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DANIEL PEREZ
*Speaker of the House of
Representatives*

August 15, 2025

VIA: ELECTRONIC FILING

Adam Teitzman
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Docket No. 20250052 – Application for increase in water and wastewater rates in Brevard, Citrus, Duval, Highlands, Marion, and Volusia Counties by CSWR-Florida Utility Operating Company.

Dear Mr. Teitzman:

The intent of this letter is to advise the Commission staff and CSWR-Florida Utility Operating Company (CSWR or Utility) of the Office of Public Counsel's (OPC) observations, based on a preliminary review of the Utility's interim request filing for its 11 stand-alone systems.

Interim procedure and calculation of interim rates is governed, in part, by the following provisions of Section 367.082, Florida Statutes (F.S):

(1) The commission may, during any proceeding for a change of rates, upon its own motion, upon petition from any party, or by a tariff filing of a utility or a regulated company, authorize the collection of interim rates until the effective date of the final order. Such interim rates may be based upon a test period different from the test period used in the request for permanent rate relief. Upon application by a utility, the commission may use the projected test-year rate base when determining the interim rates or revenues subject to refund. To establish a prima facie entitlement for interim relief, the commission, the petitioning party, the utility, or the regulated company shall demonstrate that the utility or the regulated company is earning outside the range of reasonableness on rate of return calculated in accordance with subsection (5).

(2)(a) In a proceeding for an interim increase in rates, the commission shall 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 calculated in accordance with subparagraph (5)(b)2. The difference between the interim rates and the previously authorized rates shall be collected under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the commission.

(b) In a proceeding for an interim decrease in rates, the commission shall authorize, within 60 days of the filing for such relief, the continued collection of the previously authorized rates; however, revenues collected under those rates sufficient to reduce the achieved rate of return to the maximum of the rate of return calculated in accordance with subsection (5) shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the commission.

....

(5)(a) In setting interim rates or setting revenues subject to refund, the commission shall determine the revenue deficiency or excess by calculating the difference between the achieved rate of return of a utility or regulated company and its required rate of return applied to an average investment rate base or an end-of-period investment rate base.

(b) For purposes of this subsection:

1. “Achieved rate of return” means the rate of return earned by the company for the most recent 12-month period. The achieved rate of return shall be calculated by applying appropriate adjustments consistent with those which were used in the most recent individual rate proceeding of the utility or regulated company and annualizing any rate changes occurring during such period.

2. “Required rate of return” shall be calculated as the weighted average cost of capital for the most recent 12-month period, using the last authorized rate of return on equity of the utility or regulated company, the current embedded cost of fixed-rate capital, the actual cost of short-term debt, the actual cost of variable-cost debt, and the actual cost of other sources of capital which were used in the last individual rate proceeding of the utility or regulated company.

3. In a proceeding for an interim increase, the term “last authorized rate of return on equity” used in subparagraph 2. means the minimum of the range of the last authorized rate of return on equity established in the most recent individual rate proceeding of the utility or regulated company. In a proceeding for an interim decrease, the term “last authorized rate of return on equity” used in subparagraph

2. means the maximum of the range of the last authorized rate of return on equity established in the most recent individual rate proceeding of the utility or regulated company. The last authorized return on equity for purposes of this subsection shall be established only: in the most recent rate case of the utility; in a limited scope proceeding for the individual utility; by voluntary stipulation of the utility approved by the commission; or pursuant to s. 367.081(4)(f).

(Underline Emphasis Added)

The previously authorized return on equity (ROE) does not survive a transfer, and, as such, the Commission's current leverage formula must be used for interim purposes.¹ However, pursuant to Section 367.082(5)(b), F.S., adjustments consistent with those which were used in the most recent individual rate proceeding of the utility must be made.

On page 2 of the Commission staff's suspension of final rates recommendation dated July 24, 2025, it reflected that rates were last established for each of CSWR's systems as follows:

Last Proceedings Establishing Rates for CSWR Systems

Former Utility Name	Order	Issuance Date
Aquarina Utilities, Inc.	PSC-2020-0158-PAA-WS	May 15, 2020
BFF Corp.	PSC-2002-0487-PAA-SU	April 8, 2002
C.F.A.T. H2O, Inc.	PSC-2011-0366-PAA-WS	August 31, 2011
Neighborhood Utilities, Inc.	PSC-2016-0537-PAA-WU	November 23, 2016
North Peninsula Utilities, Corp.	PSC-2019-0461-PAA-SU	October 25, 2019
Rolling Oaks Utilities, Inc.	Citrus County Approved	February 1, 2022 ²
Sebring Ridge Utilities, Inc.	PSC-1996-0869-FOF-WS	July 2, 1996
Sunshine Utilities, Inc.	PSC-2012-0357-PAA-WU	July 10, 2012
TKCB, Inc.	PSC-2021-0435-PAA-SU	November 22, 2021
Tradewinds Utilities, Inc.	PSC-2011-0385-PAA-WS	September 13, 2011
Tymber Creek Utilities, Inc.	PSC-2011-0345-PAA-WS	August 16, 2011

Aquarina

Order No. PSC-2020-0158-PAA-WS, cited in the table above, was for a limited proceeding which does not contain the U&U methodologies for the water treatment plant, water storage, water

¹ Order Nos. PSC-2012-0554-PCO-WS, p. 3, issued October 17, 2012, in Docket No. 20120152-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgfield, Inc.* and PSC-2010-0656-FOF-WU, p. 2, issued November 1, 2010, in Docket No. 20100400-WU, *In re: Investigation of rates of O&S Water Company, Inc. in Osceola County for possible overearnings.*

² This is the effective date of the Utility's tariff under Citrus County jurisdiction reflecting the type of filing was a "RATE CASE." This tariff was Exhibit H to the *Application for grandfather certificate to operate water and wastewater utility in Citrus County, by CSWR-Florida Utility Operating Company, LLC.*, in Docket No. 20240130-WS.

distribution, wastewater treatment plant, wastewater collection, and non-potable storage. However, page 3 of the 2020 order relating to “non-used and useful (U&U),” cites to Order No. PSC-2016-0583-PAA-WS, which is the appropriate order for Section 367.082(5)(b), F.S. purposes. it captures the Commission’s methodologies for the used & useful of Aquarina’s water treatment plant, water storage, water distribution, wastewater treatment plant, wastewater collection, and non-potable storage. These 2016 and 2020 orders also reflect that customer deposits were specifically identified in the capital structure. The Commission staff interim workpapers should reflect that the methodologies in these orders for this system were appropriately applied for interim purposes and the OPC expects to review them for these, and other, purposes.

Moreover, based on a cursory review of the Utility’s Interim Schedules, there are several adjustments for this system required for interim purposes. First, on MFR Schedules A-1 (Potable), A-1 (Non-Potable), and A-2,³ the acquisition adjustments of \$1,145,736, \$863,567, and \$306,986, respectively, should be removed for interim purposes because of the Commission’s previous decisions.⁴ Second, on MFR Schedule B-3 on lines 1 through 20, the Utility is reflecting annualized O&M expense adjustments totaling \$2,087.81 for potable, \$7,673.76 for non-potable, and \$7,026.60 for wastewater that are pro forma in nature. The Commission has consistently denied such adjustments for interim purposes.⁵ Third, Section 367.082(5)(b), F.S. requires annualizing any rate changes occurring during such period. The Commission has consistently interpreted this requirement to mean annualizing the rates in effect on the last day of the interim test year.⁶ The OPC cannot identify where the Utility has complied with this system’s required annualization adjustment for interim test year revenue purposes.

BFF Corp.

Page 16 of Order No. PSC-2002-0487-PAA-SU captures the Commission’s methodology for the used & useful of the wastewater collection system which must be followed pursuant to Section 367.082(5)(b), F.S. This 2002 order also reflects that a pro rata adjustment was made to customer deposits in the capital structure. The Commission staff interim workpapers should reflect that the methodologies in these orders for this system were appropriately applied for interim purposes and the OPC expects to review them for these, and other, purposes.

³ See Document No. 07157-2025.

⁴ Order Nos. PSC-2025-0250-PCO-WS, PSC-2022-0115-PAA-WS, and PSC-2022-0133-CO-WS

⁵ Order No. PSC-2012-0030-PCO-WU, p. 4, issued January 19, 2012, in Docket No. 20110200-WU, *In re: Application for increase in water rates in Franklin County by Water Management Services, Inc.* Also, this is consistent with Provision D.6. (Pro forma adjustments) of Procedure 13-12, entitled “INTERPRETING AND APPLYING THE INTERIM STATUTES” of the Commission’s Administrative Procedure Manual.

⁶ Order No. PSC-2000-0912-PCO-WS, p. 6, issued May 8, 2000, in Docket No. 19990939-WS, *In re: Application for rate increase in Martin County by Indiantown Company, Inc.* Also, this is consistent with Provision D.5. (Annualization of rate changes) of Procedure 13-12, entitled “INTERPRETING AND APPLYING THE INTERIM STATUTES” of the Commission’s Administrative Procedure Manual.

Moreover, based on a cursory review the Utility's Interim Schedules, there are several adjustments for this system required for interim purposes. First, on MFR Schedule B-3 on lines 1 through 20,⁷ the Utility is reflecting annualized O&M expense adjustments totaling \$6,216 for wastewater that are pro forma in nature. The Commission has consistently denied such adjustments for interim purposes. Second, Section 367.082(5)(b), F.S. requires annualizing any rate changes occurring during such period. The Commission has consistently interpreted this requirement as annualizing the rates in effect on the last day of the interim test year. The OPC cannot identify where the Utility has complied with this system's required annualization adjustment for interim test year revenue purposes.

C.F.A.T. H2O, Inc.

Pages 4 and 5 of Order No. PSC-2011-0366-PAA-WU capture the Commission's methodology for the used & useful of the water treatment plant. Page 5 of this 2011 order, captures the Commission's methodology for the used & useful of the ground storage tank. Page 7 of this 2011 order, reflects that the Commission used the 3-year average methodology for bad debt expense which must also be utilized for interim purposes. This 2011 order also reflects that customer deposits were specifically identified in establishing the capital structure for revenue requirements purposes. The Commission staff interim workpapers should reflect that the methodologies in these orders for this system were appropriately applied for interim purposes and the OPC expects to review them for these, and other, purposes

Moreover, based on a cursory review the Utility's Interim Schedules, there are several adjustments for this system required for interim purposes. First, on MFR Schedule B-3 on lines 1 through 20,⁸ the Utility is reflecting annualized O&M expense adjustments totaling \$2,787 for water and negative (\$5,927) for wastewater that are pro forma in nature for the Commission has consistently denied such adjustments for interim purposes. However, as discussed above, the Utility 3-year average adjustments for bad debt expense of \$36 for water and negative (\$118) for wastewater appear to be consistent with this 2011 order and the interim statute.⁹ Thus, all other O&M expense adjustments should be removed for interim purposes. Second, Section 367.082(5)(b), F.S. requires annualizing any rate changes occurring during such period. The Commission has consistently interpreted this requirement as annualizing the rates in effect on the last day of the interim test year. The OPC cannot identify where the Utility has complied with this system's required annualization adjustment for interim test year revenue purposes.

⁷ See Document No. 06592-2025.

⁸ See Document No. 05285-2025.

⁹ This adjustment with the Commission's interim decisions in Order Nos. PSC-16-0526-PCO-WS (p. 8) and PSC-13-0332-PCO-WS (p. 5).

Neighborhood Utilities, Inc.

Page 19 of PSC-2016-0537-PAA-WU reflects that the Commission's used 3-year average methodology for bad debt expense which must also be utilized for interim purposes. This 2016 order also reflects that customer deposits were specifically identified in the capital structure purposes. The Commission staff interim workpapers should reflect that the methodologies in these orders for this system were appropriately applied for interim purposes and the OPC expects to review them for these, and other, purposes.

Moreover, based on a cursory review the Utility's Interim Schedules, there are several adjustments for this system required for interim purposes. First, on MFR Schedule B-3 on lines 1 through 20,¹⁰ the Utility is reflecting annualized O&M expense adjustments totaling negative (\$5,857) for water that are pro forma in nature. The Commission has consistently denied such adjustments for interim purposes. However, as discussed above, the Utility 3-year average adjustment for bad debt expense of \$475 for water appears to be consistent with the 2016 order and the interim statute. Thus, all other O&M expense adjustments should be removed for interim purposes. Second, Section 367.082(5)(b), F.S. requires annualizing any rate changes occurring during such period. The Commission has consistently interpreted this requirement as annualizing the rates in effect on the last day of the interim test year. The OPC cannot identify where the Utility has complied with this system's required annualization adjustment for interim test year revenue purposes.

North Peninsula Utilities, Corp.

Based on a review of Order No. PSC-2019-0461-PAA-SU, the OPC did not identify any adjustments to be made consistent with this 2019 order. The Commission staff interim workpapers should reflect that the methodologies in these orders for this system were appropriately applied for interim purposes and the OPC expects to review them for these, and other, purposes.

Moreover, based on a cursory review the Utility's Interim Schedules, there are several adjustments for this system required for interim purposes. First, on MFR Schedule A-2,¹¹ the acquisition adjustments of \$1,196,741 should be removed for interim purposes because of the Commission's previous decisions.¹² Second, on MFR Schedule B-3 on lines 1 through 20, the Utility is reflecting annualized O&M expense adjustments totaling negative (\$20,835) for wastewater that are pro forma in nature for the Commission has consistently denied such adjustments for interim purposes. Third, Section 367.082(5)(b), F.S. requires annualizing any rate changes occurring during such period. The Commission has consistently interpreted this

¹⁰ See Document No. 05285-2025.

¹¹ See Document No. 05285-2025.

¹² Order Nos. PSC-2025-0250-PCO-WS, PSC-2022-0116-PAA-SU, and PSC-2022-0137-CO-SU.

requirement as annualizing the rates in effect on the last day of the interim test year. The OPC cannot identify where the Utility has complied with this system's required annualization adjustment for interim test year revenue purposes.

Rolling Oaks Utilities, Inc.

The last rate case order for this system was Final Order No. 22-01 (**attached**) issued on January 10, 2022 by the Citrus County Water and Wastewater Authority (CCWWA). The CCWWA authorized Rolling Oaks Utilities, Inc. to implement new monthly rates as shown in the customer impact analysis of calculated rates in schedules attached to Raftelis final analysis report dated October 2021. Table 5-W of this report reflects the U&U methodology used for the water treatment plant. Table 10A-W of this report reflects the bad debt ratio methodology of apply 0.50% to test year revenues to determine the appropriate water bad debt expense. Table 5-S of this report reflects the U&U methodology used for the wastewater treatment plant. Table 10A-S of this report reflects the bad debt ratio methodology of apply 0.50% to test year revenues to determine the appropriate wastewater bad debt expense. The above methodologies for this system should be utilized for interim purposes.

Moreover, based on a cursory review the Utility's Interim Schedules, there are several adjustments for this system required for interim purposes. First, on MFR Schedule B-3 on lines 1 through 20,¹³ the Utility is reflecting annualized O&M expense adjustments totaling negative (\$186,130) for water and negative (\$122,822) for wastewater that are pro forma in nature for the Commission has consistently denied such adjustments for interim purposes. Second, Section 367.082(5)(b), F.S. requires annualizing any rate changes occurring during such period. The Commission has consistently interpreted this requirement as annualizing the rates in effect on last day of the interim test year. The OPC cannot identify where the Utility has complied with this system's required annualization adjustment for interim test year revenue purposes.

Sebring Ridge Utilities, Inc.

Page 5 of Order No. PSC-1996-0869-FOF-WS captures the Commission's methodologies for the used & useful of the water treatment plant and distribution system (with margin reserve). On page 6 of this 1996 order, it captures the methodology for the wastewater collection system (with margin reserve). The Commission staff interim workpapers should reflect that the methodologies in these orders for this system were appropriately applied for interim purposes and the OPC expects to review them for these, and other, purposes.

Moreover, based on a cursory review the Utility's Interim Schedules, there are several adjustments for this system required for interim purposes. First, on MFR Schedule B-3 on lines 1

¹³ See Document No. 05285-2025.

through 20,¹⁴ the Utility is reflecting annualized O&M expense adjustments totaling negative (\$6,287) for wastewater that are pro forma in nature for the Commission has consistently denied such adjustments for interim purposes. Second, Section 367.082(5)(b), F.S. requires annualizing any rate changes occurring during such period. The Commission has consistently interpreted this requirement as annualizing the rates in effect on the last day of the interim test year. The OPC cannot identify where the Utility has complied with this system's required annualization adjustment for interim test year revenue purposes.

Sunshine Utilities c.f Central Florida, Inc.

Pages 10 through 12 of Order No. PSC-2012-0357-PAA-WU capture the Commission's methodology for the composite used & useful of the Unified water distribution systems and the stand-alone Quail Run and Sandy Acres distribution systems. This 2012 order also reflects that customer deposits were specifically identified in the capital structure purposes. The Commission staff interim workpapers should reflect that the methodologies in these orders for this system were appropriately applied for interim purposes and the OPC expects to review them for these, and other, purposes.

Moreover, based on a cursory review the Utility's Interim Schedules, there are several adjustments for this system required for interim purposes. First, on MFR Schedules A-1 (Unified Systems and A-1 (Ponderosa Pines and Quail Run Systems),¹⁵ the acquisition adjustments of \$5,457,165 for unified water systems and \$403,712 for Ponderosa Pines and Quail Run Systems should be removed for interim purposes because of the Commission's previous decisions.¹⁶ Second, on MFR Schedule B-3 on lines 1 through 17 for unified systems and the Ponderosa Pines & Quail Run Systems, the Utility is reflecting annualized O&M expense adjustments totaling negative (\$93,089) and negative (\$3,442), respectively, that are pro forma in nature for the Commission has consistently denied such adjustments for interim purposes. Third, Section 367.082(5)(b), F.S. requires annualizing any rate changes occurring during such period. The Commission has consistently interpreted this requirement as annualizing the rates in effect on the last day of the interim test year. The OPC cannot identify where the Utility has complied with this system's required annualization adjustment for interim test year revenue purposes.

TKCB, Inc.

Order No. PSC-2021-0435-PAA-SU cited in the table above was for a limited alternative rate proceeding (LARI) which does not contain the Commission's used 3-year average methodology for bad debt expense in Order No. PSC-2019-0362-PAA-SU (SARC). Based on the

¹⁴ See Document No. 05285-2025.

¹⁵ See Document No. 05285-2025.

¹⁶ Order Nos. PSC-2025-0250-PCO-WS, PSC-2022-0120-PAA-WU, and PSC-2022-0136-CO-WU.

OPC's review and understanding of Provisions C and D.2. of Procedure 13-12, entitled "INTERPRETING AND APPLYING THE INTERIM STATUTES" of the Commission's Administrative Procedure Manual, a LARI does not constitute a rate proceeding under the interim statute. Pages 9 through 10 of this 2019 order, reflect that the Commission used the 3-year average methodology for bad debt expense which must also be utilized for interim purposes pursuant to Section 367.082(5)(b), F.S.

Moreover, based on a cursory review the Utility's Interim Schedules, there are several adjustments for this system required for interim purposes. First, on MFR Schedule B-3 on lines 1 through 20,¹⁷ the Utility is reflecting annualized O&M expense adjustments totaling \$7,600.20 for wastewater that are pro forma in nature for the Commission has consistently denied such adjustments for interim purposes. However, as discussed above, the Utility 3-year average adjustment for bad debt expense of negative (\$326) for wastewater appears to be consistent with this 2019 order and the interim statute. Thus, all other O&M expense adjustments should be removed for interim purposes. Second, Section 367.082(5)(b), F.S. requires annualizing any rate changes occurring during such period. The Commission has consistently interpreted this requirement as annualizing the rates in effect on the last day of the interim test year. The OPC cannot identify where the Utility has complied with this system's required annualization adjustment for interim test year revenue purposes

Tradewinds Utilities, Inc.

Pages 9 through 10 of Order No. PSC-2011-0385-PAA-WS, reflect that the Commission's used the 3-year average methodology for bad debt expense which must also be utilized for interim purposes. 2011 order also reflects that a pro rata adjustment was made to customer deposits in the capital structure.

Moreover, based on a cursory review the Utility's Interim Schedules, there are several adjustments for this system required for interim purposes. First, on MFR Schedule B-3 on lines 1 through 20,¹⁸ the Utility is reflecting annualized O&M expense adjustments totaling negative (\$11,046) for water and negative (\$240) for wastewater that are pro forma in nature for the Commission has consistently denied such adjustments for interim purposes. However, as discussed above, the Utility 3-year average adjustment for bad debt expense of negative (\$13) for water and negative (\$391) for wastewater appear to be consistent with the 2011 Order and the interim statute. Thus, all other O&M expense adjustments should be removed for interim purposes. Second, Section 367.082(5)(b), F.S. requires annualizing any rate changes occurring during such period. The Commission has consistently interpreted this requirement as annualizing the rates in effect on

¹⁷ See Document No. 05285-2025.

¹⁸ See Document No. 05285-2025.

the last day of the interim test year. The OPC cannot identify where the Utility has complied with this system's required annualization adjustment for interim test year revenue purposes.

Tymber Creek Utilities, Inc.

Page 4 of Order No. PSC-2011-0345-PAA-WS, reflects the Commission's methodology for excessive unaccounted for water. The 2011 Order also reflects that customer deposits were specifically identified in the capital structure purposes. The Commission staff interim workpapers should reflect that the methodologies in these orders for this system were appropriately applied for interim purposes and the OPC expects to review them for these, and other, purposes.

Moreover, based on a cursory review the Utility's Interim Schedules, there are several adjustments for this system required for interim purposes. First, on MFR Schedule B-3 on lines 1 through 24,¹⁹ the Utility is reflecting annualized O&M expense adjustments totaling \$109,803 for water and \$74,090 for wastewater that are pro forma in nature for the Commission has consistently denied such adjustments for interim purposes. Second, Section 367.082(5)(b), F.S. requires annualizing any rate changes occurring during such period. The Commission has consistently interpreted this requirement as annualizing the rates in effect on the last day of the interim test year. The OPC cannot identify where the Utility has complied with this system's required annualization adjustment for interim test year revenue purposes

Other Observations

Through numerous transfer dockets, the Commission established net book values for 10 of the Utility systems. The Utility's interim net book values for these systems should also be consistent with the various orders listed in the table below as well because, the Utility must notify the Commission in writing within 90 days of the date of the transfer orders that it has adjusted its books in accordance with the Commission's decisions.

Former Utility Name	Order	Issuance Date
Aquarina Utilities, Inc.	PSC-2022-0115-PAA-WS	March 15, 2022
BFF Corp.	PSC-2023-0257-PAA-SU	August 21, 2023
C.F.A.T. H2O, Inc.	PSC-2023-0266-PAA-WS	August 22, 2023
Neighborhood Utilities, Inc.	PSC-2022-0364-PAA-WU	November 25, 2022
North Peninsula Utilities, Corp.	PSC-2022-0116-PAA-SU	March 17, 2022
Sebring Ridge Utilities, Inc.	PSC-2023-0216-PAA-SU	July 27, 2023
Sunshine Utilities of Central Florida, Inc.	PSC-2022-0120-PAA-WU	March 18, 2022
TKCB, Inc.	PSC-2023-0359-PAA-SU	November 28, 2023
Tradewinds Utilities, Inc.	PSC-2023-0245-PAA-WS	August 17, 2023

¹⁹ See Document Nos. 06592-2025 and 05285-2025.

Tymber Creek Utilities, Inc.	PSC-2023-0305-PAA-WS	October 13, 2023
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For the Rolling Oaks system, any adjustments to rate base should be consistent with the last rate case order issued by the Citrus County Water and Wastewater Authority. As stated above, on August 6, 2025, the OPC submitted a Public Records Request to Citrus County for the Citrus County Water and Wastewater Authority's Final Order No. 22-01 concerning this system. Once it is received, the OPC will follow-up on any possible carryover adjustments consistent with this system's last rate case order.

After numerous adjustments are made, some systems might be above their maximum ROE using the Commission current leverage formula. If that is the result for any CSWR system, the Commission should attach jurisdiction over those revenues above the maximum ROE consistent with the Commission's decision in Order No. PSC-2016-0526-PCO-WS, where on page 5 of that order the Commission held revenues subject to refund for seven systems.

Conclusion

In conclusion, the OPC respectfully requests that in its determination of CSWR's interim requests in this docket, the Commission consider our above-mentioned observations.

Respectfully submitted,

Bart Fletcher

Bart Fletcher
Legislative Analyst

Attachment

CC: Parties of Record

**FINAL ORDER NO. 22-01
CITRUS COUNTY WATER AND WASTEWATER AUTHORITY**

A FINAL ORDER OF THE CITRUS COUNTY WATER AND WASTEWATER AUTHORITY, PURSUANT TO CITRUS COUNTY CODE OF ORDINANCES, SECTION 102-253(A)(6) [FINAL ORDER TO FIX RATES], PROVIDING FOR THE FIXING OF RATES THAT ARE JUST, REASONABLE, AND COMPENSATORY IN RE: FULL RATE CASE FOR ROLLING OAKS UTILITIES, INC.; PROVIDING FOR CUSTOMER NOTICE; AND SETTING AN EFFECTIVE DATE.

WHEREAS, Citrus County Code of Ordinances, Section 102-253 provides the Citrus County Water and Wastewater Authority (AUTHORITY) with specific powers and duties; and

WHEREAS, Citrus County Code of Ordinances, Section 102-253(a)(6) provides this AUTHORITY with final authority powers to set rates that are "just, reasonable, compensatory, and not unfairly discriminatory"; and

WHEREAS, the AUTHORITY adopted Staff recommendation to use the year 2019 as test year with 2019 pro forma to project the year-end financial performance of Rolling Oaks Utilities, Inc. (UTILITY); and

WHEREAS, the AUTHORITY adopted Staff recommendation for the rate of return on both the water and wastewater systems to be 5.76 %; and

WHEREAS, the AUTHORITY adopted a rate revenue increase of 13.54 % for the water system and 7.16 % for the wastewater system; and

WHEREAS, the AUTHORITY adopted Staff recommendation to set the new monthly rates as shown in the customer impact analysis of calculated rates in schedules attached to Raftelis Evaluation of the Rate Application for the Proforma Year Ended December 31, 2019; and

WHEREAS, the Utility requested no changes to miscellaneous fees and service charges. No such increases are authorized.

WHEREAS, the AUTHORITY adopted Staff recommendation that the Utility Regulation Office review the rates and earning posture of the UTILITY after the 2021 annual report is filed and bring its findings back to the AUTHORITY for a rate adjustment, if warranted; and

WHEREAS, the AUTHORITY adopted Staff recommendation that the new rates go into effect for bills rendered on or after January 31, 2022 to allow the UTILITY sufficient time to issue customer notice as required under County Code; and

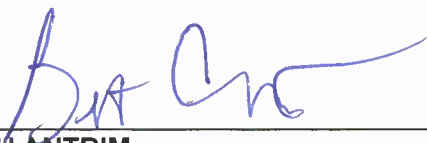
WHEREAS, the UTILITY cannot charge any rates or fees not otherwise approved by this AUTHORITY.

NOW, THEREFORE, BE IT ORDERED by the AUTHORITY in public meeting assembled, that:

1. Rolling Oaks Utilities, Inc. is authorized to implement new monthly rates as shown in the customer impact analysis of calculated rates in schedules attached to Raffel's final analysis report dated October 2021 and attached hereto as Attachment "A". The specified increase are set forth in Attachment "B" to this order.
2. No changes in miscellaneous fees and service charges are authorized.
3. The Utility Regulation Office shall review the rates and earning posture of the UTILITY after the 2021 annual report is filed and bring its findings back to the AUTHORITY for a rate adjustment, if warranted.
4. This Final Order shall become effective for bills rendered on or after January 31, 2022 and the new rates shall remain in effect until the AUTHORITY authorizes a change.
5. UTILITY shall provide notice to its customers of the revised rates prior to consumption of the respective service at the revised rate.

This Order adopted this 10th day of January 2022, after motion, second, and majority vote favoring same.

**APPROVED AS TO FORM FOR THE
RELIANCE OF CITRUS COUNTY ONLY:**



BETH ANTRIM
ASSISTANT COUNTY ATTORNEY

**CITRUS COUNTY WATER AND
WASTEWATER AUTHORITY**



SCOTT BAGGERLY
CHAIRMAN

ROLLING OAKS UTILITIES, INC.

**Evaluation of the Rate Application for the
Pro Forma Year Ended December 31, 2019**

October 2021



October 15, 2021

Mr. Randy Oliver, County Administrator
Citrus County Water and Wastewater Authority
3600 W. Sovereign Path
Lecanto, FL 34461

Mr. Steve Spratt, System Manager
Florida Governmental Utilities Authority
280 Wekiva Springs Road, Suite 2070
Longwood, FL 32770

Subject: **Rolling Oaks Utilities, Inc. – Request for Increase in Water and Wastewater Rates**

Gentlemen:

Raftelis Financial Consultants, Inc. (“Raftelis”), has prepared an evaluation of the Minimum Filing Requirements submitted by Rolling Oaks Utilities, Inc. (the “Company” or “Utility”) with respect to the Company’s request for an increase in monthly user charges for its potable water and wastewater utility systems (collectively, the “System”). The purpose of the evaluation was to determine if the monthly rates for water and wastewater utility service as filed by the Company on behalf of the System were considered as being reasonable and justifiable based on the information presented in the Minimum Filing Requirements and other information as provided by the Company.

The time period recognized by the Company for the determination of monthly user rates was the Test Year ended December 31, 2019 (the “Test Year”), as adjusted or proposed changes by the Company (the “Pro Forma Year”). In order to evaluate the proposed water and wastewater rates by the Company for the Pro Forma Year, we relied upon i) information contained in the Minimum Filing Requirements and other information as submitted by the Company (the “Application”); ii) financial and statistical information provided by or made available by the Company, including financial statements, previously submitted Annual Reports, accounting records, customer and expense analyses and other supporting information; and iii) County ordinances with respect to the creation of and the rules and for the Citrus County Water and Wastewater Authority (the “Authority”), general ratemaking practices used by the County and the Florida Public Service Commission (“FPSC”), and other information available to Raftelis and the Authority.

Subsequent to the date of the acceptance of the Application, the County and the Company have engaged in discussions and exchanges of information with respect to the Application. These discussions have led to a stipulated agreement by the parties relative to the matters set forth below and as described in the Stipulation Agreement between the Rolling Oak Utility and the Authority anticipated to be accepted by the parties dated December 2021 (the “Stipulation Agreement”). The stipulated adjustments to the Application are contained in the Evaluation of the Rate Application for the Pro Forma Year Ended December 31, 2019 (the “Pro Forma Year”), prepared by Raftelis, for the County (the “Rate Study”) and approved by the Utility.

Randy Oliver, Citrus County
Steve Spratt, Florida Governmental Utility Authority
October 15, 2021
Page 2

The accompanying schedules were predicated in part upon estimates and assumptions, the reliability of which is dependent upon future events and transactions. As such, this report should not be considered as audit or review of financial statements of the Company involving the application of generally accepted auditing standards and we are not expressing any opinion as to the conformance of the reported financial information in accordance with generally accepted accounting principles. Furthermore, there will usually be a difference between the adjusted results that are based on estimates and assumptions as contained in the Minimum Filing Requirements of the Company and the results that actually occur for the System because future events and circumstances frequently do not occur entirely as expected. These differences could be material. We have no responsibility to update this report for events and circumstances becoming known to us or occurring after the date of this report.

We appreciate the fine cooperation and assistance provided by the Authority in the review of the Company's Minimum Filing Requirements.

Respectfully submitted,

RAFTELIS FINANCIAL CONSULTANTS, INC.

A handwritten signature in blue ink that reads "Robert J. Ori". The signature is written in a cursive, flowing style.

Robert J. Ori
Executive Vice President

RJO/dlc
Attachments

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Evaluation of the Rate Application for the Pro Forma Year Ending December 31, 2019

Overview of Rate Study

Rolling Oaks Utilities, Inc. (the “Company” or “Utility”) has filed for i) an increase in overall revenues produced by the monthly rates for potable water service and for wastewater service (collectively, “utility service”). The utility system owned by the Company in the County includes i) a potable water- utility comprising of a raw water supply, treatment, and distribution system (the “Water System”) and ii) a wastewater system consisting of a collection, treatment, and disposal system (the “Wastewater System” and collectively with the Water System, the “System”). It should be noted that the System’s last formal rate filing resulted in an approval of rates in 2014 or approximately seven years ago. It is our understanding that the Company has not filed for periodic annual inflationary price index adjustments as provided by the County’s Code of Ordinances, Chapter 102, Article IV – Water and Wastewater Utilities Regulatory Ordinance, as supplemented from time to time and especially supplemented by County Resolution No. 99-142 dated September 14, 1999 (collectively, the “Regulatory Ordinance”) and, with the exception of a change for the amortization of rate case expenses, the rates have remained unchanged since the 2014 effective implementation year.

The determination of utility service rates for those utility systems located in the County that are regulated by the Citrus County Water and Wastewater Authority (the “Authority”) to exclusively serve a particular service area has been developed using a style of rate making known as the utility (rate base / rate of return) approach. This approach is generally used for the review of rates for investor-owned utility systems by the County and is also the general approach used by the Florida Public Service Commission (“FPSC”) in the regulation of private utilities under their jurisdiction. Under this approach, the rates for service permitted for the System will include the summation of the following revenue requirements:

1. Reasonable operation and maintenance expenses; plus
2. Depreciation Expense on utility plant-in-service allocable to the customers, less the amortization of contributed plant made on behalf of the System by a third party other than the owners of the System that is considered used and useful to provide service; plus
3. Taxes, including income taxes (if applicable); plus
4. A fair rate of return on the investment made by the Company; less
5. Other System operating revenues (not from monthly rates for service), if any, that annually accrue to the benefit of the Company.

When rates are functioning properly, the total charges by the Utility to its customers should equal the above referenced items (i.e., the “revenue requirements”). On September 28, 2020 the Company filed an Application to adjust rates, which included the Minimum Filing Requirements (“MFR”) as set forth in the Regulatory Ordinance. On or about November 16, 2020 the County notified the Company of its acceptance of the Application and this acceptance date is considered as the official date of filing by the Authority. The proposed Company rates as contained

in the MFR were predicated on the estimated revenue requirements for the Pro Forma Year ended December 31, 2019 (the “Pro Forma Year”).

Raftelis Financial Consultants, Inc. (“Raftelis” or “Consultant”), which is assisting the Authority in the review of the rate request by the Company, has reviewed the Company’s MFRs and other information provided by the Company, evaluated financial and customer records, and have recommended changes to the proposed rates, fees, and charges as initially filed by the Company in the MFR and has prepared this report of such recommendations (the “Report”) for consideration by the Authority. Additionally, Raftelis and the Authority have attended meetings with the Company to discuss the rate application, issues, analyses and results as part of the overall rate review process. The Authority and the Company (collectively, the “parties”) have initially agreed to the proposed recommended rates as contained in this report and which are planned to be presented to the Board of County Commissioners (the “BOCC”), acting as the Authority Board, for their consideration and approval.

Recommended Water and Wastewater Rate Adjustments

This Report includes an analysis and evaluation of the Company’s Rate Application and the resulting Consultant’s Recommendation. The Company is seeking rates that will increase Pro Forma Year Water System revenues by \$382,306 or 32.84%. Based on a review of the MFR and other financial information as requested from and provided by the Company, the Consultants on behalf of the County have determined a proposed water revenue increase of \$136,837 or 11.79%, which is being recommended for approval by the Authority. Table 2-W at the end of this Report, summarizes the Company-filed and Consultant-recommended overall Water System rate adjustments, the financial results are also summarized below:

Company-requested and Consultant-recommended Rate Adjustments – Water System			
Description	Company-filed	Consultant-recommended	Difference
Total Pro Forma Year System Revenue Requirements	\$1,620,686	\$1,377,654	(\$243,032)
Total Pro Forma Year Rate Revenues – Current Rates	\$1,164,020	\$1,164,020	\$--
Miscellaneous Revenues	74,360	76,797	2,437
Total Test Year System Revenues	\$1,238,380	\$1,240,817	\$2,437
Proposed Pro Forma Year Additional Revenue Requirement	\$382,306	\$136,837	(\$245,469)
Percentage Increase to Pro Forma Year Rate Revenues	32.84%	11.76%	(28.56%)

Note: minor differences may exist due to rounding.

The Company is seeking rates that will increase Pro Forma Year Wastewater System revenues by \$342,437 or 21.22%. Based on a review of the MFR and other financial information as requested from and provided by the Company, the Consultants on behalf of the County have determined a proposed wastewater revenue increase of \$98,263 or 5.74%, which is being recommended for approval by the Authority. Table 2-S at the end of this Report, summarizes the Company-filed and Consultant-recommended overall Wastewater System rate adjustments, the financial results are also summarized on the following page:

(Remainder of page intentionally left blank)

Company-requested and Consultant-recommended Rate Adjustments – Wastewater System

Description	Company-filed	Consultant-recommended	Difference
Total Pro Forma Year System Revenue Requirements	\$2,030,682	\$1,788,494	(\$242,188)
Total Pro Forma Year Rate Revenues Based – Current Rates	\$1,613,564	\$1,613,564	\$--
Miscellaneous Revenues	74,682	76,667	1,985
Total Test Year System Revenues	\$1,688,246	\$1,690,231	\$1,985
Proposed Pro Forma Year Additional Revenue Requirement	\$342,436	\$98,263	(\$244,173)
Percentage Increase to pro Forma Year Rate Revenues	21.22%	5.74%	(15.48%)

Note: minor differences may exist due to rounding.

In addition to the proposed rates based on the review of the rate application and as filed by the Company and recognizing i) the rates are based on the Pro Forma 2019 operating results (essentially actual costs) and ii) the proposed rates will not be implemented until late 2021 or early 2022, it is proposed that the recommended rates be further adjusted by the 2020 annual price index to reflect the estimated effects for inflation, which we consider as reasonable since costs are anticipated to increase. The price index was based on the formula used by the FPSC, which is recognized by the Authority for the indexing of rates by franchised utilities under their jurisdiction. The price index rate adjustment recognized in this report is calculated on Table 1-W for the Water System and Table 1-S for the Wastewater System and is summarized below:

Estimated 2020 Price Index Applied to Recommended Rates

	Water [1]	Wastewater [2]
Total Operations and Maintenance Expenses – Staff-recommended	\$1,207,225	\$1,587,015
Less Pass-through Items	(102,469)	(366,144)
Costs to be Indexed	\$1,104,756	\$1,220,872
Multiply by Annual Price Index Adjustment Factor [3]	1.79%	1.79%
Total Indexed Costs	\$19,775	\$21,854
Divide by Expansion Factor for Regulatory Assessment Fee (0.955)	\$20,707	\$22,884
Divide by Applicable Rate Revenue – Staff-recommended	\$1,300,857	\$1,711,827
Recognized Price Index Rate Adjustment	1.59%	1.34%

[1] Amounts shown derived from Table 1-W.

[2] Amounts shown derived from Table 1-S.

[3] Reflects the FPSC-published index for 2020 per FPSC Order No. PSC-2019-0525-PAA-WS dated December 17, 2019; it should be noted that the 2021 FPSC published index for 2021 is 1.17%.

The remainder of the Report provides a discussion of the evaluation of the Company's Application by Raftelis on behalf of the County as it relates to the development of the recommended water rates, fees, and charges.

(Remainder of page intentionally left blank)

Discussion of Rate Application Review and Adjustments

This section of our report provides a discussion of the review of the Company's rate application, including supplemental information provided by the Company, as well as our recommendations to the rate filing for consideration by the Authority.

COMPANY INVESTMENT – RATE BASE – WATER SYSTEM

Table 3-W at the end of this Report provides a summary of the Company-requested and Consultant-recommended rate base (investment) for the Water System. The recommended rate base (investment) served as the basis for the determination of the rate of return to be earned by the Company on its applicable water plant investment, which is a component of the revenue requirements of the Company. A summary of all the Consultant-recommended rate base adjustments is also included on Table 3-W for the Water System. Based on i) the Application as filed by the Company; ii) information contained in the Annual Reports previously filed by the Company to the County; and iii) a review of information and documents supporting plant additions and retirements in utility plant since the last rate review, the rate base for the Water System recommended for the determination of the Company's rate of return is as follows:

Water System Rate Base – For the Pro Forma Year Ending December 31, 2019			
	As Filed by Company [1]	Consultant Adjustments [2]	Recommended by Consultant
Utility Plant-in-service	\$3,396,097	(\$149,184)	\$3,246,914
Land and Land Rights	9,928	--	9,928
Less Non-Used and Useful Plant	(138,247)	(12,507)	(150,754)
Adjusted Gross Plant-in-service	\$3,267,778	(\$161,691)	\$3,106,088
Less Accumulated Depreciation	(2,687,377)	44,121	(2,643,256)
Net Plant-in-service	\$580,401	(\$117,569)	\$462,832
Contributions-in-aid-of-construction	(\$2,169,093)	(\$30,314)	(\$2,199,407)
Less Amortization of CIAC	1,739,138	22,499	1,761,637
Net Contributions-in-aid-of-construction	(\$429,955)	(\$7,815)	(\$437,770)
Provision for Working Capital [3]	\$179,399	(\$30,563)	\$148,836
Water Rate Base	\$329,845	(\$155,948)	\$173,897

Note: minor differences may exist due to rounding.

[1] As filed by Company per MFR.

[2] Adjustments recommended by Raftelis based on review of Application and financial and accounting records made available by the Company. Reference Table 3-W for details and adjustment descriptions or reference tables.

[3] Based on 45 days of annual operation and maintenance expenses for the Pro Forma Year per the Authority's Rules adopted by Resolution No. 99-142.

As shown above, adjustments have been identified for the Company's filed amount for Gross Plant-in-service for the Pro Forma Year for the Water System. The adjustments included several components. The first component was to adjust the Gross Plant-in-service balances to recognize plant-in-service additions and deletions as provided by the Company in response to Authority interrogatories and financial record requests, which were provided to the

Authority subsequent to the filing of the Application made by the Company. The build-up analysis for the Water System Gross Plant-in-service is shown on Table 4A-W. This analysis relied on the Company's General Ledger financial reports since it detailed the plant additions and deletions since 2014 and was considered being generally reliable when compared to other responses made by the Company since it more fully supported the information as presented by the Company in its Annual Reports as filed with the Authority. It should be noted that there were some minor reconciliatory differences to the information presented in the Annual Reports and as provided by the Company. This is shown on Table 4A-W. When comparing column (r) (build-up analysis) to column (u) (2019 Annual Report) on Table 4A-W, one can see the differences. It should be noted that the Company did provide a schedule of water utility plant-in-service per the 2019 General Ledger, and it does reconcile to the Company's rate application for the respective calendar year. Finally, a comparison to the amounts as contained in each respective year's Annual Report as filed by the Company was also conducted and the reported Gross Plant-in-service balances did not reconcile to the interrogatory responses. It should be noted that when comparing the respective Annual Reports, in several instances the ending balance of a particular plant account did not match the beginning balance in the following year. Finally, the Company did not provide sufficient evidence as to documenting all the plant additions and it is suggested that, if considered material to the rate application, the documents be furnished prior to the final approval of rates by the Authority. It should be noted that the reported gross plant in service actually declined when comparing the beginning (2014) and ending (2019) reported gross plant in service values as shown on Table 4A-W and was not considered by Raftelis to be material to the overall rate recommendation being made at this time.

In the Company's filing, they used an average balance analysis in the determination of rates. The second component of our recommended rate base adjustments is to use Test Year-end estimated plant values instead of an average account balance. Since the filing is based on an historical test year, which reflects financial information more than over a year ago, it is recommended that the rate base be determined for this evaluation on a Test Year-end basis to simplify the rate case evaluation and to determine the beginning rate base for reporting periods after the rate filing.

The third adjustment to rate base was associated with the Company's Pro Forma year capital additions, which were all associated with the purchase of replacement vehicles for existing and the purchase of vehicles for new employees for the Water System. Specifically, the Company recognized Transportation Equipment (Account 341) additions totaling \$158,000 in Transportation Equipment vehicle costs additions. Based on a review of the plant additions identified by the Company for Account 341 as shown on Table 4A-W, which totaled over \$128,000 during the last five years, it appears that vehicle replacements are being made by the Company as needed. Based on interrogatory responses, there are a total of 12 employees providing service (exclusive of the Utility Director) and not all the employees require the use of a vehicles. It is simply not practical that the Company would replace all the vehicles at one time when vehicle additions appear to have been made by the Company. Furthermore, the Company did not include any Transportation Equipment retirements associated with the replacement of the vehicles assumed in their rate application request nor was there any documentation as to the vehicle additions in support of the Pro Forma plant additions, which places additional doubt on the asset additions. It should be noted that based on discussions with the Authority and the Company coupled with the apparent need to reduce water loss and provide for increased field services requirements, additional employees for the Water System have been recognized. As shown on Table 4C-W, an allowance for two vehicles (allocated 50% to the Water System) has been reflected in the analysis to reflect providing vehicles to the additional field service personnel. As shown on Table 4-W, the recommended adjustment to the Company filed Gross Plant-in-service balance for the Pro Forma Year 2019 was to increase the utility plant balance by \$31,610 (resulting in a reduction to the Company-requested plant addition of \$126,390 as shown on Table 4C-W).

We are also recommending an adjustment to the used and useful calculation as filed by the Company. Based on a review of the customer and Equivalent Residential Connection (ERC) details as reported by the Company in their respective Annual Reports, the data on the customers being served has not been reported on a consistent basis – in many years no growth was reported or that the statistics were restated. The Company reported that the majority of the customer or account growth occurred in the first year (2015) of the five- (5) year historical review period, yet essentially no growth was reported in the 2015 Annual Report (a net change of four (4) customers and no reported additional CIAC paid from new development that would be considered as new growth). Additionally, the Company also reported in the 2019 Annual Report that the estimated increase in ERCs (using existing lines) was estimated to be 25 annually, which is well below (i.e., 50%) the projected growth assumed in the rate filing. Based on this information and as shown on Table 5-W, we have assumed an annual growth rate of 35 accounts per year consistent with the trends and findings as contained in the Company's Annual Reports and adjusted the non-used and useful percentage accordingly (from 52.86% to 52.59%). The recommended change to the total water utility plant in service was increased by \$12,507 to account for the change in the non-used and useful percentage coupled with recommended changes to certain plant account balances.

The Accumulated Depreciation balance as filed by the Company is also being recommended for adjustment as shown on Table 4B-W. The adjustment was predicated on i) the assumed Gross Plant-in-service calculation as shown on Table 4A-W, which was predicated on the asset additions and deletions as provided by the Company in response to certain interrogatories and financial information through the Test Year 2019; ii) the average service lives and corresponding depreciation accrual rates as contained in the Authority's ordinances and regulations and as reported in the Company's Annual Reports; iii) the recommended Pro Forma plant additions (Transportation Equipment additions) as previously discussed; and iv) the recommended non-used and useful plant adjustments as previously discussed. As shown on Table 4-W, the recommended adjustment to the Company-filed Accumulated Depreciation balance for the Pro Forma Year 2019 was to decrease the balance by \$44,121.

The Company has received contributions-in-aid-of-construction ("CIAC") over the years, which represents cost-free capital (cash and/or property) from new development. The unamortized amount of CIAC serves to reduce the Company's investment in the utility or rate base. With respect to the CIAC balance (before amortization), such amounts were based on the balances as reported in the Annual Reports and is shown on Table 6-W. The Company reports that for the period January 1, 2014 to December 31, 2019, the Company collected capital contributions from approximately 100 homes and a few commercial customers. It should be noted that the Company did provide additional information regarding the daily water and wastewater connections for the historical years 2016 to 2019 and the additional customers identified as a new connection did not reconcile to the Annual Reports (the trends in growth were comparable but less than 50 units per year). For the purposes of our analysis, we relied upon the information contained in the Annual Reports since it also reported the contributions received by the Company linked to the new growth (account names or development) being reported for the System. Based on the reported information and as shown on Table 3-W, the Company filed net CIAC (total CIAC less accumulated amortization) was increased by \$7,815.

The final adjustment to rate base is associated with the recommended change in the working capital balance. The Company's working capital calculation did employ the formulaic approach as contained in the Authority's Rules adopted by Resolution No. 99-142 whereby the allowance is based on 45 days of annual operation and maintenance expenses. As discussed later in this report, the Pro Forma Year operation and maintenance expenses are recommended to be reduced directly affects the working capital rate base allowance. As shown on Table 7-W, the recommended working capital rate base allowance is \$148,836, which represents a reduction of \$30,563 when compared to the Company's request.

Based on the above staff-recommended analyses and assumptions, the recommended rate base for the Water System is \$173,897, which represents a reduction of \$155,948 to the amounts reported in the Company's rate filing.

COMPANY INVESTMENT – RATE BASE – WASTEWATER SYSTEM

Table 3-S at the end of this Report provides a summary of the Company-requested and Consultant-recommended rate base (investment) for the Wastewater System. The recommended rate base (investment) served as the basis for the determination of the rate of return to be earned by the Company on its applicable wastewater plant investment, which is a component of the revenue requirements of the Company. A summary of all the Consultant-recommended rate base adjustments is also included on Table 3-W for the Wastewater System. Based on i) the Application as filed by the Company; ii) information contained in the Annual Reports previously filed by the Company to the County; and iii) a review of information and documents supporting plant additions and retirements in utility plant since the last rate review, the rate base for the Wastewater System recommended for the determination of the Company's rate of return is as follows:

Wastewater System Rate Base – For the Pro Forma Year Ending December 31, 2019			
	As Filed by Company [1]	Consultant Adjustments [2]	Recommended by Consultant
Utility Plant-in-service	\$5,667,900	(\$135,259)	\$5,532,641
Land and Land Rights	9,861	--	9,861
Less Non-Used and Useful Plant	(50,388)	18,417	(31,971)
Adjusted Gross Plant-in-service	\$5,627,373	(\$116,842)	\$5,510,531
Less Accumulated Depreciation	(4,974,157)	(28,465)	(5,002,622)
Net Plant-in-service	\$653,216	(\$145,307)	\$507,909
Contributions-in-aid-of-construction	(\$2,169,093)	\$2,514	(\$2,166,579)
Less Amortization of CIAC	1,739,138	29,246	1,768,384
Net Contributions-in-aid-of-construction	(\$429,955)	\$31,760	(\$398,195)
Provision for Working Capital [3]	\$233,513	(\$27,854)	\$195,659
Wastewater Rate Base	<u>\$446,744</u>	<u>(\$211,557)</u>	<u>\$243,645</u>

Note: minor differences may exist due to rounding.

[1] As filed by Company per MFR.

[2] Adjustments recommended by Raftelis based on review of Application and financial and accounting records made available by the Company. Reference Table 3-S for details and adjustment descriptions or reference tables.

[3] Based on 45 days of annual operation and maintenance expenses for the Pro Forma Year per the Authority's Rules adopted by Resolution No. 99-142.

As shown above, adjustments have been identified for the Company's filed amount for Gross Plant-in-service for the Pro Forma Year for the Wastewater System. The adjustments included several components. The first component was to adjust the Gross Plant-in-service balances to recognize plant-in-service additions and deletions as provided by the Company in response to Authority interrogatories and financial record requests, which were provided to the Authority subsequent to the filing of the Application made by the Company. The build-up analysis for the

Wastewater System Gross Plant-in-service is shown on Table 4A-S. This analysis relied on the Company's General Ledger financial reports since it detailed the plant additions and deletions since 2014 and was considered being generally reliable when compared to other responses made by the Company since it more fully supported the information as presented by the Company in its Annual Reports as filed with the Authority. It should be noted that there were some minor reconciliatory differences to the information presented in the Annual Reports and as provided by the Company. This is shown on Table 4A-S. When comparing column (r) (build-up analysis) to column (u) (2019 Annual Report) on Table 4A-S, one can see the differences. It should be noted that the Company did provide a schedule of wastewater utility plant-in-service per the 2019 General Ledger, and it does reconcile to the Company's rate application for the respective calendar year. Finally, a comparison to the amounts as contained in each respective year's Annual Report as filed by the Company was also conducted and the reported Gross Plant-in-service balances did not reconcile to the interrogatory responses. It should be noted that when comparing the respective Annual Reports, in several instances the ending balance of a particular plant account did not match the beginning balance in the following year. Finally, the Company did not provide sufficient evidence as to documenting all the plant additions and it is suggested that, if considered material to the rate application, the documents be furnished prior to the final approval of rates by the Authority. It should be noted that the reported gross plant in service remained essentially unchanged when comparing the beginning (2014) and ending (2019) reported gross plant in service values as shown on Table 4A-S and was not considered by Raftelis to be material to the overall rate recommendation being made at this time.

In the Company's filing, the used an average balance analysis in the determination of rates. The second component of our recommended rate base adjustments is to use Test Year-end estimated plant values instead of an average account balance. Since the filing is based on an historical test year, which reflects financial information more than over a year ago, it is recommended that the rate base be determined for this evaluation on a Test Year-end basis to simplify the rate case evaluation and to determine the beginning rate base for reporting periods after the rate filing.

The third adjustment to rate base was associated with the Company's Pro Forma year capital additions, which were all associated with the purchase of replacement vehicles for existing and the purchase of vehicles for new employees for the Wastewater System. Specifically, the Company recognized Transportation Equipment (Account 391) additions totaling \$158,000 in Transportation Equipment vehicle costs additions. Based on a review of the plant additions identified by the Company for Account 391 as shown on Table 4A-S, which totaled approximately \$50,000 during the last five years, it appears that vehicle replacements are being made by the Company as needed. Based on interrogatory responses, there are a total of 12 employees providing service (exclusive of the Utility Director) and not all the employees require the use of a vehicles. As mentioned for the water system, it is simply not practical that the Company would replace all the vehicles at one time when vehicle additions appear to have been made by the Company. Furthermore, the Company did not include any Transportation Equipment retirements associated with the replacement of the vehicles assumed in their rate application request nor was there any documentation as to the vehicle additions in support of the Pro Forma plant additions, which places additional doubt on the asset additions. It should be noted that based on discussions with the County and the need to provide for increased field services requirements, additional employees for the Wastewater System have been recognized. As shown on Table 4C-S, an allowance for two vehicles (allocated 50% to the Wastewater System) has been reflected in the analysis to reflect providing vehicles to the additional field service personnel. As shown on Table 4-S, the recommended adjustment to the Company-filed Gross Plant-in-service balance for the Pro Forma Year 2019 was to increase the utility plant balance by \$26,204 (resulting in a reduction to the Company-requested plant addition of \$131,796 as shown on Table 4C-S).

We are also recommending an adjustment to the used and useful calculation as filed by the Company. Based on a review of the customer and Equivalent Residential Connection (ERC) details as reported by the Company in their respective Annual Reports, the data on the customers being served has not been reported on a consistent basis – in many years no growth was reported or that the statistics were restated. The Company reported that the majority of the customer or account growth occurred in the first year (2015) of the five- (5) year historical review period, yet the amount of customer growth reported in the 2015 Annual Report (a net change of 61 wastewater customers, which is not consistent with the reported change in water customers for the same period plus there was no reported additional CIAC paid from new development that would be considered as new growth). Additionally, the Company also reported in the 2019 Annual Report that the estimated increase in ERCs (using existing lines) was estimated to be 55 annually, which is well below (i.e., 50%) of the projected growth assumed in the rate filing yet much higher than the projected water growth. In addition, based on a review of the “Summary of Daily Water and Sewer Connections” for the past four (4) years as provided by the Company, in almost all the cases, all water connections received wastewater service. Based on this information, historical trends as reported by the Company and maintaining consistency with the assumed net average change in water accounts, and recommending no change in the level of service (gallons per max day of service) per ERC based on our evaluation of the daily wastewater treatment flows and customers served, we have assumed an annual growth rate of 35 accounts per year consistent with the trends and findings as contained in the Company’s Annual Reports and adjusted the non-used and useful percentage accordingly (from 86.44% to 85.05%).

The Accumulated Depreciation balance as filed by the Company is also being recommended for adjustment as shown on Table 4B-S. The adjustment was predicated on i) the assumed Gross Plant-in-service calculation as shown on Table 4A-S, which was predicated on the asset additions and deletions as provided by the Company in response to certain interrogatories and financial information through the Test Year 2019; ii) the average service lives and corresponding depreciation accrual rates as contained in the Authority’s ordinances and regulations and as reported in the Company’s Annual Reports; iii) the recommended Pro Forma plant additions (Transportation Equipment additions) as previously discussed; and iv) the recommended non-used and useful plant adjustments as previously discussed. As shown on Table 4-S, the recommended adjustment to the Company-filed Accumulated Depreciation balance for the Pro Forma Year 2019 was to increase the balance by \$28,395.

The Company has received contributions-in-aid-of-construction (“CIAC”) over the years, which represents cost-free capital (cash and/or property) from new development. The unamortized amount of CIAC serves to reduce the Company’s investment in the utility or rate base. With respect to the CIAC balance (before amortization), such amounts were based on the balances as reported in the Annual Reports and is shown on Table 6-S. The Company reports that for the period January 1, 2014 to December 31, 2019, the Company collected capital contributions from approximately 100 homes and a few commercial customers. It should be noted that the Company did provide additional information regarding the daily water and wastewater connections for the historical years 2016 to 2019 and the additional customers identified as a new connection did not reconcile to the Annual Reports (the trends in growth were comparable but less than 50 units per year). For the purposes of our analysis, we relied upon the information contained in the Annual Reports since it also reported the contributions received by the Company relative to the new growth. Based on the reported information and as shown on Table 4-S, the Company linked to the new growth (account names or development) being reported for the System. Based on the reported information and as shown on Table 3-S, the Company filed net CIAC (total CIAC less accumulated amortization) was decreased by \$31,760.

The final adjustment to rate base is associated with the recommended change in the working capital balance. The Company’s working capital calculate did employ the formulaic approach as contained in the Authority’s Rules

adopted by Resolution No. 99-142 whereby the allowance is based on 45 days of annual operation and maintenance expenses. As discussed later in this report, the Pro Forma Year operation and maintenance expenses are recommended to be reduced directly affects the working capital rate base allowance. As shown on Table 7-S, the recommended working capital rate base allowance is \$195,659, which represents a reduction of \$27,854 when compared to the Company's request.

Based on the above staff-recommended analyses and assumptions, the recommended rate base for the Wastewater System is \$305,373, which represents a reduction of \$141,401 to the amounts reported in the Company's rate filing.

MISCELLANEOUS OPERATING REVENUES – WATER AND WASTEWATER SYSTEM

With respect to the determination of the revenue requirements to be recovered from monthly user rates, any recurring operating revenues derived from System operations should be recognized (serves to reduce the expenditures to be recovered from monthly user or service rates). The Company did recognize the availability of these revenues in the determination of their proposed rates for service. Based on the Company interrogatory responses, which delineated the breakdown of the revenues by source / type, the amount of operating revenues was greater than what was reflected the Company's rate filing. Accordingly, an adjustment to the other operating revenues of \$2,437 for the Water System as shown on Table 9-W and \$1,985 for the Wastewater as shown on Table 9-S was recognized consistent with the Company interrogatory responses. This adjustment served to reduce the amount of revenues to be recovered from rates.

It must be noted that when evaluating the Company's Annual Reports, there is no reporting of these revenues in the water or wastewater statements, which needs to be addressed by the parties moving forward as it could potentially affect the rate recommendations in this report.

OPERATING EXPENSES – WATER AND WASTEWATER SYSTEM

Table 10-W at the end of this Report provides a summary of the Company-requested and the recommended operating expenses (exclusive of depreciation expense) for the Water System included in the development of the revenue requirements in support of the Consultant-recommended rates. The development of the Pro Forma Year Water System operating expenses by the Company includes Pro Forma Year adjustments associated with the recognition of additional personnel, the installation of new meters, the recognition of an allowance for uncollected revenues (bad debt expense), and other adjustments. The adjustments proffered by the Company resulted in a requested increase of \$411,306 above the reported Test Year 2019 Water System expenses of \$1,043,821, a net change of over 39%.

Table 10-S at the end of this Report provides a summary of the Company-requested and the recommended operating expenses (exclusive of depreciation expense) for the Wastewater System included in the development of the revenue requirements in support of the Consultant-recommended rates. The development of the Pro Forma Year Wastewater System operating expenses by the Company includes Pro Forma Year adjustments associated with the recognition of additional personnel, the recognition of an allowance for uncollected revenues (bad debt expense), and other adjustments. The adjustments proffered by the Company resulted in a requested increase of \$351,571 above the reported Test Year 2019 Wastewater System expenses of \$1,461,367, a net change of over 24%.

A review of the actual annual change in operating expenses as reported by the Company and as recommended by the County is included on Tables 10B-W and 10B-S for the water and wastewater systems, respectively. As can be seen on this summary analysis, the historical change in expenses has been relatively constant which indicates a

declining margin when considering inflation on the cost of providing service. The tables also indicate the Company's Operation and Maintenance Expense request which is considered as being significant and illustrated the need to evaluate the Company's request. The following is a discussion of our adjustments to the Company-requested expenses:

Accounts 601 and 701 – Salaries and Wages – Employees

The Company filed for a substantial increase in the cost of salaries and wages for its employees, which included adjustments to i) bring the salaries for existing employees more in line with market conditions and ii) to add additional salaries for new personnel. Based on information provided by the Company, it appears that there are 13 employees allocated to the System, which would include the President (as Utilities Director).

With respect to the issue regarding market-based salaries, it appears based on the information provided by the Company in response to interrogatories that the hourly salaries paid are below market. Based on a comparison to the Citrus County Utility System salaries provided by the Company as well as a general salary comparison based on available information to Raftelis, we would agree that the salaries appear low. However, when comparing the salary information provided by the Company coupled with an estimated allowance for the Utility President, it appears that the existing salaries are not completely unreasonable. This is summarized below and is presented on a total Utility System basis:

Total System – Test Year 2019 Existing Personnel Cost Analysis	
	Test Year 2019 Amount
Salaries and Wages – Employees – 2019 Annual Report	
Water System	\$428,826
Wastewater System	505,465
Total Salaries	\$934,291
Reported by Company [1]	\$429,878
Add Allowance of Utilities Director	146,300
Total Estimated Salaries	\$576,178
Difference	\$358,113
Allowance for Overtime / Other at 50% Assumption	\$288,089
Net Difference	\$70,024
[1] Per Company Interrogatory Workpaper ROU_W-6 and ROU_VW-6 – Proforma O&M Expense Adjustments Salaries & New Positions.	
[2] Based on AWWA 2020 Salary Survey, Water / Wastewater Executive median salary for population served ranging between 10,000 and 25,000 people is \$150,143 and for managing 25 employees or less is \$142,444. Assumed \$146,300, which is the average of the two salary levels.	
[3] No additional information provided by the Company on salaries per employee and assumed that other salaries, such as overtime, is reflected in the reported salaries.	

Based on the information provided the Company, it appears that the salary expense reflects other expenses, such as overtime, that would tend to promote potentially a stressful environment and limited personnel coverage. However, based on responses to Authority interrogatories, the hourly rates paid by the Company (for the Test Year as filed)

appear to be low based on a review of salaries for other public utilities in the area, including Citrus County. Based on discussions with the County, the salaries currently being paid by the Company (reflects increased hourly wages) as of August 2021, and other factors, an adjustment to the existing employee salaries was recognized.

The other requested expense adjustment focused on the addition of new employees to increase levels of service associated with field services associated with water loss detection, continued maintenance on the water distribution and wastewater collection system, and customer service. Based on the need to i) reduce water loss as being requested by the Southwest Water Management District; ii) for additional operators to effectively operate the water production and wastewater treatment plants as stated in the Company's interrogatory responses; and iii) more effectively administer the Utility from a financial reporting, customer service and administrative basis, and discussions with the County, we have recognized the addition of certain utility personnel in the development of the Pro Forma Utility operating expenses. With respect to some of the additional positions, the Company has hired the additional personnel since the date of the Application. In the development of the Pro Forma salaries and wages expenses, the following personnel and corresponding salary costs were recognized:

**Total System – Pro Forma Year 2019
Summary of Salaries and Wages Cost Comparison [1]**

Personnel Title / Function	Current Status	Test Year Salary – 2019	Salary Recognized in Rates
Water "C" Operator	Current - Full Time	\$23,920.00	\$33,696.00
Customer Service Representative	Current - Full Time	26,208.00	31,657.60
Water "C" Operator	Current - Full Time	29,120.00	34,715.20
Wastewater "B" Operator	Current - Full Time	34,320.00	40,851.20
Office Supervisor	Current - Full Time	22,880.00	34,715.20
Operations Manager (Water "A" and Wastewater "C" Operator)	Current - Full Time	65,024.96	67,776.65
Water Supervisor (Water and Wastewater "C" Operator)	Current - Full Time	37,960.00	43,409.60
Wastewater "C" Operator	Current - Full Time	32,364.80	36,753.60
Water Maintenance, Operator Trainee	Current - Full Time	20,800.00	30,638.40
Office Manager	Current - Full Time	30,160.00	35,734.40
Water and Wastewater "C" Operator	Prior Position, Vacant - Full Time	33,280.00	33,280.00
Water Technician, Leak Detection	Future Position Recognized - Full Time	-	31,200.00
Sewer Technician (Line Inspections - Maintenance)	Hired 11.19.2020 per Company - Full Time	-	32,240.00
Wastewater "C" Operator	Future Position Recognized - Full Time	-	37,440.00
Customer Service Representative	Hired 11.23.2020 per Company - Part Time	-	14,560.00
Finance Officer / Accountant	Hired 08.17.2020 per Company - Full Time	-	50,003.00
Totals		\$356,037.76	\$588,671.05

[1] Per Company Interrogatory responses; reference Table 10A-W (Water) and Table 10A-S (Wastewater) for salary information.

As summarized above shown on Table 10A-W for the Water System and Table 10A-S for the Wastewater System, we have recognized the additional personnel in our rate evaluation. All the other personnel additions assumed by the Company were not recognized since i) the new employees have not been hired as of the date of rate filing by the Company or at the time of the Company response to the Authority interrogatories; ii) there was no reduction in expenses made by the Company associated with the conversion of outside services or management costs to the new personnel associated their reduction or transfer in their respective work efforts or requirements; and iii) the overall number of employees served per ERC was similar to Citrus County, which was a service comparison of the County. With respect to the last reason and assuming the addition of five (5) new employees above the Test Year actuals, the ERCs served per employee ratio approaches the Citrus County ratio as calculated by the Company (6,262 Water ERCs per 2019 Annual Report divided by 17 employees = 368 ERCs per employee and Citrus County was estimated at 390 ERCs per employee). Based on the above, the salary adjustment being recognized in our analysis is as follows for the combined Water and Wastewater Systems:

Total System – Test Year 2019 Summary of Additional Salary Expenses – Employees Recognized [1]	
	Test Year 2019 Amount
Total Company Salary Requested Increase	\$393,290
Staff-recommended Adjustments:	
Remove Market Adjustments	\$46,966
Remove Disallowed Increased Personnel	95,300
Net Additional Personnel Costs Recognized	\$251,023

[1] Amounts derived from Table 10A-W for the Water System and 10A-S for the Wastewater System.

Accounts 604 and 704– Employee Pensions and Benefits

Based on the recommended adjustments to Salaries and Wages – Employees (Accounts 601 and 701) as discussed above, a corresponding reduction in the employee pensions and benefits was recognized. The adjustment was based on the recommended salary adjustment (dollars) multiplied by an estimated benefit ratio based on historical cost relationships. Based on the recommended salary adjustments and payroll expense relationships and as shown on Table 10A-W and Table 10A-S for the Water and Wastewater Systems, respectively, an adjustment of \$31,141 has been recognized for the combined Utility System.

Accounts 631 and 731 – Contractual Services Engineering / Accounts 633 and 733 – Contractual Services Legal

In the review of the Company responses to the Authority, there were certain costs that were identified in the above-referenced accounts as contractual services that were related to the preparation of the Company's rate case. These expenses are non-recurring (since associated with the specific purpose – i.e., rate case preparation) and should not be reflected as a cost component included in the respective contractual services expense items. Accordingly, these expenses were removed from the specific operation and maintenance expense line items (reference Table 10A-W and Table 10A-S for the respective Water and Wastewater Systems) and reclassified as a rate case expense (reference Table 11-W and Table 11-S for the respective Water and Wastewater Systems).

Accounts 670 and 770 – Bad Debt Expense

The Company included an adjustment to recognize the certain revenues billed to customers for utility service would not be collectible and written off as a bad debt expense. This is common in the industry that not all billed revenues would be collected. In the development of the rate filing by the Company, the Company recognized a 2.0% uncollectible rate applied to the respective Water and Wastewater Systems rate revenues in the determination of the bad debt expense assumed in the determination of the annual cost of operations and maintenance for the Pro Forma Year 2019.

Based on our experience, a 2.0% uncollectible rate that occurs on an annual recurring basis is very high in the utility industry. Based on a review of the Annual Reports as prepared by the Company and submitted to the Authority, the Company has never reported any bad debt expense. Additionally, it is our understanding that the Company, which is allowed by the Authority per its rules and regulations, can discontinue utility service for the non-payment of service. Additionally, the Company does collect a utility deposit from new accounts establishing service which, in many instances, can be applied to a delinquent utility balances upon the closure of the account. Recognizing these customer policies and availability of funds, our experience is that the bad debt ratio ranging 0.10% to 0.50% is reasonable. We are recommending a bad debt ratio of 0.5% for our analysis and have adjusted the Pro Forma 2019 operating expense by \$56,478 for the combined utility system.

Operating Expenses – Water Meters

The Company included as an operation and maintenance expense for the Pro Forma Year 2019 the cost of implementing its meter replacement program in the amount of \$171,000. Prior to 2015, it appears that this expenditure had been capitalized in the past by the Company (is clearly above the capitalization ratio of \$2,500 as indicated as their policy per interrogatory responses). The Company has indicated that it is now expensing the cost of the meter replacement program based on the expenses incurred and this appears consistent with the lack of asset additions reported by the Company as shown on Table 4A-W for Utility Plant Account No. 334 (Meters and Meter Installations). Furthermore, based on information provided by the Company and as shown on Table 10C-W, it appears that the Company has consistently replaced water meters since 2015 and has expensed the cost of the meter replacements. We accept that this can be considered as a recurring expense based on recent trends and the number of meters that are assumed to be replaced during the foreseeable future.

For the Pro Forma Year, we recognized a meter allowance based on a straight-line replacement approach based on the number of meters in service, the meters replaced to date, and the current meter replacement expense reflected in the Test Year operating expenses, as summarized on Table 10C-W. The Company request to increase operating expenses by an additional \$171,000 did not consider the expenses already reflected in the Test Year operating expenses and was valued at a replacement quantity that has never been achieved by the Company since 2014. It is recommended that the Company's meter replacement operating expenses be adjusted downward by \$149,937 to reflect a replacement amount representative of a recurring replacement program predicated on the meters estimated to require replacement in the future. As shown on Table 10A-W, based on these policies and considerations, we have estimated the total water meter replacement expenses to be \$58,385 for the Pro Forma Year (actual expenses as invoiced during the Test Year 2019 of \$37,322 plus an additional allowance of \$21,063).

Taxes Other than Income Taxes – Regulatory Assessment Fees

An expenditure requirement of the System is associated with the payment of regulatory assessment fee to provide funds associated with the daily operations of the Authority as required by the Authority rules and regulations. The

current rate charged by the Authority to support the funding of the regulation of the franchised utilities located in Citrus County is 4.5% of the revenues of the respective utility. Based on the cost and expenditure adjustments recommended, the regulatory assessment fee is projected to be less than as filed by the Company in the Application. Based on our recommendations, the projected combined Water and Wastewater System regulatory assessment fee payment was set at \$142,476, which represents an expense adjustment of \$17,320 when compared to the Company requested expense of \$159,796.

RATE OF RETURN

As referenced in the Application, the Company requested an overall rate of return of 5.76% for the System in the determination of the Pro Forma Year revenue requirements. The Authority currently uses the leverage formula as adopted by the FPSC in the development of the return on equity. The leverage formula referenced in Order No. PSC-2019-0267-PAA-WS as published by the FPSC was used in the determination of the Company's return on equity. The review of the Company's requested overall rate of return is included on Table 8-W and Table 8-S for the respective utility systems (is calculated on a System basis but shown separately in the determination of water and wastewater rates) at the end of this report. Although minor adjustments to the calculation were identified, no change in the overall rate of return of 5.76% is being recommended based on the analyses presented herein.

RATE DESIGN – MONTHLY USER CHARGES

The Company's existing rates currently employ a rate structure that includes a base charge that recovers a portion of the fixed costs to provide service and a volumetric charge that recovers all of the variable costs and the remaining fixed costs not recovered in the base charge. Table 1-W presents the existing Water System rates of the Company. The volumetric rate for the Water currently consists of a water conservation tiered structure for both the residential class and General Service (commercial) rate classifications. The corresponding wastewater existing Wastewater Rates are shown on Table 1-S.

The Company has proposed that the rates continue to maintain a rate structure that includes a base charge and a volumetric charge that maintains a water conservation promoting structure that is currently in effect. The base charge is charged predicated on the size of the meter serving the customer premise. The methodology to determine the base charge by meter size is common in the industry and Raftelis recommends that it be continued. The proposed volumetric rate consists of a water conservation tiered structure, which Raftelis agrees should be continued and is consistent with the consumptive use permit requirements mandated by the Southwest Florida Water Management District.

In the development of the recommended rates for water and wastewater service, it was determined by uniformly applying to all the Company's proposed monthly user rates the required annual revenue requirement decrease based on the analysis contained in this Report. Table 1-W at the end of this Report provides a summary of the current, proposed, and recommended monthly user rates for the water system. Approximately 92% of the customers served by the System are classified as residential with the approximately 73% of the billed flow occurring in the first usage block (represents 0 to 10,000 gallons per month – the average monthly use per residential customer is estimated at 5,250).

In addition to the proposed rate adjustments based on the review of the rate application and as filed by the Company and recognizing i) the rates are based on the Pro Forma 2019 operating results (essentially actual costs) and ii) the proposed rates will not be implemented until late 2021 or early 2022, it is also proposed that the recommended rates be further adjusted by an annual price index to reflect the estimated effects for inflation, which we consider as

reasonable since costs are anticipated to increase. The price index was based on the formula used by the Florida Public Service Commission ("FPSC"), which is recognized by the Authority for the indexing of rates by franchised utilities under their jurisdiction. The price index rate adjustment recognized in this report is calculated on Table 1-W for the Water System and Table 1-S for the Wastewater System and is summarized on the following page:

Estimated 2020 Price Index Applied to Recommended Rates		
	Water [1]	Wastewater [2]
Total Operations and Maintenance Expenses – Staff-recommended	\$1,207,225	\$1,587,015
Less Pass-through Items	(102,469)	(366,144)
Costs to be Indexed	\$1,104,756	\$1,220,872
Multiply by Annual Price Index Adjustment Factor [3]	1.79%	1.79%
Total Indexed Costs	\$19,775	\$21,854
Divide by Expansion Factor for Regulatory Assessment Fee (0.955)	\$20,707	\$22,884
Divide by Applicable Rate Revenue – Staff-recommended	\$1,300,857	\$1,711,827
Recognized Price Index Rate Adjustment	1.59%	1.34%

[1] Amounts shown derived from Table 1-W.

[2] Amounts shown derived from Table 1-S.

[3] Reflects the FPSC-published index for 2020 per FPSC Order No. PSC-2019-0525-PAA-WS dated December 17, 2019; it should be noted that the 2021 FPSC published index for 2021 is 1.17%.

The following illustrates the estimated impact to the average water residential customer using 5,000 gallons per month of water service (served through a 5/8-inch × 3/4-inch meter):

Water System – Comparison of Rate Impact to Typical Residential Customer			
	As Filed by Company [1]	Consultant Adjustments [2]	Recommended by Consultant
Base Charge	\$14.16	(\$2.05)	\$12.11
Volume Charge at 5,000 Gallons	3.25	0.40	3.65
Total Monthly Bill	\$17.41	(\$1.65)	\$15.76

[1] Based on Company Filed and Recommended Rates as shown on Table W-1; amount shown includes recommended price index adjustment.

[2] Amounts shown does not include the prospective adjustment for the amortization of the rate case expenses over 4 years; such rates will be less once the rate case amortization period ends.

The following illustrates the estimated impact to the average wastewater residential customer using 5,000 gallons per month of water service (served through a 5/8-inch × 3/4-inch meter):

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Wastewater System – Comparison of Rate Impact to Typical Residential Customer			
	As Filed by Company [1]	Consultant Adjustments [2]	Recommended by Consultant
Base Charge	\$20.97	(\$2.42)	\$18.55
Volume Charge at 5,000 Gallons	19.70	(2.25)	17.45
Total Monthly Bill	\$40.67	(\$4.67)	\$36.00

[1] Based on Company Filed and Recommended Rates as shown on Table S-1; amount shown includes recommended price index adjustment.

[2] Amounts shown does not include the prospective adjustment for the amortization of the rate case expenses over 4 years; such rates will be less once the rate case amortization period ends.

The following illustrates the estimated impact to the average water residential customer using 5,000 gallons per month of water service (served through a 5/8-inch × 3/4-inch meter):

Combined Water and Wastewater System – Comparison of Rate Impact to Typical Residential Customer			
	As Filed by Company [1]	Consultant Adjustments [2]	Recommended by Consultant
Base Charge	\$35.13	(\$4.47)	\$30.66
Volume Charge at 5,000 Gallons	22.95	(1.85)	21.10
Total Monthly Bill	\$58.08	(\$6.32)	\$51.76

[1] Based on Company Filed and Recommended Rates as shown on Tables W-1 (Water) and S-1 (Wastewater); amount shown includes recommended price index adjustment.

[2] Amounts shown does not include the prospective adjustment for the amortization of the rate case expenses over 4 years; such rates will be less once the rate case amortization period ends.

FUTURE PERIOD RATE ADJUSTMENT – RATE CASE EXPENSE AMORTIZATION

Included as a revenue requirement to be recovered from the monthly rates is rate case expense amortization. Raftelis is recommending the water and wastewater rates be adjusted in the future once such expenses have been recovered by the Company. Raftelis is recommending rates be adjusted after four (4) years to reflect the cost recovery of the current rate proceeding's rate case expense amortization. Table W-1 and Table S-1 for the respective Water and Wastewater Systems provide the calculation of the recommended rate reductions associated with rate case expense amortization in the future. The future recommended rates after the reduction of the rate case expense amortizations are also summarized on Table 1-W at the end of this report.

SUMMARY OF RECOMMENDED RATES AND FEES

A summary of the recommended rates, fees, and charges based on the analysis conducted by Raftelis, on behalf of County staff and based on the financial and statistical information for the Pro Forma Year Ended December 31, 2020, is included on Table 1-W for the Water System and Table 1-S for the Wastewater System at the end of this Report.

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Table I-W

Rolling Oaks Utility, Inc.
Water and Wastewater System
Water System Rates - Current, Company-requested and Staff Recommendation
For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: October 15, 2021
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Line No		Staff Recommended						
		Company Requested [1]		Adjustment to Requested Rates	Price Index Allowance [2]		Adjust for Rate Case	
		Current	Requested		Recommended	Exp. (4 yrs.)	Recommended	Recommended
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Recognized Index Adjustment to Recommended Rates - Y or N					Y		
2								
3	Residential							
4	Base Facility Charges (meter size)							
5	5/8" X 3/4"	\$ 10.66	\$ 14.16	\$ (2.24)	\$ 11.92	\$ 12.11	\$ (0.12)	\$ 11.99
6	1"	26.59	35.40	(5.68)	29.72	30.19	(0.29)	29.90
7	1.5"	53.15	70.81	(11.41)	59.40	60.34	(0.59)	59.75
8	2"	85.00	113.29	(18.29)	95.00	96.51	(0.94)	95.57
9	3"	169.96	226.58	(36.64)	189.94	192.96	(1.88)	191.08
10	4"	265.54	354.03	(57.27)	296.76	301.48	(2.94)	298.54
11	5"	382.36	508.80	(81.49)	427.31	434.10	(4.23)	429.87
12	6"	531.04	708.06	(114.59)	593.47	602.91	(5.88)	597.03
13								
14	Residential Gallonage Charges (per 1,000 Gallons)	5/8" X 3/4"	1"	1.5"	2"	3"	4"	
15	Block 1 (In 1,000 gallons)	0-10	0-25	0-50	0-80	0-160	0-250	\$ 0.64 \$ 0.65 \$ 0.07 \$ 0.72 \$ 0.73 \$ (0.01) \$ 0.72
16	Block 2 (In 1,000 gallons)	>10-20	>25-50	>50-100	>80-160	>160-320	>250-500	1.22 1.62 (0.25) 1.37 1.39 (0.01) 1.38
17	Block 3 (In 1,000 gallons)	>20-30	>50-75	>100-150	>160-240	>320-480	>500-750	1.84 2.44 (0.38) 2.06 2.09 (0.02) 2.07
18	Block 4 (In 1,000 gallons)	>30-40	>75-100	>150-200	>240-320	>480-640	>750-1,000	2.46 3.27 (0.52) 2.75 2.79 (0.03) 2.76
19	Block 5 (In 1,000 gallons)	>40	>100	>200	>320	>640	>1,000	3.05 4.05 (0.64) 3.41 3.46 (0.03) 3.43
20								
21	General Service							
22	Base Facility Charges (meter size):							
23	5/8" X 3/4"	\$ 10.65	\$ 14.16	\$ (2.25)	\$ 11.91	\$ 12.10	\$ (0.12)	\$ 11.98
24	1"	26.59	35.40	(5.68)	29.72	30.19	(0.29)	29.90
25	1.5"	53.15	70.81	(11.41)	59.40	60.34	(0.59)	59.75
26	2"	85.00	113.29	(18.29)	95.00	96.51	(0.94)	95.57
27	3"	169.96	226.58	(36.64)	189.94	192.96	(1.88)	191.08
28	4"	265.54	354.03	(57.27)	296.76	301.48	(2.94)	298.54
29	5"	382.36	508.80	(81.49)	427.31	434.10	(4.23)	429.87
30	6"	531.04	708.06	(114.59)	593.47	602.91	(5.88)	597.03
31								
32	General Service Gallonage Charges (per 1,000 Gallons)	5/8" X 3/4"	1"	1.5"	2"	3"	4"	
33	Block 1 (In 1,000 gallons)	0-10	0-25	0-50	0-80	0-160	0-250	\$ 0.64 \$ 0.65 \$ 0.07 \$ 0.72 \$ 0.73 \$ (0.01) \$ 0.72
34	Block 2 (In 1,000 gallons)	>10-20	>25-50	>50-100	>80-160	>160-320	>250-500	1.22 1.62 (0.25) 1.37 1.39 (0.01) 1.38
35	Block 3 (In 1,000 gallons)	>20-30	>50-75	>100-150	>160-240	>320-480	>500-750	1.84 2.44 (0.60) 1.84 1.87 (0.02) 1.85
36	Block 4 (In 1,000 gallons)	>30-40	>75-100	>150-200	>240-320	>480-640	>750-1,000	2.46 3.27 (0.52) 2.75 2.79 (0.03) 2.76
37	Block 5 (In 1,000 gallons)	>40	>100	>200	>320	>640	>1,000	3.05 4.05 (0.64) 3.41 3.46 (0.03) 3.43

Notes:

[1] Company Rates per Schedule D-1 (water) contained in Minimum Filing Requirements

[2] Allowance to account for inflation for the Calendar Year 2020 since rates based on Test Year 2019 yet will be implemented during Calendar Year 2021. Index calculated as follows:

	Price Index Calculation
Total Operations and Maintenance Expenses - Staff Recommended	\$ 1,207,225
Less Pass-through Items	
Purchased Power	(89,584)
Purchased Water	-
Purchased Wastewater	-
Rate Case Expenses Included in Expenses	(12,885)
Sludge Removal	-
Other Expenses	-
Costs to Be Indexed	\$ 1,104,756
Multiply by Annual Commission-Approved Price Index	1.79%
	2020 index Factor Per FPSC Order No. PSC-2019-0525-PAA-WS dated December 17, 2019
Total Indexed Costs	\$ 19,775
Divide by Expansion Factor for Regulatory Assessment Fee	0.955
Increase in Revenue	\$ 20,707
Divide by Applicable Revenue - Staff Recommended	\$ 1,300,857
Percentage Increase in Rates	1.59%

Table 2-W

Rolling Oaks Utility, Inc.

Water and Wastewater System

Recommended Revenue Requirements - Water System

For the Pro Forma Year Ended December 31, 2019

Staff Recommendation

Dated: October 15, 2021

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Line No.	Description	Company Requested			Per Staff Recommendation	
		Test Year 2019 Current Rates	Company Adjustment	Pro Forma 2019 Requested Rates	Recommended	Diff. to Request
	(a)	(b)	(c)	(d)	(e)	(f)
1	Total Pro Forma Year System Revenue Requirements	\$ 1,238,380	\$ 382,306	\$ 1,620,686	\$ 1,377,654	\$ (243,032)
2						
3	Total Pro Forma Year System Rate Revenues - Current and Requested	1,164,020	382,306	1,546,326	1,300,857	136,837
4	Total Pro Forma Miscellaneous Revenues	74,360	-	74,360	76,797	2,437
5						
6	Total Pro Forma Year System Revenues	<u>\$ 1,238,380</u>	<u>\$ 382,306</u>	<u>1,620,686</u>	<u>1,377,654</u>	<u>139,274</u>
7						
8	Proposed Pro Forma Year Additional Revenue Requirement			\$ 382,306	\$ 136,837	\$ (245,469)
9	Percentage Increase to Total Pro Forma Year Rate Revenues			<u>32.84%</u>	<u>11.76%</u>	<u>-21.09%</u>
10						
11	Percent Rate Reduction After Four Years Due to Completion of Rate Case Expense Amortization					
12	Total Requested System Revenues	\$ 1,377,654				
13	Less Miscellaneous Revenues	<u>(76,797)</u>				
14	Total Billed Rate Revenues Under Proposed Rates	1,300,857				
15	Adjustment for 2020 Price Index Recognition	<u>20,707</u>				
16	Adjusted Billed Rate Revenues Under Proposed Rates	1,321,564				
17	Adjustment for Reduction to Revenue Requirements	<u>\$ 12,885</u>				
18	Total Percent Adjustment to Recommended Pro Forma Rates	<u>0.97%</u>				

Table 3-W

Rolling Oaks Utility, Inc.
Water and Wastewater System
Determination of Rate Base - Water
For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: October 15, 2021
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Line No.	Acct. Num.	Description	Company Requested - Pro Forma Year 2019			Staff Recommended		
			Balance Per Books 12/31/19	Pro Forma Adjustment	As Adjusted	Adjustments	Adjustment Ref.	Adjusted 2019
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	101	Utility Plant In Service	\$ 3,238,097	\$ 158,000	\$ 3,396,097	\$ (149,184)	Table 4-W	\$ 3,246,914
2	101	Utility Land and Land Rights	9,928	-	9,928	-		9,928
3								
4		Total Water Plant In Service	\$ 3,248,025	\$ 158,000	\$ 3,406,025	\$ (149,184)		\$ 3,256,842
5								
6		Less:						
7	101	Non-used & Useful Plant	\$ -	\$ (138,247)	\$ (138,247)	\$ (12,507)	Table 4-W	\$ (150,754)
8	108	Accumulated Depreciation and Amortization	(2,687,377)	-	(2,687,377)	44,121	Table 4-W	(2,643,256)
9	271	Contributions in Aid of Construction (CIAC)	(2,169,093)	-	(2,169,093)	(30,314)	Table 6-W	(2,199,407)
10								
11		Subtotal	\$ (1,608,445)	\$ 19,753	\$ (1,588,692)	\$ (147,883)		\$ (1,736,575)
12								
13		Additions:						
14	272	Accumulated Amortization of CIAC	\$ 1,739,138	-	\$ 1,739,138	\$ 22,499	Table 6-W	\$ 1,761,637
15								
16		Subtotal	\$ 130,693	19,753	\$ 150,446	\$ (125,385)		\$ 25,061
17								
18		Plus or Minus						
19	114	Acquisition Adjustments	\$ -	-	\$ -	\$ -		\$ -
20	115	Accumulated Amortization of Acquisition Adjustments	-	-	-	-		-
21		Working Capital Allowance	128,488	50,911	179,399	(30,563)	Table 7-W	148,836
22								
23		Water Rate Base	<u>\$ 259,181</u>	<u>70,664</u>	<u>\$ 329,845</u>	<u>\$ (155,948)</u>		<u>\$ 173,897</u>
24								
25		Return on Rate Base						
26		Percentage Return on Water Rate Base	31.12%		5.76%		Table 8-W	5.76%
27		Return on Water Rate Base (\$)	<u>\$ 80,668</u>		<u>\$19,005</u>		Table 8-W	<u>\$10,019</u>

Table 4-W

Rolling Oaks Utility, Inc.
Water and Wastewater System
Water System Plant In Service and Accumulated Depreciation
For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: October 15, 2021
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Line No.	ID	Account Name (a)	Company Build-Up Cost as of 12/31/2019 (b)	Pro Forma Year 2019					Staff Recommended Adjust.			Adjust Non-used & Useful Plant				
				Company Adjust to Avg. (c)	Adjustments Additions (d)	Adjustments Deletions (e)	As Filed by the Company (f)		Adjust to B-U (g)	New Plant Adj. (h)	Recommended (i)	Company Filed Percent (j)	Amount (k)	Staff Recommended Percent (l)	Amount (m)	Adjustment (n)
1		Basis of Determination (Interrogatory/General Ledger)														
2																
3		UTILITY PLANT IN SERVICE (Original Cost)														
4	301	Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	47.14%	\$ -	47.41%	\$ -	\$ -
5	303	Land & Land Rights	9,928	-	-	-	9,928	-	-	-	9,928	47.14%	4,680	47.41%	4,707	27
6	304	Structures & Improvements	18,355	-	-	-	18,355	-	-	-	18,355	47.14%	8,652	47.41%	8,702	50
7	307	Wells & Springs	552,913	(0)	-	-	552,913	0	-	-	552,913	47.14%	260,625	47.41%	262,136	1,511
8	309	Supply Mains	-	-	-	-	-	-	-	-	-	47.14%	-	47.41%	-	-
9	310	Power Generating Equipment	-	1,625	-	-	1,625	(1,625)	-	-	-	47.14%	1,532	47.41%	-	(1,532)
10	311	Pumping Equipment	147,170	0	-	-	147,170	(0)	-	-	147,170	47.14%	69,371	47.41%	69,773	402
11	320	Water Treatment Equipment	-	-	-	-	-	-	-	-	-	47.14%	-	47.41%	-	-
12	330	Distribution Reservoirs & Standpipes	710,781	(1)	-	-	710,780	1	-	-	710,781	47.14%	335,038	47.41%	336,981	1,943
13	331	Transmission & Distribution Mains	1,299,829	0	-	-	1,299,829	(0)	-	-	1,299,829	0.00%	-	0.00%	-	-
14	333	Services	11,714	-	-	-	11,714	-	-	-	11,714	0.00%	-	0.00%	-	-
15	334	Meters & Meter Installations	168,284	(0)	-	-	168,284	0	(17,822)	-	150,462	0.00%	-	0.00%	-	-
16	335	Hydrants	13,331	0	-	-	13,331	(0)	-	-	13,331	0.00%	-	0.00%	-	-
17	340	Office Equipment & Furniture	35,391	-	-	-	35,391	-	-	-	35,391	0.00%	-	0.00%	-	-
18	341	Transportation Equipment	246,951	1,838	158,000	-	406,789	(1,838)	(126,390)	-	278,561	0.00%	-	0.00%	-	-
19	343	Tools, Shop & Garage Equipment	11,220	1,509	-	-	12,729	(1,509)	-	-	11,220	0.00%	-	0.00%	-	-
20	344	Laboratory Equipment	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
21	345	Power Operated Equipment	17,187	(0)	-	-	17,187	0	-	-	17,187	0.00%	-	0.00%	-	-
22	346	Communication Equipment	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
23																
24		TOTAL UTILITY PLANT IN SERVICE	\$ 3,243,053	\$ 4,972	\$ 158,000	\$ -	\$ 3,406,025	\$ (4,972)	\$ (144,212)	\$ 3,256,842		\$ 679,898		\$ 682,299	\$ 2,401	
25																
26		Summary:														
27		Utility Plant In Service	\$ 3,233,125	\$ 4,972	\$ 158,000	\$ -	\$ 3,396,097	\$ (4,972)	\$ (144,212)	\$ 3,246,914						
28		Utility Land and Land Rights	9,928	-	-	-	9,928	-	-	9,928						
29																
30		Total Utility Plant in Service	\$ 3,243,053	\$ 4,972	\$ 158,000	\$ -	\$ 3,406,025	\$ (4,972)	\$ (144,212)	\$ 3,256,842						
31																
32		ACCUMULATED DEPRECIATION														
33	301	Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	47.14%	\$ -	47.41%	\$ -	\$ -
34	303	Land & Land Rights	-	-	-	-	-	-	-	-	-	47.14%	-	47.41%	-	-
35	304	Structures & Improvements	12,140	(246)	-	-	11,894	(246)	-	-	11,648	47.14%	5,723	47.41%	5,522	(201)
36	307	Wells & Springs	479,362	(4,388)	-	-	474,974	(4,388)	-	-	470,586	47.14%	225,955	47.41%	223,105	(2,850)
37	309	Supply Mains	-	-	-	-	-	-	-	-	-	47.14%	-	47.41%	-	-
38	310	Power Generating Equipment	-	190	-	-	190	190	-	-	380	47.14%	179	47.41%	180	1
39	311	Pumping Equipment	119,379	(1,275)	-	-	118,104	(1,275)	-	-	116,829	47.14%	56,271	47.41%	55,389	(882)
40	320	Water Treatment Equipment	-	-	-	-	-	-	-	-	-	47.14%	-	47.41%	-	-
41	330	Distribution Reservoirs & Standpipes	537,848	(8,062)	-	-	529,786	(8,062)	-	-	521,724	47.14%	253,523	47.41%	247,349	(6,174)
42	331	Transmission & Distribution Mains	1,233,049	(4,118)	-	-	1,228,931	(4,118)	-	-	1,224,813	0.00%	-	0.00%	-	-
43	333	Services	9,840	(234)	-	-	9,606	(234)	-	-	9,372	0.00%	-	0.00%	-	-
44	334	Meters & Meter Installations	85,703	(5,320)	-	-	80,383	(5,320)	(8,495)	-	66,568	0.00%	-	0.00%	-	-
45	335	Hydrants	11,638	(218)	-	-	11,420	(218)	-	-	11,202	0.00%	-	0.00%	-	-
46	340	Office Equipment & Furniture	33,146	(431)	-	-	32,715	(431)	-	-	32,284	0.00%	-	0.00%	-	-
47	341	Transportation Equipment	177,403	(12,234)	-	-	165,169	(12,234)	740	-	153,676	0.00%	-	0.00%	-	-
48	343	Tools, Shop & Garage Equipment	8,180	(32)	-	-	8,148	(32)	-	-	8,116	0.00%	-	0.00%	-	-
49	344	Laboratory Equipment	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
50	345	Power Operated Equipment	16,057	(0)	-	-	16,057	(0)	-	-	16,057	0.00%	-	0.00%	-	-
51	346	Communication Equipment	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
52																
53		TOTAL ACCUMULATED DEPRECIATION	\$ 2,723,744	\$ (36,367)	\$ -	\$ -	\$ 2,687,377	\$ (36,367)	\$ (7,755)	\$ 2,643,256		\$ 541,651		\$ 531,545	\$ (10,106)	
54																
55		Net Adjustment for Non-used and Useful Plant										\$ 138,247		\$ 150,754	\$ 12,507	

Staff Recommendation
Dated: October 15, 2021
Page 1 of 2

Staff Recommendation
Dated: October 15, 2021
Page 1 of 2

[illegible]

Rolling Oaks Utility, Inc.
Water and Wastewater System
 Water System Gross Plant In Service - Test Year 2019
 For the Pro Forma Year Ended December 31, 2019

[illegible]

Table 4B-W

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Water System Plant In Service and Accumulated Depreciation
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: October 15, 2021
 Page 1 of 1

Line No.	ID	Account Name (a)	Company Requested (Unadjusted) (b)	Pro Forma Year 2019					Adjust Non-used & Useful Plant				
				Adjustments		As Filed by the Company (c)	Staff Recommended Adjust.		Company Filed		Staff Recommended		
				Additions (c)	Deletions (d)		Adjust to BU (f)	New Plant Adj. (g)	Percent (h)	Amount	Percent	Amount	Adjustment
1		DEPRECIATION EXPENSE											
2	301	Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	47.14%	\$ -	47.41%	\$ -	\$ -
3	303	Land & Land Rights	-	-	-	-	-	-	47.14%	-	47.41%	-	-
4	304	Structures & Improvements	494	-	-	494	1,265	-	47.14%	233	47.41%	834	601
5	307	Wells & Springs	8,776	-	-	8,776	7,904	-	47.14%	4,137	47.41%	7,908	3,771
6	309	Supply Mains	-	-	-	-	-	-	47.14%	-	47.41%	-	-
7	310	Power Generating Equipment	379	-	-	379	(298)	-	47.14%	179	47.41%	39	(140)
8	311	Pumping Equipment	2,547	-	-	2,547	4,811	-	47.14%	1,201	47.41%	3,489	2,288
9	320	Water Treatment Equipment	-	-	-	-	-	-	47.14%	-	47.41%	-	-
10	330	Distribution Reservoirs & Standpipes	16,122	-	-	16,122	4,206	-	47.14%	7,599	47.41%	9,638	2,039
11	331	Transmission & Distribution Mains	8,235	-	-	8,235	17,875	-	0.00%	-	0.00%	-	-
12	333	Services	469	-	-	469	(176)	-	0.00%	-	0.00%	-	-
13	334	Meters & Meter Installations	10,643	-	-	10,643	2,980	(713)	0.00%	-	0.00%	-	-
14	335	Hydrants	437	-	-	437	(141)	-	0.00%	-	0.00%	-	-
15	340	Office Equipment & Furniture	864	-	-	864	620	-	0.00%	-	0.00%	-	-
16	341	Transportation Equipment	25,646	13,818	-	39,464	15,382	(9,153)	0.00%	-	0.00%	-	-
17	343	Tools, Shop & Garage Equipment	567	-	-	567	228	-	0.00%	-	0.00%	-	-
18	344	Laboratory Equipment	-	-	-	-	-	-	0.00%	-	0.00%	-	-
19	345	Power Operated Equipment	-	-	-	-	-	-	0.00%	-	0.00%	-	-
20	346	Communication Equipment	-	-	-	-	-	-	0.00%	-	0.00%	-	-
21													
22		TOTAL UTILITY PLANT IN SERVICE	\$ 75,179	\$ 13,818	\$ -	\$ 88,997	\$ 54,657	\$ (9,866)	\$ 133,788	\$ 13,348		\$ 21,908	\$ 8,560

Table 4C-W

Rolling Oaks Utility, Inc.
Water and Wastewater System

Determination of Account 341 - Transportation Equipment Adjustment to Rate Base - Water
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: October 15, 2021
Page 1 of 1

Line No.	Description	Company Requested Pro Forma Year 201		Staff Recommended Adjustment Ref.	Adjusted 2020
		Plant Additions	Adjustments		
	(a)	(b)	(c)	(d)	(e)
1	Gross Plant In Service Adjustment				
2					
3	New Plant Additions				
4	1 Ton Pick-up for Jetter / Trailers - Replacement	\$ 27,000	\$ (27,000)	Primary Vehicle - Appears Replaced over Time	\$ -
5	1/2 Ton Pickup Truck - Replacement	21,500	(21,500)	Primary Vehicle - Appears Replaced over Time	-
6	1/2 Ton Pickup Truck - Replacement	21,500	(21,500)	Primary Vehicle - Appears Replaced over Time	-
7	1/2 Ton Pickup Truck - Replacement	21,500	(21,500)	Primary Vehicle - Appears Replaced over Time	-
8	1/2 Ton Pickup Truck - Replacement	21,500	5,722	Purchased Land Rover 4WD Sport Utility Vehicle	27,222
9	1/2 Ton Pickup Truck - New Employee	22,500	(22,500)	Not Recognizing New Employee	-
10	1/2 Ton Pickup Truck - New Employee	22,500	-	Recognized New Employee	22,500
11	1/2 Ton Pickup Truck - New Employee	-	-	Not Recognizing New Employee	-
12	1/2 Ton Pickup Truck - New Employee	-	-	Not Recognizing New Employee	-
13					
14	Totals - New Plant Additions	\$ 158,000	\$ (108,278)		\$ 49,722
15					
16	Plant Retirements				
17	2014 Land Rover - 419	\$ -	\$ (18,111)	LandRover Like Property Exchange in 2020	\$ (18,111)
18					
19	Total Gross Plant In Service Adjustments	\$ 158,000	\$ (126,390)		\$ 31,610
20					
21	Depreciation Expense and Accumulated Depreciation Adjustment				
22	Depreciation Expense - Service Life Per County Ordinances (consistent with Annual Report)				6
23					
24	Purchase of New Vehicles - Staff Recommended	\$ -	\$ 8,287		\$ 8,287
25	Plant Retirements - per Fixed Asset General Ledger	-	(7,546)		(7,546)
26					
27	Total Accumulated Depreciation Adjustment	\$ -	\$ 740		\$ 740
28					
29	Depreciation Expense Adjustment - New Vehicles	\$ -	\$ 8,287	Depreciation Expense on New Assets	\$ 8,287
30	Plant Retirements - per Fixed Asset General Ledger	-	(3,622)	Remove Depreciation Expense on Retired Asset	(3,622)
31					
32	Total Depreciation Expense Adjustment	\$ -	\$ 4,665		\$ 4,665

Rolling Oaks Utility, Inc.
Water and Wastewater System
 Water System Accumulated Depreciation
 For the Pro Forma Year Ended December 31, 2019

Rolling Oaks Utility, Inc.
Water and Wastewater System
 Water System Accumulated Depreciation
 For the Pro Forma Year Ended December 31, 2019

[illegible]

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[illegible]

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[illegible]

Table 5-W

Rolling Oaks Utility, Inc.

Water and Wastewater System

Water System Non-Used and Useful Percentage

For the Pro Forma Year Ended December 31, 2019

Staff Recommendation

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		Water System	
		Company	Staff Recommendations
		Requested	Adjustment As Adjusted
1	Maximum Day, Maximum Month in Test Year (gpd)	2,500,000	15,000 2,515,000
2	Margin Reserve		
3	Projected Average Annual Growth (ERCs)	50	(15) 35
4	Post Test Year Period per Resolution / Rules	5	- 5
5	Level of Service (gpd - Maximum Day)	401	- 401
6	Margin Reserve	100,250	70,175
7			
8	Fire flow Requirement (1,500 gpm x 4 hours)	360,000	- 360,000
9			
10	Total Maximum Day Demand Plus Reserve Margin and Fire Flow	2,960,250	2,945,175
11			
12	FDEP Rate of Capacity of Wells - Max Day Demand - Largest Well Out of :	5,600,000	- 5,600,000
13	Percent Used and Useful	52.86%	52.59%

Table 6-W

Rolling Oaks Utility, Inc.
Water and Wastewater System
 Water System Contributions-in-Aid-of-Construction (CIAC) - Test Year 2019
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
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Line No.	(a)	Water CIAC		
		271 Prior Contributions (b)	271 Connection Charges (c)	TOTALS (d)
1	BALANCE 12/31/2014	\$ 2,077,865	\$ -	\$ 2,077,865
2	2015 Additions	-	-	-
3	2015 Adjustments	-	-	-
4	2015 Retirements	-	-	-
5	BALANCE 12/31/2015	2,077,865	-	2,077,865
6	2016 Additions	-	-	-
7	2016 Adjustments	-	-	-
8	2016 Retirements	-	-	-
9	BALANCE 12/31/2016	2,077,865	-	2,077,865
10	2017 Additions	-	27,332	27,332
11	2017 Adjustments	-	-	-
12	2017 Retirements	-	-	-
13	BALANCE 12/31/2017	2,077,865	27,332	2,105,197
14	2018 Additions	-	33,582	33,582
15	2018 Adjustments	-	-	-
16	2018 Retirements	-	-	-
17	BALANCE 12/31/2018	2,077,865	60,914	2,138,779
18	2019 Additions	-	60,628	60,628
19	2019 Adjustments	-	-	-
20	2019 Retirements	-	-	-
21	BALANCE 12/31/2019	\$ 2,077,865	\$ 121,542	\$ 2,199,407
22				
23				
24		Water Accumulated Amortization of CIAC		
25		271 Prior Contributions (b)	271 Connection Charges (c)	TOTALS (d)
26	(a)	(b)	(c)	(d)
27	Amortization Period (years)	56.2	9.6	
28	Estimated Composite % - Test Year	1.78%	10.39%	
29				
30	BALANCE 12/31/2014	\$ 1,541,211	\$ -	\$ 1,541,211
31	2015 Additions	56,448	-	56,448
32	2015 Adjustments	-	-	-
33	2015 Retirements	-	-	-
34	BALANCE 12/31/2015	1,597,659	-	1,597,659
35	2016 Additions	36,942	-	36,942
36	2016 Adjustments - Company	(4,572)	-	(4,572)
37	2016 Retirements	-	-	-
38	BALANCE 12/31/2016	1,630,029	-	1,630,029
39	2017 Additions	36,942	2,293	39,235
40	2017 Adjustments - Company	-	-	-
41	2017 Retirements	-	-	-
42	BALANCE 12/31/2017	1,666,971	2,293	1,669,264
43	2018 Additions	36,942	5,861	42,803
44	2018 Adjustments - Company	-	(1)	(1)
45	2018 Retirements	-	-	-
46	BALANCE 12/31/2018	1,703,913	8,153	1,712,066
47	2019 Additions	36,942	12,629	49,571
	2019 Adjustments - Company	-	2,286	2,286
48	2019 Adjustments - Staff Recommended [1]	-	(2,286)	(2,286)
49	2019 Retirements	-	-	-
50	BALANCE 12/31/2019	\$ 1,740,855	\$ 20,782	\$ 1,761,637

[1] Staff recommended adjustment to reconcile to Ending Account Balance in 2018 when compared to Beginning Balance in 2019 Annual Report - no description given for change in beginning balances.

Table 7-W

Rolling Oaks Utility, Inc.
Water and Wastewater System
 Working Capital Allowance
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: October 15, 2021
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Line No.		Company Requested - Pro Forma Year 2019			Staff Recommendations		
		Test Year 2019	Pro Forma Adjustment	As Adjusted	Adjustments	Reference	Recommended
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Total Operation and Maintenance Expenses	\$ 1,043,821	\$ 411,306	\$ 1,455,127	\$ (247,902)	Table 10-W	\$ 1,207,225
2							
3	Working Capital - % to Total Operations and Maintenance Expense	12.33%	12.33%	12.33%	0.00%		12.33%
4							
5	Working Capital for Pro Forma Test Year	<u>\$ 128,690</u>	<u>\$ 50,709</u>	<u>\$ 179,399</u>	<u>\$ (30,563)</u>		<u>\$ 148,836</u>

Table 8-W

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Water System - Cost of Capital / Rate of Return
 For the Pro Forma Year Ended December 31, 2019

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		Company Filed					Recommended				
Line				Average				Average			
No.	Component	Cost of Capital	Cost of Capital Percentage	Cost of Capital	Weighted Return on Rate Base	Requested Rate Base	Requested Return	Cost of Capital	Weighted Return on Rate Base	Restated Rate Base	Required Return
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Water										
2	Long-Term Debt (1)	\$ 3,539,053	95.31%	5.75%	5.48%			5.75%	5.48%		
3	Notes Payable (1)	-	0.00%	0.00%	0.00%			0.00%	0.00%		
4	Preferred Stock	-	0.00%	0.00%	0.00%			0.00%	0.00%		
5	Common Shareholder Equity	100	0.00%	10.58%	0.00%			10.55%	0.00%		
6	Customer Deposits	174,258	4.69%	6.00%	0.28%			6.00%	0.28%		
7	Accumulated Deferred Income Taxes	-	0.00%	0.00%	0.00%			0.00%	0.00%		
8											
9	Total Water	\$ 3,713,309	100.00%		5.76%	\$ 329,845	\$ 19,005		5.76%	\$ 173,897	\$ 10,019
10											
11											
12	Determination of Average Cost of Long-Term Debt - Account 224										
13		Principal Ostding	Percent of Total	Annual Rate	Weighted Rate						
14	Per 2019 Annual Report Filed by Company										
15	Capital City Bank	\$ 3,518,545	99.42%	5.75%	5.72%						
16	Capital City Bank, Vehicle Loan	20,508	0.58%	5.20%	0.03%						
17											
18	Totals	\$ 3,539,053	100.00%		5.75%						
19											
20											
21	FPSC Leverage Formula For Return on Equity (Order No. PSC-2019-0267-PAA-WS)			Combined							
22	Average Debt Cost Rate (Per FPSC) [1]			6.050%							
23	Business Risk Premium (Per FPSC) [1]			1.800%							
24	Equity Ratio			0.000%							
25	Calculated Equity Premium			0.000%							
26	Calculated Return on Equity			6.050%							
27	Max Allowed Return on Equity (at 40% Equity)			10.550%							
28	Adjustment to Return on Equity			0.000%							
29	Recommended Return on Equity			10.550%							

[1] Based on the Florida Public Service Commission's authorized range of return on common equity for water and wastewater utilities, Order No. PSC-2018-PAA-WS.

Table 9-W

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Water System - Miscellaneous Revenue Adjustment
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
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Line No.		For the Pro Forma Year 2019			
		Company Requested	Adjustments	Staff Recommended Adj. Description	Recommended
	(a)	(b)	(c)	(d)	(e)
1	Miscellaneous Revenues				
2	Water Penalty	\$ 74,360	\$ (47,630)	Reconcile to 2019 Annual Rep	\$ 26,730
3	Water Connections	-	50,067	Reconcile to 2019 Annual Rep	50,067
4					
5	Total Miscellaneous Revenues	<u>\$ 74,360</u>	<u>\$ 2,437</u>		<u>\$ 76,797</u>

Table 10-W

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Water System - Operations and Maintenance Expenses
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
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Line No.	Account No.	Account Name	Company Requested - Pro Forma Year 2019			Recommended Staff Adjustments			
			Balance Per Books 12/31/19	Pro Forma Adjustment	As Adjusted	Adjustment for Specific Corp. Expenses	Other Adjustments	Adj. Ref.	Adjusted 12/31/2020
	(a)	(b)	(c)	(d)	(e)	(d)	(e)	(e)	(f)
1		OPERATING & MAINTENANCE EXPENSES							
2	601	Salaries & Wages - Employees	\$ 428,826	\$ 169,176	\$ 598,002	\$ (43,300)	\$ (15,438)	Table 10A-W	\$ 539,264
3	603	Salaries & Wages - Officers, Etc.	-	-	-	-	-		-
4	604	Employee Pensions & Benefits	68,852	41,843	110,695	(13,445)	(1,181)	Table 10A-W	96,069
5	610	Purchased Water	-	-	-	-	-		-
6	615	Purchased Power	89,584	-	89,584	-	-		89,584
7	616	Fuel for Power Production	-	-	-	-	-		-
8	618	Chemicals	12,625	-	12,625	-	-		12,625
9	620	Materials & Supplies	2,167	-	2,167	-	-		2,167
10	631	Contractual Services - Engineering	5,284	-	5,284	-	(550)	Table 10A-W	4,734
11	632	Contractual Services - Accounting	13,808	-	13,808	-	-		13,808
12	633	Contractual Services - Legal	12,513	-	12,513	-	(12,513)	Table 10A-W	-
13	634	Contractual Services - Management Fees	83,640	-	83,640	-	-		83,640
14	635	Contractual Services - Testing	14,294	-	14,294	-	-		14,294
15	636	Contractual Services - Other	-	-	-	-	-		-
16	641	Rental of Building/Real Prop.	5,087	-	5,087	-	-		5,087
17	642	Rental of Equipment	-	-	-	-	-		-
18	650	Transportation Expenses	29,066	-	29,066	-	-		29,066
19	656	Insurance - Vehicle	15,569	-	15,569	-	-		15,569
20	657	Insurance - General Liability	28,375	-	28,375	-	-		28,375
21	658	Insurance - Workman's Comp	8,099	-	8,099	-	-		8,099
22	659	Insurance - Other	2,218	-	2,218	-	-		2,218
23	660	Advertising Expense	-	-	-	-	-		-
24	666	Reg. Comm Exp - Rate Case Amortize	1,640	(1,640)	-	-	12,885	Table 11-W	12,885
25	667	Reg Comm Exp. - Other	-	-	-	-	-		-
26	668	FDEP Monitor Fee	-	-	-	-	-		-
27	670	Bad Debt Expense	-	30,927	30,927	(24,423)	-	Table 10A-W	6,504
28	675	Miscellaneous Expenses	222,174	-	222,174	-	-		222,174
29		Water Meters	-	171,000	171,000	(149,937)	-	Table 10A-W	21,063
30									
31		Total Operating & Maintenance Expenses	<u>\$ 1,043,821</u>	<u>\$ 411,306</u>	<u>\$ 1,455,127</u>	<u>\$ (231,105)</u>	<u>\$ (16,797)</u>		<u>\$ 1,207,225</u>

Table 10A-W

Rolling Oaks Utility, Inc.
Water and Wastewater System
 Water System - Staff Recommended O&M Adjustments
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: October 15, 2021
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Line No	(a)	For the Pro Forma Year 2019			
		Company Requested	Adjustments	Staff Recommended Adj. Description	Recommended
		(b)	(c)	(d)	(e)
1	Bad Debt Expenses				
2	Amount Recognized	\$ 30,927	\$ (24,423)	None Reported Last 5 Years by Company	\$ 6,504
3	Water Rate Revenue (Company Proposed)	\$ 1,546,326	\$ (245,469)		\$ 1,300,857
4	Percent of Water Rate Revenues	2.00%	+1.50%	Can Turn off Service - General Industry Ratio	0.50%
5					
6					
7	Historical Expense Trend per Annual Reports.	Reported Amount	Rate Revenues	Percent of Rate Rev	
8	2015	\$ -	\$ 1,191,146	0.00%	
9	2016	-	1,225,991	0.00%	
10	2017	-	1,244,566	0.00%	
11	2018	-	1,217,870	0.00%	
12	2019	-	1,238,380	0.00%	
13					
14	Salaries and Wages				
15		Company Requested	New Employees	Existing Employees	
16	Total Company Requested Additional for Pro Forma Year				
17	New Employee Additions	\$ (23,500)	\$ 123,500	\$ -	
18	Additional Payroll Adjustments for Market Conditions	45,676	-	45,676	
19					
20	Total Increase in Salary Expense	\$ 169,176	\$ 123,500	\$ 45,676	
21					
22	Staff Recommended Adjustment	\$ (58,738)	\$ (43,300)	\$ (15,438)	See below
23					
24	Net Salaries Recognized	\$ 110,438	\$ 80,200	\$ 30,238	
25					
26	Employee Benefits				
27		Company Requested	Payroll Taxes	General Benefits	
28					
29	Total Company Requested Employee Benefits for Pro Forma Year	\$ 41,843	\$ 12,942	\$ 28,901	
30	Percent of Total Applicable Salaries	24.73%	7.65%	23.40%	
31					
32	Staff Recommended Adjustment				
33	New Employees	\$ (13,445)	\$ (3,312)	\$ (10,133)	
34	Existing Employees	(1,181)	(1,181)	-	
35					
36	Net Benefits Recognized	\$ 27,217	\$ 8,449	\$ 18,768	
37					
38	Summary of Salary Adjustments				
39	Remove New Employees	Amount			Number Salary Water % Recog Addition "Y" - "N"
40	Water Tech, Leak Detection	\$ 22,500	Not Hired as of Filing; Not Recognized		1 \$ 31,200 100.00% N
41	Water Tech, Leak Detection	-	Although Not Hired as of Filing; Recognized to Improve Levels of Service per County Discussions		1 \$ 31,200 100.00% Y
42	Water Tech, Sewer Line Inspections (maintenance)	-	Hired 11.19.2020 per Interrogatory Response (replacement)		1 \$ 32,240 0.00% Y
43	Water Tech, Sewer Line Inspections	-	Not Hired as of Filing; Not Recognized		1 \$ 31,200 0.00% N
44	Mechanic	20,800	Not Hired as of Filing; Not Recognized		1 \$ 41,600 50.00% N
45	Wastewater C Operator	-	Although Not Hired as of Filing; Recognized to Improve Levels of Service per County Discussions		1 \$ 37,440 0.00% Y
46	Customer Service Representative - Part Time	-	Hired 11.23.2020 per Interrogatory Response but at Lower Hourly Rate (replacement)		1 \$ 14,560 50.00% Y
47	Finance Officer Accountant	-	Hired 8.17.2020 per Interrogatory Response but at Lower Hourly Rate (verified in 9.1.2022 meeting)		1 \$ 50,000 50.00% Y
48					
49	Total Cost to Remove New Employees	\$ 43,300			
50					
51	Remove Double County of Water Supervisor Salary	\$ 5,720			1 \$ 5,720 100.00%
52					
53	Adjust Company Market Rate Salary Request	\$ 9,718			
54					
55	Total Salary Adjustments	\$ 58,738			
56					
57	Historical Benefits Expense Trend per Annual Reports	Reported Amount	Salaries	Percent of Salaries	<- Includes Payroll Taxes to be consistent with Company Filing
58	2015	\$ 93,036	\$ 435,452	21.37%	
59	2016	89,597	406,186	22.06%	
60	2017	108,733	433,406	25.09%	
61	2018	104,524	399,801	26.14%	
62	2019	97,694	428,826	22.78%	
63	Average Percent	493,584	2,103,671	23.46%	
64					
65	Market Rate Salary Request				
66		Dec. 2019 Salary	Aug 2021 Salary	Adjust for Price Index to 2020	Test Year 2019 Annual Salary
67				1.59%	Adjusted Test Year Annual Salary
68	Current Employees				Difference
69	Water C Operator	\$ 11.50	\$ 16.50	\$ 16.24	\$ 23,920.00
70	Customer Service Rep	12.60	15.50	15.25	31,720.00
71	Water C Operator	14.00	17.00	16.73	34,798.40
72	Wastewater B Operator	16.50	20.00	19.68	40,934.40
73	Office Supervisor	11.00	17.00	16.73	34,798.40
74	Operations Manager, Water A, and Wastewater C Operator	65,024.96	69,025.00	67,927.50	65,024.96
75	Water Supervisor, Water, and Wastewater C Operator	18.25	21.25	20.91	37,960.00
76	Part Time Wastewater C Operator	15.56	18.00	17.71	32,364.80
77	Water Maintenance, Operator Trainee	10.00	15.00	14.76	20,800.00
78	Office Manager	14.50	17.50	17.22	30,160.00
79	Water C, Wastewater C Operator	16.00	16.00	16.00	33,280.00
80					
81	Total Current Employees				\$ 35,958.00

Table 10A-W

Rolling Oaks Utility, Inc.
Water and Wastewater System
Water System - Staff Recommended O&M Adjustments
For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: October 15, 2021
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Line No.	(a)	For the Pro Forma Year 2019			
		Company Requested (b)	Adjustments (c)	Staff Recommended Adj. Description (d)	Recommended (e)
82					
83	Water Meters				
84					
85	Total Water Meters Expenses for Period	\$ 171,000	<= Not Actual Amount or Reported In Test Year Annual Report; Actual per Company Interrogatories is <=		
86	Recommended Staff Adjustment	(149,937)			\$ 37,322.13
87					
88	Total Water Meter Expense Recognized	\$ 21,063	<= Reference Table 10C-W for basis of Adjustment		
89					
90	Vehicles				
91		Recognized in			
92		Plant-in-Service			
93	Water Tech, Leak Detection	\$ -			
94	Water Tech, Leak Detection	22,500			
95	Water Tech, Sewer Line Inspections	-			
96	Water Tech, Sewer Line Inspections	-			
97					
98	Total Cost of New Vehicles	\$ 22,500			
99					
100	Contractual Services Expenses - Engineering - Account 631				
101					
102		Reclassification to			
103	William H Lowe, CPA	Reported Amount	Rate Case Exp.	Amount Excluded	Total Adjustment
104		\$ 550	\$ 550	\$ -	\$ 550
105	Total Adjustments - Contractual Services - Engineering	\$ 550	\$ 550	\$ -	\$ 550
106					
107	Contractual Services Expenses - Legal - Account 632				
108					
109		Reclassification to			
110	Clark A. Stillwell, LLC	Reported Amount	Rate Case Exp.	Amount Excluded	Total Adjustment
111	Prestige Court Reporting	\$ 6,274	\$ 6,274	\$ -	\$ 6,274
112	Sundstrom & Mindlin, LLC	576	576	-	576
113		5,663	5,663	-	5,663
114	Total Adjustments - Contractual Services - Legal	\$ 12,513	\$ 12,513	\$ -	\$ 12,513

Number	Salary	Water %	Recog "Y" - "N"
1	\$ 22,500	100.00%	N
1	\$ 22,500	100.00%	Y
1	\$ 22,500	0.00%	Y
1	\$ 22,500	0.00%	N

Table 10B-V

Rolling Oaks Utility, Inc.
Water and Wastewater System
Water System - Operating Expense Trend Analysis
For the Two Form Year Ended December 31, 2019

Staff Recommendation
Date: October 15, 2021
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Line No	Account No.	Reported Operating Expenses by Company per Annual Report										Company Requested		Staff Recommendation	
		2016		2017		2018		2019		Amount	Percent Change	Amount	Percent Change		
		Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change						
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	
1	OPERATING & MAINTENANCE EXPENSES														
2	601 Salaries & Wages - Employee	\$ 435,452	\$ 406,186	-6.72%	\$ 433,406	6.79%	\$ 799,801	-7.75%	\$ 428,826	7.26%	\$ 598,007	39.45%	\$ 539,264	25.75%	
3	603 Salaries & Wages - Officers, Etc	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
4	604 Employee Pensions & Benefits	63,746	62,352	-2.19%	78,112	25.28%	75,680	-3.11%	68,852	-9.02%	110,695	60.77%	96,069	39.53%	
5	610 Purchased Water	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
6	615 Purchased Power	87,124	83,484	-4.18%	77,540	-7.12%	84,788	9.35%	89,584	5.66%	89,584	0.00%	89,584	0.00%	
7	616 Fuel for Power Production	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
8	618 Chemicals	9,049	6,810	-24.74%	7,553	10.91%	10,622	40.63%	12,625	18.86%	12,625	0.00%	12,625	0.00%	
9	620 Materials & Supplies	2,488	2,856	14.79%	5,176	81.23%	1,139	-77.99%	2,167	90.25%	2,167	0.00%	2,167	0.00%	
10	631 Contractual Services - Engineering	-	9,726	0.00%	731	-92.48%	21,430	2831.60%	5,284	-75.34%	5,284	0.00%	4,734	-10.41%	
11	632 Contractual Services - Accounting	16,054	9,000	-43.94%	9,108	1.20%	10,925	19.95%	13,808	26.39%	13,808	0.00%	13,808	0.00%	
12	633 Contractual Services - Legal	8,164	873	-89.31%	17,777	1936.31%	1,105	-93.78%	12,513	1032.40%	12,513	0.00%	-	-100.00%	
13	634 Contractual Services - Management Fees	83,195	83,640	0.53%	83,640	0.00%	84,191	0.66%	83,640	-0.65%	83,640	0.00%	83,640	0.00%	
14	635 Contractual Services -Testing	19,613	16,240	-17.20%	25,783	58.76%	11,316	-56.11%	14,294	26.32%	14,294	0.00%	14,294	0.00%	
15	636 Contractual Services - Other	-	-	-100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
16	641 Rental of Building Real Prop	5,597	5,012	-10.45%	5,088	1.52%	5,924	16.43%	5,087	-14.13%	5,087	0.00%	5,087	0.00%	
17	642 Rental of Equipment	-	-	0.00%	4,300	0.00%	-	-100.00%	-	0.00%	-	0.00%	-	0.00%	
18	650 Transportation Expenses	21,348	21,732	1.85%	32,656	50.20%	29,192	-10.61%	29,066	-0.43%	29,066	0.00%	29,066	0.00%	
19	656 Insurance - Vehicle	14,600	12,201	-16.43%	16,728	37.10%	35,891	114.56%	15,569	-56.62%	15,569	0.00%	15,569	0.00%	
20	657 Insurance - General Liability	17,208	13,242	-23.42%	15,015	-14.49%	20,290	35.13%	28,375	39.85%	28,375	0.00%	28,375	0.00%	
21	658 Insurance - Workman's Comp	7,057	6,477	-8.22%	10,616	63.90%	7,581	-28.59%	8,099	6.83%	8,099	0.00%	8,099	0.00%	
22	659 Insurance - Other	-	-	0.00%	-	0.00%	1,368	0.00%	2,218	62.13%	2,218	0.00%	2,218	0.00%	
23	660 Advertising Expense	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
24	666 Reg Comm Exp - Rate Case Amortize	2,074	2,074	0.00%	2,074	0.00%	2,074	0.00%	1,640	-20.93%	-100.00%	-100.00%	12,885	685.67%	
25	667 Reg Comm Exp - Other	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
26	668 FIDEP Monitor Fee	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
27	670 Bad Debt Expense	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	30,977	0.00%	6,504	0.00%	
28	675 Miscellaneous Expenses	266,598	310,816	16.59%	219,656	-29.33%	255,003	16.09%	222,174	-12.87%	222,174	0.00%	222,174	0.00%	
29	Meter Expenses	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	171,000	0.00%	71,063	0.00%	
30															
31	Total Operating & Maintenance Expenses	\$ 1,061,080	\$ 1,054,731	-0.60%	\$ 1,044,959	-0.93%	\$ 1,058,320	1.28%	\$ 1,043,821	-1.37%	\$ 1,455,127	37.49%	\$ 1,207,225	15.65%	
32															
33	Operating and Maintenance Expenses - FPSC Index Adjusted														
34	Published FPSC Index		1.29%		1.51%		1.76%		2.36%		1.79%		1.79%		
35	2015 O&M Expenses Adjusted for FPSC Index (net of rate case amortization)	\$ 1,074,741		\$ 1,090,938		\$ 1,110,102		\$ 1,135,817		\$ 1,154,479		\$ 1,167,364			
	Difference to Actual	\$ (20,010)		\$ (45,979)		\$ (71,782)		\$ (91,996)		\$ (300,648)		\$ (39,861)			

Table 10C-W

Rolling Oaks Utility, Inc.
Water and Wastewater System
Water System - Meter Replacement Analysis and Adjustment

Staff Recommendation
Dated: October 15, 2021
Page 1 of 1

Line No.	Vendor ID	Invoice No.	Date	Status	Invoice Total	Recognized By Company	Total Expenditures	Number of Meters Replaced		Verified to Invoice
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	Per Invoice	Annual Totals	(i)
Summary of Invoices provided by Company:										
1	Sunstate Meter & Supply, Inc.	41101	1/2/2015	Paid in full	\$ 18,897.06	Capitalized		102		Yes
2	Sunstate Meter & Supply, Inc.	41852	2/24/2015	Paid in full	18,924.84	Capitalized		102		Yes
3	Sunstate Meter & Supply, Inc.	43908	7/15/2015	Paid in full	18,548.85	Expensed		100		Yes
4	Sunstate Meter & Supply, Inc.	44229	8/4/2015	Paid in full	18,549.53	Expensed		100		Yes
5	Sunstate Meter & Supply, Inc.	45732	12/7/2015	Paid in full	19,919.52	Expensed	\$ 94,839.80	108	512	Yes
6										
7	Sunstate Meter & Supply, Inc.	46446	1/21/2016	Paid in full	\$ 18,812.88	Expensed		102		Yes
8	Sunstate Meter & Supply, Inc.	47753	4/14/2016	Paid in full	18,838.83	Expensed		102		Yes
9	Sunstate Meter & Supply, Inc.	49495	8/8/2016	Paid in full	18,892.29	Expensed		102		Yes
10	Sunstate Meter & Supply, Inc.	50130	9/16/2016	Paid in full	18,812.88	Expensed		102		Yes
11	Sunstate Meter & Supply, Inc.	50658	10/28/2016	Paid in full	18,812.88	Expensed		102		Yes
12	Sunstate Meter & Supply, Inc.	51249	12/7/2016	Paid in full	37,625.76	Expensed	131,795.52	204	714	Yes
13										
14	Sunstate Meter & Supply, Inc.	51748	1/16/2017	Paid in full	\$ 37,676.64	Expensed		204		Yes
15	Sunstate Meter & Supply, Inc.	53335	4/20/2017	Paid in full	18,812.88	Expensed		102		Yes
16	Sunstate Meter & Supply, Inc.	54241	6/19/2017	Paid in full	18,812.88	Expensed		102		Yes
17	Sunstate Meter & Supply, Inc.	54620	7/17/2017	Paid in full	18,847.04	Expensed		102		Yes
18	Sunstate Meter & Supply, Inc.	56794	12/14/2017	Paid in full	18,927.10	Expensed	113,076.54	102	612	Yes
19										
20	Sunstate Meter & Supply, Inc.	61719	4/20/2018	Paid in full	\$ 18,847.36	Expensed		102		Yes
21	Sunstate Meter & Supply, Inc.	62098	5/22/2018	Paid in full	18,812.88	Expensed		102		Yes
22	Sunstate Meter & Supply, Inc.	62766	6/26/2018	Paid in full	18,812.88	Expensed		102		Yes
23	Sunstate Meter & Supply, Inc.	65332	12/28/2018	Paid in full	37,625.76	Expensed	94,098.88	204	510	Yes
24										
25	Sunstate Meter & Supply, Inc.	69119	8/29/2019	Paid in full	\$ 15,445.85	Expensed		100		Yes
26	Sunstate Meter & Supply, Inc.	68437	8/29/2019	Paid in full	21,876.28	Expensed	37,322.13	102	202	Yes
27										
28	Sunstate Meter & Supply, Inc.	71269	1/24/2020	Paid in full	\$ 19,487.55	Expensed		102		No
29	Sunstate Meter & Supply, Inc.	72127	3/13/2020	Paid in full	19,487.55	Expensed		102		No
30	Sunstate Meter & Supply, Inc.	74017	7/22/2020	Paid in full	38,975.10	Expensed		204		No
31	Sunstate Meter & Supply, Inc.	76162	11/8/2020	Paid in full	39,698.65	Expensed	117,648.85	204	612	No
32										
33	Sunstate Meter & Supply, Inc.	78950	5/21/2021	Paid in full	\$ 23,831.37	Expensed		102		No
34	Sunstate Meter & Supply, Inc.	80508	8/26/2021	Paid in full	28,038.55	Expensed	51,869.92	102	204	No

Total Water Customers (98.8% 5/8x3/4-inch meters)	6,315
Average Remaining Service Life of Meters	20
Annual Recurring Replacement Allowance - Number of Meters	316
Actual Test Year 2019 Meters Installed	202
Net Allowance of Additional Meters Assumed Recurring for Test Year	114
Increase in Meter Replacement Expenses	\$ 184.76
	\$ 21,063.00

Adjustment to Rate Base Due to Incremental Meter Addition to Test Year Expense:

Estimate of Remaining Service Life based on Test Year 2019 Depreciation Expense - General Ledger

	Reported		Reported	Year Installed	Estimated Number of Meters			Estimated	Estimated	Meters to be Retired
	Gross Plant - General Ledger	Accumulated Depreciation	Depreciation Expense		Handy Whitman Index [a]	Original Cost [b]	Percent Change	184.76	Meters Assumed in Gross Plant	
5/8-inch Touch Meters	\$ 27,984.00	\$ 13,339.04	\$ 1,119.36	2008	443	373	18.77%	\$ 155.56	179	114
5/8-inch Touch Meters	27,984.00	11,660.00	1,119.36	2009	443	373	18.77%	\$ 155.56	179	-
5/8-inch Customer Water Meters	5,088.00	212.45	21.79	2010	443	376	17.82%	\$ 156.82	32	-
5/8-inch Customer Water Meters	4,083.92	662.81	67.98	2010	443	376	17.82%	\$ 156.82	26	-
5/8-inch Customer Water Meters	22,161.56	3,278.93	339.20	2010	443	376	17.82%	\$ 156.82	141	-

[a] Handy-Whitman Index of Public utility construction costs, South Atlantic Region (NARUC Account No. 334) index factors are as of July 1st of each period

which represents the mid-point of the calendar year

[b] Based on average cost of meters purchased for the Test Year 2019 as provided by the Company

	Gross Plant in Service	Accumulated Depreciation	Annual Depreciation Exp.
Adjustment to Test Year Rate Base and Depreciation Expense	\$ 17,822	\$ 8,495	\$ 713

Table 11-W

Rolling Oaks Utility, Inc.
Water and Wastewater System

Water System - Staff Recommended Rate Case Amortization Expenses
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: October 15, 2021
Page 1 of 1

Line No.	(a)	Company Requested (b)	Staff Recommendation		As Adjusted (e)
			Adjustment (c)	(d)	
1	Office of Utility Regulation Consulting Fees	\$ 10,000	\$ 41,950	Per County Consultant Contract	\$ 51,950
2	ROU Staff Costs	4,800	(4,800)	All ROU Staff Costs in Operating Expenses; remove Double Count	-
3	Stantec Consulting Fee	25,000	-	Billed To Date as of May 2021 = \$19,202.90; recognized 100%	25,000
4	Other Costs	-	-		-
5					
6	Total Rate Case Expenses	\$ 39,800	\$ 37,150		\$ 76,950
7					
8	Allocation to Water Utility	50.0%	50.0%		50.0%
9	Subtotal Expenses Recognized - Water System	19,900	18,575		38,475
10					
11	Reclassified Costs - Direct Assignment to Water				
12	Account 631 - Contractual Services - Engineering	-	550	Per Interrogatory - Accounting Services Rate Case	550
13	Account 632 - Contractual Services -Legal	-	12,513	Per Interrogatory - Legal Services Rate Case	12,513
14					
15	Total Rate Case Expense Recognized - Water	19,900	31,638		51,538
16					
17	Amortization Period of Rate Case Expenses	4			4
18					
19	Amount Recognized as Revenue Requirement	\$ 4,975	\$ 7,910		\$ 12,885
20					
21	Recommended Water Utility Rate Revenues	\$ 1,546,326	\$ (245,469)	Adjust for Recommended Rate Revenues	\$ 1,300,857
22	Percent of Water Utility Rate Revenues	0.32%	0.67%		0.99%
23					
24	Current Rate Case Expenses for Test Year				\$ -
25	Staff Recommended Adjustment				\$ 12,885
26					
27	Adjustment for Utility Regulation:				
28	Citrus County Utility Regulation Rate Case Expense - Total Fee		\$ 51,950	Rafeliss Financial Consultants, Inc. Budget	
29	Adjustment to County Contract Amount		\$ -	Adjustment to Rafeliss Financial Consultants, Inc. Budget (not spent)	
30	Less Amount Recognized in Filing		\$ (10,000)		
31					
32	Recognized Adjustment		\$ 41,950		

Table 12-W

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Water System - Taxes Other than Income Taxes
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: October 15, 2021
 Page 1 of 1

Line No.	(a)	For the Pro Forma Year 2019			
		Company Requested	Adjustments	Staff Recommended Reference	Recommended
		(b)	(c)	(d)	(e)
1	Regulatory Assessment Fees paid to Citrus County				
2	Gross Revenues				
3	Water Rate Revenues	\$ 1,546,326	\$ (245,469)	Table 13-W	\$ 1,300,857
4	Total Miscellaneous Revenues	74,360	2,437	Table 13-W	76,797
5					
6	Total Gross Revenues	\$ 1,620,686	\$ (243,032)		\$ 1,377,654
7					
8	Regulatory Assessment Fee paid to County	4.50%	4.50%		4.50%
9	Regulatory Assessment Fee - Company Expense	\$ 72,931			
10	Recognized Regulatory Assessment Fee - Company Filing	\$ 71,019	\$ (9,025)	Calculated	\$ 61,994
11					
12	Property Taxes				
13	Total Water Property Taxes	\$ 7,265	\$ -		\$ 7,265
14					
15	Payroll Taxes				
16	Total Water Payroll Taxes	\$ 28,842	\$ -		\$ 28,842
17					
18	Total Taxes Other than Income Taxes	\$ 107,126	\$ (9,025)		\$ 98,101

Table 13-W

Rolling Oaks Utility, Inc.
Water and Wastewater System
 Constructed Income Statement - Water
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: October 15, 2021
Page 1 of 1

Line No.	Description	Company Requested			Staff Recommended		
		Test Year 12/31/2019	Adjustments	Pro Forma 12/31/2019	Adjustments Amount	Reference	As Adjusted
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Water System Revenues						
2	Metered Sales	\$ 1,164,020	\$ 382,306	\$ 1,546,326	\$ (245,469)	Table 13-W	\$ 1,300,857
3	Other Water Revenue	74,360	-	74,360	2,437	Table 9-W	76,797
4							
5	Total Water System Revenues	\$ 1,238,380	\$ 382,306	\$ 1,620,686	\$ (243,032)		\$ 1,377,654
6							
7	Operation and Maintenance Expenses						
8	Total Operation & Maintenance Expenses	\$ 1,042,181	\$ 412,945	\$ 1,455,126	\$ (247,901)	Table 10-W	\$ 1,207,225
9							
10	Other Operating Expenses						
11	Misc. Non-Utility Expense - Other	\$ -	\$ -	\$ -	\$ -		\$ -
12	Depreciation Expense (Used & Useful)	75,179	13,818	88,997	22,883	Table 4B-W	111,880
13	Amortization of CIAC (Used & Useful)	(49,570)	-	(49,570)	(1)	Table 6-W	(49,571)
14	Amortization of Utility Plant Acquisition	-	-	-	-		-
15	Regulatory Expenses	53,815	17,204	71,019	(9,025)	Table 12-W	61,994
16	Taxes Other than Income	36,107	-	36,107	-		36,107
17							
18	Total Other Operating Expenses	\$ 115,531	\$ 31,022	\$ 146,553	\$ 13,857		\$ 160,410
19							
20	Subtotal Operating Expenses	\$ 1,157,712	\$ 443,967	\$ 1,601,679	\$ (234,044)		\$ 1,367,635
21							
22	Income / (Loss) Before Taxes	\$ 80,668	\$ (61,661)	\$ 19,007	\$ (8,988)	Table 9-W	\$ 10,019
23	Income Taxes	-	-	-	-		-
24	Deferred Income Taxes	-	-	-	-		-
25							
26	Net Income / (Loss)	\$ 80,668	\$ (61,661)	\$ 19,007	\$ (8,988)	Table 3-W	\$ 10,019
27							
28	Rate Base	\$ 259,181	\$ 70,664	\$ 329,845	\$ (155,948)	Table 3-W	\$ 173,897
29							
30	Return on Rate Base	<u>31.12%</u>		<u>5.76%</u>		Table 9-W	<u>5.76%</u>
31							
32	Determination of Rate Revenue to Fund Staff Recommended Revenue Requirements:						
33	Total Revenue Requirements to be Recovered						\$ 1,377,654
34	Less Other Revenues						(76,797)
35							
36	Total Target Revenues from Rates						<u>\$ 1,300,857</u>

Table 14-W

Rolling Oaks Utility, Inc.
Water and Wastewater System
Revenue Proof - Water [1]

For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: October 15, 2021
Page 1 of 1

Line No.	Description	Company Reported			Adjustments			Recommended			Revenue Check					
		Avg Monthly Customers	No. Annual Bills	Consumption n 1,000 gallons	Avg Monthly Customers	No. Annual Bills	Consumption n 1,000 gallons	Avg Monthly Customers	No. Annual Bills	Consumption n 1,000 gallons	At Existing Rates		At Company Requested Rates		At Recommended Rates	
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	Rates	Revenues	Rates	Present	Rates	Present
	(a)										(k)	(l)	(m)	(n)	(o)	(p)
	Residential			5.25												
	Base Facility Charges:			73%												
1	5/8 x 3/4-inch	5,787	69,447		-	-		5,787	69,447		\$ 10.66	\$ 740,305	\$ 14.16	\$ 983,370	\$ 12.11	\$ 841,003
2	1-inch	-	-		-	-		-	-		26.59	-	35.40	-	30.19	-
3	1 1/2-inch	-	-		-	-		-	-		53.15	-	70.81	-	60.34	-
4	2-inch	-	-		-	-		-	-		85.00	-	113.29	-	96.51	-
5	3-inch	-	-		-	-		-	-		169.96	-	226.58	-	192.96	-
6	4-inch	-	-		-	-		-	-		265.54	-	354.03	-	301.48	-
7	5-inch	-	-		-	-		-	-		382.36	-	508.80	-	434.10	-
8	6-inch	-	-		-	-		-	-		531.04	-	708.06	-	602.91	-
9																
10	Gallonge Charges - per 1,000 Gallons															
11	Consumption Block 1 - Ref. Table 2 for Blocks			267,572			-			267,572	\$ 0.64	\$ 171,246	\$ 0.65	\$ 173,922	\$ 0.73	\$ 195,328
12	Consumption Block 2 - Ref. Table 2 for Blocks			55,859			-			55,859	1.22	68,148	1.62	90,492	1.39	77,644
13	Consumption Block 3 - Ref. Table 2 for Blocks			21,326			-			21,326	1.84	39,240	2.44	52,035	2.09	44,571
14	Consumption Block 4 - Ref. Table 2 for Blocks			8,450			-			8,450	2.46	20,787	3.27	27,632	2.79	23,576
15	Consumption Block 5 - Ref. Table 2 for Blocks			11,320			-			11,320	3.05	34,526	4.05	45,846	3.46	39,167
16																
17	Total Residential Service Rate Revenues										\$ 1,074,252		\$ 1,373,296		\$ 1,221,289	
18																
19	Commercial															
20	Base Facility Charges:															
21	5/8 x 3/4-inch	450	5,405		-	-		5,405			\$ 10.65	\$ 57,563	\$ 14.16	\$ 76,535	\$ 12.10	\$ 65,401
22	1-inch	48	577		-	-		577			26.59	15,342	35.40	20,426	30.19	17,420
23	1 1/2-inch	8	98		-	-		98			53.15	5,209	70.81	6,939	60.34	5,913
24	2-inch	21	252		-	-		252			85.00	21,420	113.29	28,549	96.51	24,321
25	3-inch	-	-		-	-		-			169.96	-	226.58	-	192.96	-
26	4-inch	0	3		(0)	(3)		-			265.54	-	354.03	-	301.48	-
27	2-inch	-	-		-	-		-			382.36	-	508.80	-	434.10	-
28	6-inch	-	-		-	-		-			531.04	-	708.06	-	602.91	-
29																
30	Gallonge Charge															
31	Block 1			14,511			-			14,511	\$ 0.64	\$ 9,287	\$ 0.65	\$ 9,432	\$ 0.73	\$ 10,593
32	Block 2			7,465			-			7,465	1.22	9,107	1.62	12,093	1.39	10,376
33	Block 3			9,188			-			9,188	1.64	15,068	2.44	22,419	1.87	17,182
34	Block 4			2,425			-			2,425	2.46	5,966	3.27	7,930	2.79	6,766
35	Block 5			8,736			-			8,736	3.05	26,645	4.05	35,381	3.46	30,227
36																
37	Total Commercial Service Rate Revenues										\$ 165,607		\$ 219,704		\$ 188,197	
38																
39	Totals	6,315	75,782	406,852	(0)	(3)	-	5,787	75,779	406,852						
40																
41	Total Rate Revenues - Current, Company Requested and Staff Recommended										\$ 1,239,859		\$ 1,593,000		\$ 1,409,486	
42	Add: Miscellaneous Service Revenues										74,360		74,360		76,797	
43																
44	Total Calculated Rate Revenues - Current, Company Requested and Staff Recommended										\$ 1,314,219		\$ 1,667,360		\$ 1,486,283	
45	Target Revenue Requirements from Table 2-W										\$ 1,238,380		\$ 1,620,686		1,377,654	
46	Difference - Amount										\$ (75,839)		\$ (46,674)		\$ (108,629)	
47	Difference - Percent to Calculation										-6.12%		-2.88%		-7.89%	

Table 15-W

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Customer Bill Impact Comparison - Water
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: October 15, 2021
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Line No	Existing Utility Rates		Company Requested Rates				Staff Recommended Rates					
	Rates	Billed Amount	Rates	Billed Amount	Diff to Existing	% Change	Rates	Billed Amount	Difference to Requested Rates	% Change	Rate Case Amort. Adjust.	Bills w/o Rate Case Amort.
1	Residential Service											
2	Base Charge	\$ 10.66	\$ 14.16				\$ 12.11				\$ 11.99	
3	Volume Charge - First Tier at 10,000 Gallons	\$ 0.64	\$ 0.65				\$ 0.73				\$ 0.72	
4	Volume Charge - Second Tier to 20,000 Gallons	1.22	1.62				1.39				1.38	
5												
6	Monthly Consumption											
7	-	\$ 10.66	\$ 14.16	\$ 3.50	32.8%		\$ 12.11	\$ (2.05)	-14.5%		0.99%	\$ 11.99
8	1,000	11.30	14.81	3.51	31.1%		12.84	(1.97)	-13.3%		1.01%	12.71
9	2,000	11.94	15.46	3.52	29.5%		13.57	(1.89)	-12.2%		1.03%	13.43
10	3,000	12.58	16.11	3.53	28.1%		14.30	(1.81)	-11.2%		1.05%	14.15
11	4,000	13.22	16.76	3.54	26.8%		15.03	(1.73)	-10.3%		1.06%	14.87
12	5,000	13.86	17.41	3.55	25.6%		15.76	(1.65)	-9.5%		1.08%	15.59
13	6,000	14.50	18.06	3.56	24.6%		16.49	(1.57)	-8.7%		1.09%	16.31
14	7,000	15.14	18.71	3.57	23.6%		17.22	(1.49)	-8.0%		1.10%	17.03
15	8,000	15.78	19.36	3.58	22.7%		17.95	(1.41)	-7.3%		1.11%	17.75
16	9,000	16.42	20.01	3.59	21.9%		18.68	(1.33)	-6.6%		1.12%	18.47
17	10,000	17.06	20.66	3.60	21.1%		19.41	(1.25)	-6.1%		1.13%	19.19
18	11,000	18.28	22.28	4.00	21.9%		20.80	(1.48)	-6.6%		1.11%	20.57
19	12,000	19.50	23.90	4.40	22.6%		22.19	(1.71)	-7.2%		1.08%	21.95
20	13,000	20.72	25.52	4.80	23.2%		23.58	(1.94)	-7.6%		1.06%	23.33
21	14,000	21.94	27.14	5.20	23.7%		24.97	(2.17)	-8.0%		1.04%	24.71
22	15,000	23.16	28.76	5.60	24.2%		26.36	(2.40)	-8.3%		1.02%	26.09

Table 1-S

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Sewer System Rates - Current, Company Requested and Staff Recommendation
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: September 13, 2021
 Page 1 of 1

Line No	(a)	Company Requested [1]		Adjustment to Requested Rates	Staff Recommended			
		Current	Requested		Recommended	Price Index Allowance [2]	Adjust for Rate Case Exp. (4 yrs.)	Recommended
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Recognized Index Adjustment to Recommended Rates - Y or N					Y		
1	Residential							
2	Base Facility Charges (meter size):							
3	5/8" X 3/4"	\$ 17.30	\$ 20.97	\$ (2.67)	\$ 18.30	\$ 18.55	\$ (0.34)	\$ 18.21
4	1"	43.18	52.43	(6.77)	45.66	46.27	(0.84)	45.43
5	1.5"	86.30	104.86	(13.60)	91.26	92.48	(1.67)	90.81
6	2"	138.05	167.77	(21.79)	145.98	147.94	(2.68)	145.26
7	3"	276.05	335.54	(43.64)	291.90	295.81	(5.35)	290.46
8	4"	431.05	524.29	(68.49)	455.80	461.91	(8.35)	453.56
9	5"	621.05	754.97	(98.27)	656.70	665.50	(12.04)	653.46
10	6"	862.55	1,048.57	(136.50)	912.07	924.29	(16.72)	907.57
11								
12	Residential Gallonage Charges (per 1,000 Gallons)							
13	All Flow (capped at 6,000 gallons)	\$ 3.25	\$ 3.94	\$ (0.50)	\$ 3.44	\$ 3.49	\$ (0.06)	\$ 3.43
14								
15	General Service							
16	Base Facility Charges (meter size):							
17	5/8" X 3/4"	\$ 17.30	\$ 20.97	\$ (2.67)	\$ 18.30	\$ 18.55	\$ (0.34)	\$ 18.21
18	1"	43.18	52.43	(6.77)	45.66	46.27	(0.84)	45.43
19	1.5"	86.30	104.86	(13.60)	91.26	92.48	(1.67)	90.81
20	2"	138.05	167.77	(21.79)	145.98	147.94	(2.68)	145.26
21	3"	276.05	335.54	(43.64)	291.90	295.81	(5.35)	290.46
22	4"	307.23	524.29	(199.42)	324.87	329.22	(5.95)	323.27
23	5"	460.58	754.97	(267.95)	487.02	493.55	(8.93)	484.62
24	6"	613.91	1,048.57	(399.42)	649.15	657.85	(11.90)	645.95
25	8"	982.05	1,677.72	(639.29)	1,038.43	1,052.34	(19.03)	1,033.31
26								
27	General Service Gallonage Charges (per 1,000 Gallons)							
28	All Consumption	\$ 3.95	\$ 4.79	\$ (0.61)	\$ 4.18	\$ 4.24	\$ (0.08)	\$ 4.16

Notes:

[1] Company Rates per Schedule D-1 (wastewater) contained in Minimum Filing Requirements.

[2] Allowance to account for inflation for the Calendar Year 2020 since rates based on Test Year 2019 yet will be implemented during Calendar Year 2021. Index calculated as follows:

	Price Index Calculation	
Total Operations and Maintenance Expenses - Staff Recommended	\$ 1,587,015	
Less Pass-through Items		
Purchased Power	(116,951)	
Purchased Water	-	
Purchased Wastewater	-	
Rate Case Expenses Included in Expenses	(31,373)	
Sludge Removal	(217,820)	
Other Expenses	-	
Costs to Be Indexed	\$ 1,220,872	
Multiply by Annual Commission-Approved Price Index	1.79%	2020 index Factor Per FPSC Order No. PSC-2019-0525-PAA-WS dated Dec. 17, 2019
Total Indexed Costs	\$ 21,854	
Divide by Expansion Factor for Regulatory Assessment Fee	0.955	
Increase In Revenue	\$ 22,884	
Divide by Applicable Rate Revenue - Staff Recommended	\$ 1,711,827	
Percentage Increase In Rates	1.34%	

Table 2-S

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Recommended Revenue Requirements - Sewer System
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: September 13, 2021
 Page 1 of 1

Line No.	Description	Company Requested			Per Staff Recommendation	
		Test Year 2019 Current Rates	Company Adjustments	Pro Forma 2019 Requested Rates	Recommended	Difference
	(a)	(b)	(c)	(d)	(e)	(f)
1	Total Pro Forma Year System Revenue Requirements	\$ 1,688,246	\$ 342,436	\$ 2,030,682	\$ 1,788,494	\$ (242,188)
2						
3	Total Pro Forma Year System Rate Revenues - Current and Requested Rates	1,613,564	342,436	1,956,000	1,711,827	98,263
4	Total Pro Forma Miscellaneous Revenues	74,682	-	74,682	76,667	1,985
5						
6	Total Pro Forma Year System Revenues	<u>\$ 1,688,246</u>	<u>\$ 342,436</u>	<u>2,030,682</u>	<u>1,788,494</u>	<u>100,248</u>
7						
8	Proposed Pro Forma Year Additional Revenue Requirement			\$ 342,436	\$ 98,263	\$ (244,173)
9	Percentage Increase to Total Pro Forma Year Rate Revenues			<u>21.22%</u>	<u>5.74%</u>	<u>-15.48%</u>
10						
11	Percent Rate Reduction After Four Years Due to Completion of Rate Case Expense Amortization					
12	Total Requested System Revenues	\$ 1,788,494				
13	Less Miscellaneous Revenues	<u>(76,667)</u>				
14	Total Billed Rate Revenues Under Proposed Rates	1,711,827				
15	Adjustment for 2020 Price Index Recognition	<u>22,884</u>				
16	Adjusted Billed Rate Revenues Under Proposed Rates	1,734,711				
17	Adjustment for Reduction to Revenue Requirements	<u>\$ 31,373</u>				
18	Total Percent Adjustment to Recommended Pro Forma Rates	<u>1.81%</u>				

Table 3-S

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Determination of Rate Base -Sewer
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: September 13, 2021
 Page 1 of 1

Line No.	Acct. Num.	Description	Company Requested - Pro Forma Year 2019			Staff Recommended		
			Balance Per Books 12/31/19	Pro Forma Adjustment	As Adjusted	Adjustments	Adjustment Ref.	Adjusted 2020
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	101	Utility Plant In Service	\$ 5,509,900	\$ 158,000	\$ 5,667,900	\$ (135,259)	Table 4-S	\$ 5,532,641
2	101	Utility Land and Land Rights	9,861	-	9,861	(0)		9,861
3								
4		Total Water Plant In Service	\$ 5,519,761	\$ 158,000	\$ 5,677,761	\$ (135,259)		\$ 5,542,502
5								
6		Less:						
7	101	Non-used & Useful Plant	\$ -	\$ (50,388)	\$ (50,388)	\$ 18,417	Table 4-S	\$ (31,971)
8	108	Accumulated Depreciation and Amortization	(4,974,157)	-	(4,974,157)	(28,465)	Table 4-S	(5,002,622)
9	271	Contributions in Aid of Construction (CIAC)	(2,138,318)	(30,775)	(2,169,093)	2,514	Table 6-S	(2,166,579)
10								
11		Subtotal	\$ (1,592,714)	\$ 76,837	\$ (1,515,877)	\$ (142,793)		\$ (1,658,670)
12								
13		Additions:						
14	272	Accumulated Amortization of CIAC	\$ 1,756,316	(17,178)	\$ 1,739,138	\$ 29,246	Table 6-S	\$ 1,768,384
15								
16		Subtotal	\$ 163,602	59,659	\$ 223,261	\$ (113,547)		\$ 109,714
17								
18		Plus or Minus						
19	114	Acquisition Adjustments	\$ -	-	\$ -	\$ -		\$ -
20	115	Accumulated Amortization of Acquisition Adjustments	-	-	-	-		-
21		Working Capital Allowance	179,966	43,547	223,513	(27,854)	Table 7-S	195,659
22								
23		Sewer Rate Base	<u>\$ 343,568</u>	<u>103,206</u>	<u>\$ 446,774</u>	<u>\$ (141,401)</u>		<u>\$ 305,373</u>
24								
25		Return on Rate Base						
26		Percentage Return on Sewer Rate Base	22.75%		5.76%		Table 8-S	5.76%
27		Return on Water Rate Base (\$)	<u>\$ 78,157</u>		<u>\$25,742</u>		Table 8-S	<u>\$17,595</u>

Table 4-S

Rolling Oaks Utility, Inc.
Water and Wastewater System
Sewer System Plant In Service and Accumulated Depreciation
For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: September 13, 2021
Page 1 of 1

Line No	ID	Account Name	Company	Pro Forma Year 2019					Adjust Non-used & Useful Plant						
			Build-Up Cost as of 12/31/2019	Company	Adjustments		As Filed by the Company	Staff Recommended Adjust.		Company Filed		Staff Recommended			
				Adjust to Avg.	Additions	Deletions		Adjust to BU	New Plt Adj.	Recommended	Percent	Amount	Percent	Amount	Adjustment
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	Basis of Determination (Interrogatory/General Ledger)		General Ledger					General Ledger							
3	UTILITY PLANT IN SERVICE (Original Cost)														
4	351	Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	\$ -
5	353	Land & Land Rights	9,861	0	-	-	9,861	(0)	-	9,861	13.56%	1,338	14.95%	1,474	136
6	354	Structures & Improvements	501,559	-	-	-	501,559	-	-	501,559	13.56%	68,031	14.95%	74,983	6,952
7	355	Power Generated Equipment	-	-	-	-	-	-	-	-	13.56%	-	14.95%	-	-
8	360	Collection Sewers - Force	2,685,145	0	-	-	2,685,145	(0)	-	2,685,145	0.00%	-	0.00%	-	-
9	361	Collection Sewers - Gravity	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
10	363	Services to Customers	81,015	-	-	-	81,015	-	-	81,015	0.00%	-	0.00%	-	-
11	364	Flow Measuring Devices	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
12	366	Reuse Services	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
13	367	Reuse Meters and Meter Installations	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
14	371	Pumping Equipment	327,174	0	-	-	327,174	(0)	-	327,174	13.56%	44,378	14.95%	48,912	4,534
15	374	Reuse Distribution Reservoirs	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
16	375	Reuse Transmission & Distribution System	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
17	380	Treatment and Disposal Equipment	1,657,877	0	-	-	1,657,877	(0)	-	1,657,877	13.56%	224,874	14.95%	247,853	22,979
18	390	Office Equipment & Furniture	36,430	(0)	-	-	36,430	0	-	36,430	0.00%	-	0.00%	-	-
19	391	Transportation Equipment	184,185	1,838	158,000	-	344,023	(1,838)	(131,796)	210,389	0.00%	-	0.00%	-	-
20	393	Tools, Shop & Garage Equipment	12,357	(1)	-	-	12,356	1	-	12,357	0.00%	-	0.00%	-	-
21	394	Laboratory Equipment	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
22	395	Power Operated Equipment	20,696	1,625	-	-	22,321	(1,625)	-	20,696	0.00%	-	0.00%	-	-
23	396	Communication Equipment	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
24	398	Other Tangible Plant	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
26	TOTAL UTILITY PLANT IN SERVICE		\$ 5,516,298	\$ 3,463	\$ 158,000	\$ -	\$ 5,677,761	\$ (3,463)	\$ (131,796)	\$ 5,542,502	\$ 338,621		\$ 373,222	\$ 34,601	
28	Summary:														
29	Utility Plant In Service		\$ 5,506,437	\$ 3,463	\$ 158,000	\$ -	\$ 5,667,900	\$ (3,463)	\$ (131,796)	\$ 5,532,641					
30	Utility Land and Land Rights		9,861	0	-	-	9,861	(0)	-	9,861					
32	Total Utility Plant in Service		\$ 5,516,298	\$ 3,463	\$ 158,000	\$ -	\$ 5,677,761	\$ (3,463)	\$ (131,796)	\$ 5,542,502					
34	ACCUMULATED DEPRECIATION														
35	351	Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	\$ -
36	353	Land & Land Rights	-	-	-	-	-	-	-	-	13.56%	-	14.95%	-	-
37	354	Structures & Improvements	457,852	(5,000)	-	-	452,852	5,000	-	457,852	13.56%	62,103	14.95%	68,449	6,346
38	355	Power Generated Equipment	-	51	-	-	51	(51)	-	-	13.56%	-	14.95%	-	-
39	360	Collection Sewers - Force	2,464,659	(4,177)	-	-	2,460,482	4,177	-	2,464,659	0.00%	-	0.00%	-	-
40	361	Collection Sewers - Gravity	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
41	363	Services to Customers	68,635	(1,321)	-	-	67,314	1,321	-	68,635	0.00%	-	0.00%	-	-
42	364	Flow Measuring Devices	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
43	366	Reuse Services	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
44	367	Reuse Meters and Meter Installations	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
45	371	Pumping Equipment	225,175	(4,400)	-	-	220,775	4,400	-	225,175	13.56%	30,543	14.95%	33,664	3,121
46	374	Reuse Distribution Reservoirs	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
47	375	Reuse Transmission & Distribution System	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
48	380	Treatment and Disposal Equipment	1,599,582	(3,843)	-	-	1,595,739	3,843	-	1,599,582	13.56%	216,967	14.95%	239,138	22,171
49	390	Office Equipment & Furniture	34,185	(432)	-	-	33,753	432	-	34,185	0.00%	-	0.00%	-	-
50	391	Transportation Equipment	125,754	(13,744)	-	-	112,010	13,744	(4,666)	121,089	0.00%	-	0.00%	-	-
51	393	Tools, Shop & Garage Equipment	10,750	(158)	-	-	10,592	158	-	10,750	0.00%	-	0.00%	-	-
52	394	Laboratory Equipment	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
53	395	Power Operated Equipment	20,696	(37)	-	-	20,659	37	-	20,696	0.00%	-	0.00%	-	-
54	396	Communication Equipment	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
55	398	Other Tangible Plant	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
57	TOTAL ACCUMULATED DEPRECIATION		\$ 5,007,288	\$ (33,061)	\$ -	\$ -	\$ 4,974,227	\$ 33,061	\$ (4,666)	\$ 5,002,622	\$ 309,613		\$ 341,251	\$ 31,638	
59	Net Adjustment for Non-used and Useful Plant										\$ 29,008		\$ 31,971	\$ 2,963	

Rolling Oaks Utility, Inc.
Water and Wastewater System
Sewer System Plant In Service - Test Year 2019
For the Pro Forma Year Ended December 31, 2019

[illegible]

Table 4A-S

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Sewer System Plant In Service - Test Year 2019
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: September 13, 2021
 Page 2 of 3

Line No.	ID	Account Name	2017			2018		
			Company Interrogatory		Original Cost	Company Interrogatory		Original Cost
			Additions	Retirements	Ending Balance	Additions	Retirements	Ending Balance
	(a)	(b)	(j)	(k)	(l)	(m)	(n)	(o)
1		UTILITY PLANT IN SERVICE (Original Plant)						
2		Per Company Interrogatory Response						
3	351	Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	353	Land & Land Rights	-	-	9,861	-	-	9,861
5	354	Structures & Improvements	-	-	501,559	-	-	501,559
6	355	Power Generated Equipment	-	-	-	-	-	-
7	360	Collection Sewers - Force	-	-	2,685,145	-	-	2,685,145
8	361	Collection Sewers - Gravity	-	-	-	-	-	-
9	363	Services to Customers	52,022	-	133,037	-	-	133,037
10	364	Flow Measuring Devices	-	-	-	-	-	-
11	366	Reuse Services	-	-	-	-	-	-
12	367	Reuse Meters and Meter Installations	-	-	-	-	-	-
13	371	Pumping Equipment	7,584	-	383,650	15,437	-	399,087
14	374	Reuse Distribution Reservoirs	-	-	-	-	-	-
15	375	Reuse Transmission & Distribution System	-	-	-	-	-	-
16	380	Treatment and Disposal Equipment	-	-	1,644,410	16,994	(6,848)	1,654,555
17	390	Office Equipment & Furniture	-	-	31,022	2,649	-	33,672
18	391	Transportation Equipment	54,839	(39,606)	280,994	20,088	(55,691)	245,390
19	393	Tools, Shop & Garage Equipment	-	-	15,517	-	-	15,517
20	394	Laboratory Equipment	-	-	-	-	-	-
21	395	Power Operated Equipment	1,499	-	22,194	3,250	-	25,444
22	396	Communication Equipment	-	-	-	-	-	-
23	398	Other Tangible Plant	-	-	-	-	-	-
24								
25		TOTAL UTILITY PLANT IN SERVICE	\$ 115,944	\$ (39,606)	\$ 5,707,389	\$ 58,418	\$ (62,539)	\$ 5,703,268
26								

Rolling Oaks Utility, Inc.
Water and Wastewater System
 Sewer System Plant In Service - Test Year 2019
 For the Pro Forma Year Ended December 31, 2019

[illegible]

Table 4B-S

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Sewer System Plant In Service and Accumulated Depreciation
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: September 13, 2021
 Page 1 of 1

Line No.	ID	Account Name	Company Requested (Unadjusted)	Pro Forma Year 2019						Adjust Non-used & Useful Plant				
				Adjustments		As Filed by the Company	Staff Recommended Adjust.			Company Filed		Staff Recommended		
				Additions	Deletions		Adjust to BU	New Plt Adj.	Recommended	Percent	Amount	Percent	Amount	Adjustment
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)					
1		DEPRECIATION EXPENSE												
2	351	Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	\$ -
3	353	Land & Land Rights	-	-	-	-	-	-	-	13.56%	-	14.95%	-	-
4	354	Structures & Improvements	10,415	-	-	10,415	2,124	-	12,539	13.56%	1,412	14.95%	1,875	463
5	355	Power Generated Equipment	379	-	-	379	(379)	-	-	13.56%	51	14.95%	-	(51)
6	360	Collection Sewers - Force	8,354	-	-	8,354	0	-	8,354	0.00%	-	0.00%	-	-
7	361	Collection Sewers - Gravity	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
8	363	Services to Customers	2,642	-	-	2,642	857	-	3,499	0.00%	-	0.00%	-	-
9	364	Flow Measuring Devices	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
10	366	Reuse Services	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
11	367	Reuse Meters and Meter Installations	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
12	371	Pumping Equipment	8,799	-	-	8,799	(1,910)	-	6,889	13.56%	1,193	14.95%	1,030	(163)
13	374	Reuse Distribution Reservoirs	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
14	375	Reuse Transmission & Distribution System	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
15	380	Treatment and Disposal Equipment	7,686	-	-	7,686	5,786	-	13,472	13.56%	1,042	14.95%	2,014	972
16	390	Office Equipment & Furniture	864	-	-	864	606	4,665	6,135	0.00%	-	0.00%	-	-
17	391	Transportation Equipment	21,952	27,167	-	49,119	19,257	(31,833)	36,543	0.00%	-	0.00%	-	-
18	393	Tools, Shop & Garage Equipment	316	-	-	316	654	-	970	0.00%	-	0.00%	-	-
19	394	Laboratory Equipment	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
20	395	Power Operated Equipment	75	-	-	75	2,044	-	2,119	0.00%	-	0.00%	-	-
21	396	Communication Equipment	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
22	398	Other Tangible Plant	-	-	-	-	-	-	-	0.00%	-	0.00%	-	-
23												0.00%		
24		TOTAL UTILITY PLANT IN SERVICE	\$ 61,482	\$ 27,167	\$ -	\$ 88,649	\$ 29,039	\$ (27,168)	\$ 90,520		\$ 3,699		\$ 4,919	\$ 1,220

Table 4C-S

Rolling Oaks Utility, Inc.
Water and Wastewater System

Determination of Account 341 - Transportation Equipment Adjustment to Rate Base - Sewer
For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: September 13, 2021
Page 1 of 1

Line No.	Description	Company Requested Pro Forma Year 2019		Staff Recommended Adjustment Ref.	Adjusted 2020
		Plant Additions	Adjustments		
	(a)	(b)	(c)	(d)	(e)
1	Gross Plant In Service Adjustment				
2					
3	New Plant Additions				
4	1 Ton Pick-up for Jetter / Trailers - Replacement	\$ 27,000	\$ (27,000)	Primary Vehicle - Appears Replaced over Time	\$ -
5	1/2 Ton Pickup Truck - Replacement	21,500	(21,500)	Primary Vehicle - Appears Replaced over Time	-
6	1/2 Ton Pickup Truck - Replacement	21,500	(21,500)	Primary Vehicle - Appears Replaced over Time	-
7	1/2 Ton Pickup Truck - Replacement	21,500	(21,500)	Primary Vehicle - Appears Replaced over Time	-
8	1/2 Ton Pickup Truck - Replacement	21,500	5,722	Purchased Land Rover 4WD Sport Utility Vehicle	27,222
9	1/2 Ton Pickup Truck - New Employee	22,500	(22,500)	Not Recognizing New Employee	-
10	1/2 Ton Pickup Truck - New Employee	22,500	(22,500)	Not Recognizing New Employee	-
11	1/2 Ton Pickup Truck - New Employee	-	22,500	Recognized New Employee	22,500
12	1/2 Ton Pickup Truck - New Employee	-	-	Not Recognizing New Employee	-
13					
14	Totals - New Plant Additions	\$ 158,000	\$ (108,278)		\$ 49,722
15					
16	Plant Retirements				
17	2014 Land Rover - 418 / 2003 Ford F150 - 321	\$ -	\$ (23,517)	Land Rover Like Property Exchange in 2020 / Retire of Ford F150	\$ (23,517)
18					
19	Total Gross Plant In Service Adjustments	\$ 158,000	\$ (131,796)		\$ 26,204
20					
21	Depreciation Expense and Accumulated Depreciation Adjustment				
22	Depreciation Expense - Service Life Per County Ordinances (consistent with Annual Report)				6
23					
24	Purchase of New Vehicles - Staff Recommended	\$ -	\$ 8,287		\$ 8,287
25	Plant Retirements - per Fixed Asset General Ledger	-	(12,952)		(12,952)
26					
27	Total Accumulated Depreciation Adjustment	\$ -	\$ (4,666)		\$ (4,666)
28					
29	Depreciation Expense Adjustment - New Vehicles	\$ -	\$ 8,287	Depreciation Expense on New Assets	\$ 8,287
30	Plant Retirements - per Fixed Asset General Ledger	-	(3,622)	Remove Depreciation Expense on Retired Asset	(3,622)
31					
32	Total Depreciation Expense Adjustment	\$ -	\$ 4,665		\$ 4,665

Rolling Oaks Utility, Inc.
Water and Wastewater System
Sewer System Accumulated Depreciation
For the Pro Forma Year Ended December 31, 2019

[illegible]

Rolling Oaks Utility, Inc.
Water and Wastewater System
Sewer System Accumulated Depreciation
For the Pro Forma Year Ended December 31, 2019

[illegible]

Rolling Oaks Utility, Inc.
Water and Wastewater System
Sewer System Accumulated Depreciation
For the Pro Forma Year Ended December 31, 2019

[illegible]

Table 5-S

Rolling Oaks Utility, Inc.

Water and Wastewater System

Sewer System Non-Used and Useful Percentage

For the Pro Forma Year Ended December 31, 2019

Staff Recommendation

Dated: September 13, 2021

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		Sewer System	
		Company	Staff Recommendations
		Requested	Adjustment As Adjusted
1	Maximum Day, Maximum Month in Test Year (gpd)	470,416	- 470,416
2	Margin Reserve		
3	Projected Average Annual Growth (ERCs)	50	(15) 35
4	Post Test Year Period per Resolution / Rules	5	- 5
5	Level of Service (gpd - Maximum Day)	106	- 106
6	Margin Reserve	26,591	18,614
7			
8	Total Maximum Day Demand Plus Reserve Margin (gpd)	497,007	489,030
9			
10	Hydraulic Capacity (ADF)	575,000	575,000
11	Percent Used and Useful	86.44%	85.05%

Table 6-S

Rolling Oaks Utility, Inc.
Water and Wastewater System

Sewer System Contributions in Aid of Construction (CIAC) - Test Year 2019
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: September 13, 2021
Page 1 of 1

Line No.	(a)	Sewer CIAC		
		271 Prior Contributions (b)	271 Connection Charges (c)	TOTALS (d)
1	BALANCE 12/31/2014	\$ 2,050,807	\$ -	\$ 2,050,807
2	2015 Additions	-	-	-
3	2015 Adjustments	-	-	-
4	2015 Retirements	-	-	-
5	BALANCE 12/31/2015	2,050,807	-	2,050,807
6	2016 Additions	-	-	-
7	2016 Adjustments	-	-	-
8	2016 Retirements	-	-	-
9	BALANCE 12/31/2016	2,050,807	-	2,050,807
10	2017 Additions	-	26,417	26,417
11	2017 Adjustments	-	-	-
12	2017 Retirements	-	-	-
13	BALANCE 12/31/2017	2,050,807	26,417	2,077,224
14	2018 Additions	-	32,832	32,832
15	2018 Adjustments	-	-	-
16	2018 Retirements	-	-	-
17	BALANCE 12/31/2018	2,050,807	59,249	2,110,056
18	2019 Additions	-	56,523	56,523
19	2019 Adjustments	-	-	-
20	2019 Retirements	-	-	-
21	BALANCE 12/31/2019	\$ 2,050,807	\$ 115,772	\$ 2,166,579
22				
23				
24		Sewer Accumulated Amortization of CIAC		
25		271 Prior Contributions (b)	271 Connection Charges (c)	TOTALS (d)
26	(a)			
27	Amortization Period (years)	70.0	40.0	
28	Estimated Composite % - Test Year	1.43%	2.50%	
29				
30	BALANCE 12/31/2014	\$ 1,611,255	\$ -	\$ 1,611,255
31	2015 Additions	56,448	-	56,448
32	2015 Adjustments	-	-	-
33	2015 Retirements	-	-	-
34	BALANCE 12/31/2015	1,667,703	-	1,667,703
35	2016 Additions	29,304	-	29,304
36	2016 Adjustments - Company	2,290	-	2,290
37	2016 Retirements	-	-	-
38	BALANCE 12/31/2016	1,699,297	-	1,699,297
39	2017 Additions	22,861	330	23,191
40	2017 Adjustments - Company	-	-	-
41	2017 Retirements	-	-	-
42	BALANCE 12/31/2017	1,722,158	330	1,722,488
43	2018 Additions	22,975	1,071	24,046
44	2018 Adjustments - Company	-	-	-
45	2018 Retirements	-	-	-
46	BALANCE 12/31/2018	1,745,133	1,401	1,746,534
47	2019 Additions	21,949	2,188	24,137
48	2019 Adjustments - Company	-	-	-
49	2019 Adjustments - Staff Recommended [1]	-	(2,287)	(2,287)
50	2019 Retirements	-	-	-
51	BALANCE 12/31/2019	\$ 1,767,082	\$ 1,302	\$ 1,768,384

[1] Staff recommended adjustment to reconcile to Ending Account Balance in 2018 when compared to Beginning Balance in 2019 Annual Report - no description given for change in beginning balances.

Table 7-S

Rolling Oaks Utility, Inc.
Water and Wastewater System
 Working Capital Allowance
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: September 13, 2021
Page 1 of 1

Line No.		Company Requested - Pro Forma Year 2019			Staff Recommendations		
		Test Year 2019	Pro Forma Adjustment	As Adjusted	Adjustments	Reference	Recommended
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Total Operation and Maintenance Expenses	\$ 1,461,367	\$ 351,571	\$ 1,812,938	\$ (225,923)	Table 10-S	\$ 1,587,015
2							
3	Working Capital - % to Total Operations and Maintenance Expense	12.33%	12.33%	12.33%	0.00%		12.33%
4							
5	Working Capital for Pro Forma Test Year	\$ 180,169	\$ 43,344	\$ 223,513	\$ (27,853)		\$ 195,659

Table 8-S

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Sewer System - Cost of Capital / Rate of Return
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: September 13, 2021
 Page 1 of 1

Line No.	Component	Company Filed						Recommended			
		Cost of Capital	Cost of Capital Percentage	Cost of Capital	Average Weighted Return on Rate Base	Requested Rate Base	Requested Return	Cost of Capital	Average Weighted Return on Rate Base	Restated Rate Base	Required Return
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Sewer											
1	Long-Term Debt (1)	\$ 3,539,053	95.31%	5.75%	5.48%			5.75%	5.48%		
2	Notes Payable (1)	-	0.00%	0.00%	0.00%			0.00%	0.00%		
3	Preferred Stock	-	0.00%	0.00%	0.00%			0.00%	0.00%		
4	Common Shareholder Equity	100	0.00%	10.58%	0.00%			10.55%	0.00%		
5	Customer Deposits	174,258	4.69%	6.00%	0.28%			6.00%	0.28%		
6	Accumulated Deferred Income Taxes	-	0.00%	0.00%	0.00%			0.00%	0.00%		
7	Total Sewer	\$ 3,713,309	100.00%		5.76%	\$ 446,774	\$ 25,742		5.76%	\$ 305,373	\$ 17,595

Determination of Average Cost of Long-Term Debt - Account 224

	Principal Ostding.	Percent of Total	Annual Rate	Weighted Rate
Per 2019 Annual Report Filed by Company				
Capital City Bank	\$ 3,518,545	99.42%	5.75%	5.72%
Capital City Bank, Vehicle Loan	20,508	0.58%	5.20%	0.03%
Totals	\$ 3,539,053	100.00%		5.75%

FPSC Leverage Formula For Return on Equity (Order No. PSC-2019-0267-PAA-WS)

	Combined
8 Average Debt Cost Rate (Per FPSC) [1]	6.050%
9 Business Risk Premium (Per FPSC) [1]	1.800%
10 Equity Ratio	0.000%
11 Calculated Equity Premium	0.000%
12 Calculated Return on Equity	6.050%
13 Max Allowed Return on Equity (at 40% Equity)	10.550%
14 Adjustment to Return on Equity	0.000%
15 Recommended Return on Equity	10.550%

[1] Based on the Florida Public Service Commission's authorized range of return on common equity for water and wastewater utilities, Order No. PSC-2018-PAA-WS.

Table 9-S

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Sewer System - Miscellaneous Revenue Adjustment
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: September 13, 2021
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Line No.		For the Pro Forma Year 2019			
		Company Requested	Adjustments	Staff Recommended Adj. Description	Recommended
	(a)	(b)	(c)	(d)	(e)
1	Miscellaneous Revenues				
2	Sewer Penalty	\$ 74,682	\$ (47,952)	Details Per Company	\$ 26,730
3	Sewer Connections	-	49,937	Reconcile to 2019 Annual Report	49,937
4					
5	Total Miscellaneous Revenues	<u>\$ 74,682</u>	<u>\$ 1,985</u>		<u>\$ 76,667</u>

Table 10-S

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Sewer System - Operations and Maintenance Expenses
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: September 13, 2021
 Page 1 of 1

Line No.	Account No.	Account Name	Company Requested - Pro Forma Year 2019			Recommended Staff Adjustments			
			Balance Per Books 12/31/19	Pro Forma Adjustment	As Adjusted	Adjustment for Specific Corp. Expenses	Other Adjustments	Adj. Ref	Adjusted 12/31/2020
	(a)	(b)	(c)	(d)	(e)	(d)	(e)	(e)	(f)
		OPERATING & MAINTENANCE EXPENSES							
1	701	Salaries & Wages - Employees	\$ 505,465	\$ 224,114	\$ 729,579	\$ (52,000)	\$ (31,528)	Table 10A-S	\$ 646,051
2	703	Salaries & Wages - Officers, Etc	-	-	-	-	-		-
3	704	Employee Pensions & Benefits	69,796	48,483	118,279	(14,103)	(2,412)	Table 10A-S	101,764
4	710	Purchased Wastewater Treatment	-	-	-	-	-		-
5	711	Sludge Removal Expense	216,000	40,000	256,000	-	(38,180)	Table 10A-S	217,820
6	715	Purchased Power	116,951	-	116,951	-	-		116,951
7	716	Fuel for Power Production	-	-	-	-	-		-
8	718	Chemicals	38,932	-	38,932	-	-		38,932
9	720	Materials & Supplies	1,853	-	1,853	-	-		1,853
10	731	Contractual Services - Engineering	6,564	-	6,564	-	(550)	Table 10A-S	6,014
11	732	Contractual Services - Accounting	13,808	-	13,808	-	-		13,808
12	733	Contractual Services - Legal	86,467	-	86,467	-	(86,467)	Table 10A-S	-
13	734	Contractual Services - Management Fees	120,360	-	120,360	-	-		120,360
14	735	Contractual Services -Testing	14,834	-	14,834	-	-		14,834
15	736	Contractual Services - Other	-	-	-	-	-		-
16	741	Rental of Building/Real Prop.	28,215	-	28,215	-	-		28,215
17	742	Rental of Equipment	-	-	-	-	-		-
18	750	Transportation Expenses	30,854	-	30,854	-	-		30,854
19	756	Insurance - Vehicle	15,569	-	15,569	-	-		15,569
20	757	Insurance - General Liability	31,371	-	31,371	-	-		31,371
21	758	Insurance - Workman's Comp	8,344	-	8,344	-	-		8,344
22	759	Insurance - Other	2,218	-	2,218	-	-		2,218
23	760	Advertising Expense	-	-	-	-	-		-
24	766	Reg. Comm Exp - Rate Case Amortize	1,640	(1,640)	-	-	31,373	Table 11-S	31,373
25	767	Reg Comm Exp. - Other	-	-	-	-	-		-
26	770	Bad Debt Expense	-	40,614	40,614	(32,055)	-	Table 10A-S	8,559
27	775	Miscellaneous Expenses	152,126	-	152,126	-	-		152,126
28									
29		Total Operating & Maintenance Expenses	\$ 1,461,367	\$ 351,571	\$ 1,812,938	\$ (98,158)	\$ (127,765)		\$ 1,587,015

Table 10A-5

Rolling Oaks Utility, Inc.
Water and Wastewater System
Sewer System - Staff Recommended O&M Adjustments
For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: September 13, 2021
Page 1 of 1

For the Pro Forma Year 2019									
Line No.		Company Requested	Adjustments	Staff Recommended Adj. Description	Recommended				
	(a)	(b)	(c)	(d)	(e)				
1	Bad Debt Expenses								
2	Amount Recognized	\$ 40,614	\$ (32,055)	None Reported Last 5 Years by Company	\$ 8,559				
3	Sewer Rate Revenue (Company Proposed)	\$ 1,956,000	\$ (244,173)		\$ 1,711,827				
4	Percent of Water Rate Revenues	2.08%	-1.58%	Can Turn off Service - General Industry Ratio	0.50%				
5									
7	Historical Expense Trend per Annual Reports	Reported Amount	Rate Revenues	Percent of Rate Rev					
8	2015	\$ -	\$ 1,648,951	0.00%					
9	2016	-	1,670,335	0.00%					
10	2017	-	1,689,398	0.00%					
11	2018	-	1,683,683	0.00%					
12	2019	-	1,688,245	0.00%					
13									
14	Salaries and Wages								
15		Company Requested	New Employees	Existing Employees					
16	Total Company Requested Additional for Pro Forma Year								
17	New Employee Additions	\$ 160,940	\$ 160,940	\$ -					
18	Additional Payroll Adjustments for Market Conditions	63,173	-	63,173					
19	Total Increase in Salary Expense	\$ 224,113	\$ 160,940	\$ 63,173					
20									
21	Staff Recommended Adjustment	\$ (83,528)	\$ (52,000)	\$ (31,528)	See below				
22									
23	Net Salaries Recognized	\$ 140,585	\$ 108,940	\$ 31,645					
24									
25	Employee Benefits								
26		Company Requested	Payroll Taxes	General Benefits					
27									
28									
29	Total Company Requested Employee Benefits for Pro Forma Year	\$ 48,483	\$ 17,145	\$ 31,338					
30	Percent of Total Applicable Salaries	21.63%	7.65%	19.47%					
31									
32	Staff Recommended Adjustment								
33	New Employees	\$ (14,103)	\$ (3,978)	\$ (10,125)					
34	Existing Employees	(2,412)	(2,412)	-					
35									
36	Net Benefits Recognized	\$ 31,968	\$ 10,755	\$ 21,213					
37									
38	Summary of Adjustments								
39	Remove New Employees	Amount				Number	Salary	Sewer %	Recog. Addition "Y" - "N"
40	Water Tech, Leak Detection	-	Not Hired as of Filing, Not Recognized			1	\$ 31,200	0.00%	N
41	Water Tech, Leak Detection	-	Although Not Hired as of Filing, Recognized to Improve Levels of Service per County Discussions			1	\$ 31,200	0.00%	Y
42	Water Tech, Sewer Line Inspections (maintenance)	-	Hired 11.19.2020 per Interrogatory Response (replacement)			1	\$ 32,240	100.00%	Y
43	Water Tech, Sewer Line Inspections	31,200	Not Hired as of Filing, Not Recognized			1	\$ 31,200	100.00%	N
44	Mechanics	20,800	Not Hired as of Filing, Not Recognized			1	\$ 41,600	50.00%	N
45	Wastewater C Operator	-	Although Not Hired as of Filing, Recognized to Improve Levels of Service per County Discussions			1	\$ 37,440	100.00%	Y
46	Customer Service Representative - Part Time	-	Hired 11.23.2020 per Interrogatory Response but at Lower Hourly Rate (replacement)			1	\$ 14,560	50.00%	Y
47	Finance Officer / Accountant	-	Hired 8.17.2020 per Interrogatory Response but at Lower Hourly Rate (verified in 9.1.2022 meeting)			1	\$ 50,000	50.00%	Y
48									
49	Total Cost to Remove New Employees	\$ 52,000							
50									
51	Remove Double Counting of Water Supervisor Salary	\$ -	Provided Adjustment Twice for same Employee (line was also hidden on worksheet)			1	\$ 5,720	0.00%	
52									
53	Adjust Company Market Rate Salary Request	\$ 31,528							
54									
55	Total Salary Adjustments	\$ 83,528							
56									
57	Historical Benefits Expense Trend per Annual Reports	Reported Amount	Salaries	Percent of Salaries	-- Includes Payroll Taxes to be consistent with Company Filing				
58	2015	\$ 93,036	\$ 435,452	21.37%					
59	2016	89,597	406,186	22.06%					
60	2017	108,733	433,406	25.09%					
61	2018	104,524	399,801	26.14%					
62	2019	97,694	428,826	22.78%					
63	Average Percent	493,584	2,103,671	21.46%					
64									
65	Market Rate Salary Request								
66		Dec. 2019 Salary	Aug 2021 Salary	Adjust for Price Index to 2020	Test Year 2019 Annual Salary	Adjusted Test Year Annual Salary	Difference	Wastewater Allocation Amount Percent	
67				1.81%					
68	Current Employees								
69	Water C Operator	\$ 11.50	\$ 16.50	\$ 16.20	\$ 23,920.00	\$ 33,696.00	\$ 9,776.00	\$ -	0.00%
70	Customer Service Rep	12.60	15.50	15.22	26,208.00	31,657.60	5,449.60	2,725.00	50.00%
71	Water C Operator	14.00	17.00	16.69	29,120.00	34,715.20	5,595.20	-	0.00%
72	Wastewater B Operator	16.50	20.00	19.64	34,320.00	40,851.20	6,531.20	6,531.00	100.00%
73	Office Supervisor	11.00	17.00	16.69	22,880.00	34,715.20	11,835.20	\$ 918.00	50.00%
74	Operations Manager, Water A. and Wastewater C Operator	65,024.96	69,025.00	67,776.65	65,024.96	67,776.65	2,751.69	1,651.00	60.00%
75	Water Supervisor, Water, and Wastewater C Operator	18.25	21.25	20.87	37,960.00	43,409.60	5,449.60	2,725.00	50.00%
76	Part Time Wastewater C Operator	15.56	18.00	17.67	32,364.80	36,753.60	4,388.80	4,389.00	100.00%
77	Water Maintenance, Operator Testing in September	10.00	15.00	14.73	20,800.00	30,638.40	9,838.40	4,919.00	50.00%
78	Office Manager	14.50	17.50	17.18	30,160.00	35,734.40	5,574.40	2,787.00	50.00%
79	Water C, Wastewater C Operator	16.00	16.00	16.00	33,280.00	33,280.00	-	-	50.00%
80									
81	Total Current Employees							\$ 31,645.00	
82									
83	Vehicles								
84		Recognized in Plant-in-Service							
85		\$ -							
86	Water Tech, Leak Detection	-				Number	Salary	Sewer %	Recog. Addition "Y" - "N"
87	Water Tech, Leak Detection	-				1	\$ 22,500	0.00%	N
88	Water Tech, Sewer Line Inspections	22,500				1	\$ 22,500	0.00%	Y
89	Water Tech, Sewer Line Inspections	-				1	\$ 22,500	100.00%	Y
90						1	\$ 22,500	100.00%	N
91	Total Cost of New Vehicles	\$ 22,500							
92									
93	Contractual Services Expenses - Engineering - Account 631								
94		Reported Amount	Reclassification to Rate Case Exp.	Amount Excluded	Total Adjustment				
95	William H. Lowe, CPA	\$ 550	\$ 550	\$ -	\$ 550				
96									
97	Total Adjustments - Contractual Services - Engineering	\$ 550	\$ 550	\$ -	\$ 550				
98									
99									
100	Contractual Services Expenses - Legal - Account 632								
101		Reported Amount	Reclassification to Rate Case Exp.	Amount Excluded	Total Adjustment				
102	Clark A. Stillwell, LLC	\$ 34,330	\$ 34,330	\$ -	\$ 34,330				
103	Prestige Court Reporting	-	-	-	-				
104	Sundstrom & Minding, LLC	52,137	52,137	-	52,137				
105									
106	Total Adjustments - Contractual Services - Legal	\$ 86,467	\$ 86,467	\$ -	\$ 86,467				
107									
108									
109	Sludge Hauling Costs								
110		2018	2019	Change	Company Request	Recommendation	Adjustment		
111	Total Sludge Hauling Costs	\$ 180,000	\$ 216,000	\$ 36,000	\$ 256,000	\$ 217,820	\$ (38,180)		Already recognized cost increase in 2019 reflects, appears to be a double count of cost (plus affiliated service - Heverly Hbk. Waste Management Corp.)
112	Wastewater Treated per Annual Report (000%)	159,505	161,330	1,825	162,689				add 2020 Growth per used and useful calculations
113	Cost per 1,000 Gallons Treated	1,128.49	1,338.87		1,338.87				

Already recognized cost increase in 2019 actually appears to be a double count of cost (plus affiliated service - Beverly Hills Waste Management Corp.) add 2020 Growth per annual and useful calculations

Table 10B-5

Rolling Oaks Utility, Inc.
Water and Wastewater System
Wastewater System - Operating Expense Trend Analysis
For the Two Fiscal Years Ended December 31, 2019

Staff Recommendation
Dated: September 13, 2021
Page 1 of 1

Line Account		Reported Operating Expenses by Company per Annual Report										Company Requested		Staff
No.	No.	Company	2016		2017		2018		2019		Company	Percent Change	Recommendation	
		2015	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(m)	
1		OPERATING & MAINTENANCE EXPENSES												
2	701	Salaries & Wages - Employees	\$ 422,456	\$ 489,378	15.84%	\$ 492,556	0.65%	\$ 472,968	-3.98%	\$ 505,465	6.87%	\$ 729,579	44.34%	\$ 646,051
3	703	Salaries & Wages - Officers, Etc.	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
4	704	Employee Pensions & Benefits	66,456	74,024	11.39%	51,620	-30.27%	76,160	47.54%	69,796	-8.36%	118,279	69.46%	101,764
5	710	Purchased Wastewater Treatment	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
6	711	Sludge Removal Expense	167,665	162,935	-2.82%	180,000	10.47%	180,000	0.00%	216,000	20.00%	256,000	18.52%	217,820
7	715	Purchased Power	84,285	73,849	-12.38%	98,262	13.06%	111,060	13.02%	116,951	5.30%	116,951	0.00%	116,951
8	716	Fuel for Power Production	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
9	718	Chemicals	26,109	36,557	40.02%	35,091	-4.01%	39,985	13.95%	38,932	-2.63%	18,932	0.00%	38,932
10	720	Materials & Supplies	813	-	-100.00%	-	0.00%	-	0.00%	1,853	0.00%	1,853	0.00%	1,853
11	731	Contractual Services - Engineering	5,615	20,035	256.81%	6,327	-68.42%	21,251	235.88%	6,564	-69.11%	6,564	0.00%	6,014
12	732	Contractual Services - Accounting	9,054	16,000	76.72%	16,000	0.00%	14,075	-12.03%	13,808	-1.90%	13,808	0.00%	13,808
13	733	Contractual Services - Legal	8,218	793	-90.35%	20,030	2425.85%	1,438	-92.82%	86,467	5913.00%	86,467	0.00%	-
14	734	Contractual Services - Management Fees	96,686	120,360	24.49%	120,360	0.00%	120,360	0.00%	120,360	0.00%	120,360	0.00%	120,360
15	735	Contractual Services -Testing	9,188	8,380	-8.79%	14,834	77.02%	11,767	-20.68%	14,834	26.06%	14,834	0.00%	14,834
16	736	Contractual Services - Other	-	-	0.00%	-	0.00%	28	0.00%	-	-100.00%	-	0.00%	-
17	741	Rental of Building/Real Prop.	16,520	29,164	76.54%	29,088	-0.26%	29,078	-0.03%	28,215	-2.97%	28,215	0.00%	28,215
18	742	Rental of Equipment	-	-	0.00%	8,727	0.00%	-	-100.00%	-	0.00%	-	0.00%	-
19	750	Transportation Expenses	19,392	17,796	-8.23%	24,092	35.38%	23,272	-3.40%	30,854	32.58%	30,854	0.00%	30,854
20	756	Insurance - Vehicle	-	18,308	0.00%	22,474	22.76%	35,888	59.69%	15,569	-56.62%	15,569	0.00%	15,569
21	757	Insurance - General Liability	15,424	23,248	50.73%	18,818	-19.06%	20,288	7.81%	31,371	54.63%	31,371	0.00%	31,371
22	758	Insurance - Workman's Comp	15,208	6,571	-56.79%	9,592	45.97%	7,584	-20.93%	8,344	10.02%	8,344	0.00%	8,344
23	759	Insurance - Other	6,804	-	-100.00%	3,111	0.00%	1,368	-56.03%	2,218	62.13%	2,218	0.00%	2,218
24	760	Advertising Expense	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
25	766	Reg. Comm Exp - Rate Case Amortize	2,074	2,074	0.00%	2,074	0.00%	2,074	0.00%	1,640	-20.93%	-	-100.00%	31,373
26	767	Reg Comm Exp - Other	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
27	770	Bad Debt Expense	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	8,559
28	775	Miscellaneous Expenses	233,133	111,911	-52.00%	126,394	12.94%	113,768	-9.99%	152,126	33.72%	152,126	0.00%	152,126
29														
30		Total Operating & Maintenance Expenses	\$ 1,205,120	\$ 1,211,383	0.52%	\$ 1,279,450	5.62%	\$ 1,282,412	0.23%	\$ 1,461,367	13.95%	\$ 1,812,938	41.37%	\$ 1,587,015
31														
32		Operating and Maintenance Expenses - FPSC Index Adjusted												
33		Published FPSC Index		1.29%		1.51%		1.76%		2.36%				
34		2015 O&M Expenses Adjusted for FPSC Index (net of rate case amortization)	\$ 1,220,639		\$ 1,239,039		\$ 1,260,810		\$ 1,290,082		\$ 1,288,442		\$ 1,319,815	
35		Difference to Actual	\$ (9,256)		\$ 40,411		\$ 21,602		\$ 171,285		\$ 524,496		\$ 267,200	

Table 11-S

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Sewer System - Staff Recommended Rate Case Amortization Expenses
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: September 13, 2021
 Page 1 of 1

Line No	(a)	Company Requested (b)	Staff Recommendation		As Adjusted (e)
			Adjustment (c)	(d)	
1	Office of Utility Regulation Consulting Fees	\$ 10,000	\$ 41,950	Per County Consultant Contract	\$ 51,950
2	ROU Staff Costs	4,800	(4,800)	All ROU Staff Costs in Operating Expenses; remove Double Count	-
3	Stantec Consulting Fee	25,000	-	Billed To Date as of May 2021 = \$19,202.90; recognized 100%	25,000
4	Other Costs	-	-		-
5					
6	Total Rate Case Expenses	\$ 39,800	\$ 37,150		\$ 76,950
7					
8	Allocation to Wastewater Utility	50.0%	50.0%		50.0%
9	Subtotal Expenses Recognized - Wastewater System	19,900	18,575		38,475
10					
11	Reclassified Costs - Direct Assignment to Wastewater				
12	Account 631 - Contractual Services - Engineering	-	550	Per Interrogatory - Accounting Services Rate Case	550
13	Account 632 - Contractual Services - Legal	-	86,467	Per Interrogatory - Legal Services Rate Case	86,467
14					
15	Total Rate Case Expense Recognized - Wastewater	19,900	105,592		125,492
16					
17	Amortization Period of Rate Case Expenses	4			4
18					
19	Annual Amortization of Rate Case Expenses	\$ 4,975	\$ 26,398		\$ 31,373
20					
21	Recommended Sewer Utility Rate Revenues	\$ 1,956,000	\$ (244,173)	Adjust for Recommended Rate Revenues	\$ 1,711,827
22	Percent of Sewer Utility Rate Revenues	0.25%	1.58%		1.83%
23					
24	Current Rate Case Expenses for Test Year				\$ -
25	Staff Recommended Adjustment				\$ 31,373
26					
27	Adjustment for Utility Regulation:				
28	Citrus County Utility Regulation Rate Case Expense - Total Fee		\$ 51,950	Raftelis Financial Consultants, Inc. Budget	
29	Adjustment to County Contract Amount		\$ -	Adjustment to Raftelis Financial Consultants, Inc. Budget (not spent)	
30	Less Amount Recognized in Filing		\$ (10,000)		
31					
32	Recognized Adjustment		\$ 41,950		

Table 12-S

Rolling Oaks Utility, Inc.
Water and Wastewater System
 Sewer System - Taxes Other than Income Taxes
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
Dated: September 13, 2021
Page 1 of 1

Line No.	(a)	For the Pro Forma Year 2019			
		Company Requested	Adjustments	Staff Recommended Reference	Recommended
		(b)	(c)	(d)	(e)
1	Regulatory Assessment Fees paid to Citrus County				
2	Gross Revenues				
3	Sewer Rate Revenues	\$ 1,956,000	\$ (244,173)	Table 13-S	\$ 1,711,827
4	Total Miscellaneous Revenues	74,682	1,985	Table 13-S	76,667
5					
6	Total Gross Revenues	\$ 2,030,682	\$ (242,188)		\$ 1,788,494
7					
8	Regulatory Assessment Fee paid to County	4.50%	4.50%		4.50%
9	Regulatory Assessment Fee - Company Expense	\$ 91,381			
10	Recognized Regulatory Assessment Fee - Company Filing	\$ 88,777	\$ (8,295)	Calculated	\$ 80,482
11					
12	Property Taxes				
13	Total Sewer Property Taxes	\$ 10,376	\$ -		\$ 10,376
14					
15	Payroll Taxes				
16	Total Sewer Payroll Taxes	\$ 29,274	\$ -		\$ 29,274
17					
18	Total Taxes Other than Income Taxes	\$ 128,427	\$ (8,295)		\$ 120,132

Table 13-S

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Constructed Income Statement - Sewer
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: September 13, 2021
 Page 1 of 1

Line No.	Description	Company Requested			Staff Recommended		
		Test Year 12/31/2019	Adjustments	Pro Forma 12/31/2019	Adjustments Amount	Reference	As Adjusted
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Sewer System Revenues						
2	Metered Sales	\$ 1,613,564	\$ 342,436	\$ 1,956,000	\$ (244,173)	Table 13-S	\$ 1,711,827
3	Other Sewer Revenue	74,682	-	74,682	1,985	Table 9-S	76,667
4							
5	Total Sewer System Revenues	\$ 1,688,246	\$ 342,436	\$ 2,030,682	\$ (242,188)		\$ 1,788,494
6							
7	Operation and Maintenance Expenses						
8	Total Operation & Maintenance Expenses	\$ 1,459,727	\$ 353,211	\$ 1,812,938	\$ (225,923)	Table 10-S	\$ 1,587,015
9							
10	Other Operating Expenses						
11	Misc. Non-Utility Expense - Other	\$ -	\$ -	\$ -	\$ -		\$ -
12	Depreciation Expense (Used & Useful)	61,482	23,467	84,949	652	Table 4B-S	85,601
13	Amortization of CIAC (Used & Useful)	(24,137)	-	(24,137)	2,287	Table 6-S	(21,850)
14	Amortization of Utility Plant Acquisition	-	-	-	-		-
15	Regulatory Expenses	73,367	15,410	88,777	(8,295)	Table 12-S	80,482
16	Taxes Other than Income	39,650	-	39,650	-		39,650
17							
18	Total Other Operating Expenses	\$ 150,362	\$ 38,877	\$ 189,239	\$ (5,356)		\$ 183,883
19							
20	Subtotal Operating Expenses	\$ 1,610,089	\$ 392,088	\$ 2,002,177	\$ (231,278)		\$ 1,770,899
21							
22	Income / (Loss) Before Taxes	\$ 78,157	\$ (49,652)	\$ 28,505	\$ (10,910)	Table 9-S	\$ 17,595
23	Income Taxes	-	-	-	-		-
24	Deferred Income Taxes	-	-	-	-		-
25							
26	Net Income / (Loss)	\$ 78,157	\$ (49,652)	\$ 28,505	\$ (10,910)	Table 3-W	\$ 17,595
27							
28	Rate Base	\$ 343,568	\$ 103,206	\$ 446,774	\$ (141,401)	Table 3-S	\$ 305,373
29							
30	Return on Rate Base	22.75%		6.38%		Table 9-W	5.76%
31							
32	Determination of Rate Revenue to Fund Staff Recommended Revenue Requirements:						
33	Total Revenue Requirements to be Recovered						\$ 1,788,494
34	Less Other Revenues						(76,667)
35							
36	Total Target Revenues from Rates						\$ 1,711,827

Table 14-S

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Revenue Proof - Wastewater [1]
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: September 13, 2021
 Page 1 of 1

Line No.	Description	Company Reported			Adjustments			Recommended			Revenue Check					
		Avg Monthly Customers	No. Annual Bills	Consumption in 1,000 gallons	Avg Monthly Customers	No. Annual Bills	Consumption in 1,000 gallons	Avg Monthly Customers	No. Annual Bills	Consumption in 1,000 gallons	At Existing Rates		At Company Requested Rates		At Recommended Rates	
											Rates	Revenues	Rates	Present	Rates	Present
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1																
2	Residential Service															
	Base Facility Charges:															
3	5/8 x 3/4-inch	4,564	54,765		-	-		4,564	54,765		\$ 17.30	\$ 947,435	\$ 20.97	\$ 1,148,422	\$ 18.55	\$ 1,015,891
4	1-inch	-	-		-	-		-	-		43.18	-	52.43	-	46.27	-
5	1 1/2-inch	-	-		-	-		-	-		86.30	-	104.86	-	92.48	-
6	2-inch	-	-		-	-		-	-		138.05	-	167.77	-	147.94	-
7	3-inch	-	-		-	-		-	-		276.05	-	335.54	-	295.81	-
8	4-inch	-	-		-	-		-	-		431.05	-	524.29	-	461.91	-
9	5-inch	-	-		-	-		-	-		621.05	-	754.97	-	665.50	-
10	6-inch	-	-		-	-		-	-		862.55	-	1,048.57	-	924.29	-
11																
12	Gallage Charges - per 1,000 Gallons															
13	0 - 6,000 (max flow per Residential)			181,216			-			181,216	\$ 3.25	\$ 588,952	\$ 3.94	\$ 713,991	\$ 3.49	\$ 632,444
14																
15	Total Residential Service Rate Revenues											\$ 1,536,387		\$ 1,862,413		\$ 1,648,335
16																
17	Commercial															
	Base Facility Charges:															
18	5/8 x 3/4-inch	81	974		-	-		81	974		\$ 17.30	\$ 16,850	\$ 20.97	\$ 20,425	\$ 18.55	\$ 18,068
19	1-inch	16	192		-	-		16	192		43.18	8,291	52.43	10,067	46.27	8,884
20	1 1/2-inch	6	75		-	-		6	75		86.30	6,473	104.86	7,865	92.48	6,936
21	2-inch	5	60		-	-		5	60		138.05	8,283	167.77	10,066	147.94	8,876
22	3-inch	-	-		-	-		-	-		276.05	-	335.54	-	295.81	-
23	4-inch	-	-		-	-		-	-		307.23	-	524.29	-	329.22	-
24	2-inch	-	-		-	-		-	-		460.58	-	754.97	-	493.55	-
25	6-inch	-	-		-	-		-	-		613.91	-	1,048.57	-	657.85	-
26	8-inch	-	-		-	-		-	-		982.05	-	1,677.72	-	1,052.34	-
27																
28	Gallage Charge - per 1,000 Gallons															
29	All Billed Consumption			11,712			-			11,712	\$ 3.95	\$ 46,262	\$ 4.79	\$ 56,100	\$ 4.24	\$ 49,659
30																
31	Total Commercial Service Rate Revenues											\$ 86,159		\$ 104,523		\$ 92,423
32																
33	Totals	4,672	56,066	192,928	-	-	-	4,672	56,066	192,928						
34																
35	Total Calculated Rate Revenues - Current, Company Requested and Staff Recommended											\$ 1,622,545		\$ 1,966,936		\$ 1,740,757
36	Add: Miscellaneous Service Revenues											74,682		74,682		76,667
37																
38	Total Revenue at Existing, Company Requested and Staff Recommended Rates and proposed rates [1]											\$ 1,697,227		\$ 2,041,618		\$ 1,817,424
39	Target Revenue Requirements from Table 2-S											\$ 1,688,246		\$ 2,030,682		\$ 1,788,494
40	Difference - Amount											\$ (8,981)		\$ (10,936)		\$ (28,931)
41	Difference - Percent to Calculation											-0.53%		-0.54%		-1.62%

[1] Results may differ from total Recommended revenue requirements due to rounding.

Table 15-S

Rolling Oaks Utility, Inc.
 Water and Wastewater System
 Customer Bill Impact Comparison - Wastewater
 For the Pro Forma Year Ended December 31, 2019

Staff Recommendation
 Dated: September 13, 2021
 Page 1 of 1

Line No		Existing Utility Rates		Company Requested Rates				Staff Recommended Rates								
		Rates	Billed Amount	Rates	Billed Amount	Diff. to Existing	% Change	Rates	Billed Amount	Difference to Requested Rates	% Change	Rate Case Amort.	Adjust.	Bills w/o Rate Case Amort.		
1	Residential Service															
2	Base Charge	\$	17.30	\$	20.97			\$	18.55				\$	18.21		
3	Volume Charge - Max of 6,000 Gallons	\$	3.25	\$	3.94			\$	3.49				\$	3.43		
4																
5	Monthly Consumption															
6	-	\$	17.30	\$	20.97	\$	3.67	21.2%	\$	18.55	\$	(2.42)	-11.5%	1.83%	\$	18.21
7	1,000		20.55		24.91		4.36	21.2%		22.04		(2.87)	-11.5%	1.83%		21.64
8	2,000		23.80		28.85		5.05	21.2%		25.53		(3.32)	-11.5%	1.83%		25.07
9	3,000		27.05		32.79		5.74	21.2%		29.02		(3.77)	-11.5%	1.83%		28.50
10	4,000		30.30		36.73		6.43	21.2%		32.51		(4.22)	-11.5%	1.83%		31.93
11	5,000		33.55		40.67		7.12	21.2%		36.00		(4.67)	-11.5%	1.83%		35.36
12	6,000		36.80		44.61		7.81	21.2%		39.49		(5.12)	-11.5%	1.83%		38.79

ATTACHMENT "B"

Rolling Oaks Utility, Inc.
Rate Case
Water System
Calculated Rates and Charges

Staff Recommended

Price Index Reduction After
Allowance 48 months for Rate Case

Residential

Base Facility Charges (meter size):

5/8" X 3/4"	\$	12.11	(0.12)
1"		30.19	(0.29)
1.5"		60.34	(0.59)
2"		96.51	(0.94)
3"		192.96	(1.88)
4"		301.48	(2.94)
5"		434.10	(4.23)
6"		602.91	(5.88)

Residential Gallonage Charges (per 1,000 Gallons)

5/8" X 3/4"	1"	1.5"	2"	3"	4"		
Block 1 (In 1,000 gallons)	0-10	0-25	0-50	0-80	0-160	0-250	\$ 0.73 (0.01)
Block 2 (In 1,000 gallons)	>10-20	>25-50	>50-100	>80-160	>160-320	>250-500	1.39 (0.01)
Block 3 (In 1,000 gallons)	>20-30	>50-75	>100-150	>160-240	>320-480	>500-750	2.09 (0.02)
Block 4 (In 1,000 gallons)	>30-40	>75-100	>150-200	>240-320	>480-640	>750-1,000	2.79 (0.03)
Block 5 (In 1,000 gallons)	>40	>100	>200	>320	>640	>1,000	3.46 (0.03)

General Service

Base Facility Charges (meter size):

5/8" X 3/4"		12.10	(0.12)
1"		30.19	(0.29)
1.5"		60.34	(0.59)
2"		96.51	(0.94)
3"		192.96	(1.88)
4"		301.48	(2.94)
5"		434.10	(4.23)
6"		602.91	(5.88)

General Service Gallonage Charges (per 1,000 Gallons)

5/8" X 3/4"	1"	1.5"	2"	3"	4"		
Block 1 (In 1,000 gallons)	0-10	0-25	0-50	0-80	0-160	0-250	\$ 0.73 (0.01)
Block 2 (In 1,000 gallons)	>10-20	>25-50	>50-100	>80-160	>160-320	>250-500	1.39 (0.01)
Block 3 (In 1,000 gallons)	>20-30	>50-75	>100-150	>160-240	>320-480	>500-750	1.87 (0.02)
Block 4 (In 1,000 gallons)	>30-40	>75-100	>150-200	>240-320	>480-640	>750-1,000	2.79 (0.03)
Block 5 (In 1,000 gallons)	>40	>100	>200	>320	>640	>1,000	3.46 (0.03)

Rolling Oaks Utility, Inc.
Rate Case
Sewer System
Calculated Rates and Charges

Staff Recommended

Line No.	Sewer Rates	Price Index	Reduction After 48 months For Rate Case
1	Residential		
2	Base Facility Charges (meter size):		
3	5/8" X 3/4"	\$ 18.55	\$ (0.34)
4	1"	46.27	(0.84)
5	1.5"	92.48	(1.67)
6	2"	147.94	(2.68)
7	3"	295.81	(5.35)
8	4"	461.91	(8.35)
9	5"	665.50	(12.04)
10	6"	924.29	(16.72)
11			
12	Residential Gallonage Charges (per 1,000 Gallons)		
13	All Flow (capped at 6,000 gallons)	\$ 3.49	\$ (0.06)
14			
15	General Service		
16	Base Facility Charges (meter size):		
17	5/8" X 3/4"	\$ 18.55	\$ (0.34)
18	1"	46.27	(0.84)
19	1.5"	92.48	(1.67)
20	2"	147.94	(2.68)
21	3"	295.81	(5.35)
22	4"	329.22	(5.95)
23	5"	493.55	(8.93)
24	6"	657.85	(11.90)
25	8"	1,052.34	(19.03)
26			
27	General Service Gallonage Charges (per 1,000 Gallons)		
28	All Consumption	\$ 4.24	\$ (0.08)