation of U&U for River Ranch's WWTP is 52.4 percent $((73,337-0+0)/140,000)$.

Water Distribution and Wastewater Collection System Used & Useful

The U&U for the water distribution system is 79.8 percent. This is the U&U from the prior Commission order.⁴

The formula for calculating the U&U for a wastewater collection system is $((\text{test year connections} + \text{growth})/\text{capacity of the system})$. Equivalent residential connections (ERCs) are estimated due to use of master meters. The system capacity was assumed to be the existing ERCs plus the number of vacant lots provided to the Commission by the utility. No customer growth is expected. For the wastewater collection system, there were an estimated average of 862 ERCs in the test year and the capacity of the system is estimated to be 1,036 ERCs. Therefore, the wastewater collection system is 83.2 percent U&U.

Summary

Staff recommends that River Ranch's U&U for the water treatment plant (WTP) and storage should be considered 100 percent, the WWTP 52.4 percent, the water distribution system 79.8 percent, and the wastewater collection system 83.2 percent. Staff is unable to recommend an amount for excessive unaccounted for water (EUW) or excessive inflow and infiltration (I&I) at this time. This is a preliminary determination and further investigation is needed.

⁴Id.

Issue 3: What are the appropriate average test year water and wastewater rate bases for River Ranch?

Preliminary Recommendation: The appropriate average test year water rate base for River Ranch is \$964,225 and the average test year wastewater rate base is \$301,047. (Galloway, Mtenga)

Staff Analysis: The components of the utility's rate base include utility plant in service, land, contributions-in-aid-of-construction (CIAC), accumulated depreciation, amortization of CIAC, and working capital. Rate base was last established for the River Ranch water and wastewater systems as of December 2002.⁵ The test year ended September 30, 2017, was used for the instant case. A summary of each water and wastewater rate base component, and recommended adjustments are discussed below.

Utility Plant in Service

The utility recorded utility plant in service (UPIS) balances of \$1,824,134 for water and \$1,925,109 for wastewater. Staff reduced water UPIS by \$90,893 and wastewater UPIS by \$398,077 to reflect appropriate plant balances as identified in the audit. Most of the adjustments identified in the audit report were made to UPIS due to lack of supporting documentation and unrecorded retirements. However, one adjustment included in the \$398,077 reduction to wastewater plant is \$46,765, which represents plant that was reclassified to property held for future use in the utility's last rate case.

At the time of the utility's last rate case, the utility maintained that they planned to use the old WWTP as part of a future expansion of the wastewater plant. However, during the plant tour for the current docket, the utility's representative stated that the old wastewater plant has been decommissioned and would be disposed of in the future. Staff believes that, under this scenario, the old wastewater plant no longer qualifies as property held for future use. Therefore, staff reduced wastewater plant and the corresponding accumulated depreciation by the \$46,765, the amount determined in the prior order.

Additionally, the audit identified 24 invoices associated with substantial water plant improvements made by the utility between 2013 and 2016 that totaled \$881,703. All of these invoices were recorded by the utility during the test year and were recorded in one account, Account 330 – Distribution Reservoirs and Standpipes. According to the utility's general ledger, while all of the invoices were recorded, no retirements associated with these additions were made. In a preliminary review of the invoices, staff determined that some of the additions supported by these invoices were for wastewater plant and not water plant. Similarly, for purposes of this Staff Report, staff determined that all of the water plant additions should remain in Account 330, except one invoice that should be recorded in Account 334 – Meters and Meter Installations. However, staff will request additional information to further evaluate the appropriate account designations.

Likewise, of the 24 invoices, staff determined which invoices should also include a retirement and calculated the related retirement in accordance with Commission practice. It is Commission practice to use 75 percent of the cost of the replacement as the retirement value when the original

⁵Id.

Date: June 6, 2018

cost is not known. It is also Commission practice to limit the retirement to the account balance if the 75 percent retirement exceeds the plant balance. Therefore, staff's preliminary calculations result in a reduction to UPIS in the amount of \$453,975 for retirements (75 percent) associated with water. Further, staff removed \$56,933 as not related to the water plant and reclassified \$39,460 of this removal to wastewater plant, Account 380 – Treatment and Disposal Equipment. Staff emphasizes that this initial review is preliminary and requires further examination for the final recommendation.

For purposes of this staff report, adjustments have been made to UPIS that result in a decrease of \$601,801 ($\$90,893 + \$453,975 + \$56,933$) to water UPIS and a net decrease of \$367,720 ($\$398,077 - \$39,460 + \$9,103$) to wastewater UPIS, which includes an averaging adjustment of \$9,103. These adjustments result in staff recommending a UPIS balance of \$1,222,333 for water and \$1,557,389 for wastewater.

Land and Land Rights

The utility recorded land of \$160 for water and \$500 for wastewater. Staff verified that the land is owned by the utility and determined there have been no changes to the utility's cost of land since rate base was last established, therefore, no adjustments are necessary. Staff recommends a land and land rights balance of \$160 for water and \$500 for wastewater.

Non-Used and Useful Plant

As discussed in Issue 2, the WTP and water storage are considered 100 percent U&U. However, the water distribution system is considered 79.8 percent used and useful. The wastewater treatment plant is considered 52.4 percent U&U and the wastewater collection system is considered 83.2 percent U&U. Consistent with these U&U percentages, staff has applied the non-U&U percentages to the appropriate plant accounts. This results in a non-U&U adjustment of \$70,655 to water plant and \$331,671 to wastewater plant. The non-U&U accumulated depreciation is \$59,325 for water and \$205,610 for wastewater. Therefore, staff's preliminary recommendation is a net non-U&U reduction of \$11,330 ($\$70,655 - \$59,325$) for water and a net reduction of \$126,061 ($\$331,671 - \$205,610$) for wastewater.

Contributions In Aid of Construction

The utility recorded test year CIAC of \$524,938 for water and \$665,542 for wastewater. The recorded CIAC is consistent with the utility's prior rate case as well as its approved tariff and customer base. Further, because no activity occurred during the test year, no averaging adjustments are necessary for ratemaking purposes. For purposes of this preliminary report, staff's recommendation is that no adjustments to CIAC are necessary at this time. Therefore, staff recommends CIAC balances of \$524,938 for water and \$665,542 for wastewater.

Accumulated Depreciation

According to the utility's general ledger, the accumulated depreciation balance for River Ranch's water system was \$718,063 and \$1,281,819 for the wastewater system as of September 30, 2017. Staff recalculated accumulated depreciation and depreciation expense using the audited UPIS balances and the depreciation rates established by Rule 25-30.140(2), F.A.C. Staff reduced these accounts by \$45,148 for water and \$257,902 for wastewater to reflect the audited balances. In addition, staff reduced accumulated depreciation by \$453,975 to reflect the unrecorded retirements for water as discussed above. Finally, staff reduced accumulated depreciation to

reflect an averaging adjustment of \$19,962 for water and \$19,261 for wastewater. The results of these preliminary adjustments are a decrease to accumulated depreciation of \$519,085 ($\$45,148 + \$453,975 + \$19,962$) for water and a decrease of \$277,163 ($\$257,902 + \$19,261$) for wastewater. Therefore, staff's preliminary recommendation for accumulated depreciation is a balance of \$198,978 for water and a balance of \$1,004,656 for wastewater.

Accumulated Amortization of CIAC

River Ranch recorded test year amortization of CIAC balances of \$464,260 for water and \$526,382 for wastewater. Staff calculated amortization of CIAC balances using the depreciation rates established by Rule 25-130.142, F.A.C., and made no adjustments. The recorded amortization of CIAC is consistent with Commission practice. Staff believes that once final determinations are made with regard to the matters discussed in the UPIS section of this report, an adjustment might be in order for amortization of CIAC. However, for purposes of this preliminary report, staff's recommendation is that no adjustments are necessary at this time, noting that further examination will be required for the final recommendation. Therefore, staff recommends amortization of CIAC balances of \$464,260 for water and \$526,382 for wastewater.

Working Capital Allowance

Working capital is defined as the short-term, investor-supplied funds that are necessary to meet operating expenses of the utility. Consistent with Rule 25-30.433(2), F.A.C., staff used the one-eighth of the operation and maintenance (O&M) expense formula approach for calculating the working capital allowance. Staff also removed the unamortized balances of rate case expense of \$763 for water and \$577 for wastewater pursuant to Section 367.081(9), F.S.⁶ Applying this formula, staff recommends a working capital allowance of \$12,718 ($\$101,744/8$) for water, based on the adjusted O&M expense of \$101,744 ($\$102,507 - \$763 = \$101,744$). Further, staff recommends a working capital allowance of \$13,035 ($\$104,279/8$) for wastewater, based on the adjusted O&M expense of \$104,279 ($\$104,856 - \$577 = \$104,279$).

Rate Base Summary

Based on the foregoing, staff recommends that the appropriate average test year rate base for water is \$964,225 and the average test year rate base for wastewater is \$301,047, as shown in Schedule Nos. 1-A and 1-B. The related adjustments are shown on Schedule No. 1-C

⁶Section 367.081(9), F.S., which became effective July 1, 2016, states, "A utility may not earn a return on the unamortized balance of the rate case expense. Any unamortized balance of rate case expense shall be excluded in calculating the utility's rate base." The Utility's application was filed on October 10, 2017, after the statute became effective. Therefore, staff excluded rate case expense from the working capital calculations. The unamortized balance of rate case expense is reflected in Issue 6 and in Schedule Nos. 3-D and 3-E.

Issue 4: What is the appropriate return on equity and overall rate of return for River Ranch?

Preliminary Recommendation: The appropriate return on equity (ROE) is 8.74 percent with a range of 7.74 percent to 9.74 percent. The appropriate overall rate of return is 8.74 percent. (Galloway)

Staff Analysis: According to staff's audit, the River Ranch test year capital structure consisted of additional paid in capital, members equity, retained earnings, and related-party debt. River Ranch is a subsidiary of Central Florida Investments (CFI) and its operations, and any utility earnings (losses) roll forward to and are consolidated within CFI's federal tax return. The utility's capital structure in its 2016 annual report reflects an equity balance of \$578,573, a long term debt balance of \$244,724, and no customer deposits.

Staff is still determining the final appropriate capital structure and cost of capital. The utility's proposed capital structure has been reconciled with staff's preliminary recommended rate base. The appropriate ROE for the utility is 8.74 percent based upon the Commission-approved leverage formula currently in effect.⁷ Staff recommends an ROE of 8.74 percent, with a range of 7.74 percent to 9.74 percent, and an overall rate of return of 8.74 percent. The ROE and overall rate of return are shown on Schedule No. 2.

⁷Order No. PSC-17-0249-PAA-WS, issued June 26, 2017, in Docket No. 20170006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

Issue 5: What are the appropriate amounts of test year revenues for the water and wastewater systems?

Preliminary Recommendation: The appropriate test year revenues are \$137,305 for the water system and \$167,826 for the wastewater system. (Bruce)

Staff Analysis: River Ranch recorded total revenues of \$135,486 for water and \$165,612 for wastewater, which consists of only service revenues. During the test year, the utility did not bill nine residential customers; therefore, staff recommends that the service revenues should be increased by \$1,819 for water and \$2,214 for wastewater to reflect the imputed revenues associated with those customers. Therefore, the appropriate test year revenues are \$137,305 for the water system and \$167,826 for the wastewater system.

Issue 6: What is the appropriate amount of operating expenses for River Ranch?

Preliminary Recommendation: The appropriate amount of operating expenses are \$152,993 for the water system and \$161,905 for wastewater system. (Galloway, Mtenga)

Staff Analysis: River Ranch recorded operating expenses of \$145,442 for water and \$222,926 for wastewater for the test year ended September 30, 2017. The test year O&M expenses have been reviewed, including invoices, canceled checks, and other supporting documentation. Staff has made several preliminary adjustments to the utility's operating expenses as summarized below.

Salaries and Wages - Employees (601/701)

The utility recorded employee salaries and wages expenses of \$24,655 for water and \$24,655 for wastewater for the test year. Staff reviewed the actual 2016 W-2 form and decreased the amount for both water and wastewater each by \$3,094 to reflect the actual salaries paid during the test year. Staff believes that additional information is needed in order to determine the utility's final appropriate salaries and wages expense. Therefore, staff's preliminary recommendation for salaries and wages - employees expenses are \$21,561 for water and \$21,561 for wastewater.

Employee Pensions and Benefits (604/704)

The utility recorded employee pensions and benefits expense of \$2,970 for water and \$2,970 for wastewater for the test year. Similar to employee salaries and wages expense, staff reviewed the actual 2016 W-2 form and increased the amount for both water and wastewater each by \$118 to reflect the actual employee pensions and benefits incurred during the test year. Staff's preliminary recommendation for employee pensions and benefits expense is \$3,088 for water and \$3,088 for wastewater.

Purchased Power (615/715)

River Ranch recorded purchased power expense of \$12,367 for water and \$21,794 for wastewater for the test year. Staff increased this account by \$5,438 for water and decreased this account by \$1,811 for wastewater to reflect the actual purchased power expense incurred during the test year. Staff recommends purchased power expense of \$17,805 for water and \$19,983 for wastewater.

Chemicals (618/718)

The utility recorded chemicals expense of \$33,036 for water and \$32,623 for wastewater for the test year. Staff reduced this account by \$3,374 for water and \$13,643 for wastewater to reflect the amounts included in the invoices that provided by River Ranch. However, staff will request additional information to further evaluate the appropriate chemicals expense. Therefore, for purposes of the preliminary Staff Report, staff recommends chemicals expense of \$29,662 for water and \$18,980 for wastewater.

Materials and Supplies (620/720)

The utility recorded materials and supplies expense of \$236 for water and \$168 for wastewater for the test year. Staff decreased the water and wastewater accounts by \$168 each to remove Florida Rural Water Association dues. The appropriate account for these dues is miscellaneous expense, Account 675/775. Accordingly, staff has reclassified \$168 for both water and

wastewater to the appropriate account. Therefore, staff's preliminary recommendation for materials and supplies expense is \$68 for water and \$0 for wastewater.

Contractual Services - Professional (631/731)

The utility inadvertently recorded outside accounting fees for water and wastewater in an improper Class B account. Staff reclassified the recorded amount of \$5,700 each for water and wastewater to the proper Class C account, Contractual Services – Professional, Account No. 631/731. Further, staff reduced this reclassified amount by \$2,100 each for water and wastewater to reflect the actual amount from invoices provided by the utility. Therefore, staff recommends contractual services – professional expense for the test year of \$3,600 for water and \$3,600 for wastewater.

Contractual Services - Testing (635/735)

The utility recorded testing expense of \$1,847 for water and \$2,750 for wastewater in this account. Staff made no adjustments to this account for water and wastewater based on actual invoices provided by the utility. However, staff believes additional information is needed in order to determine the utility's appropriate testing expense going forward. Therefore, for purposes of this preliminary report, staff recommends contractual services – testing expense for the test year of \$1,847 for water and \$2,750 for wastewater.

Contractual Services - Other (636/736)

The utility recorded contractual services – other expense of \$21,554 for water and \$33,883 for wastewater. Staff decreased this account by \$2,508 for water and \$3,433 for wastewater to reflect the invoices provided by the utility. Staff believes that additional review is needed to determine the utility's appropriate contractual services – other expense balance for the test year. Therefore, staff's preliminary recommendation for contractual services – other expense for the test year is \$19,046 for water and \$30,450 for wastewater.

Rent Expense (640/740)

The utility recorded an out of period equipment rental invoice in the amount of \$4,445 for water and the same amount for wastewater. This amount inadvertently was recorded by the utility in a Class B account. Staff removed this amount from rent expense. Additionally, the Commission approved an allowance for office rent, \$1,800 for water and \$1,800 for wastewater, pursuant to Order No. PSC-2003-0740-PAA-WS. As a result, staff has increased this account by the amount approved in that Order for purposes of the Staff Report. Staff notes that this increase requires additional review, and believes that additional information is needed to determine the utility's appropriate rent expense. Net adjustments to rent expense are a decrease of \$2,645 for water and a decrease of \$2,645 for wastewater. Therefore, staff's preliminary recommendation for rent expense is \$1,800 for water and \$1,800 for wastewater.

Transportation Expense (650/750)

For transportation expense, the utility recorded \$153 for water and the same amount for wastewater. Staff increased this account by \$12 for water and \$12 for wastewater to reflect the invoices provided by the utility. Therefore, staff is recommending transportation expense of \$165 for water and \$165 for wastewater.

Date: June 6, 2018

Insurance Expense (655/755)

The utility inadvertently recorded insurance expense in improper Class B accounts. Staff reclassified the improper recordings to this account. Staff made adjustments to reflect unrecorded liability insurance allowed in Order No. PSC-03-0740-PAA-WS, vehicle insurance that was improperly recorded in Class B account 656, and a workers compensation fee also improperly recorded in Class B account 658.

Staff believes the appropriate insurance expense for both water and wastewater should include unrecorded liability insurance of \$1,200, reclassified vehicle insurance of \$792, and a workers compensation fee of \$448. The result is total insurance expense of \$2,440 (\$1,200 + \$792 + \$448) for both systems combined or \$1,220 for each system. Accordingly, staff has increased this account by \$1,220 for each system. Staff's preliminary recommendation for insurance expense is \$1,220 for water and \$1,220 for wastewater.

Regulatory Commission Expense (665/765)

The utility recorded regulatory commission expense of \$6,095 for water and \$7,456 for wastewater for the test year. These amounts actually reflected the 2016 regulatory assessment fees that the utility paid in 2017. Regulatory assessment fees should be recorded as Taxes Other than Income. For that reason, staff reclassified these amounts to the Taxes Other Than Income account.

Generally, regulatory commission expense includes expenses incurred by the utility in connection with formal cases before regulatory commissions such as noticing costs and filing fees. The utility is required by Rule 25-22.0407, F.A.C., to provide notices of the customer meeting and notices of final rates in this case to its customers. Staff is recommending that the utility also be required to provide notice of the four-year rate reduction to its customers when the rates are reduced to remove the amortized rate case expense. For noticing, staff estimated \$1,901 for postage expense, \$1,267 for printing expense, and \$190 for envelopes. This results in \$3,358 (\$1,901 + \$1,267 + \$190) for the noticing requirements. The utility paid a total of \$2,000 in rate case filing fees (\$1,000 for water and \$1,000 for wastewater). Based on the above, staff recommends total rate case expense of \$5,358 (\$3,358 + \$2,000) which, amortized over four years is \$1,339. Staff allocated the annual rate case expense to the water and wastewater systems based on ERCs resulting in annual rate case expense of \$763 for water and \$577 for wastewater.

Bad Debt Expense (670/770)

River Ranch recorded bad debt expense of \$265 for water and \$265 for wastewater in its general ledger for the test year. For the preliminary purposes of the Staff Report, staff is making no adjustment at this time to this account.

Miscellaneous Expense (675/775)

The utility recorded test year miscellaneous expense of \$1,532 for water and \$332 for wastewater. Staff increased the water and wastewater accounts by \$85 each to reflect the dues paid to the Florida Rural Water Association. The utility initially recorded the total dues to water and to wastewater in materials and supplies, accounts 620/720. As discussed above, staff reclassified the dues to this account, and split the total amount equally between water and wastewater. As a result, for the test year, staff recommends miscellaneous expense of \$1,617 for water and \$417 for wastewater.

O&M Summary

Based on the above adjustments, O&M expense should be decreased by \$12,968 for water and by \$32,958 for wastewater, resulting in total O&M expense of \$102,507 for water and \$104,856 for wastewater as shown in Schedule Nos. 3-A through 3-E.

Depreciation Expense

The utility's records reflect test year water depreciation expense of \$30,269 and test year wastewater depreciation expense of \$86,506. Staff recalculated depreciation expense using the prescribed rates set forth in Rule 25-30.140, F.A.C., and the plant adjustments discussed in Issue 3. As a result, staff increased water depreciation expense by \$9,656 and decreased wastewater depreciation expense by \$11,351 to reflect the appropriate test year depreciation expense. Staff also reduced depreciation expense by \$1,859 for water and \$17,414 for wastewater to reflect the non-used and useful depreciation expense.

Based on the above, staff's net adjustment to depreciation expense is an increase of \$7,796 (\$9,656 - \$1,859) for water and a decrease of \$28,765 (-\$11,351 - \$17,414) for wastewater. Therefore, staff recommends net depreciation expense of \$38,065 for water and \$57,741 for wastewater.

Amortization of CIAC

The utility's records reflect test year CIAC amortization expense of \$8,634 for water and \$10,880 for wastewater. Audit staff calculated amortization expense using audited CIAC balances and the depreciation rates established by Rule 25-130.142, F.A.C. No adjustments were made to amortization of CIAC at this time. Staff believes further review of additional information gathered in relation to matters discussed in Issue 3 is necessary to determine the appropriate amortization of CIAC. Therefore, for purposes of this preliminary Staff Report, the appropriate amortization of CIAC is \$8,634 for water and \$10,880 for wastewater.

Taxes Other Than Income (TOTI)

River Ranch recorded TOTI of \$8,330 for water and \$9,486 for wastewater for the test year. Staff decreased these accounts by \$262 for water and \$101 for wastewater to reflect the appropriate test year property taxes. Additionally, staff decreased payroll taxes by \$210 for water and \$210 for wastewater to reflect appropriate test year payroll taxes. Staff also increased TOTI by \$8,616 for water to reflect the appropriate tangible taxes. In addition, adjustments were made to reflect the appropriate regulatory assessment fees associated with test year revenues. Staff increased TOTI by \$83 for water and \$96 for wastewater. Staff's adjustments are a net increase of \$8,227 (- \$262 - \$210 + \$8,616+ 83) to water and a decrease of \$215 (-\$101 - \$210 + \$96) to wastewater.

Finally, as discussed in Issue 8, revenues have been increased by \$99,961 for water and \$20,391 for wastewater to reflect the change in revenue required to cover expenses and allow an opportunity to recover the recommended rate of return. As a result, TOTI should be increased by \$4,498 for water and \$918 for wastewater to reflect RAFs of 4.5 percent of the change in revenues.

Staff's total adjustments are an increase of \$12,725 ($\$8,227 + \$4,498$) for water and a net increase of \$703 ($-\$215 + \918) to wastewater. Therefore, staff recommends TOTI of \$21,055 for water and \$10,189 for wastewater.

Operating Expenses Summary

The application of staff's recommended adjustments to River Ranch's test year operating expenses results in operating expenses of \$152,993 for water and \$161,905 for wastewater as shown on Schedules No. 3-A and 3-B. The adjustments are shown on Schedule No. 3-C.

Issue 7: What is the appropriate revenue requirement?

Preliminary Recommendation: The appropriate revenue requirements are \$237,266 for water and \$188,217 for wastewater, resulting in an annual increase of \$99,961 for water (72.80 percent) and \$20,391 for wastewater (12.15 percent). (Galloway)

Staff Analysis: River Ranch should be allowed an annual increase of \$99,961 for water (72.80 percent) and \$20,391 for wastewater (12.15 percent). This will allow the utility the opportunity to recover its expenses and earn an 8.74 percent return on rate base for its water and wastewater systems. The calculations are shown below in Tables 7-1 for water and 7-2 for wastewater:

**Table 7-1
Water Revenue Requirement**

Adjusted Rate Base	\$964,225
Allowed Rate of Return (%)	x 8.74%
Return on Rate Base	\$84,273
Adjusted O&M Expense	102,507
Depreciation Expense (Net)	29,431
Taxes Other Than Income	16,557
Test Year RAFs	4,498
Revenue Requirement	\$237,266
Less Adjusted Test Year Revenues	137,305
Annual Increase	<u>\$99,961</u>
Percent Increase	72.80%

Table 7-2
Wastewater Revenue Requirement

Adjusted Rate Base	\$301,047
Allowed Rate of Return (%)	x 8.74%
Return on Rate Base	\$26,312
Adjusted O&M Expense	104,856
Depreciation Expense (Net)	46,861
Taxes Other Than Income	9,271
Test Year RAFs	918
Revenue Requirement	\$188,217
Less Adjusted Test Year Revenues	167,826
Annual Increase	<u>\$20,391</u>
Percent Increase	12.15%

Issue 8: What are the appropriate rate structures and rates for River Ranch's water and wastewater systems?

Preliminary Recommendation: The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B. The approved rates should 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, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days of the date of the notice. (Bruce)

Staff Analysis: As mentioned earlier in the case background, the utility provides water and wastewater service to approximately 65 residential customer and 5 general service customers. The utility also provides service to two irrigation customers. The five general service customers include River Ranch Chapel, a 367-unit recreational vehicle (RV) park, 192 River Ranch condominium units, 119 Long Hammock mobile home park lots, and other resort properties.

The utility's current flat rates were approved in 2003.⁸ In addition, the Commission ordered the utility to individually meter all general service customers and a file rate restructuring case to implement metered rates. While the utility filed for a SARC in 2011, the case was withdrawn without the rates being restructured. The utility's current rates include a flat rate for single family homes, a per unit rate for condominiums and mobile homes, and separate rates for the church and Westgate properties as well as irrigation service.

Since the last rate case, the utility has installed meters throughout the property; however, some of the meters are inoperable. At staff's request, the utility provided metered data for October 1, 2016, to September 30, 2017. Based on DEP monthly operating reports showing the amount of water pumped and the metered data collected by the utility, staff designed rates to reflect the estimated demand the various customers place on the system. Staff's recommended rates are based on the per unit rates for the Long Hammock mobile home park, the Westgate resort properties, the River Ranch condominiums, and the River Ranch RV park, including the irrigation rates for the mobile home and RV parks. The preliminary recommended rates on Schedule Nos. 4-A and 4-B reflect an interim step towards future metered rates. Staff is working with the utility to determine whether all water uses are metered and whether all meters are properly calibrated in order to develop rates that more accurately reflect each customer groups' demand on the system.

The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B. The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should 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, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days of the date of the notice.

⁸ Id.

Issue 9: What are the appropriate initial customer deposits for River Ranch's water and wastewater systems?

Preliminary Recommendation: The appropriate initial customer deposits should be \$96 for the single family residential 5/8 inch x 3/4 inch meter size for water and \$78 for the single family residential 5/8 inch x 3/4 inch meter size for wastewater. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water and wastewater. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding. (Bruce)

Staff Analysis: Rule 25-30.311, F.A.C., provides the criteria for collecting, administering, and refunding customer deposits. Customer deposits are designed to minimize the exposure of bad debt expense for the utility and, ultimately, the general body of ratepayers. An initial customer deposit ensures that the cost of providing service is recovered from the cost causer. Historically, the Commission has set initial customer deposits equal to two times the average estimated bill.⁹ Currently, the utility's initial deposit for the single family residential water customer is \$30.54 for the 5/8 inch x 3/4 inch meter size and two times the average estimated bill for the general service meter sizes. For wastewater, the utility's initial deposit for single family residential service is \$32.60 for the 5/8 inch x 3/4 inch meter size and two times the average estimated bill for the general service meter sizes.

Staff recommends the appropriate initial customer deposits should be \$96 for the single family residential 5/8 inch x 3/4 inch meter size for water and \$78 for the single family residential 5/8 inch x 3/4 inch meter size for wastewater. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water and wastewater. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

⁹Order No. PSC-15-0142-PAA-SU, issued March 26, 2015, in Docket No. 20130178-SU, *In re: Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.*

Issue 10: Should River Ranch be authorized to collect Non-Sufficient Funds (NSF) charges?

Preliminary Recommendation: Yes. River Ranch should be authorized to collect NSF charges pursuant to Section 68.065, F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the charges should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date the notice was given within 10 days of the date of the notice. (Bruce)

Staff Analysis: Section 367.091, F.S., requires that rates, charges, and customer service policies be approved by the Commission. The Commission has authority to establish, increase, or change a rate or charge. Staff believes that River Ranch should be authorized to collect NSF charges consistent with Section 68.065, F.S., which allows for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Section 68.065(2), F.S., the following NSF charges 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, or 5 percent of the face amount of the check, whichever is greater.

Approval of NSF charges is consistent with prior Commission decisions.¹⁰ Furthermore, NSF charges place the cost on the cost-causer, rather than requiring that the costs associated with the return of the NSF checks be spread across the general body of ratepayers.

Staff recommends that River Ranch should be authorized to collect NSF charges pursuant to Section 68.065, F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the charges should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date the notice was given within 10 days of the date of the notice.

¹⁰Order No. PSC-2018-0109-TRF-WS, issued February 27, 2018, in Docket No. 20170255-WS, *In re: Request for approval of amendment to tariff to charge miscellaneous service charges and to collect customer deposits in Polk County, by Deer Creek RV Golf & Country Club, Inc.*

Issue 11: Should River Ranch's request to implement a \$6.00 late payment charge be approved?

Preliminary Recommendation: Yes. River Ranch's request to implement a \$6.00 late payment charge should be approved. The approved charge should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date notice was given no less than 10 days after the date of the notice. (Bruce)

Staff Analysis: The utility is requesting a \$6.00 late payment charge to recover the cost of labor, postage, and supplies associated with processing late payment notices. The utility's request for a late payment charge was accompanied by its reasons for requesting the charge as well as the cost justification required by Section 367.091(6), F.S. The goal of allowing a late payment charge is two fold: first, it encourages customers to pay their bills on time, and second, if payments are not made on time, it ensures that the cost associated with collecting late payments are not passed on to the customers who do pay on time.

The utility indicated it will spend approximately 15 minutes per account to research, compile, and produce late notices. This is consistent with prior Commission decisions where the Commission has allowed 10-15 minutes per account per month for the administrative labor associated with processing delinquent customer accounts.¹¹ The delinquent customer accounts will be processed by the administrative employee, which results in labor cost of \$5.00 (\$20.00x0.25hr) per account. Additionally, the utility requested recovery of the costs of supplies, postage, and RAFs associated with processing delinquent accounts. The utility's calculation for its requested late payment charge is shown in Table 11-1.

**Table 11-1
Late Payment Charge**

Labor	\$5.00
Supplies	\$0.22
Postage	\$0.49
Markup for RAFs	\$0.29
Total	\$6.00

Source: Utility's Cost Justification

Based on the above, staff recommends that River Ranch's request to implement a \$6.00 late payment charge should be approved. The approved charge should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F. A.C. In addition, the

¹¹Order Nos. PSC-16-0041-TRF-WU, in Docket No. 20150215-WU, issued January 25, 2016, *In re: Request for approval of tariff amendment to include miscellaneous service charges for the Earlene and Ray Keen Subdivisions, the Ellison Park Subdivision and the Lake Region Paradise Island Subdivision in Polk County, by Keen Sales, Rentals and Utilities, Inc.* and PSC-15-0569-PAA-WS, in Docket No. 20140239-WS, issued December 16, 2015, *In re: Application for staff-assisted rate case in Polk County by Orchid Springs Development Corporation.*

approved charge should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

Issue 12: Should River Ranch's request to revise miscellaneous service charges be approved?

Preliminary Recommendation: Staff's recommendation regarding River Ranch's miscellaneous service charges will not be finalized until after the June 20, 2018 customer meeting. (Bruce)

Staff Analysis: Section 367.091, F. S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or services availability charges. The utility's existing initial connection, normal reconnection, premises visit, and violation reconnection charges were last established on April 18, 2003.¹² The utility provided cost justification to staff on May 8, 2018, requesting initial connection and premises visit charges of \$12.85 for normal hours and \$15.53 for after hours. In addition, the utility requested water and wastewater normal reconnection and water violation reconnection charges of \$23.11 during normal hours and \$27.17 after hours as well as wastewater violation reconnection charges at actual cost. Staff believes that additional information is needed in order to determine the appropriate miscellaneous service charges. Therefore, staff's recommendation regarding River Ranch's miscellaneous service charges will not be finalized until after the June 20, 2018 customer meeting.

¹²Order No. PSC-03-0518-FOF-WS, issued April 18, 2003, in Docket Nos 20010812-WS *In re: Application for a staff-assisted rate case in Brevard County by Aquarina Developments, Inc.*

Issue 13: What is the appropriate amount by which the rates should be reduced four years after the published effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816 F.S.?

Preliminary Recommendation: The water and wastewater rates for River Ranch should be reduced, as shown on Schedule Nos. 4-A and 4-B, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.081(8), F.S. The utility should be required to file a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If River Ranch files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense. (Bruce, Galloway)

Staff Analysis: The water and wastewater rates for River Ranch should be reduced immediately following the expiration of the four-year rate case expense recovery period by the amount of the rate case expense previously included in the rates, pursuant to Section 367.081(8), F.S. The reduction will reflect the removal of revenues associated with the amortization of rate case expense and the gross-up for RAFs which is \$799 for water and \$604 for wastewater. Using the utility's current revenues, expenses, and customer base, the reduction in revenues will result in the rate decrease shown on Schedule Nos. 4-A and 4-B.

The utility be required to file a proposed customer notice setting forth the lower rates and the reason for the reduction. If River Ranch files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

Issue 14: Should the recommended rates be approved for River Ranch on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the utility?

Preliminary Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the utility. The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should 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, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Prior to implementation of any temporary rates, the utility should provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by the utility should be subject to the refund provisions discussed below in the staff analysis. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the utility should file reports with the Commission Clerk's office no later than the 20th of every month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund. (Galloway)

Staff Analysis: This recommendation proposes an increase in rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the utility, staff recommends that the recommended rates be approved as temporary rates. The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should 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, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. The recommended rates collected by the utility should be subject to the refund provisions discussed below.

The utility should be authorized to collect the temporary rates upon staff's approval of an appropriate security for the potential refund and the proposed customer notice. Security should be in the form of a bond or letter of credit in the amount of \$81,230. Alternatively, the utility could establish an escrow agreement with an independent financial institution.

If the utility chooses a bond as security, the bond should 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 the utility chooses a letter of credit as a security, it should contain the following conditions:

1. The letter of credit is irrevocable for the period it is in effect.
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 should 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.
9. The account must specify by whom and on whose behalf such monies were paid.

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

The utility should 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., the utility should file reports with the Commission Clerk's office no later than the 20th of every month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

Issue 15: Should the utility be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision?

Preliminary Recommendation: Yes. River Ranch should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. River Ranch should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary accounts have been made to the utility's books and records. In the event the utility needs additional time to complete the adjustments, notice should be provided not less than seven days prior to the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days. (Galloway)

Staff Analysis: River Ranch should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. River Ranch should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA primary accounts have been made to the utility's books and records. In the event the utility needs additional time to complete the adjustments, notice should be provided not less than seven days prior to the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 1-A	
TEST YEAR ENDED SEPTEMBER 30, 2017		DOCKET NO. 20170219-WS	
SCHEDULE OF WATER RATE BASE			
DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUSTMENTS TO UTIL. BAL.	BALANCE PER STAFF
UTILITY PLANT IN SERVICE	\$1,824,134	(\$601,801)	\$1,222,333
LAND & LAND RIGHTS	160	0	160
NON-USED AND USEFUL COMPONENTS	0	(11,330)	(11,330)
CIAC	(524,938)	0	(524,938)
ACCUMULATED DEPRECIATION	(718,063)	519,085	(198,978)
AMORTIZATION OF CIAC	464,260	0	464,260
WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>12,718</u>	<u>12,718</u>
WATER RATE BASE	<u>\$1,045,553</u>	<u>(\$81,328)</u>	<u>\$964,225</u>

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 1-B	
TEST YEAR ENDED SEPTEMBER 30, 2017		DOCKET NO. 20170219-WS	
SCHEDULE OF WASTEWATER RATE BASE			
DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUSTMENTS TO UTIL. BAL.	BALANCE PER STAFF
UTILITY PLANT IN SERVICE	\$1,925,109	(\$367,720)	\$1,557,389
LAND & LAND RIGHTS	500	0	500
NON-USED AND USEFUL COMPONENTS	0	(126,061)	(126,061)
CIAC	(665,542)	0	(665,542)
ACCUMULATED DEPRECIATION	(1,281,819)	277,163	(1,004,656)
AMORTIZATION OF CIAC	526,382	0	526,382
WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>13,035</u>	<u>13,035</u>
WASTEWATER RATE BASE	<u>\$504,630</u>	<u>(\$203,583)</u>	<u>\$301,047</u>

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 1-C	
TEST YEAR ENDED SEPTEMBER 30, 2017		DOCKET NO. 20170219-WS	
ADJUSTMENTS TO RATE BASE			
	<u>WATER</u>	<u>WASTEWATER</u>	
<u>UTILITY PLANT IN SERVICE</u>			
1. To reflect audit adjustments.	(\$90,893)	(\$351,402)	
2. To remove property held for future use that was recorded in Acct. No. 380.		(46,675)	
3. To reflect unrecorded retirements associated with Acct. No. 330.	(421,995)	0	
4. To reflect unrecorded retirements associated with Acct. No. 334.	(31,980)	0	
5. To remove and reclassify invoices included in Acct. No. 330 related to wastewater plant.	(56,933)	39,460	
6. To reflect an averaging adjustment.	<u>0</u>	<u>(9,103)</u>	
Total	<u>(\$601,801)</u>	<u>(\$367,720)</u>	
<u>NON-USED AND USEFUL PLANT</u>			
1. To reflect non-used and useful plant.	(\$70,655)	(\$331,671)	
2. To reflect non-used and useful accumulated depreciation.	<u>59,325</u>	<u>205,610</u>	
Total	<u>(\$11,330)</u>	<u>(\$126,061)</u>	
<u>ACCUMULATED DEPRECIATION</u>			
1. To reflect audit adjustments.	\$45,148	\$257,902	
2. To reflect accumulated depreciation associated with unrecorded retirements to Acct. No. 330.	421,995	0	
3. To reflect accumulated depreciation associated with unrecorded retirements to Acct. No. 334.	31,980	0	
4. To reflect an averaging adjustment.	<u>19,962</u>	<u>19,261</u>	
Total	<u>\$519,085</u>	<u>\$277,163</u>	
<u>WORKING CAPITAL ALLOWANCE</u>			
To reflect 1/8 of test year O & M expenses.	<u>\$12,718</u>	<u>\$13,035</u>	

RIVER RANCH WATER MANAGEMENT, LLC						SCHEDULE NO. 2		
TEST YEAR ENDED SEPTEMBER 30, 2017						DOCKET NO. 20170219-WS		
SCHEDULE OF CAPITAL STRUCTURE								
CAPITAL COMPONENT	PER UTILITY (YEAR END)	STAFF ADJUSTMENTS	TEST YEAR BALANCE PER STAFF	ADJUSTMENTS TO RECONCILE TO RATE BASE	RECONCILED CAPITAL STRUCTURE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
1. COMMON STOCK	(\$398,062)	\$0	(\$398,062)	1,009,818	611,756			
2. CAPITAL STOCK	\$0	0	\$0	0	0			
3. RETAINED EARNINGS	689,383	0	689,383	(1,748,852)	(1,059,469)			
4. OTHER PAID IN CAPITAL	(869,894)	0	(869,894)	2,206,779	1,336,885			
5. OTHER COMMON EQUITY	<u>0</u>	<u>(244,724)</u>	<u>(244,724)</u>	<u>620,825</u>	<u>376,101</u>			
TOTAL COMMON EQUITY	(\$578,573)	(\$244,724)	(\$823,297)	\$2,088,570	\$1,265,273	100.00%	8.74%	8.74%
6. LONG-TERM DEBT	(\$244,724)	\$244,724	\$0	\$0	0	0.00%	4.00%	0.00%
7. SHORT-TERM DEBT	0	0	0	<u>0</u>	0	0.00%	0.00%	0.00%
8. PREFERRED STOCK	<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>
TOTAL DEBT	(\$244,724)	\$244,724	\$0	\$0	\$0	0.00%	4.00%	0.00%
9. CUSTOMER DEPOSITS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	2.00%	<u>0.00%</u>
10. TOTAL	<u>(\$823,297)</u>	<u>\$0</u>	<u>(\$823,297)</u>	<u>\$2,088,570</u>	<u>\$1,265,273</u>	<u>100.00%</u>		<u>8.74%</u>
RANGE OF REASONABLENESS						LOW	HIGH	
RETURN ON EQUITY						<u>7.74%</u>	<u>9.74%</u>	
OVERALL RATE OF RETURN						<u>7.74%</u>	<u>9.74%</u>	

RIVER RANCH WATER MANAGEMENT, LLC			SCHEDULE NO. 3-A			
TEST YEAR ENDED SEPTEMBER 30, 2017			DOCKET NO. 20170219-WS			
SCHEDULE OF WATER OPERATING INCOME						
	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE		REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$135,486</u>	<u>\$1,819</u>	<u>\$137,305</u>	<u>\$99,961</u> 72.80%		<u>\$237,266</u>
OPERATING EXPENSES:						
2. OPERATION & MAINTENANCE	<u>\$115,477</u>	<u>(\$12,970)</u>	<u>\$102,507</u>	<u>\$0</u>		<u>\$102,507</u>
3. DEPRECIATION (NET)	<u>30,269</u>	<u>7,796</u>	<u>38,065</u>	<u>0</u>		<u>38,065</u>
4. AMORTIZATION	<u>(8,634)</u>	<u>\$0</u>	<u>(8,634)</u>	<u>0</u>		<u>(8,634)</u>
5. TAXES OTHER THAN INCOME	<u>8,330</u>	<u>8,227</u>	<u>16,557</u>	<u>4,498</u>		<u>21,055</u>
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
7. TOTAL OPERATING EXPENSES	<u>\$145,442</u>	<u>\$3,053</u>	<u>\$148,495</u>	<u>\$4,498</u>		<u>\$152,993</u>
8. OPERATING INCOME/(LOSS)	<u>(\$9,956)</u>		<u>(\$11,190)</u>			<u>\$84,273</u>
9. WATER RATE BASE	<u>\$1,045,553</u>		<u>\$964,225</u>			<u>\$964,225</u>
10. RATE OF RETURN	<u>(0.95%)</u>		<u>(1.16%)</u>			<u>8.74%</u>

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 3-B			
TEST YEAR ENDED SEPTEMBER 30, 2017		DOCKET NO. 20170219-WS			
SCHEDULE OF WASTEWATER OPERATING INCOME					
	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$165,612</u>	<u>\$2,214</u>	<u>\$167,826</u>	<u>\$20,391</u> 12.15%	<u>\$188,217</u>
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	\$137,814	(\$32,958)	\$104,856	\$0	\$104,856
3. DEPRECIATION (NET)	86,506	(28,765)	57,741	0	57,741
4. AMORTIZATION	(10,880)	0	(10,880)	0	(10,880)
5. TAXES OTHER THAN INCOME	9,486	(215)	9,271	918	10,189
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7. TOTAL OPERATING EXPENSES	<u>\$222,926</u>	<u>(\$61,938)</u>	<u>\$160,988</u>	<u>\$918</u>	<u>\$161,905</u>
8. OPERATING INCOME/(LOSS)	<u>(\$57,314)</u>		<u>\$6,838</u>		<u>\$26,312</u>
9. WASTEWATER RATE BASE	<u>\$504,630</u>		<u>\$301,047</u>		<u>\$301,047</u>
10. RATE OF RETURN	<u>(11.36%)</u>		<u>2.27%</u>		<u>8.74%</u>

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 3-C	
TEST YEAR ENDED SEPTEMBER 30, 2017		DOCKET NO. 20170219-WS	
ADJUSTMENTS TO OPERATING INCOME		Page 1 of 2	
	<u>WATER</u>	<u>WASTEWATER</u>	
OPERATING REVENUES			
To reflect the appropriate test year services revenues.	\$1,819	\$2,214	
OPERATION AND MAINTENANCE EXPENSES			
1. Salaries and Wages - Employees (601/701)			
To reflect appropriate amount of salaries expense as shown on 2016 W-2.	(\$3,094)	(\$3,094)	
2. Employee Pensions and Benefits (604/704)			
To reflect appropriate amount of benefits as shown on 2016 W-2.	\$118	\$118	
3. Purchased Power (615/715)			
To reflect appropriate test year purchased power expense.	\$5,438	(\$1,811)	
4. Chemicals (618/718)			
To reflect appropriate amount of test year chemicals expense.	(\$3,374)	(\$13,643)	
5. Materials and Supplies (620/720)			
To reclassify Florida Rural Water Association dues to Acct. No. 675.	(\$168)	(\$168)	
6. Contractual Services - Professional (631/731)			
a. To reflect appropriate outside accounting expense.	\$3,600	\$3,600	
b. To reflect reclassification and removal of improper Account Nos. 632/732.	(5,700)	(3,600)	
c. To reclassify and remove unsupported expense amount from improper Account No. 732.	0	(2,100)	
Subtotal	(\$2,100)	(\$2,100)	
7. Contractual Services - Other (636/736)			
To reflect appropriate amount as provided by invoices and removing unsupported amount.	(\$2,508)	(\$3,433)	
8. Rents (640/740)			
a. To reflect appropriate test year land lease expense.	\$1,800	\$1,800	
b. To reclassify from improper Account Nos. 642/742 and remove out of period rental.	(4,445)	(4,445)	
Subtotal	(\$2,645)	(\$2,645)	

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 3-C	
TEST YEAR ENDED SEPTEMBER 30, 2017		DOCKET NO. 20170219-WS	
ADJUSTMENTS TO OPERATING INCOME		Page 2 of 2	
	<u>WATER</u>	<u>WASTEWATER</u>	
9. Transportation Expense (650/750) To reflect unrecorded invoice.	<u>\$12</u>	<u>\$12</u>	
10. Insurance Expenses (655/755)			
a. To record unrecorded liability insurance from Order No. PSC-2003-0740-PAA-WS.	\$600	\$600	
b. To reclassify from Account Nos. 656/756 and record vehicle insurance.	397	397	
c. To reclassify from Account Nos. 658/758 and record workers compensation fee.	<u>224</u>	<u>224</u>	
Subtotal	<u>\$1,221</u>	<u>\$1,221</u>	
11. Vehicle Insurance (656/756) To reclassify from this account to appropriate Account Nos. 655/755.	<u>(\$397)</u>	<u>(\$397)</u>	
12. Workers Compensation Insurance (658/758) To reclassify from this account to appropriate Account Nos. 655/755.	<u>(\$224)</u>	<u>(\$224)</u>	
13. Regulatory Commission Expense (665/765)			
a. To reflect appropriate amortized rate case expense.	\$763	\$577	
b. To remove and reclassify regulatory assessment fees to taxes other than income.	<u>(6,095)</u>	<u>(7,456)</u>	
Subtotal	<u>(\$5,332)</u>	<u>(\$6,879)</u>	
14. Miscellaneous Expense (675/775) To reflect appropriate amount paid for FRWA dues reclassified from Account Nos. 620/720.	<u>\$85</u>	<u>\$85</u>	
TOTAL OPERATION & MAINTENANCE ADJUSTMENTS	<u>(\$12,968)</u>	<u>(\$32,958)</u>	
DEPRECIATION EXPENSE			
1. To reflect test year depreciation calculated per Rule 25-30.140, F.A.C.	\$9,656	(\$11,351)	
2. To reflect non-used and useful test year depreciation.	<u>(1,859)</u>	<u>(17,414)</u>	
Total	<u>\$7,796</u>	<u>(\$28,765)</u>	
TAXES OTHER THAN INCOME			
1. To reflect the appropriate test year utility property taxes.	(\$262)	(\$101)	
2. To reflect appropriate test year utility tangible taxes.	8,616	0	
3. To reflect appropriate test year regulatory assessment fees (RAFs)	83	96	
4. To reflect appropriate test year utility payroll taxes.	<u>(210)</u>	<u>(210)</u>	
Total	<u>\$8,227</u>	<u>(\$215)</u>	

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 3-D	
TEST YEAR ENDED SEPTEMBER 30, 2017		DOCKET NO. 20170219-WS	
ANALYSIS OF WATER OPERATION AND MAINTENANCE EXPENSE			
	TOTAL PER UTILITY	STAFF ADJUST- MENT	TOTAL PER STAFF
(601) SALARIES AND WAGES – EMPLOYEES	\$24,655	(\$3,094)	\$21,561
(603) SALARIES AND WAGES – OFFICERS	0	0	0
(604) EMPLOYEE PENSIONS AND BENEFITS	2,970	118	3,088
(610) PURCHASED WATER	0	0	0
(615) PURCHASED POWER	12,367	5,438	17,805
(616) FUEL FOR POWER PRODUCTION	0	0	0
(618) CHEMICALS	33,036	(3,374)	29,662
(620) MATERIALS AND SUPPLIES	236	(168)	68
(630) CONTRACTUAL SERVICES – BILLING	0	0	0
(631) CONTRACTUAL SERVICES - PROFESSIONAL	5,700	(2,100)	3,600
(635) CONTRACTUAL SERVICES – TESTING	1,847	0	1,847
(636) CONTRACTUAL SERVICES – OTHER	21,554	(2,508)	19,046
(640) RENTS	4,445	(2,645)	1,800
(650) TRANSPORTATION EXPENSE	153	12	165
(655) INSURANCE EXPENSE	620	600	1,220
(665) REGULATORY COMMISSION EXPENSE	6,095	(5,332)	763
(670) BAD DEBT EXPENSE	265	0	265
(675) MISCELLANEOUS EXPENSE	<u>1,532</u>	<u>85</u>	<u>1,617</u>
			-
	<u>\$115,475</u>	<u>(\$12,968)</u>	<u>\$102,507</u>

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 3-E	
TEST YEAR ENDED SEPTEMBER 30, 2017		DOCKET NO. 20170219-WS	
ANALYSIS OF WASTEWATER OPERATION AND MAINTENANCE EXPENSE			
	TOTAL PER UTILITY	STAFF ADJUST- MENT	TOTAL PER STAFF
(701) SALARIES AND WAGES – EMPLOYEES	\$24,655	(\$3,094)	\$21,561
(703) SALARIES AND WAGES – OFFICERS	0	0	0
(704) EMPLOYEE PENSIONS AND BENEFITS	2,970	118	3,088
(710) PURCHASED SEWAGE TREATMENT	0	0	0
(711) SLUDGE REMOVAL EXPENSE	0	0	0
(715) PURCHASED POWER	21,794	(1,811)	19,983
(716) FUEL FOR POWER PRODUCTION	0	0	0
(718) CHEMICALS	32,623	(13,643)	18,980
(720) MATERIALS AND SUPPLIES	168	(168)	0
(730) CONTRACTUAL SERVICES – BILLING	0	0	0
(731) CONTRACTUAL SERVICES - PROFESSIONAL	5,700	(2,100)	3,600
(735) CONTRACTUAL SERVICES – TESTING	2,750	0	2,750
(736) CONTRACTUAL SERVICES – OTHER	33,883	(3,433)	30,450
(740) RENTS	4,445	(2,645)	1,800
(750) TRANSPORTATION EXPENSE	153	12	165
(755) INSURANCE EXPENSE	620	600	1,220
(765) REGULATORY COMMISSION EXPENSES	7,456	(6,879)	577
(770) BAD DEBT EXPENSE	265	0	265
(775) MISCELLANEOUS EXPENSE	<u>332</u>	<u>85</u>	<u>417</u>
	<u>\$137,814</u>	<u>(\$32,958)</u>	<u>\$104,856</u>

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 4-A	
TEST YEAR ENDED SEPTEMBER 30, 2017		DOCKET NO. 20170219-WS	
MONTHLY WATER RATES			
	RATES AT TIME OF FILING	STAFF RECOMMENDED RATES	4 YEAR RATE REDUCTION
<u>Residential Flat Rate</u>			
River Ranch Shores/Countryside	\$15.85	\$47.51	\$0.16
<u>General Service Flat Rate</u>			
River Ranch Chapel	\$39.62	\$41.51	\$0.14
Long Hammock MHP (119 Units)	\$1,508.92	\$5,244.00	\$17.66
Westgate Properties	\$1,141.19	\$1,261.68	\$4.25
River Ranch Condos (192 Units)	\$2,434.56	\$1,864.28	\$6.28
River Ranch RV Park (367 Units)	\$5,287.54	\$8,253.41	\$27.79

RIVER RANCH WATER MANAGEMENT, LLC		SCHEDULE NO. 4-B	
TEST YEAR ENDED SEPTEMBER 30, 2017		DOCKET NO. 20170219-WS	
MONTHLY WASTEWATER RATES			
	RATES AT TIME OF FILING	STAFF RECOMMENDED RATES	4 YEAR RATE REDUCTION
<u>Residential Flat Rate</u>			
River Ranch Shores/Countryside	\$17.16	\$39.35	\$0.13
<u>General Service Flat Rate</u>			
River Ranch Chapel	\$17.16	\$33.61	\$0.11
Long Hammock MHP (119 Units)	\$2,042.04	\$4,122.00	\$13.23
Westgate Properties	\$1,218.42	\$1,078.98	\$3.46
River Ranch Condos (192 Units)	\$3,294.72	\$1,514.92	\$4.86
River Ranch RV Park (367 Units)	\$6,297.72	\$6,351.77	\$20.38