

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water rates in  
Highlands County by HC Waterworks, Inc.

DOCKET NO. 20190166-WS  
ORDER NO. PSC-2019-0547-PCO-WS  
ISSUED: December 23, 2019

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman  
JULIE I. BROWN  
DONALD J. POLMANN  
GARY F. CLARK  
ANDREW GILES FAY

ORDER SUSPENDING PROPOSED FINAL WATER RATES AND APPROVING INTERIM  
WATER RATES FOR HC WATERWORKS, INC.

BY THE COMMISSION:

**I. Background**

HC Waterworks, Inc. (Utility or HC) is a Class B Utility serving approximately 954 water customers in three subdivisions known as Leisure Lakes, Lake Josephine, and Sebring Lakes. HC's last rate case was in 2014.<sup>1</sup> According to HC's 2018 Annual Report, HC reported net operating revenues of \$641,745 and net operating expenses of \$420,732. On October 15, 2019, HC filed its application for the rate increase at issue in the instant docket.

On November 12, 2019, Commission staff sent HC a letter indicating deficiencies in the filing of its minimum filing requirements (MFRs); HC responded to this first deficiency letter on November 18, 2019. After reviewing HC's responses, Commission staff sent a second deficiency letter to HC on December 6, 2019; HC responded to this second letter on the same day and submitted supplemental responses to this letter on December 13, 2019. These responses to the second deficiency letter cured the remaining MFR deficiencies in this matter and Commission staff sent a letter to HC confirming this on December 19, 2019.

HC has requested that we process their application using our Proposed Agency Action (PAA) procedure and also has requested our approval of interim rates. By letter dated August 30, 2019, the Chairman approved a test year for interim and final rates in this matter. This test year is based on a 12-month average for the period ending June 30, 2019. HC requested an interim

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<sup>1</sup>Order No. PSC-2015-0282-PAA-WS, issued July 8, 2015, in Docket No. 20140158-WS, In re: Application for increase in water/wastewater rates in Highlands County by HC Waterworks, Inc.

revenue increase of \$137,384 (24.11 percent) and a final revenue increase of \$175,171 (30.75 percent).

The 60-day statutory deadline for us to suspend HC's requested final rates and approve interim rates is December 16, 2019. This Order addresses the suspension of HC's requested final rates and approval of its requested interim rates. We have jurisdiction in this matter pursuant to Sections 367.081 and 367.082, Florida Statutes (F.S.).

## II. Decision

### A. Suspension of Final Water Rates

Section 367.081(6), F.S., provides that we may, for good cause, withhold our consent to the implementation of requested rates within 60 days after the date a utility files a rate request. Further, Section 367.081(10), F.S., permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months from the official date of filing if: (1) we have not acted upon the requested rate increase; or (2) our action is protested by a party other than the requesting utility.

We have reviewed HC's filing and have considered the information that HC filed in support of the rate application and the proposed final rates. We find that further investigation of this information, including on-site reviews, is needed. Commission staff has initiated an audit of HC's books and records and this audit is tentatively due on January 20, 2020. In addition, Commission staff sent its first data request to HC on November 21, 2019, which HC responded to on December 5, 2019. Based on the foregoing, we find it appropriate to suspend HC's proposed final water rates at this time.

### B. Approval of interim revenue increase

On October 15, 2019, HC filed its rate base, cost of capital, and operating statements in support of its requested interim increase in rates. Pursuant to Section 367.082(1), F.S., HC must demonstrate that it is earning outside the range of reasonableness on its rate of return in order to establish a prima facie entitlement for interim relief. Pursuant to Section 367.082(2)(a), F.S., in a proceeding for an interim increase in rates, we must authorize, within 60 days of the filing for such relief, the collection of rates sufficient to earn the minimum of the range of rate of return. Based on HC's filing and the our adjustments below, we find that HC has demonstrated a prima facie entitlement in accordance with Section 367.082(1), F.S., and we authorize HC to collect annual revenues as follows:

	<u>Adjusted Test Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Water	\$569,711	\$66,364	\$636,075	11.65%

Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with adjustments made in HC's most recent rate proceeding and annualizing any rate changes. We have reviewed HC's interim request, as well as our order from HC's most recent rate proceeding, and find that adjustments are necessary as discussed below. The accounting schedules attached to this order demonstrate the rate base, capital structure, and test year operating income amounts we approve herein for interim purposes. Rate base is labeled as Schedule No. 1-A, with the adjustments shown on Schedule No. 1-B. Capital structure is labeled as Schedule No. 2. Operating income is labeled as Schedule No. 3-A, with the adjustments shown on Schedule No. 3-B.

### **1. Rate Base**

Pursuant to Section 367.082, F.S., the method used to calculate Used and Useful (U&U) in HC's last rate case must be used for interim purposes. In Order No. PSC-2015-0282-PAA-WS, we found that HC's system of water treatment plants, on a consolidated basis, was 89.9 percent U&U.<sup>2</sup> Additionally, we found HC's storage to be 100 percent U&U, and the consolidated water distribution systems were found to be 95.3 percent U&U. Based on a review of the prior order and HC's filing in this case, we find that the water treatment plant is 89.9 percent U&U, its storage is 100 percent U&U, and its water distribution system is 95.3 percent U&U.

In its filing, HC made a non-U&U adjustment of \$166,262 to reduce plant in service and a \$54,927 reduction to accumulated depreciation; this resulted in a net reduction of \$111,335 to rate base. We find that a further adjustment is needed to increase the non-U&U adjustment to rate base by \$82,185. In addition, we also find that a corresponding adjustment is needed to further decrease depreciation expense and property tax expense by \$4,480 and \$1,564, respectively.

Pursuant to Rule 25-30.433(5), Florida Administrative Code (F.A.C.), the averaging method we use to calculate rate base and cost of capital in a rate case proceeding is the beginning and end-of-year average for Class B utilities. HC's interim filing reflected the accumulated depreciation balance from the beginning of the test year. We find increase of \$83,822 to accumulated depreciation to reflect the average balance to be appropriate. Additionally, corresponding MFR Schedule A-9 reflected an accumulated depreciation balance of \$7,640 for transportation equipment. However, the corresponding plant account had a zero balance. The same plant account also reflected depreciation expense of \$1,389 in the test year. Upon further review of the Final Order from HC's last rate case, this account was brought to a zero balance to remove negative depreciation. Since there have been no plant additions since that case, we approve a decrease in accumulated depreciation of \$7,640 and a corresponding decrease to depreciation expense of \$1,389. In total, we approve a net increase to accumulated depreciation of \$76,182 (\$83,822 - \$7,640).

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<sup>2</sup>Order No. PSC-2015-0282-PAA-WS, issued July 8, 2015, in Docket No. 20140158-WS, In re: Application for increase in water/wastewater rates in Highlands County by HC Waterworks, Inc.

On interim MFR Schedule G-2, HC reflected a contribution in aid of construction (CIAC) balance of \$904,320. Upon review of corresponding MFR Schedule A-12, we find that this balance does not include \$11,395 of CIAC associated with main extension charges. Therefore, we find an increase of \$11,395 to CIAC is needed to reflect the main extension charge CIAC incorrectly excluded.

Pursuant to Rule 25-30.433(3), F.A.C., the working capital allowance for Class B utilities shall be calculated using the formula method (one-eighth of operation and maintenance expenses). As a result of these adjustments, we find a \$1,754 decrease of working capital from operation and maintenance (O&M) to be appropriate. This results in a working capital allowance of \$46,545 (\$372,364/8). Based on the above, we approve an interim rate base of \$2,415,696 for HC.

## **2. Cost of Capital**

Pursuant to Section 367.082(2)(a), F.S., in a proceeding for an interim increase in rates, we must authorize, within 60 days of the filing of such relief, the collection of rates sufficient to earn the minimum of the range of return calculated in accordance with 367.082(5)(b)2, F.S. Based on the above, we find that the interim return on equity for HC shall be lowered from 9.67 percent to 8.52 percent, consistent with Order No. PSC-2015-0282-PAA-WS.<sup>3</sup>

Pursuant to Rule 25-30.433(5), F.A.C., the averaging method we use to calculate rate base and cost of capital in a rate case proceeding for Class B utilities is the beginning and end-of-year average. In its filing, HC used a 13-month average to calculate customer deposits. As a result, we decreased customer deposits by \$4,316 to reflect the beginning and end-of-year average.

Based on the above, we find that the overall cost of capital shall be reduced from 7.39 percent to 6.83 percent.

## **3. Net Operating Income**

In order to attain the appropriate amount of interim test year operation revenues, we have removed HC's requested interim revenue increase of \$137,384. We have also reduced regulatory assessment fees (RAFs) by \$15,547 to reflect the removal of HC's requested revenue increase. Based on the above, we find that the appropriate test year operating income, before any revenue increase shall be \$101,608.

On interim MFR Schedule G-4, HC reflected an O&M expense in the amount of \$386,388. Upon review of corresponding MFR Schedules B-1 and B-3, we find that this total included adjustments to the test year amount. We also reviewed these adjustments and find that the pro forma adjustments made to increase chemical expense by \$3,473 and purchased power expense by \$7,262 shall be removed, as interim does not allow for pro forma adjustments.

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<sup>3</sup>Order No. PSC-2015-0282-PAA-WS, issued July 8, 2015, In Docket No. 140158-WS, In re: Application for increase in water/wastewater rates in Highlands County by HC Waterworks, Inc.

Additionally, we also find that \$1,486 of rate case expense corresponding to the current rate case shall be removed. Therefore, we find that the total decrease to O&M shall be \$12,221 (\$3,473 + \$7,262 + \$1,486).

Rule 25-30.4325(1)(e), F.A.C., describes excessive unaccounted water as unaccounted for water in excess of 10 percent of the amount produced. Based on its MFRs, HC listed that in the test year 53,224,000 gallons were pumped, 33,693,000 gallons were sold, and 12,944,919 gallons were used for other uses, on a consolidated basis. HC calculated that 6,586,081 gallons, or 12.4 percent, of the water was unaccounted for. This results in 2.4 percent of excessive unaccounted water (EUW). We have applied this EUW percentage to decrease HC's purchased power expense by \$959 (2.4 percent x \$39,975) and chemical expense by \$844 (2.4 percent x \$35,152). Thus, due to EUW, we have reduced HC's requested O&M expense by \$1,803.

On interim MFR Schedule G-4, HC reflected a depreciation expense of \$134,552. Upon review of corresponding MFR Schedule B-13, we find that the total amount included \$11,449 of depreciation expense associated with pro forma items. As a result, we find a decrease to depreciation expense of \$11,449 to be appropriate.

#### 4. Revenue Requirement

Based on the above adjustments, we approve a revenue requirement of \$636,075. This represents an interim increase in annual revenues of \$66,364 (or 11.65 percent). This increase will allow HC the opportunity to recover its operating expenses and earn 6.83 percent return on its rate base.

#### C. Appropriate interim water rates

We find that appropriate interim service rates for HC would be designed to allow HC the opportunity to generate annual operating revenues of \$636,075 for water. Before removal of miscellaneous revenues, this would result in an increase of \$66,364 (11.65 percent). To determine the appropriate increase to apply to the service rates, miscellaneous revenues would be removed from the test year revenues. The calculation is as follows in the table below:

#### Approved Percentage Service Rate Increase for HC Waterworks

	<u>Water</u>
1 Total Test Year Revenues	\$569,711
2 Less: Miscellaneous Revenues	<u>\$10,237</u>
3 Test Year Revenues from Service Rates	\$559,474
4 Revenue Increase	<u>\$66,364</u>
5 Percentage Service Rate Increase (Line 4/Line 3)	11.86%

The interim rate increase of 11.86 percent for water shall be applied as an across-the-board increase to the existing service rates. The rates, as shown on Schedule No. 4 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. HC shall file revised tariff sheets and a proposed customer notice to reflect the rates we have approved. In addition, the approved rates may not be implemented until the required security has been filed, Commission staff has approved the proposed customer notice, and the notice has been received by the customers. HC shall provide proof of the date notice was given to customers within 10 days of the date of the notice.

**D. Appropriate security to guarantee the interim increase**

Pursuant to Section 367.082, F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or a corporate undertaking subject to refund with interest at a rate we have ordered. As we found above, the approved total annual interim revenue increase is \$66,364. We have calculated the potential refund of revenues and interest collected under interim conditions in accordance with Rule 25-30.360, F.A.C., and we determine the appropriate amount to be \$44,511. This amount is based on an estimated eleven months of revenue being collected from HC's approved interim rates over its current authorized rates.

HC's owner/president provided the most recent three years of his personal financial net worth. We have reviewed the confidential personal financial information provided by the owner/president<sup>4</sup> and find that in this circumstance the owner/president has demonstrated the financial ability and wherewithal to guarantee the interim refund in this rate increase, if necessary. Further, the owner/president provided a personal guarantee in the amount of \$44,511, in this docket.<sup>5</sup>

Pursuant to Rule 25-30.360(6), F.A.C., HC shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. If we subsequently require HC to issue such a refund, the refund must be with interest and undertaken in accordance with Rule 25-30.360, F.A.C. Under no circumstances shall maintenance and administrative costs associated with any refund be borne by the customers. Such costs are the responsibility of, and must be borne by, HC.

Accordingly, the appropriate security to guarantee the funds collected subject to refund is a corporate undertaking.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that HC Waterworks, Inc.'s proposed final water rates are suspended. It is further

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<sup>4</sup>Document No. 10882-2019.

<sup>5</sup>Document No. 10817-2019.

ORDERED that HC is authorized to collect annual revenues on an interim basis as indicated in this Order. It is further

ORDERED that the approved interim rate increase of 11.86 percent for water shall be applied as an across-the-board increase to the existing service rates. The rates, as shown on Schedule No. 4, 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. HC shall file revised tariff sheets and a proposed customer notice to reflect the rates we have approved. In addition, HC may not implement the approved rate until the required security has been filed, Commission staff has approved the proposed customer notice, and the notice has been received by the customers. HC shall provide proof of the date notice was given to customers within 10 days of the date of the notice. It is further

ORDERED that appropriate security to guarantee the funds collected subject to refund is a corporate undertaking. It is further

ORDERED that this docket shall remain open pending our PAA decision on HC's requested rate increase.

By ORDER of the Florida Public Service Commission this 23rd day of December, 2019.



ADAM J. TEITZMAN  
Commission Clerk  
Florida Public Service Commission  
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Tallahassee, Florida 32399  
(850) 413-6770  
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

KMS

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.

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.

Any party adversely affected by the portion of this order suspending proposed final rates, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, 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. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

Any party adversely affected by the portion of this order approving and setting interim rates, which is non-final in nature, may request (1) reconsideration within 10 days pursuant to Rule 25-22.0376, 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. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Citizens of the State of Florida v. Mayo, 316 So.2d 262 (Fla. 1975), states that an order on interim rates is not final or reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

HC Waterworks, Inc. Schedule of Water Rate Base Test Year Ended 6/30/2019						Schedule No. 1-A Docket No. 20190166-WS
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission- Adjusted Test Year	
1 Plant in Service	\$4,654,511	\$0	\$4,654,511	\$0	\$4,654,511	
2 Land and Land Rights	25,450	0	25,450	0	25,450	
3 Non-used and Useful Components	0	(111,335)	(111,335)	(82,185)	(193,520)	
4 Accumulated Depreciation	(1,274,455)	0	(1,274,455)	(76,182)	(1,350,637)	
5 CIAC	(904,320)	0	(904,320)	(11,395)	(915,715)	
6 Amortization of CIAC	623,602	0	623,602	0	623,602	
7 Acquisition Adjustment	(809,041)	0	(809,041)	0	(809,041)	
8 Accum. Amort. of Acquisition Adjustment	334,500	0	334,500	0	334,500	
9 Working Capital Allowance	<u>48,299</u>	<u>0</u>	<u>48,299</u>	<u>(1,754)</u>	<u>46,545</u>	
10 <b>Rate Base</b>	<u>\$2,698,546</u>	<u>(\$111,335)</u>	<u>\$2,587,211</u>	<u>(\$171,515)</u>	<u>\$2,415,696</u>	

<b>HC Waterworks, Inc.</b> <b>Adjustments to Rate Base</b> <b>Test Year Ended 6/30/2019</b>		<b>Schedule No. 1-B</b> <b>Docket No. 20190166-WS</b>
Explanation	Water	
<u>Non-used and Useful</u>		
To reflect net non-used and useful adjustment.	<u>(\$82,185)</u>	
<u>Accumulated Depreciation</u>		
1 To reflect average balance.	(\$83,822)	
2 To make adjustment consistent with last rate case.	<u>7,640</u>	
Total	<u>(\$76,182)</u>	
<u>CIAC</u>		
To add test year CIAC.	<u>(\$11,395)</u>	
<u>Working Capital</u>		
To reflect 1/8 O&M.	<u>(\$1,754)</u>	

HC Waterworks, Inc. Capital Structure-Simple Average Test Year Ended 6/30/2019							Schedule No. 2 Docket No. 20190166-WS		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
<b>Per Utility</b>									
1 Long-term Debt	\$1,592,168	\$0	\$1,592,168	(\$92,041)	\$1,500,127	49.65%	5.25%	2.61%	
2 Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%	
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
4 Common Equity	1,578,675	0	1,578,675	(91,261)	1,487,414	49.23%	9.67%	4.76%	
5 Customer Deposits	36,034	0	36,034	(2,083)	33,951	1.12%	2.00%	0.02%	
6 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>	
7 <b>Total Capital</b>	<u>\$3,206,877</u>	<u>\$0</u>	<u>\$1,614,710</u>	<u>(\$185,385)</u>	<u>\$3,021,492</u>	<u>100.00%</u>		<u>7.39%</u>	
<b>Approved by Commission</b>									
8 Long-term Debt	\$1,592,168	\$0	\$1,592,168	(\$391,194)	\$1,200,974	49.72%	5.25%	2.61%	
9 Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%	
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
11 Common Equity	1,578,675	0	1,578,675	(387,879)	1,190,796	49.29%	8.52%	4.20%	
12 Customer Deposits	36,034	(4,316)	31,719	(7,793)	23,925	0.99%	2.00%	0.02%	
13 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>	
14 <b>Total Capital</b>	<u>\$3,206,877</u>	<u>(\$4,316)</u>	<u>\$3,202,562</u>	<u>(\$786,866)</u>	<u>\$2,415,696</u>	<u>100.00%</u>		<u>6.83%</u>	
						<b>LOW</b>	<b>HIGH</b>		
RETURN ON EQUITY						<u>8.52%</u>	<u>10.52%</u>		
OVERALL RATE OF RETURN						<u>6.83%</u>	<u>7.82%</u>		

HC Waterworks, Inc. Statement of Water Operations Test Year Ended 6/30/2019							Schedule No. 3-A Docket No. 20190166-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Commission Adjust- ments	Commission- Adjusted Test Year	Revenue Increase	Revenue Requirement	
1 <b>Operating Revenues:</b>	<u>\$569,711</u>	<u>\$137,384</u>	<u>\$707,095</u>	<u>(\$137,384)</u>	<u>\$569,711</u>	<u>\$66,364</u> 11.65%	<u>\$636,075</u>	
<b>Operating Expenses</b>								
2 Operation & Maintenance	386,388	\$0	386,388	(14,024)	372,364		372,364	
3 Depreciation	134,552	0	134,552	(17,318)	117,234		117,234	
4 Amortization	(74,935)	0	(74,935)	0	(74,935)		(74,935)	
5 Taxes Other Than Income	64,369	6,182	70,551	(17,111)	53,440	2,986	56,427	
6 Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
7 <b>Total Operating Expense</b>	<u>510,374</u>	<u>6,182</u>	<u>516,556</u>	<u>(48,453)</u>	<u>468,103</u>	<u>2,986</u>	<u>471,090</u>	
8 <b>Operating Income</b>	<u>\$59,337</u>	<u>\$131,202</u>	<u>\$190,539</u>	<u>(\$88,931)</u>	<u>\$101,608</u>	<u>\$63,378</u>	<u>\$164,985</u>	
9 <b>Rate Base</b>	<u>\$2,587,211</u>		<u>\$2,587,211</u>		<u>\$2,415,696</u>		<u>\$2,415,696</u>	
10 <b>Rate of Return</b>	<u>2.29%</u>		<u>7.36%</u>		<u>4.21%</u>		<u>6.83%</u>	

<b>HC Waterworks, Inc.</b>		<b>Schedule 3-B</b>
<b>Adjustment to Operating Income</b>		<b>Docket No. 20190166-WS</b>
<b>Test Year Ended 6/30/2019</b>		
<b>Explanation</b>	<b>Water</b>	
<u>Operating Revenues</u>		
Remove requested interim revenue increase.	<u>(\$137,384)</u>	
<u>Operation and Maintenance Expense</u>		
1 To remove pro-forma chemical expense.	(\$3,473)	
2 To remove pro-forma purchased power expense.	(7,262)	
3 To remove amortized rate case expense from current docket.	(1,486)	
4 Reduction to chemical and purchased power for EUW.	<u>(1,803)</u>	
Total	<u>(\$14,024)</u>	
<u>Depreciation Expense - Net</u>		
1 To reflect accumulated depreciation adjustment from last case.	(\$1,389)	
2 To remove pro-forma depreciation expense.	(11,449)	
3 To remove net depreciation on non-U&U adjustment above.	<u>(4,480)</u>	
Total	<u>(\$17,318)</u>	
<u>Taxes Other Than Income</u>		
1 RAFs on revenue adjustments above.	(\$15,547)	
2 To remove property taxes on non-U&U adjustment above.	<u>(1,564)</u>	
Total	<u>(\$17,111)</u>	

HC WATERWORKS, INC.		SCHEDULE NO. 4		
TEST YEAR ENDED 6/30/2019		DOCKET NO. 20190166-WS		
<b>MONTHLY WATER RATES</b>				
	<b>CURRENT RATES</b>	<b>UTILITY REQUESTED INTERIM</b>	<b>UTILITY REQUESTED FINAL</b>	<b>COMMISSION APPROVED INTERIM</b>
<b><u>Residential and General Service</u></b>				
Base Facility Charge by Meter Size				
5/8" x 3/4"	\$20.99	\$26.20	\$31.68	\$23.48
3/4"	\$31.49	\$39.30	\$47.52	\$35.22
1"	\$52.48	\$65.50	\$79.20	\$58.70
1-1/2"	\$104.97	\$131.02	\$158.40	\$117.40
2"	\$167.95	\$209.62	\$253.43	\$187.84
3"	\$335.89	\$419.24	\$506.87	\$375.68
4"	\$524.83	\$655.06	\$791.98	\$587.00
6"	\$1,049.66	\$1,310.12	\$1,583.96	\$1,174.00
8"	\$1,679.46	\$2,096.19	\$2,534.34	\$1,878.40
10"	\$2,414.22	\$3,013.27	\$3,634.11	\$2,700.20
Charge per 1,000 gallons - Residential				
0 - 3,000 gallons	\$8.07	\$10.07	\$11.28	\$9.03
Over 3,000 gallons	\$10.10	\$12.61	\$16.92	\$11.30
Charge per 1,000 gallons - General				
	\$8.66	\$10.81	\$12.38	\$9.69
<b><u>General Service (GS2)</u></b>				
3" Meter (75 ERC's)	\$1,574.49	\$1,965.00	\$2,376.00	\$1,761.00
Charge Per 1,000 gallons	\$8.66	\$10.81	\$12.38	\$9.69
<b><u>Private Fire Protection Service</u></b>				
Base Facility Charge by Meter Size				
2"	\$14.00	\$17.47	\$21.12	\$15.65
3"	\$27.99	\$26.21	\$42.24	\$31.31
4"	\$43.74	\$43.68	\$66.00	\$48.92
6"	\$87.47	\$87.35	\$132.00	\$97.83
8"	\$139.95	\$139.76	\$211.19	\$156.53
10"	\$201.19	\$279.52	\$303.59	\$225.02
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>				
2,000 Gallons	\$37.13	\$46.34	\$54.24	\$41.54
4,000 Gallons	\$55.30	\$69.02	\$82.44	\$61.87
6,000 Gallons	\$75.50	\$94.24	\$116.28	\$84.47