

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for rate increase)
in Martin County by Indiantown)
Company, Inc.)
_____)

DOCKET NO. 990939-WS

Filed: May 16, 2000

RESPONSE TO STAFF'S FIRST DATA REQUEST

REQUEST NO. 1 - Please provide a statement from the utility which describes a T-1 line and its functions.

RESPONSE: A T-1 line is a telephone circuit with a bandwidth capacity of up to 1.54 mgb.

REQUEST NO. 2 - Please provide a statement regarding why a T-1 line is necessary for Indiantown's water and wastewater operation.

RESPONSE: The Indiantown Company, Inc. offices are geographically separated from the mainframe computer. The use of a T-1 line greatly enhances the working speed from the offices back to the mainframe computer. The offices include four work stations, a network printer and MAFS, all of which require bandwidth. One 9.6 kb up to a 56 kb data circuit is sufficient for one work station in a remote office, such as the one involved here.

REQUEST NO. 3 - Please state whether the utility requested bids from communications providers, other than Indiantown Telephone Systems, for placement and continuing service regarding the T-1 line.

RESPONSE: The only telecommunications provider in Indiantown from which Indiantown Company, Inc. can obtain a T-1 line is ITS Telecommunications Systems, Inc. The T-1 line was purchased out of the telephone company's tariff in which the cost of a basic data circuit is \$179.55/month and the cost of a T-1 data circuit is \$346.15/month.

REQUEST NO. 4 - Please provide a description of the expenses found on MFR Schedule B-3, Page 2 of 5 listed as Y2K compliance expenditures.

RESPONSE:
A. Service bureau access license \$9,909 water and \$9,909wastewater.

These are expenditures charged by Martin and Associates for use of their computer software programs for billing and general ledger applications. Additionally, this fee covers unlimited telephone support to our employees and it also covers hardware maintenance on our billing and general ledger hardware systems.

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FPSC-RECORDS/REPORTING

B. Annual Software Fees \$1,500 water and \$1,500 wastewater

This is the annual fee for software enhancements. Martin charges this to all customers annually, based upon the enhancements made to their software.

C. & D. Annual Telecommunications charges \$4,337 water and \$4,337 wastewater

This is the cost of the telecommunication channel to Martin Associates for service bureau access. Since the company is using a service bureau instead of an in house application, the company must have a communications link to the location of the computer server. Since the company's relationship with the service bureau was started during the test year, we removed \$2,989 for each water and sewer, which reflects the amount of this charge that was included for a partial year during the test year. However, the total annual charge is \$4,337 for each water and wastewater.

E. & F. MIS manager charges \$8,320 water and \$8,320 wastewater

This is the amount of cost allocated to the water and wastewater company for the management information systems manager, Ariel Diaz. Due to the upgrading that was necessary to comply with Y2K requirements and the networking of our systems, it was necessary for us to add an individual with computer competence to maintain our computer systems in working order and do upgrade and change the systems as required. As with the telecommunications charges in C. above, this cost was initiated during the test year and accordingly, we show \$4,722 for each water and wastewater being removed from schedule B-3.

G. & H. Service Bureau Processing Fees \$13,200 water and \$13,200 wastewater (Lines 29 & 30)

The above noted computer upgrades, and the new billing system were first used in February 1999. ICO's sister company, ITS, provides all processing labor and began billing ICO at a cost of \$1.00 per bill on every bill included on the telephone company's convergent bill and \$1.50 for every bill that is provided to customers as a separate water/sewer bill. The \$1.50 also includes postage and the cost of all billing supplies. None of this cost has been reflected in the Test Year as the first billing to ICO was made in October 1999. An amount of \$1,988 was allocated each to water and wastewater for the period 7/1/98 through 12/31/98 for this service under the old system. This amount is deducted on Schedule B-3.

REQUEST NO. 5 - Please indicate which of the Y2K compliance expenditures described above will occur every year and for how many years.

RESPONSE: All of the expenditures described in Question 4: above will continue on an annual basis until changes are made in the computer operation. Some of the changes that could effect these costs include the purchase of the billing software and

set up of an in-house system or a change in billing vendor or future changes in technology. At this time, none of these changes are contemplated.

REQUEST NO. 6 - Please describe the "service bureau" referred to in items A and G of the Y2K expenditures and explain why the associated costs have increased.

RESPONSE: A service bureau is a company that provides computer processing services on a lease basis. Martin Associates is the company that is being used for this service in the case of Indiantown Company. By leasing these services, ICO was able to avoid a major capital expenditure in hardware and software. (See Attachment A titled Evaluation of Martin vs Comsoft Billing Software Costs for details on the process utilized by ICO in making the decision to deal with Martin & Associates in a Service Bureau capacity.) As noted in Part G & H Request 4, fees are also paid to ITS on a service bureau basis as they perform labor services for printing, processing and mailing bills.

REQUEST NO. 7 - Please explain why the telecommunications costs have increased.

RESPONSE: Telecommunications costs have increased due to the use of the service bureau and the networking of our in-house computer systems. Due to our relationship with the service bureau, it was necessary for the company to lease telecommunication links from the utility to the service bureau. These links are essential in order to transfer all account processing to the service bureau for processing and to receive processed information back so reports and bills can be printed in-house.

REQUEST NO. 8 - Please explain why the utility's total customer ERCs decreased by 180 ERCs from 1998 to 1999, as shown on Schedule F-9, line 6.

RESPONSE: The ERCs for each year ended December 31 through 1998 were based on the Annual Reports (page W-10). A review indicates that the reported information was based on total meters rather than active customers. The ERCs at the end of the test year are based on active customers billed. Thus, the difference relates to inactive connections.

REQUEST NO. 9 - Please indicate how a 12% interest rate was selected for the debt listed to Robert Post in the amount of \$1,497,101 in MFR D-5A since this was not an arms length transaction. Please explain why Postco, Inc., considers the 12% rate on the debt owed to Mr. Post reasonable when compared to the company's other debt issues.

RESPONSE: Mr. Post's note to Postco was a necessary part in the negotiations leading to the restructuring of the company that previously held the water and wastewater utility as an asset. In a very intricate transaction, the previous owners of the company that owned ICO sold their interest in a cellular telephone company. This transaction required that all the previous owner's Indiantown assets be sold along with this sale. As a result, the original owner asked Bob Post, Jr. to purchase these assets so the deal on the cellular phone company could be completed. Mr. Post agreed to do so but only under

terms determined to be fair to him. As part of the purchase, Mr. Post formed Postco as the parent company and funded this company with his own investment capital. For seed capital of this type and nature, it was determined that 12% was very conservative. Especially considering the opportunity cost of this money if invested in equities.

The other lender to Postco is a company called TDS. TDS was the purchaser of the cellular telephone company and was forced, as part of the sale, to offer Postco financing at the then applicable federal rate. If they had not done so, Mr. Post would not have purchased the company and TDS would have been unable to acquire the cellular telephone company. Accordingly, due to this motivation, the loan rate from TDS is artificially low.

REQUEST NO. 10 - Please provide worksheets showing the derivation of the proposed rates shown on MFR Schedule E-1.

RESPONSE: See Attachment B (also designated Exhibit 1, consisting of 4 pages).

REQUEST NO. 11 - Please provide a statement of reasons for selecting the factors and allocations used to develop the proposed rates.

RESPONSE: The allocations were based generally on assigning fixed expenses to the base facility charge and variable expenses to the gallonage charge. Where no clear-cut categorization is possible, expenses were assigned 50 percent to the base facility charge and 50 percent to the gallonage charge.

In addition, certain revenue components that traditionally have been assigned to either the base facility charge (depreciation, property taxes) or the gallonage charge (income taxes, operating income) were allocated equally to each charge. This was done to result in charges that seemed fair and did not result in inordinate increases to the gallonage charge.

The Company does not have a firm position on methodology to compute the base facility or gallonage charge. Rather, its focus is that any rates established by the Commission should produce the revenue requirement established in this proceeding.

REQUEST NO. 12 - Please describe the "Other Interest Expense" listed on MFR Schedule C-3.

RESPONSE: Other interest expense on Schedule C-3 is interest on customer deposits and CIAC gross-up refund. The breakdown is as follows:

| | <u>Water</u> | <u>Sewer</u> |
|-------------------|----------------|---------------|
| Customer deposits | \$3,479 | \$ 279 |
| Gross-up refund | <u>4,249</u> | <u>500</u> |
| Total per C-3 | <u>\$7,728</u> | <u>\$ 779</u> |

REQUEST NO. 13 - Please provide a list of the customers receiving reclaimed water service and the total gallons of the reclaimed water provided to each of those customers during the test year.

RESPONSE: A company called South Flora,, totally unrelated to Indiantown Company, Inc. is receiving treated effluent to the maximum extent allowed by Indiantown Company, Inc.'s DEP permit for South Flora's 25 acre tree farm (nursery operation). A copy of the pertinent page of the DEP permit is Attachment C.

REQUEST NO. 14 - Please provide a copy of any contracts, reuse water agreements, etc. entered into by the utility and the reclaimed water service customer.

RESPONSE: Indiantown Company, Inc. does not have any written agreement with South Flora. There is only a verbal understanding under which South Flora permits the discharge of reclaimed water on its tree farm.

REQUEST NO. 15 - Does the utility anticipate serving any additional reclaimed water service customers in the future? If yes, please respond to the following:

- a. Please state who those customers will be and how the reclaimed water will be used, such as golf course or residential irrigation.
- b. Please state when the utility plans to provide service to these future customers.
- c. Please provide a copy of any contracts or agreements the utility has entered into with these customers.

RESPONSE: Indiantown Company, Inc. does not anticipate serving any additional reclaimed water service customers, since it is already disposing of all treated effluent that is allowed under its DEP permit and since DEP has restricted the use of the effluent. Due to limited filtration capabilities Indiantown Company, Inc. can not use its treated effluent on a golf course or in any residential area where there might be contact with humans.

REQUEST NO. 16 - Is the utility currently charging any of the reclaimed water service customers for that service? If yes, please provide a statement of what rates are being charged and to which customers.

RESPONSE: No.

REQUEST NO. 17 - Did any of the reclaimed water service customers incur any expenses related to accepting the reclaimed water service, such as paying for the installation of lines? If so, please provide a list of those customers and the expenses each incurred.

RESPONSE: No.

REQUEST NO. 18 - Please provide a statement of how the utility is currently recovering costs associated with the provision of the reclaimed water service.

RESPONSE: Indiantown Company, Inc. paid for the line to transport the reclaimed water to South Flora, and the cost of the line is being recovered through depreciation.

REQUEST NO. 19 - Please state whether the utility is requesting recovery of any costs associated with the provision of reclaimed water service within this docket. If yes, please provide a breakdown of those specific costs.

RESPONSE: Yes, Indiantown Company, Inc. is seeking to recover costs through depreciation.

REQUEST NO. 20 - Please state whether the utility is opposed to the PSC setting a charge for the reclaimed water service. If the utility is opposed to setting a charge, please explain why the utility believes a reclaimed water charge is not appropriate.

RESPONSE: Indiantown Company, Inc. is opposed to charging for reclaimed water service for fear that South Flora would discontinue using the water. There is too much free water available to users from the St. Lucie Canal and other sources. For example, Indianwood has a twelve inch, 900 foot deep well for irrigation, which was allowed by SFWMD. If the PSC set a charge for reuse water that would be applicable to golf courses and residential areas, it would have to cover charges for Indiantown Company, Inc. to do high level disinfecting.

Respectfully submitted,



David B. Erwin

Cc: Blanca Bayo
Jeff Leslie
Bob Nixon
Jim Hewitt

Indiantown Company, Inc.
Evaluation of Martin vs Comsoft Billing Software Costs

Due to the Y2K concern, it was necessary for Indiantown Company to evaluate its computer software and hardware systems in all areas. The company was advised by its former hardware and software supplier, Comsoft, that its IBM AS400 and its Comsoft billing and general ledger software systems would not be Y2K compliant. Comsoft also advised the company that upgrades were possible in some areas but for the most part, the upgrades would be as costly or possibly more costly than purchasing new systems. Accordingly, the company evaluated over 30 software companies looking for alternatives. As a result of this evaluation, the company limited its choices to two vendors. The former vendor, Comsoft, and its present vendor, Martin and Associates.

Under the Comsoft deal, Comsoft proposed a charge of \$263,078.64 for their new software and a new IBM AS400. The proposal also included a monthly support fee of \$2,299 per month and this fee would increase by \$.349 per customer in increments of 1000 customers. Accordingly, when customer 4001 was added, the fee would be charged based upon 5000 customers and would remain the same until customer 5001 was added. In addition to this fee, Comsoft would charge an additional licensing fee of \$23.25 per customer for every new customer in \$1,000 increments as with the monthly support fee. Comsoft defines a customer as a service. Therefore, a customer who has water and sewer service would qualify as two customers even though they would be billed on one bill.

Under the Martin proposal, the company had a time-share option. Under the time-share option, the company would pay approximately \$110,000 for all of the in-house hardware and billing and general ledger software. For the time-share and software licenses, the proposal required only \$3,600 per month. Additional customers could be added at a cost of \$.75 per customer. Martin defines a customer as a bill. Therefore, a customer who has water and sewer service would qualify as only one customer. The .75 is charged on a per customer basis, not in blocks of 1,000, and is only evaluated for increase once every six months instead of monthly. This proposal also allowed the company to better integrate with its existing PC network. In addition to the license fee, the monthly support charge was about \$1,000 per month and it was estimated that a communication line to South Dakota would cost approximately \$1,000 per month.

Other Considerations, the company has had a problem with Comsoft in the past in regard to the times and costs associated with special programming. While the new software had an expanded capability for report writing, the company did not feel the report writing capability was comparable to that offered by Martin. Additionally, the Martin system was progressing toward a PC based solution in the near future and the cost of bringing the software in-house would be far more cost efficient if this option were elected in the future. The Comsoft program was built on an AS400 architecture, which would require more costly programs in other areas and would make it far more difficult to integrate into the company's present LAN.

ATTACHMENT A

page 1 of 2

Also, Comsoft was in negotiations with another billing company, Billing Concepts, and subsequently merged. Billing Concepts was one of the original packages reviewed and the company was not happy with their organization. Finally, the Comsoft general ledger package was maintained by Comsoft and did not offer the company the flexibility that the Martin System did. Due to the inadequacies in the Comsoft general ledger system, a bid was not requested and is not included in the amounts shown above.

ATTACHMENT A

page 2 of 2

Indiantown Company, Inc.
Final Rates Computation - Water
Test Year Ending: 6/30/99

| Account Number & Name | Total Annual | Adjustments | Adjusted Annual | Base Facility Charge % | Gallonge Charge % | Base Facility Revenue | Gallonge Revenue |
|---------------------------------------|-------------------|-------------------|-------------------|------------------------|-------------------|-----------------------|-------------------|
| 601 Salaries & Wages - Employees | 116,756 | 34,205 | 150,961 | 0.50 | 0.50 | 75,481 | 75,481 |
| 603 Salaries & Wages - Officers, Etc. | - | - | - | 0.50 | 0.50 | - | - |
| 604 Employee Pensions & Benefits | 48,451 | 9,863 | 56,314 | 0.50 | 0.50 | 28,157 | 28,157 |
| 610 Purchased Water | - | - | - | - | 1.00 | - | - |
| 615 Purchased Power | 43,619 | - | 43,619 | - | 1.00 | - | 43,619 |
| 616 Fuel for Power Purchased | 1,764 | - | 1,764 | - | 1.00 | - | 1,764 |
| 618 Chemicals | 8,478 | - | 8,478 | - | 1.00 | - | 8,478 |
| 620 Materials & Supplies | 44,184 | (5,700) | 38,484 | 0.50 | 0.50 | 19,242 | 19,242 |
| 631 Contract Services - Engr. | 27,937 | (27,937) | - | 0.50 | 0.50 | - | - |
| 632 Contract Services - Accl. | 19,512 | - | 19,512 | 0.50 | 0.50 | 9,756 | 9,756 |
| 633 Contract Services - Legl. | 30,268 | (25,287) | 4,981 | 0.50 | 0.50 | 2,491 | 2,491 |
| 634 Contract Services - Mgmt | 220,275 | (132,812) | 87,463 | 0.60 | 0.40 | 52,478 | 34,986 |
| 635 Contract Services - Testing | - | - | - | 0.50 | 0.50 | - | - |
| 636 Contract Services - Othr | 4,486 | 14,811 | 19,297 | 0.50 | 0.50 | 9,649 | 9,649 |
| 641 Rental of Bldg/Real Property | 1,469 | - | 1,469 | 1.00 | - | 1,469 | - |
| 642 Rental of Equipment | - | - | - | 1.00 | - | - | - |
| 650 Transportation Expenses | 4,562 | - | 4,562 | 1.00 | - | 4,562 | - |
| 656 Insurance - Vehicle | 3,126 | - | 3,126 | 1.00 | - | 3,126 | - |
| 657 Insurance - General Liability | 5,254 | - | 5,254 | 1.00 | - | 5,254 | - |
| 658 Insurance - Workers Comp. | 4,046 | - | 4,046 | 1.00 | - | 4,046 | - |
| 659 Insurance - Other | 5,018 | - | 5,018 | 1.00 | - | 5,018 | - |
| 660 Advertising Expense | 649 | - | 649 | 0.50 | 0.50 | 325 | 325 |
| 666 Reg. Comm. Exp. - Rate Case A | 1,590 | 9,332 | 10,922 | 0.50 | 0.50 | 5,461 | 5,461 |
| 667 Reg. Comm. Exp. - Other | - | - | - | 0.50 | 0.50 | - | - |
| 670 Bad Debt Expense | 1,236 | - | 1,236 | 0.50 | 0.50 | 618 | 618 |
| 675 Miscellaneous Expense | 15,019 | 17,206 | 32,225 | 0.50 | 0.50 | 16,113 | 16,113 |
| Total O & M Expense | 605,699 | (106,319) | 499,380 | | | 243,246 | 256,139 |
| Depreciation - Net of CIAC Amort | 39,170 | 12,092 | 51,262 | 0.50 | 0.50 | 25,631 | 25,631 |
| Amortization | - | 5,947 | 5,947 | 0.50 | 0.50 | 2,974 | 2,974 |
| Taxes Other Than Income | | | | | | | |
| RAF's | 21,807 | 9,568 | 31,375 | 0.50 | 0.50 | 15,688 | 15,688 |
| Payroll | 11,854 | 2,617 | 14,471 | 0.50 | 0.50 | 7,236 | 7,236 |
| Real Estate & Personal Prope | 24,468 | 2,393 | 26,861 | 0.50 | 0.50 | 13,431 | 13,431 |
| Other | 60 | - | 60 | 0.50 | 0.50 | 30 | 30 |
| Total Other Taxes | 58,189 | 14,578 | 72,767 | | | 36,385 | 36,385 |
| Income Taxes | - | 16,443 | 16,443 | 0.50 | 0.50 | 8,222 | 8,222 |
| Operating Income | (186,528) | 237,953 | 51,425 | 0.50 | 0.50 | 25,713 | 25,713 |
| Total Rcvnue requirement | | | 697,224 | | | | |
| Remove Miscellaneous Service Revenue | | | (19,912) | 1.00 | - | (19,912) | - |
| Total Revenue for rates | \$ 516,530 | \$ 174,747 | \$ 677,312 | \$ 11 | \$ 677,323 | \$ 322,259 | \$ 355,064 |
| Factored ERC's & Gallons | | | | | | 25,370 | 248,414 |
| Final Rates | | | | | | \$ 12.70 | \$ 1.43 |

ATTACHMENT B

Indiantown Company, Inc.
 Factored ERC's & Gallons - Water
 Test Year Ending: 6/30/99

| | Proj. Test Year Bills | ERC Factor | Factored ERC's | Gallons | Revenue Proof By ERC | |
|--|--------------------------|---------------|-------------------|----------------|-------------------------|----------------|
| 5/8" x 3/4" M Gallons | 18,749 | | 1 | 18,749 | 12.70 | 238,112 |
| | | | | | 1.43 | 259,220 |
| Total Residential | 18,749 | | 18,749 | 181,273 | | 497,332 |
| General Service | | | | | | |
| 5/8" x 3/4" M Gallons | 1924 | 1.0 | 1,924 | | 12.70 | 24,435 |
| 1" M Gallons | 74 | 2.5 | 185 | 24,431 | 1.43 | 34,936 |
| 1 1/2" M Gallons | 57 | 5.0 | 285 | 1,978 | 12.70 | 2,350 |
| 2" M Gallons | 222 | 8.0 | 1,776 | 1,978 | 1.43 | 2,829 |
| 3" M Gallons | 11 | 15.0 | 165 | 2,719 | 12.70 | 3,620 |
| 4" M Gallons | 12 | 25.0 | 300 | 24,720 | 1.43 | 3,888 |
| 6" M Gallons | 12 | 50.0 | 600 | 81 | 12.70 | 22,555 |
| 8" M Gallons | 12 | 90.0 | 1,080 | 5,562 | 1.43 | 35,350 |
| | | | | | 12.70 | 2,096 |
| | | | | | 1.43 | 116 |
| | | | | | 12.70 | 3,810 |
| | | | | | 1.43 | 7,954 |
| | | | | | 12.70 | 7,620 |
| | | | | | 1.43 | 157 |
| | | | | | 12.70 | 13,716 |
| | | | | | 1.43 | 10,782 |
| Total General Service | 2,324 | | 6,315 | 67,141 | | 176,214 |
| Private Fire Protection (Equivalency used is 1/12 of normal factor) | | | | | | |
| 4" | 75 | 2.083 | 156 | | 12.70 | 1,984 |
| 6" | 36 | 4.167 | 150 | | 12.70 | 1,905 |
| Total Irrigation | 111 | | 306 | 0 | | 3,889 |
| Total Company | 14,349 | | 25,370.25 | 248,414 | | 677,435 |
| Revenue required | | | | | | (677,312) |
| Revenue over (short) | | | | | | 123 |

Indiantown Company, Inc.
 Final Rates Computation - Sewer
 Test Year Ending: 6/30/99

| Account Number & Name | Total Annual | Adjustment | Adjusted Annual | Base Facility Charge % | Gallage Charge % | Base Facility Revenue | Gallage Revenue |
|---------------------------------------|------------------|------------------|--------------------|------------------------|--------------------|-----------------------|-------------------|
| 701 Salaries & Wages - Employees | 112,692 | 54,139 | 166,831 | 0.50 | 0.50 | 83,416 | 83,415 |
| 703 Salaries & Wages - Officers, Etc. | - | - | - | 0.50 | 0.50 | - | - |
| 704 Employee Pensions & Benefits | 51,456 | 12,297 | 63,753 | 0.50 | 0.50 | 31,877 | 31,876 |
| 710 Purchased Sewage Treatment | - | - | - | - | 1.00 | - | - |
| 711 Sludge Removal Expense | 54,750 | 20,250 | 75,000 | - | 1.00 | - | 75,000 |
| 715 Purchased Power | 59,824 | 12,000 | 71,824 | - | 1.00 | - | 71,824 |
| 716 Fuel for Power Purchased | 1,619 | - | 1,619 | - | 1.00 | - | 1,619 |
| 718 Chemicals | 6,395 | - | 6,395 | - | 1.00 | - | 6,395 |
| 720 Materials & Supplies | 26,245 | - | 26,245 | 0.50 | 0.50 | 13,123 | 13,122 |
| 731 Contractual Services - Engr. | 45,055 | (21,055) | 24,000 | 0.50 | 0.50 | 12,000 | 12,000 |
| 732 Contractual Services - Acct. | 12,957 | - | 12,957 | 0.50 | 0.50 | 6,479 | 6,478 |
| 733 Contractual Services - Legal | 30,627 | (25,287) | 5,340 | 0.50 | 0.50 | 2,670 | 2,670 |
| 734 Contractual Services - Mgmt. Fee | 216,322 | (128,706) | 87,616 | 0.55 | 0.45 | 48,189 | 39,427 |
| 735 Contractual Services - Testing | - | - | - | 0.50 | 0.50 | - | - |
| 736 Contractual Services - Other | 42,695 | 51,770 | 94,465 | 0.55 | 0.45 | 51,956 | 42,509 |
| 741 Rental of Building/Real Prop. | 23,522 | 4,911 | 28,433 | 1.00 | - | 28,433 | - |
| 742 Rental of Equipment | - | - | - | 1.00 | - | - | - |
| 750 Transportation Expenses | 4,186 | - | 4,186 | 1.00 | - | 4,186 | - |
| 756 Insurance - Vehicle | 5,508 | - | 5,508 | 1.00 | - | 5,508 | - |
| 757 Insurance - General Liability | 2,525 | - | 2,525 | 1.00 | - | 2,525 | - |
| 758 Insurance - Workman's Comp. | 1,477 | - | 1,477 | 1.00 | - | 1,477 | - |
| 759 Insurance - Other | 3,356 | - | 3,356 | 1.00 | - | 3,356 | - |
| 760 Advertising Expense | 649 | - | 649 | - | 1.00 | - | 649 |
| 766 Reg. Comm. Exp. - Rate Case A | 1,590 | 7,488 | 9,078 | 0.75 | 0.25 | 6,809 | 2,269 |
| 767 Reg. Comm. Exp. - Other | - | - | - | 0.50 | 0.50 | - | - |
| 770 Bad Debt Expense | 1,094 | - | 1,094 | 0.50 | 0.50 | 547 | 547 |
| 775 Miscellaneous Expenses | 18,843 | 23,072 | 41,915 | 0.50 | 0.50 | 20,958 | 20,957 |
| Total O & M Expense | 723,387 | 10,879 | 734,266 | \$ - | \$ 734,266 | 323,509 | 410,757 |
| Depreciation - Net of CIAC Amort | 32,493 | 37,506 | 69,999 | 0.50 | 0.50 | 35,000 | 34,999 |
| Amortization | - | 5,947 | 5,947 | 0.50 | 0.50 | 2,974 | 2,973 |
| Taxes Other Than Income | | | | | | | |
| RAF's | 25,001 | 21,046 | 46,047 | 0.50 | 0.50 | 23,024 | 23,023 |
| Payroll | 12,503 | 4,142 | 16,645 | 0.50 | 0.50 | 8,323 | 8,322 |
| Real Estate & Personal Prope | 33,325 | 6,082 | 39,407 | 0.50 | 0.50 | 19,704 | 19,703 |
| Other | 60 | - | 60 | 0.50 | 0.50 | 30 | 30 |
| Total Other Taxes | 70,889 | 31,270 | 102,159 | | | 51,081 | 51,078 |
| Income Taxes | - | 26,738 | 26,738 | 0.50 | 0.50 | 14,369 | 14,369 |
| Operating Income | (253,310) | 335,458 | 82,148 | 0.50 | 0.50 | 41,074 | 41,074 |
| Total Revenue requirement | | | 1,023,267 | | | | |
| Remove Miscellaneous Service Revenue | | | (256) | 1.00 | - | (256) | - |
| Total Revenue for rates | \$573,459 | \$449,798 | \$1,023,001 | \$ - | \$1,023,001 | \$467,751 | \$ 555,250 |
| Factored ERC's & Gallons | | | | | | 22,148.0 | 122,016 |
| Final Rates - Base | | | | | | \$ 21.12 | |
| Factored gallonage rate | | | | | | | \$ 4.55 |
| Gallonage - Residential | | | | | | | \$ 3.64 |
| Gallonage - General service | | | | | | | \$ 4.28 |

Indiantown Company, Inc.
 Factored ERC's & Gallons - Sewer
 Test Year Ending: 6/30/99

| | Proj. Test Year Bills | ERC Factor | Factored ERC's | Gallons | Revenue Proof By ERC | |
|--|--------------------------|---------------|-------------------|----------------|-------------------------|--------------------|
| 5/8" x 3/4" M Gallons | 18,367 | 1 | 18,367 | 89,967 | 21.12 3.64 | 387,911 327,480 |
| Total Residential | 18,367 | | 18,367 | 89,967 | | 715,391 |
| Gallons for rates (80% of total residential) | | | | 71,974 | | |
| General Service | | | | | | |
| 5/8" x 3/4" M Gallons | 1565 | 1.0 | 1,565 | 20,500 | 21.12 4.28 | 33,053 87,740 |
| 1" M Gallons | 77 | 2.5 | 193 | 1,767 | 21.12 4.28 | 4,066 7,520 |
| 1 1/2" M Gallons | 55 | 5.0 | 275 | 2,723 | 21.12 4.28 | 5,808 11,654 |
| 2" M Gallons | 181 | 8.0 | 1,448 | 22,694 | 21.12 4.28 | 30,582 97,130 |
| 3" M Gallons | | 15.0 | 0 | | 21.12 4.28 | 0 0 |
| 4" M Gallons | 12 | 25.0 | 300 | 5,562 | 21.12 4.28 | 6,336 23,805 |
| 6" M Gallons | | 50.0 | 0 | | 21.12 4.28 | 0 0 |
| 8" M Gallons | | 90.0 | 0 | | 21.12 4.28 | 0 0 |
| Total General Service | 1,690 | | 3,781 | 53,236 | | 307,694 |
| Gallons for rates (94% of total commercial) | | | | 50,042 | | |
| Total Company | 14,349 | | 22,148 | 143,203 | | 1,023,085 |
| Revenue required | | | | | | (1,023,001) |
| Revenue over (short) | | | | | | 84 |

PERMITTEE: Indiantown Company
P. O. BOX 397
Indiantown, FL 34956

PERMIT NUMBER: FL0029939-003-DW1
EXPIRATION DATE: January 11, 2004
FACILITY I.D. NO.: FL0029939

Land Application: An existing 0.4 mgd annual average daily flow (AADF) permitted capacity rapid infiltration basin permitted under Rule 62-610.500, FAC (Part IV), (R001) consisting of seven (7) percolation ponds (10.0 Acres) located at the Wastewater Treatment Plant (WWTP) site. Land application system R001 is located approximately at latitude 27° 00' 49" N, longitude 80° 28' 32" W.

Land Application: An existing 0.107 mgd AADF permitted capacity rapid infiltration basin permitted under Rule 62-610.500, FAC (Part IV), (R002) consisting of two percolation ponds (4.0 Acres) several miles from the wastewater treatment plant site. Land application system R002 is located approximately at latitude 27° 00' 50" N, longitude 80° 28' 25" W. and two (2) emergency overflow lines which have the potential to discharge to an unnamed drainage ditch to St. Lucie Waterway (Class III fresh waters) are located approximately at latitude 27° 00' 50" N, longitude 80° 28' 25" W.

Land Application: An existing 0.143 mgd AADF permitted capacity slow-rate restricted public access system permitted under Rule 62-610.400, FAC (Part II), (R003) consisting of 25-acres nursery operation. The site is not operational until the irrigation system is repaired. Land application system R003 is located approximately at latitude 27° 00' 50" N, longitude 80° 28' 25" W.

IN ACCORDANCE WITH: The limitations, monitoring requirements and other conditions as set forth in Pages 1 through 36 of this permit.

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ATTACHMENT C