



Public Service Commission

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DATE: AUGUST 24, 2000

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ECONOMIC REGULATION (CASEY, T. DAVIS, RENDELL)
DIVISION OF LEGAL SERVICES (VAN LEUVEN)

RE: DOCKET NO. 991627-WU - APPLICATION FOR A RATE INCREASE BY
PARK WATER COMPANY, INC.
COUNTY: POLK

AGENDA: 09/05/00 - REGULAR AGENDA - PROPOSED AGENCY ACTION, EXCEPT
ISSUES NOS. 20, 21, AND 22 - INTERESTED PERSONS MAY
PARTICIPATE

CRITICAL DATES: 5-MONTH EFFECTIVE DATE: 09/19/00

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\WAW\WP\991627WU.RCM

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FPSC-RECORDS/REPORTING

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CASE BACKGROUND

On May 14, 1996, the Board of County Commissioners of Polk County (County) adopted a resolution, pursuant to Section 367.171, Florida Statutes, declaring the water and wastewater utilities in the County subject to the provisions of Chapter 367, Florida Statutes. The resolution was acknowledged by this Commission by Order No. PSC-96-0896-FOF-WS, issued July 11, 1996, in Docket No. 960674-WS.

Park Water Company, Inc. (Park or utility) is a Class C utility which provides water service to single family residences, duplexes, mobile homes, and general service customers in Polk County. The following was obtained from the utility's 1999 annual report:

<u>Number of Customers</u>	<u>Operating Revenues</u>	<u>Operating Expenses</u>	<u>Net Operating Income</u>
814	\$190,113	\$185,460	\$4,653

The utility, in its minimum filing requirements (MFRs) requested the following:

<u>Requested Revenue Increase</u>	<u>Requested Annual Revenues</u>	<u>Requested Rate of Return</u>
\$46,825	\$236,988	10.01%

According to the application, the utility was incorporated in the State of Florida on September 12, 1955, under the name of Crooked Lake Park Water Company, Inc. The name was changed to Park Water Company, Inc. on September 9, 1996.

Park originally requested a staff assisted rate case application but learned that it would not be eligible because its annual revenues were over \$150,000. Although Park is considered a Class C utility by National Association of Regulatory Utility Commissioners (NARUC) standards (annual revenues of less than \$200,000), it is not eligible for a staff assisted rate case since the company's annual revenues are above \$150,000, pursuant to Section 367.0814(1), Florida Statutes. To obtain rate relief, the utility initiated this file and suspend rate case, pursuant to Section 367.081, Florida Statutes. Staff assisted the utility with its MFRs, rate case synopsis, initial customer notice, customer meeting notice, and actual filing with the Commission, since it is a Class C utility which was grandfathered in under Commission

jurisdiction from Polk County and the utility has no experience with a file and suspend rate case.

Park filed this application for a rate increase on October 29, 1999. Staff found several deficiencies in the minimum filing requirements. These deficiencies were subsequently corrected, and April 19, 2000, was established as the official filing date. The utility requested that this application be processed using the Commission's Proposed Agency Action (PAA) procedure, and did not request interim rates. By Commission Order No. PSC-00-1161-PCO-WU, issued June 26, 2000, the Commission suspended Park Water's proposed rates in accordance with Section 367.081(6), Florida Statutes, pending further investigation.

In preparation for this recommendation, staff audited the utility's records for compliance with Commission rules and orders and examined all components necessary for rate setting. The staff engineer also conducted a field investigation, which included a visual inspection of the water plant and water distribution facilities along with the service area. The utility's operating expenses, maps, files and rate application were also reviewed to determine reasonableness of maintenance expenses, regulatory compliance, utility plant-in-service, and quality of service. The utility's rate case is based on an historical base year of December 31, 1999.

Two customer meetings were conducted on June 15, 2000 at the Lake Wales Community Center in Lake Wales, Florida. An afternoon meeting was held with staff and representatives of homeowner's associations, and an evening general session, chaired by Commissioners, was held for all customers (See P. 5). Approximately 12 customers, the utility president, and a representative of the Polk County Health Department attended the evening meeting conducted by two Florida Public Service Commissioners and Commission staff. Approximately three customers chose to give comments regarding the utility's quality of service, the proposed rate increase, and other issues related to the case. Quality of Service and Customer Service issues are discussed in Issue No. 1.

DISCUSSION OF ISSUES

ISSUE 1: Is the quality of service provided by Park Water Company, Inc. considered satisfactory?

RECOMMENDATION: Yes, the quality of service provided by Park Water Company, Inc. should be considered satisfactory. (T.DAVIS)

STAFF ANALYSIS: Rule 25-30.433(1), Florida Administrative Code, states that:

The Commission in every rate case shall make a determination of the quality of service provided by the utility. This shall be derived from an evaluation of three separate components of water and wastewater utility operations: quality of the utility's product (water and wastewater); operational conditions of the utility's plant and facilities; and the utility's attempt to address customer satisfaction. Sanitary surveys, outstanding citations, violations and consent orders on file with the Department of Environmental Protection (DEP) and the county health departments (HRS) or lack thereof over the preceding 3-year period shall also be considered. DEP and HRS officials' comments or testimony concerning quality of service as well as the complaints or testimony of utility's customers shall be considered.

Staff's analysis below addresses each of these three components.

The utility's service area is located south of Lake Wales, Florida, which is in Polk County. The utility provides water service to 740 residential customers (740 ERCs) and 10 general service customers (74 ERCs). The utility obtains its raw water from 2 wells in the area surrounding the water plant. The water treatment plant includes a 305,000 gallon stand pipe storage facility.

QUALITY OF UTILITY'S PRODUCT

In Polk County, the potable water program is regulated by the Polk County Health Department (PCHD). According to the PCHD, the utility is currently up-to-date with all chemical analysis and all test results have been satisfactory for the past three years. The utility's testing program indicates that it serves water which meets or exceeds all standards for safe drinking water and the water quality is considered satisfactory.

OPERATIONAL CONDITIONS AT THE PLANT

The quality of the utility's plant-in-service is generally reflective of the quality of the utility's product. The water plant has recently been upgraded to include sufficient storage capacity to supply the service area with drinking water at pressures between 45 to 49 psi. The utility is currently completing the construction of a high service pumping station sufficient to maintain fire flow pressure of 60 psi. This new high service station is equipped with an auxiliary power generator for emergency outages, and will be backed up by a future interconnection with the City of Lake Wales. Maintenance of the buildings which house the wells and pumps at the water treatment plant are satisfactory. The operator's work space inside the building is tidy. Although the PCHD has had a few minor plant-in-service deficiencies over the last three years, the utility's compliance with these issues was responsive. Currently, there are no outstanding violations, citations, or corrective orders. The operational conditions at the water treatment plant is considered satisfactory.

UTILITY'S ATTEMPT TO ADDRESS CUSTOMER SATISFACTION

The two customer meetings held on June 15, 2000, were complimentary to the utility with the exception of one customer, Mr. Fraizer, who said that the water has dirt and other particles in it. Mr. Fraizer expressed the need for the utility to make improvements to the existing lines, and wanted the utility to provide fire protection. This customer lives in the older neighborhood east of U.S. Highway 27 where the mains are primarily 2 inch and 4 inch. The street where Mr. Fraizer lives has a flush valve about half way along the street, above Mr. Fraizer's home, and not at the end of the cul-de-sac below his home. The utility has agreed to provide a two inch flush valve at the end of the street to flush out any particles that may be collecting at the end of the water line. The smaller sized lines in Mr. Fraizer's neighborhood will not support fire hydrants. The utility has future plans to replace the smaller lines along the major throughways, at which time, fire protection will be more evenly distributed. Meanwhile, staff has had discussions with the utility owner about a more immediate resolution to the fire flow problem in the older neighborhoods. The utility has agreed to install two fire hydrants along First Avenue North which would qualify the eastern portion of the service area for fire credit on homeowners' insurance policies.

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By all appearances, the utility is putting forth a good faith effort to provide the best quality service within its means. After considering the three components discussed above, staff recommends that the quality of service provided by Park Water Company, Inc. should be considered satisfactory.

ISSUE 2: Should the Commission approve a year-end rate base for Park?

RECOMMENDATION: Yes, the Commission should approve a year-end rate base for Park to allow it an opportunity to earn a fair return on the utility investment made during the test year and to insure compensatory rates in this rate case. (CASEY)

STAFF ANALYSIS: The utility was required to make major plant additions of \$461,414 during the test year ending December 31, 1999 which represents over 52% of its rate base. To allow the utility an opportunity to recover the amount spent on plant improvements, the utility should be allowed a year-end rate base.

The Commission has the authority to apply a year end rate base. Citizens of Florida v. Hawkins, 356 So. 2d 254, (Fla. 1978). Historically, it has only been applied in extraordinary circumstances. Id. Staff believes that extraordinary circumstances do exist in this docket because the utility has made major improvements representing over 52% of its rate base during the test year. See Order No. PSC-96-1147-FOF-WS, issued September 12, 1996, in Docket. No. 951258-WS (DEP requirements requiring upgrade of wastewater treatment plant deemed extraordinary circumstances), and Order No. PSC-98-0763-FOF-SU, issued June 3, 1998 in Docket No. 971182-SU (Improvements representing 36.07% of total plant deemed extraordinary circumstances). The year end rate base will provide the utility with an opportunity to recover the investment made to comply with Health Department standards and will insure compensatory rates for this utility in this rate case. Moreover, pursuant to Section 367.081(2)(a), Florida Statutes, the Commission is required to consider the investment in plant made by the utility in the public service. Therefore, staff recommends that the Commission approve a year end rate base for this utility.

ISSUE 3: Should a growth allowance be included in the calculations of used and useful plant?

RECOMMENDATION: Yes. Due to recent actual growth activity since the test year, staff recommends that the usual method of regression analysis (based upon historical growth) does not result in a valid growth projection. Instead, staff recommends that the conclusions of the Knepper & Willard, Inc. report estimating a growth of approximately 40 equivalent residential connections (ERCs) per year for the distribution system be adopted, that 40 ERCs times the five-year growth period times 315 gallons per day per ERC or 63,154 gallons per day be used as the growth allowance for the water treatment plant, and that 200 ERCs or connections be used as the growth allowance for the water distribution system. (T. DAVIS)

STAFF ANALYSIS: Section 367.081(2)(a)(2), Florida Statutes, requires that the Commission consider utility property needed to serve customers five years after the end of the test year used and useful in the Commission's final order on a rate request. This growth rate for ERCs should not exceed five percent per year. In accordance with Section 367.081(2)(a)(2)(b), Florida Statutes, a five year period has been used in staff's calculations.

Growth for the Park Water Company's service area is undergoing a tremendous up-swing, causing additions to the plant and the distribution system. The utility hired Knepper & Willard, Inc. (an engineering & consulting company) to do a feasibility study and report on improvements necessary to match growth. The report, issued February, 2000, advised the utility how to achieve "a system of handling flows for expansion and fire flow demand while maintaining a solid operating pressure around 60 psi." The Knepper & Willard, Inc. report included demand projections based on population with the year 1999 having a population of 1,900. This equates to 2.4 persons per ERC when compared to the 801 ERCs calculated by staff. The Knepper & Willard, Inc. report projected the population of the utility to be 2400 people by the year 2004. Based upon 2.4 people per ERC this would result in 1000 ERCs in 2004, a growth of 199 ERCs in five years, or 40 ERCs per year. Since the end of the test year, the utility has added a local Moose Lodge and a mobile home park. A large adult living facility is now under construction and will soon be connected. In addition, several new customers are waiting to be connected as soon as the utility completes other water main extensions.

Staff's usual method of projecting growth is regression analysis where the historical growth for the past five years is projected into the future to estimate the number of ERCs expected

for a given year. Park Water experienced a decreasing growth slope over the past five years. Consequently, the usual method of regression analysis resulted in a negative growth for future years. Recent actual increases in growth indicate that the results of the regression analysis calculations were not appropriate in this instance. Therefore, staff recommends that the projections of Knepper & Willard, Inc. be used instead. While this is a deviation from the usual Commission practice, the 199 ERC estimated growth over the next five years (40 ERCs per year) does not exceed the five percent per year specified in section 367.081(2)(a)(2)(b), Florida Statutes. Forty ERCs per year times the five-year growth period times 315 gallons per ERC results in 63,154 gallons per day growth allowance for the water treatment plant.

ISSUE 4: What portions of water plant and distribution system are used and useful?

RECOMMENDATION: The water treatment plant should be considered 46.34% used and useful, and the water distribution system should be considered 55.52% used and useful with the exception of that portion of Account Number 309 (Supply Mains) related to the interconnection with the City of Lake Wales and Account Number 334 (Meters and Meter Installations) which should both be considered 100% used and useful. (T. DAVIS)

STAFF ANALYSIS: Water Treatment Plant - The water treatment plant draws raw water from two wells at a total rate of 4,000 gpm. Well number one is equipped with a 30 horsepower vertical turbine pump, and has a rated capacity of 1,500 gpm. Well number two is equipped with a 60 horsepower vertical turbine pump that has a rated capacity of 2,500 gpm. To properly evaluate an open system plant, the highest capacity well is removed from the calculation to compensate for any emergency that would render a well "out-of-service." Well-point draw down and groundwater recovery time limits the well to a reliable extraction time equal to a 12 hour day. Park's water plant's firm reliable capacity of the system, with the highest capacity well removed from the calculation plus the storage capacity, minus the dead storage space, is 1.381 million gallons per day (1,500 gpm X 12 hour day + 305,000 gallons in storage - 3,854 gallons of dead storage).

From the growth activity witnessed during the engineering field audit, it is believed that the Knepper & Willard, Inc. report, discussed in Issue 3, is a more accurate estimate, and would be more appropriate than the results of the regression formula which is based on unusual historical data. Therefore, it is recommended that, since 40 ERCs per year does not exceed 5% a year, it should be used as the growth factor for the used and useful calculation.

By the formula, it is recommended that the water treatment plant be considered 46.34% used and useful. This is calculated by taking the five maximum days average flow to which are added the growth allowance and the fire flow requirements and subtracting the excess unaccounted for water which produces the flows that are then divided by the plant capacity. The calculation is summarized in Attachment A, page 1 of 2, to this issue.

The 46.34% used and useful should be applied to the following accounts:

- 304 Structures and Improvements
- 307 Wells and Springs
- 309 Supply Mains (except the 10,400 LF noted below)
- 310 Power Generation Equipment
- 311 Pumping Equipment
- 320 Water Treatment Equipment

Water Distribution System - The water distribution system is estimated to have the potential of serving 1,803 ERCs (2,013 total capacity in ERCs minus those 210 ERCs associated with contributed lines) without the construction of additional distribution mains. These lines were removed in making this calculation because they were future customers and contributed, therefore, they have a negative effect on rate base. The end of year number of ERCs served are 801 (814 total active ERCs minus those 13 ERCs associated with contributed lines). Growth over the past five years has been static, however, the Knepper & Willard, Inc. report projects the population to be 2,400 in the year 2004, or 1000 ERCs. As discussed in Issue 3, a growth of 40 ERCs per year is considered reasonable. By the formula, which calculates ERCs currently being served (801) plus a growth factor (40 ERCs) divided by potential ERCs (1,803) that can be served without expansion, it is recommended that the water distribution system be considered 55.52% used and useful (See Attachment A, page 2 of 2), with the exception of Account Numbers 334 & 336 (Meters & Meter Installations, and Backflow Prevention Devices) which are installed based upon growth and should be considered 100% used and useful. And, because the supply main related to the interconnect fulfills a requirement by the Polk County Health Department for a secondary water source, the portion of Account Number 309 (Supply Mains) directly related to the 10,400 linear feet of eight inch PVC which was constructed as an interconnect with the City of Lake Wales should be considered 100% used and useful. There were two lines installed during the test year and contributed by the two customers. For purposes of this recommendation, since these lines were contributed, staff considered them 100% used and useful.

The 55.52% used and useful should be applied to the following accounts:

- 330 Distribution Reservoirs and Standpipes
- 331 Transmission and Distribution Mains
- 333 Services
- 335 Hydrants

WATER TREATMENT PLANT - USED AND USEFUL DATA

Docket No. 991627-WU - Park Water Company, Inc.

- 1) **Firm Reliable Capacity of Plant** 1,381,146 gallons per day
- 2) **Average of 5 Highest Days From Maximum Month** 456,800 gallons per day
- 3) **Average Daily Flow** 252,932 gallons per day
- 4) **Fire Flow Capacity** 120,000 gallons per day
 - a) Required Fire Flow: 1,000 gallons per minute for 2 hours (State if utility is not providing required fire flow)
- 5) **Growth** 63,154 gallons per day
 - a) Test year Customers in ERCs:

Begin	787
End	801
Average	794
 - (Due to plant additions in 1999, Use end of year customer count)
 - b) Customer Growth in ERCs 40 ERCs
 - c) Statutory Growth Period 5 Years
 - (b)x(c)x [3\ (a)] = 63,154 gallons per day for growth
- 6) **Excessive Unaccounted for Water** 0 gallons per day
 - a) Total Unaccounted for Water 21,501 gallons per day
 - Percent of Average Daily Flow 9
 - b) Reasonable Amount 25,293 gallons per day
 - (10% of average Daily Flow)
 - c) Excessive Amount 0 gallons per day

USED AND USEFUL FORMULA

$$[(2) + (4) + (5) - (6)] / (1) = 46.34\% \text{ Used and Useful}$$

WATER DISTRIBUTION SYSTEM - USED AND USEFUL DATA

Docket No. 991627-WU - Park Water Company, Inc.

- | | |
|--|-------------------|
| 1) Capacity of System (Number of Potential Customers, ERCs or Lots Without Expansion) | 1,803 connections |
| 2) Test year connections | |
| a) Beginning of Test Year | 787 connections |
| b) End of Test Year | 801 connections |
| c) Average Test Year | 794 connections |
| 3) Growth | 200 connections |
| (Due to plant additions in 1999, Use end of year customer count) | |
| a) customer growth in connections for last 5 years including Test Year using Regression Analysis | 40 connections |
| b) Statutory Growth Period | 5 Years |
| (a)x(b) = 200 connections allowed for growth | |

USED AND USEFUL FORMULA

$$[(2b)+(3)]/(1) = 55.52\% \text{ Used and Useful}$$

ISSUE 5: What adjustments, if any, should be made to the utility's plant-in-service, land and land rights, non-used and useful plant, accumulated depreciation, and depreciation expense?

RECOMMENDATION: Plant-in-service should be increased by \$130,930, land and land rights should be increased by \$100, non-used and useful plant should be increased by \$190,128, accumulated depreciation should be decreased by \$29,722, and depreciation expense should be increased by \$1,970. (CASEY, T. DAVIS)

STAFF ANALYSIS: During the course of this rate case, staff auditors conducted an audit of Park's minimum filing requirement (MFR) schedules. The audit report contained a number of exceptions and recommendations for adjustments. No response to the audit has been received by the Commission.

Plant in Service

The staff audit showed utility plant was charged to operation and maintenance expenses during the test year. Staff recommends the following adjustments to capitalize the expensed utility plant:

Reclassify plant from Acct. #675 to Acct. #304 per AE #2.	\$ 639
Reclassify plant from Acct. #675 to Acct. #311 per AE #2.	1,442
Reclassify plant from Acct. #675 to Acct. #341 per AE #7.	2,663
Reclassify plant from Acct. #675 to Acct. #334 per AE #10.	858
Reclassify plant from Acct. #675 to Acct. #335 per AE #10.	795
Reclassify plant from Acct. #620 to Acct. #343 per AE #13.	<u>2,017</u>
Total	\$ <u>8,414</u>

The utility has requested the Commission include the following pro forma plant in this docket:

<u>Account No.</u>	<u>Description</u>	<u>Cost</u>
334	Water Meter Replacement Program	\$ 64,797
304	Pump House	20,018
310	Emergency Generator	18,574
311	High Service Pumps	<u>62,325</u>
	Total	<u>\$165,714</u>

Generally, the Commission does not include pro forma plant in a file and suspend rate case unless it is requested in the utility's MFRs or a projected test year is submitted. The utility did not submit a projected test year or request pro forma with its MFRs. As discussed in the case background, this utility is still a Class

C utility and did not have the knowledge or desire to hire outside consultants needed to request the pro forma in the MFRs. However, during the audit, the utility did submit copies of signed contracts detailing all the work and costs for the pump house project which includes the pump house, emergency generator, and high service pumps. Staff reviewed the contracts and believes that the above pro forma plant is reasonable and prudent, that it is being installed for the benefit of the customers, and that it is needed due to the high growth rate (40 ERCs per year) being experienced by the utility. The pump house project is scheduled to be completed August 30, 2000. One adjustment should be made to this pro forma plant. The meter change-out program is a three year program and only one year of the meter change-out costs (\$21,599) should be included. Therefore, staff recommends pro forma plant of \$122,516 be included in rate base.

Land and Land Rights

Per Audit Exception No. 3, the original cost of the land is not reflected in the MFRs, and is not recorded in the utility books. The cost of the land was transferred to the utility at a value of \$100 according to the warranty deed (Book 492, page 513) reflecting documentary stamps of \$0.20 filed May 19, 1961. Staff recommends an adjustment to utility test year land of \$100.

Non-Used and Useful Plant: As discussed in Issue No. 4, the water treatment plant should be considered 46.34% used and useful and the water distribution system should be considered 55.52% used and useful. The non-used and useful percentages times the appropriate accounts reflect non-used and useful plant of (\$283,486), and non-used and useful accumulated depreciation of \$93,358. Accordingly, staff made an adjustment of (\$190,128) to reflect Park's non-used and useful water plant.

Accumulated Depreciation

Polk County processed a rate case for this utility using a test year ending December 31, 1995. Both Polk County and the utility used depreciation rates which were not consistent with Rule 25-30.140, Florida Administrative Code. To calculate depreciation for this rate case, staff started with balances approved by Polk County as of December 31, 1995 and worked forward using depreciation rates in accordance with Rule 25-30.140, Florida Administrative Code. Staff recommends an adjustment of \$36,254 be made to test year accumulated depreciation. Staff also recommends an adjustment of (\$6,532) be made to accumulated depreciation to

include one year of depreciation on staff's recommended pro forma plant.

Schedule 1-B summarizes the above recommended adjustments which would result in a total reduction to test year accumulated depreciation of \$29,722.

Depreciation Expense

The utility MFRs include a depreciation expense of \$15,068. Staff calculated test year depreciation in accordance with Rule 25-30.140, Florida Administrative Code, which resulted in a depreciation figure of \$19,086. Staff also calculated one year of depreciation on pro forma plant to be \$6,532. Staff recommends an adjustment of \$10,550 be made to reflect test year depreciation calculated in accordance with Rule 25-30.140, Florida Administrative Code.

Staff calculated non-used and useful test year depreciation expense which resulted in a figure of (\$8,580). Staff recommends an adjustment to test year depreciation of (\$8,580) to reflect non-used and useful test year depreciation expense.

Accordingly, depreciation expense should be increased by \$1,970. Test year CIAC amortization is discussed in Issue No. 6. Schedule No. 3B (Page 2) summarizes the above recommended adjustments.

ISSUE 6: What adjustments, if any, should be made to Contributions-in-Aid-of-Construction, Accumulated Amortization of CIAC, and CIAC amortization?

RECOMMENDATION: CIAC should be increased by \$90,110, accumulated amortization should be increased by \$32,390, and CIAC amortization expense should be increased by \$2,997. (CASEY)

STAFF ANALYSIS: The utility MFRs showed \$100,406 of CIAC and \$1,241 of accumulated amortization for the test year. Audit Exception No. 5 states that the utility did not include the CIAC or accumulated amortization approved by Polk County as of December 31, 1995, and did not include any additions up to the test year. Accordingly, staff recommends that CIAC be increased by \$90,110, and accumulated amortization be increased by \$32,390.

The utility's MFRs include test year CIAC amortization of \$1,241. Staff calculated amortization using rates in accordance with Rule 25-30.140, Florida Administrative Code where applicable, and used composite depreciation rates where no specific plant could be identified, which resulted in a test year amortization expense of \$4,238. Therefore, staff recommends an increase in CIAC amortization of \$2,997.

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ISSUE 7: What is the appropriate working capital allowance?

RECOMMENDATION: The appropriate amount of working capital should be \$18,183. (CASEY)

STAFF ANALYSIS: Rule 25-30.433(2), Florida Administrative Code, requires that Class C utilities use the formula method (one-eighth of operation and maintenance (O & M) expenses) to calculate working capital. The utility used the formula method and included a working capital of \$18,910 in its MFRs. Staff has recommended several adjustments to the utility's balance of O & M expenses which results in an adjusted working capital of \$18,183. Staff recommends an adjustment of (\$727) to test year working capital.

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ISSUE 8: What is the appropriate rate base?

RECOMMENDATION: The appropriate year-end rate base for Park for the test year ended December 31, 1999 should be \$383,388. (CASEY, T. DAVIS)

STAFF ANALYSIS: Staff has calculated Park's year-end rate base using the utility's MFRs with adjustments as recommended in the preceding issues resulting in a rate base of \$383,388.

ISSUE 9: What is the appropriate rate of return on equity and the appropriate overall rate of return for this utility?

RECOMMENDATION: The appropriate rate of return on equity should be 9.94% with a range of 8.94% - 10.94% and the appropriate overall rate of return should be 9.98% with a range of 9.71% - 10.25%. (CASEY)

STAFF ANALYSIS: Based on the staff audit, the utility's capital structure consists of long term debt of \$357,858 at a cost of 10.00%, customer deposits of \$510 at a cost of 6.00%, and common equity of \$129,471. Using the current leverage formula approved by Order No. PSC-00-1162-PAA-WS, issued June 26, 2000, in Docket No. 000006-WS, the rate of return on common equity should be 9.94% with a range of 8.94% - 10.94%.

Applying the weighted average method to the total capital structure yields an overall rate of return of 9.98% with a range of 9.71% - 10.25%. The company's test year capital structure balance has been adjusted to match the total of the water rate base.

Park's return on equity and overall rate of return are shown on Schedule No. 2.

ISSUE 10: What is the appropriate test year operating revenue?

RECOMMENDATION: The appropriate test year operating revenue should be \$182,486. (CASEY)

STAFF ANALYSIS: Park's records indicated revenues of \$190,113 for the test year ending December 31, 1999. The utility made an adjustment of \$46,875 to reflect its 24.65% requested increase of test year revenues to \$236,988.

Staff made adjustments of (\$7,735) to remove CIAC collected during the test year and included as income, \$108 to include miscellaneous income for rental of utility equipment (backhoe) during the test year, and (\$46,875) to remove the utility's requested rate increase to reflect staff's calculated test year revenue. Staff recommends test year revenues of \$182,486.

ISSUE 11: What adjustments, if any, should be made to test year operation and maintenance expenses?

RECOMMENDATION: Operation and maintenance expenses should be reduced by \$5,821 as detailed in the staff analysis. (CASEY, T. DAVIS)

STAFF ANALYSIS: The utility's MFRs included operation and maintenance expenses of \$151,281 for the test year. A summary of adjustments that were made to the utility's recorded expenses follows:

(615) Purchased Power - The utility recorded a test year purchased power expense of \$7,740. Staff made an adjustment of \$917 to reflect the estimated additional purchased power expense which will be incurred by the new high service pumps included in pro forma plant, and made an adjustment of \$244 to annualize the purchased power expense as recommended by Audit Exception #12.

(616) Fuel for Power Production - The utility did not record any amount in this account during the test year. However a \$46 propane fuel expense for the emergency generator was discovered in the chemical expense account. Staff reclassified the emergency generator fuel expense to Account No. 616.

(618) Chemicals - The utility recorded a chemical expense of \$1,769 during the test year. Staff made an adjustment of (\$46) to reclassify an emergency generator propane fuel expense to Account No. 616, and made an adjustment of (\$55) to reclassify a chemical test kit to Account No. 620.

(620) Materials and Supplies - The utility recorded materials and supplies expenses of \$3,451 for the test year. Staff made an adjustment of (\$2,017) to reclassify expensed utility plant to Account No. 343 as recommended by Audit Exception No. 13, and made an adjustment of \$55 to reclassify a chemical test kit from Account No. 618.

(635) Contractual Services - Testing - The utility did not record an expense in this account for the test year. Staff annualized the testing costs based on the required testing frequency. Staff made an adjustment of \$2,464 to reflect the annualized water testing cost for the test year. The required tests and frequency at which those tests must be repeated are as follows:

<u>Required Water Testing</u>		
<u>Test</u>	<u>Frequency</u>	<u>Annualized Cost</u>
Microbiological	Monthly	\$ 360
Lead and Copper	Biannual	\$ 475
Primary Inorganics	36 months	\$ 122
Secondary Inorganics	36 months	\$ 70
Asbestos	1/9 years	\$ 35
Nitrate and Nitrite	12 months	\$ 40
Volatile Organics	qtr'ly/1st yr/36 mos. Subsequent/Annual	\$ 350
Pesticides & PCB	36 months	\$ 312
Radionuclides		
Group I	36 months	\$ 42
Group II	36 months	\$ 250
Unregulated Organics		
Group I	qtr'ly/1st yr/9yr.	\$ 275
Group II	36 months	\$ 50
Group III	36 months	\$ 83
	Annual Cost	<u>\$ 2,464</u>

Staff recommends contractual services - testing expense of \$2,464 for the test year.

(655) Insurance Expense - The utility recorded insurance expense of \$8,787 for the test year. Per Audit Exception No. 6, staff made an adjustment of (\$1,085) to disallow non-utility automobile insurance, \$1,262 to reflect an additional worker's compensation premium for the test year, \$693 to reflect a worker's compensation reclassification of the utility operator, and \$1,906 to annualize the amount of utility insurance expense for the test year per AE #6 and AD #3. Staff also made an adjustment of (\$2,148) to reflect insurance on non-used and useful utility property.

(665) Regulatory Commission Expense - The utility has supported \$11,221 of rate case costs applicable to its current rate filing. The utility's MFRs included \$2,250 of rate case amortization expense in Account No. 407, Amortization. This amount was to amortize rate case expense over four years which per the NARUC Uniform System of Accounts should be included in Account No. 665, Regulatory Commission Expense. Staff recommends an adjustment of \$2,250 be made to reclassify amortized rate case expense to Account No. 665. Staff recommends an adjustment of \$555 be made to include the utility's updated, supportable rate case expense amortized over

a four year period in accordance with Section 367.0816, Florida Statutes.

(675) Miscellaneous Expense - The utility's MFRs include \$43,426 of miscellaneous expenses for the test year. Staff made the following adjustments to miscellaneous expenses:

a)Reclassify utility plant to Acct. No. 304 per AE #2.	\$	(639)
b)Reclassify utility plant to Acct. No. 311 per AE #2.		(1,442)
c)Reclassify utility plant to Acct. No. 341 per AE #7.		(2,663)
d)Disallow non-utility auto repair expense per AE #7.		(831)
e)Amortize \$3,196 of computer programs over 5 yrs AE #9.		(2,557)
f)Disallow two charitable contributions per AE# 9 &AE #14.		(352)
g)Correct a misclassification per AE #9.		(310)
h)Reclassify utility plant to Acct. No. 334 per AE #10.		(858)
I)Disallow non-utility telephone expense per AE #8.		(956)
j)Reflect utility billing software maintenance agreement.		406
k)Reclassify utility plant to Acct. No. 335 per AE #10.		(795)
l)Disallow non-utility lawn care expense per AE #11.		(1,450)
m)Annualize cost of new lawn care contract per AD #3.		<u>1,585</u>
Total		<u><u>\$ (10,862)</u></u>

Total staff recommended adjustments to miscellaneous expenses amount to (\$10,862)for the test year.

Operation and Maintenance Expense Summary

Total operation and maintenance adjustments amount to (\$5,821) resulting in a total test year operation and maintenance expense of \$145,460. Operation and maintenance expenses are shown in Schedule No. 3C.

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ISSUE 12: What adjustments, if any, should be made to Account No. 407, Amortization?

RECOMMENDATION: Amortization should be decreased by \$2,250.
(CASEY)

STAFF ANALYSIS: The utility's MFRs include \$2,250 of amortization expense in Account No. 407 for the test year. This amount was to amortize rate case expense over four years which per the NARUC Uniform System of Accounts should be included in Account No. 665, Regulatory Commission Expense. Staff recommends an adjustment of (\$2,250) be made to Account No. 407 to reclassify amortized rate case expense to Account No. 665, regulatory commission expense.

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ISSUE 13: What adjustments, if any, should be made to the taxes other than income?

RECOMMENDATION: Taxes other than Income should be decreased by \$4,147. (CASEY)

STAFF ANALYSIS: The utility's MFRs include \$22,462 of taxes other than income for the test year. This amount included \$228 in Polk County utility taxes which are listed as a separate line item on the utility's bills and should not be included in test year taxes other than income. Staff recommends an adjustment of (\$228) to remove the Polk County utility taxes, and an adjustment of (\$2,096) to reflect regulatory assessment fees on test year revenue.

Staff also recommends an adjustment of (\$1,823) to reflect taxes on non-used and useful tangible personal property.

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ISSUE 14: What is the test year operating income before any revenue increase?

RECOMMENDATION: Based on the adjustments discussed in previous issues, staff recommends that the test year operating income before any provision for increased revenues should be \$5,911. (CASEY)

STAFF ANALYSIS: As shown on the attached schedule No. 3-A, after applying staff's adjustments, net operating income for the test year is \$5,911. Staff's adjustments to operating income are listed on attached Schedule No. 3-B.

ISSUE 15: What is the appropriate revenue requirement?

RECOMMENDATION:

The following revenue requirement should be approved. (CASEY)

	<u>TOTAL</u>	<u>\$ INCREASE</u>	<u>% INCREASE</u>
WATER	\$216,361	\$33,875	18.56%

STAFF ANALYSIS: Park's requested final rates are designed to generate annual revenues of \$236,988 which reflected a 24.63% increase over utility calculated test year revenues of \$190,113.

Based upon staff's recommendations concerning the underlying rate base, cost of capital, and operating income issues, we recommend approval of rates that are designed to generate a revenue requirement of \$216,361. This reflects a 18.56% increase over staff's adjusted test year revenues of \$182,486 as shown on Schedule No. 3A. This would provide the utility the opportunity to recover its expenses and earn a 9.98% return on its investment in rate base.

ISSUE 16: What is the appropriate rate structure for Park Water and what are the recommended rates for this utility?

RECOMMENDATION: The appropriate rate structure should be the existing inverted block rate structure. The recommended rates should be as shown in the staff analysis. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), Florida Administrative Code. The rates should not be implemented until notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days after the date of the notice. (CASEY)

STAFF ANALYSIS: The utility currently uses an inverted block rate structure which was required by the Southwest Florida Water Management District (SWFWMD) in the utility's 1995 rate case processed when the utility was under the jurisdiction of Polk County. Staff contacted SWFWMD regarding the current rate case and the existing inverted block rate structure. SWFWMD would like Park to maintain the inverted block rate structure in this filing. Residential average monthly consumption for a 5/8" x 3/4" meter is 5,836 gallons which is below the 10,000 gallon standard which has traditionally been the benchmark figure used at the Commission as an initial indication of possible excessive consumption. Staff believes that conservation goals initiated with the inverted block rate structure in 1995 should continue and that there is no reason to change the rate structure at this time.

During the test year, Park provided water service to approximately 725 connections estimated to be 801 ERCs. Approximately 36% (or \$78,471) of the revenue requirement is associated with the fixed costs of providing service. Fixed costs are recovered through the base facility charge based on an annualized number of factored ERCs. The remaining 64% (or \$137,890) of the revenue requirement represents the consumption charge based on the estimated number of gallons consumed during the test period. Rates have been calculated using the number of bills and the number of gallons of water billed during the test year. Schedules of the utility's existing rates, utility proposed rates, and staff's recommended rates are as follows:

<u>Residential Service</u>	Existing Monthly Rates	Utility Requested Rates	Staff Recommended Rates
<u>Base Facility Charge:</u>			
Individually Metered	\$ 5.64	\$ 7.03	\$ 6.95
Multi-Family	\$ 3.95	\$ 4.92	\$ 5.56
<u>Residential Gallonage Charge:</u>			
(Per 1,000 Gallons)			
0 - 6,000 Gallons	\$ 1.21	\$ 1.51	\$ 1.41
6,001 - 12,000 Gallons	\$ 1.83	\$ 2.28	\$ 2.13
12,001 - 22,000 Gallons	\$ 2.44	\$ 3.04	\$ 2.84
Over 22,000 Gallons	\$ 3.65	\$ 4.55	\$ 4.25
<u>General Service</u>			
	Existing Monthly Rates	Utility Requested Rates	Staff Recommended Rates
<u>Base Facility Charge:</u>			
5/8" x 3/4"	\$ 5.64	\$ 7.03	\$ 6.95
1"	\$ 14.10	\$ 17.58	\$ 17.37
1-1/2"	\$ 28.21	\$ 35.17	\$ 34.75
2"	\$ 45.14	\$ 56.27	\$ 55.60
3"	N/A	N/A	\$ 111.20
4"	N/A	N/A	\$ 173.75
6"	N/A	N/A	\$ 347.50
<u>General Service Gallonage Charge(Per 1,000 Gallons)</u>			
<u>5/8" x 3/4" Meter:</u>			
0 - 6,000 Gallons	\$ 1.21	\$ 1.51	\$ 1.41
6,001 - 12,000 Gallons	\$ 1.83	\$ 2.28	\$ 2.13
12,001 - 22,000 Gallons	\$ 2.44	\$ 3.04	\$ 2.84
Over 22,000 Gallons	\$ 3.65	\$ 4.55	\$ 4.25
<u>1" Meter:</u>			
0 - 15,000 Gallons	\$ 1.21	\$ 1.51	\$ 1.41
15,001 - 30,000 Gallons	\$ 1.83	\$ 2.28	\$ 2.13
3001 - 55,000 Gallons	\$ 2.44	\$ 3.04	\$ 2.84
Over 55,000 Gallons	\$ 3.65	\$ 4.55	\$ 4.25
<u>1-1/2" Meter:</u>			
0 - 30,000 Gallons	\$ 1.21	\$ 1.51	\$ 1.41
30,001 - 60,000 Gallons	\$ 1.83	\$ 2.28	\$ 2.13
60,001 - 110,000 Gallons	\$ 2.44	\$ 3.04	\$ 2.84
Over 110,000 Gallons	\$ 3.65	\$ 4.55	\$ 4.25
<u>2" Meter:</u>			
0 - 48,000 Gallons	\$ 1.21	\$ 1.51	\$ 1.41
48,001 - 96,000 Gallons	\$ 1.83	\$ 2.28	\$ 2.13
96,001 - 176,000 Gallons	\$ 2.44	\$ 3.04	\$ 2.84
Over 176,000 Gallons	\$ 3.65	\$ 4.55	\$ 4.25

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Based on the utility's present and proposed rates, the following would be estimated average residential monthly billings for the consumption shown:

<u>Monthly Consumption (In Gallons)</u>	<u>Present Monthly Billing</u>	<u>Utility Requested Billing</u>	<u>Proposed Monthly Billing</u>	<u>Percent Increase</u>
5,000	\$ 11.69	\$ 14.58	\$ 14.00	19.76%
7,500	\$ 15.65	\$ 19.51	\$ 18.61	18.91%
10,000	\$ 20.22	\$ 25.21	\$ 23.93	18.35%
15,000	\$ 31.20	\$ 38.89	\$ 36.71	17.66%

The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice. The rates should not be implemented until notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days after the date of the notice.

ISSUE 17: What should be the appropriate amount of customer deposits?

RECOMMENDATION: The appropriate amount of residential customer deposits should be \$30. Larger residential meters and all general service meters customer deposits should be calculated at two times the customer's estimated average monthly bill. The utility should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the customer deposits should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed. (CASEY)

STAFF ANALYSIS: The utility's existing tariff does not include a provision for customer deposits. However, the utility initiated a \$30 customer deposit during the test year without Commission approval. The total amount of customer deposits collected in the test year amounted to \$510. The unauthorized customer deposits are discussed in Issue No. 20.

The utility has requested a \$50 customer deposit fee be approved. Rule 25-30.311(1), Florida Administrative Code, states:

Each utility may require an applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the customer from complying with utilities' rules for prompt payment of bills.

Rule 25-30.311(7), Florida Administrative Code, states:

A utility may require, upon reasonable written notice of not less than 30 days, such request or notice being separate and apart from any bill for service, a new deposit, where previously waived or returned, or an additional deposit, in order to secure payment of current bills; provided, however, that the total amount of the required deposit shall not exceed an amount equal to the average actual charge for water and/or wastewater service for two billing periods for the 12-month period immediately prior to the date of notice. In the event the customer has had service less than 12 months, then the utility shall base its new or additional deposit upon the average monthly billing available.

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Staff believes the amount of customer deposits should be an amount equal to the average charge for water service for two months. Since the average residential consumption for a 5/8" x 3/4" meter is 5,836 gallons resulting in an average monthly bill of \$15.18, staff recommends a residential customer deposit of \$30 for a 5/8" x 3/4" meter. Larger residential meters and all general service meters customer deposits should be calculated at two times the customer's estimated average monthly bill.

The utility should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the customer deposits should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed.

ISSUE 18: Should the utility be allowed to initiate a late payment fee for bills?

RECOMMENDATION: Yes, the utility should be allowed a late payment fee of \$3 for customer bills paid after the 20-day payment period provided in the utility's tariff. The utility should file a revised tariff sheet which is consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheet upon staff's verification that the tariff is consistent with the Commission's decision. If a revised tariff sheet is filed and approved, the late payment fee should become effective for service rendered on or after the stamped approval date of the revised tariff sheet, if no protest is filed. (CASEY)

STAFF ANALYSIS: The utility provided information that 27% of the utility customers consistently pay water bills after the due date. The utility has requested it be allowed to impose a late fee of \$10 for customer bills paid after the 20-day payment period. The Commission has previously approved late payment charges based on the rationale that the general body of rate payers should not shoulder the burden of costs caused by those customers who do not timely pay their bills. Absent a breakdown of actual utility costs, the Commission has normally approved a flat \$3 late fee.

By Order No. PSC-93-1824-FOF-SU, issued December 23, 1993, the Commission stated;

The utility has requested a late fee of \$5 plus 1.5 percent monthly interest on accounts delinquent for more than 20 days. However, the utility has provided no detailed, cost-based documentation that would support its request. Therefore, we find it appropriate to deny the utility's request for late fees. However, as discussed earlier, approximately 7 percent of the utility's customers do not timely pay their bills. The Commission has approved late payment charges for other utilities in the past, based on the rationale that the general body of ratepayers should not shoulder the burden of costs caused by those customers who do not timely pay their bills. In addition, a late fee provides customers with an incentive to pay their bills within the 20-day period provided in the utility's tariff. Based on the typical incremental costs associated with collecting from late-paying customers, the Commission has found that a late fee of \$3 recovers those incremental collection costs. Therefore, we find it appropriate to approve a \$3 late fee in this instance.

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In this instance, the utility has not provided a detailed cost-based documentation necessary to support its request for the \$10 late payment. The utility stated the \$10 figure was requested to enable the utility to motivate its customers to pay bills on time.

Staff believes the \$10 requested late payment fee is excessive. However, a late payment fee is justified given the 27% of customers who consistently pay late. Staff believes a late payment charge of \$3 is fair and reasonable, and should be allowed for customer bills paid after the 20-day payment period provided in the utility's tariff. The utility should file a revised tariff sheet which is consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheet upon staff's verification that the tariff is consistent with the Commission's decision. If a revised tariff sheet is filed and approved, the late payment fee should become effective for service rendered on or after the stamped approval date of the revised tariff sheet, if no protest is filed.

ISSUE 19: Should the utility's existing service availability policy be revised?

RECOMMENDATION: Yes, the utility's service availability policy should be revised as detailed in staff's analysis. If the Commission approves this new policy, the utility should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the revised service availability charges should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed. (CASEY)

STAFF ANALYSIS: By Order No. PSC-98-0361-FOF-WU, issued March 5, 1998, in Docket No. 961226-WU, the Commission grandfathered-in the utility's existing service availability policy which includes a customer connection (tap-in) fee of \$400 for a 5/8" x 3/4" meter (\$550 for 1" and above), meter installation fee of \$175, and back-flow preventor installation fee of \$50 for a 5/8" x 3/4" meter (actual cost for larger). The utility requested a change in the meter installation fees and tap-in fees. The existing, utility-requested, and staff recommended service availability charges are discussed below.

Meter Installation Fees - The utility's existing meter installation fee is \$175 for all meter sizes. The utility provided a cost breakdown for installation of meters based on size. The cost breakdown shows the utility includes the cost of a back-flow preventor and ball valve with each installation. Since installation of a back-flow preventor is not a requirement for every meter installation, staff removed the cost of back-flow preventor installation from each cost breakdown. Back-flow preventors are only required where a cross connection is discovered which could jeopardize the utility's public water supply. The utility already has approved back-flow preventor installation charges (\$50.00 for a 5/8" x 3/4" meter with all larger size back-flow installation charges at cost) in its tariff and has not requested an increase in that charge. The cost of the ball valves was removed since they are not necessary because a corporation valve is used in each meter installation. The following shows the utility's existing meter charge, the utility's requested meter charge, and staff's recommended meter charge.

Meter Installation Fees

<u>Meter Size</u>	<u>Existing Charge</u>	<u>Utility Requested Charge</u>	<u>Staff Recommended Charge</u>
5/8" x 3/4"	\$175.00	\$175.00	\$150.00
1"	\$175.00	\$400.00	\$300.00
1 1/2"	\$175.00	\$750.00	\$575.00
2"	\$175.00	\$875.00	\$700.00
Over 2"	\$175.00	Actual Cost	Actual Cost

Customer Connection Charges - The utility's existing customer connection (tap-in) fee is \$400 for a 5/8" x 3/4" meter, and \$550.00 for all larger size meters. The utility requested revised tap-in fees for all meters larger than 5/8" x 3/4". The utility calculated the requested tap-in fees by using the present 5/8" x 3/4" charge, dividing it by the maximum flow through a 5/8" x 3/4" meter, then multiplying that figure upward by the size of the other meters.

At the time Polk County approved the existing service availability charges in 1988, all plant and line service availability costs were included as a tap-in charge. By definition, a tap-in charge covers the cost of installing the service line between the meter and the main extension line. Staff believes the utility's plant and lines cost should be allocated between a plant capacity charge and main extension charge to better reflect the costs associated with the plant and lines. A plant capacity charge covers the utility's capital costs in construction or expansion of treatment facilities, and the main extension charge covers capital costs in extending its off-site water facilities to provide service to a specified property. Accordingly, staff is recommending replacement of the \$400 tap-in fee with a plant capacity charge of \$127 and main extension charge of \$423 which were calculated using the standard service availability worksheet and ratio of plant and lines in rate base.

Customer Connection Charges

<u>Meter Size</u>	<u>Existing Charge</u>	<u>Utility Requested Charge</u>	<u>Staff Recommended Charge</u>
5/8" x 3/4"	\$400.00	\$ 400.00	\$ -0-
1"	\$550.00	\$ 670.00	\$ -0-
1 1/2"	\$550.00	\$ 1,330.00	\$ -0-
2"	\$550.00	\$ 2,130.00	\$ -0-
3"	\$550.00	\$ 6,670.00	\$ -0-
4"	\$550.00	\$13,330.00	\$ -0-
6"	\$550.00	\$26,660.00	\$ -0-

Plant Capacity & Main Extension Charges

	<u>Existing Charge</u>	<u>Staff Recommended Charge</u>
<u>Plant Capacity Charge</u>		
Residential-per ERC(350gpd)	-0-	\$ 127.00
All others-per gallon	-0-	\$ 0.36
<u>Main Extension Charge</u>		
Residential-per ERC(350gpd)	-0-	\$ 423.00
All others-per gallon	-0-	\$ 1.21

Park's CIAC contribution level is presently 26.32%. Since this amount is less than the maximum 75% recommended amount of CIAC recommended by Rule 25-30.580(1)(a), Florida Administrative Code, and initiating the new charges should not cause the utility to exceed the 75% contribution level, staff is recommending that the utility's service availability policy be revised. If the Commission approves this new policy, the utility should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the revised service availability charges should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed.

ISSUE 20: Should Park be ordered to show cause, in writing within 21 days, why it should not be fined up to \$5,000 per day for failure to maintain its accounts and records in conformance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA), in apparent violation of Rule 25-30.115(1), Florida Administrative Code?

RECOMMENDATION: No. A show cause proceeding should not be initiated. However, the utility should be ordered to maintain its accounts and records in conformance with the 1996 NARUC USOA, and submit a statement from its accountant by March 31, 2001, along with its 2000 annual report, stating that its books are in conformance with the NARUC USOA and have been reconciled with the Commission Order. (VAN LEUVEN, CASEY)

STAFF ANALYSIS: Audit Exception No. 1 states that the utility did not maintain its books and records per Commission rules. Park maintains its books and records on a cash basis for income tax purposes and its accounting system does not use the prescribed accounts and accounting format as required by the USOA. The company also depreciates all utility assets in its capital asset ledger using various service lives depending on the individual asset instead of using the prescribed asset lives set out in Rule 25-30.140, Florida Administrative Code.

Rule 25-30.115(1), Florida Administrative Code, states "Water and wastewater utilities shall, effective January 1, 1998, maintain their accounts and records in conformity with the 1996 NARUC Uniform Systems of Accounts adopted by the National Association of Regulatory Utility Commissioners."

Section 367.161, Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 per day for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated any Commission rule, order, or provision of Chapter 367, Florida Statutes. Utilities are charged with the knowledge of the Commission's rules and statutes. Additionally, "[i]t is a common maxim, familiar to all minds that 'ignorance of the law' will not excuse any person, either civilly or criminally." Barlow v. United States, 32 U.S. 404, 411 (1833). Thus, any intentional act, such as the utility's failure to maintain its accounts and records in conformance with the USOA, would meet the standard for a "willful violation." In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating To Tax Savings Refund for 1988 and 1989 For GTE Florida, Inc., Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, the Commission having found that

the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule." Id. at 6.

Although the utility did not maintain its accounts and records in accordance with Commission rule, staff believes that the utility books can be converted using in-house personnel at no additional cost. Even though the utility's failure to maintain its books and records is an apparent violation of Rule 25-30.115, Florida Administrative Code, staff believes that a show cause proceeding is not warranted and should not be initiated at this time because auditors were still able to complete an audit of the utility's books and records. Staff does not believe that the apparent violation of Rule 25-30.115, Florida Administrative Code, under the circumstances rises to the level that would warrant the initiation of a show cause proceeding. However, based on the foregoing, staff recommends that the utility be ordered to maintain its accounts and records in conformance with the 1996 NARUC USOA, and submit a statement from its accountant by March 31, 2001 along with its 2000 annual report, stating that its books are in conformance with the NARUC USOA and have been reconciled with the Commission Order.

ISSUE 21: Should Park be ordered to show cause, in writing within 21 days, why it should not be fined up to \$5,000 per day for collecting unauthorized customer deposits, in apparent violation of Sections 367.081(1) and 367.091(3), Florida Statutes, and Rule 25-30.311(1), Florida Administrative Code?

RECOMMENDATION: No, show cause proceedings should not be initiated. However, the utility should be admonished that, pursuant to Sections 367.081(1), and 367.091(3), Florida Statutes, it may in the future only charge rates and charges approved by the Commission. The utility should be allowed to keep the deposits collected during the test year. The utility should also be put on notice that customer deposits must be maintained in accordance with Rule 25-30.311, Florida Administrative Code, including refund of deposits after the customer has established a satisfactory payment record of 23 months, and payment of interest as prescribed in the Rule. (VAN LEUVEN, CASEY)

STAFF ANALYSIS: Audit Exception No. 17 states that the utility collected \$510 of customer deposits during the test year ended December 31, 1999. There is presently no provision made for the collection of customer deposits in the utility's tariff, and no customer deposits were approved in the grandfather docket. Section 367.081(1), Florida Statutes, provides that a utility may only charge rates and charges that have been approved by the Commission. Section 367.091(3), Florida Statutes, provides that "each utility's rates, charges, and customer service policies must be contained in a tariff approved by and on file with the [C]ommission." Rule 25-30.311(1), Florida Administrative Code, provides that a utility's tariff "shall contain its specific criteria for determining the amount of the initial deposit." It appears that Park violated these provisions of the statutes and the rule.

Section 367.161, Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 per day for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated any Commission rule, order, or provision of Chapter 367, Florida Statutes. Utilities are charged with the knowledge of the Commission's rules and statutes. Additionally, "[i]t is a common maxim, familiar to all minds that 'ignorance of the law' will not excuse any person, either civilly or criminally." Barlow v. United States, 32 U.S. 404, 411 (1833). Thus, any intentional act, such as the collection of unauthorized deposits, would meet the standard for a "willful violation." In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating To Tax Savings Refund for 1988 and 1989 For GTE Florida, Inc., Order No. 24306, issued April

1, 1991, in Docket No. 890216-TL, titled, the Commission having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule." Id. at 6.

Park has requested that a \$50 customer deposit be approved in this docket. However, in Issue No. 16, staff is recommending the Commission approve a \$30 customer deposit for a 5/8" x 3/4" meter, which coincidentally, is the amount of each customer deposit collected during the test year (17 customers @ \$30.00 each).

Although ordinarily staff would recommend a refund of unauthorized charges, staff believes that in this instance, a refund of the \$30 customer deposits collected during the test year (\$510 total) and initiation of a \$30 customer deposit on a prospective basis would not be efficient. If a deposit is approved by the Commission, the utility may require a deposit in accordance with Rule 25-30.311(7), Florida Administrative Code. Staff believes that the utility should be allowed to keep the deposits collected during the test year. However, the utility should be put on notice that customer deposits must be maintained in accordance with Rule 25-30.311, Florida Administrative Code, including refund of deposits after the customer has established a satisfactory payment record of 23 months, and payment of interest as prescribed in the Rule.

Although staff recognizes that the utility collected unauthorized customer deposits during the test year which is an apparent violation of Sections 367.081(1) and 367.091(3), Florida Statutes, and Rule 25-30.311(1), Florida Administrative Code, staff believes that a show cause proceeding is not warranted and should not be initiated at this time because the company would be refunding customer deposits and then collecting customer deposits as allowed by Rule 25-30.311, Florida Administrative Code. Staff does not believe that the apparent violation rises to the level that would warrant the initiation of a show cause proceeding. However, the utility should be admonished that, pursuant to Section 367.081(1), and 367.091(3), Florida Statutes, it may in the future only collect rates and charges approved by the Commission. The utility should be allowed to keep the deposits collected during the test year and be put on notice that customer deposits must be maintained in accordance with Rule 25-30.311, Florida Administrative Code, including the refund of deposits after the customer has established a satisfactory payment record of 23 months, and payment of interest as prescribed in the Rule.

ISSUE 22: Should Park be ordered to show cause, in writing within twenty-one days, why it should not be fined for its apparent violation of Section 367.071, Florida Statutes?

RECOMMENDATION: No. A show cause proceeding should not be initiated. However, the utility should be ordered to file an application for transfer of majority control within 90 days of the effective date of the Commission Order. (VAN LEUVEN, CASEY)

STAFF ANALYSIS: Audit Disclosure No. 4 states that the utility transferred majority organizational control on January 1, 1999. The transfer of utility stock was a cash transaction between father and son, Louis Staiano, and Anthony Staiano. At the time of the transfer, Louis Staiano was in poor health and his frail condition left him unable to properly run the utility. Louis Staiano and Anthony Staiano entered into an agreement for the transfer of the utility's stock in which Anthony Staiano purchased all the stock of Park in a \$150,000 cash transaction. By entering into the contract for the sale of the utility to Anthony Staiano prior to Commission approval, Park is in apparent violation of Section 367.071, Florida Statutes.

Section 367.071(1), Florida Statutes, requires that no utility may transfer its majority organizational control without determination and approval of the Commission that the proposed transfer is in the public interest and that the buyer will fulfill the commitments, obligations, and representations of the utility. Section 367.161(1), Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated, any provision of Chapter 367, Florida Statutes.

Utilities are charged with the knowledge of the Commission's rules and statutes. Additionally, "[i]t is a common maxim, familiar to all minds that 'ignorance of the law' will not excuse any person, either civilly or criminally." Barlow v. United States, 32 U.S. 404, 411 (1833). Thus, the utility's failure to obtain antecedent Commission approval to transfer the majority organizational control, would meet the standard for a "willful violation." In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating To Tax Savings Refund for 1988 and 1989 For GTE Florida, Inc., the Commission, in Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "'willful'

implies an intent to do an act, and this is distinct from an intent to violate a statute or rule." Id. at 6.

Nevertheless, under the circumstances, staff does not believe that the utility's apparent violation of Section 367.071(1), Florida Statutes, rises to the level of warranting that a show cause order be issued. According to Mr. Anthony Staiano, his father's poor health and frail condition left him without the capacity to run the utility the way he had in the past. There were a number of pending matters that required immediate attention by the utility which included replacement of four hydro pneumatic tanks, a necessity for additional water storage required by DEP rules, and initiation of a secondary water source required by the Polk County Health Department. Mr. Louis Staiano passed away on April 27, 2000. Mr. Anthony Staiano is in the process of completing all of these necessary upgrades.

For the foregoing reasons, staff does not believe that Park's apparent violation of Section 371.071, Florida Statutes, warrants the initiation of a show cause action in this docket. Accordingly, staff recommends that Park should not be ordered to show cause in writing within twenty-one days, why it should not be fined for failing to obtain Commission approval prior to the transfer of the utility stock. However, the utility should be ordered to file an application for transfer of majority control within 90 days of the effective date of the Commission Order.

DOCKET NO. 991627-WU
DATE: August 24, 2000

ISSUE 23: Should this docket be closed?

RECOMMENDATION: Yes. If no timely protest is received upon expiration of the protest period, the PAA Order will become final upon the issuance of the Consummating Order and the docket should be closed. (VAN LEUVEN, CASEY, T. DAVIS)

STAFF ANALYSIS: If no timely protest is received upon expiration of the protest period, the PAA Order will become final upon the issuance of the Consummating Order and the docket should be closed.

DOCKET NO. 991627-WU
 DATE: August 24, 2000

PARK WATER COMPANY TEST YEAR ENDING DECEMBER 31, SCHEDULE OF WATER RATE BASE			SCHEDULE NO. 1-A DOCKET NO. 991627-WU		
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR
1. UTILITY PLANT IN SERVICE	\$873,964	\$0	\$873,964	\$130,930	\$1,004,894
2. LAND & LAND RIGHTS	0	0	\$0	100	100
3. NON-USED AND USEFUL	0	0	\$0	(190,128)	(190,128)
4. CIAC	(100,406)	0	(\$100,406)	(90,110)	(190,516)
5. ACCUMULATED DEPRECIATION	(322,498)	0	(\$322,498)	29,722	(292,776)
6. AMORTIZATION OF CIAC	1,241	0	\$1,241	32,390	33,631
7. WORKING CAPITAL ALLOWANCE	<u>18,910</u>	<u>0</u>	<u>\$18,910</u>	<u>(727)</u>	<u>18,183</u>
8. WATER RATE BASE	<u>\$471,211</u>	<u>\$0</u>	<u>\$471,211</u>	<u>(\$87,823)</u>	<u>\$383,388</u>

**PARK WATER COMPANY
TEST YEAR ENDING DECEMBER 31, 1999
ADJUSTMENTS TO RATE BASE**

**SCHEDULE NO. 1-B
DOCKET NO. 991627-WU**

WATER

UTILITY PLANT IN SERVICE

1. To reclassify plant from Acct. # 675, to Acct. # 304 per AE #2.	\$639
2. To reclassify plant from Acct. # 675, to Acct. # 311 per AE #2.	\$1,442
3. To reclassify plant from Acct. # 675, to Acct. # 341 per AE #7.	\$2,663
4. To reclassify plant from Acct. # 675, to Acct. # 334 per AE #10.	\$858
5. To reclassify plant from Acct. # 675, to Acct. # 335 per AE #10.	\$795
6. To reclassify plant from Acct. # 620, to Acct. # 343 per AE #13.	\$2,017
7. To include 1 year of the meter replacement program.	\$21,599
8. To include pro forma pump house.	\$20,018
9. To include pro forma generator.	\$18,574
10 To include pro forma pumping equipment.	\$62,325
	<u>\$130,930</u>

LAND AND LAND RIGHTS

1. To reflect the original cost of utility land not included in MFRs.	<u>\$100</u>
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NON-USED AND USEFUL PLANT

1. To reflect non-used and useful plant.	(\$283,486)
2. To reflect non-used and useful accumulated depreciation.	<u>\$93,358</u>
	<u>(\$190,128)</u>

CONTRIBUTIONS IN AID OF CONSTRUCTION

1. To reflect staff calculated CIAC.	<u>(\$90,110)</u>
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ACCUMULATED DEPRECIATION

1. To reflect staff calculated accumulated depreciation.	\$36,254
2. To include one year of depreciation on pro forma plant.	(6,532)
	<u>\$29,722</u>

AMORTIZATION OF CIAC

1. To reflect staff calculated accumulated amortization.	<u>\$32,390</u>
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WORKING CAPITAL ALLOWANCE

1. To reflect 1/8 of test year O & M expenses.	<u>(\$727)</u>
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DOCKET NO. 991627-WU
 DATE: August 24, 2000

PARK WATER COMPANY TEST YEAR ENDING DECEMBER 31, 1999 SCHEDULE OF CAPITAL STRUCTURE							SCHEDULE NO. 2 DOCKET NO. 991627-WU		
CAPITAL COMPONENT	PER AUDIT	SPECIFIC ADJUST- MENTS	BALANCE BEFORE PRO RATA ADJUSTMENTS	PRO RATA ADJUST- MENTS	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST	
COMMON EQUITY	\$129,471	\$0	129,471	(27,721)	101,750	26.54%	9.94%	2.64%	
LONG TERM DEBT	357,858	0	357,858	(76,621)	281,237	73.36%	10.00%	7.34%	
SHORT TERM DEBT	0	0	0	0	0	0.00%	0.00%	0.00%	
CUSTOMER DEPOSITS	<u>510</u>	<u>0</u>	<u>510</u>	<u>(109)</u>	<u>401</u>	<u>0.10%</u>	<u>6.00%</u>	<u>0.01%</u>	
TOTAL	<u>\$487,839</u>	<u>\$0</u>	<u>\$487,839</u>	<u>(\$104,451)</u>	<u>\$383,388</u>	<u>100.00%</u>		<u>9.98%</u>	
RANGE OF REASONABLENESS						<u>LOW</u>	<u>HIGH</u>		
RETURN ON EQUITY						<u>8.94%</u>	<u>10.94%</u>		
OVERALL RATE OF RETURN						<u>9.71%</u>	<u>10.25%</u>		

PARK WATER COMPANY TEST YEAR ENDING DECEMBER 31, 1999 SCHEDULE OF OPERATING INCOME						SCHEDULE NO. 3-A DOCKET NO. 991627-WU	
	TEST PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$190,113</u>	<u>\$46,875</u>	<u>\$236,988</u>	<u>(\$54,502)</u>	<u>\$182,486</u>	<u>\$33,875</u> 18.56%	<u>\$216,361</u>
OPERATING EXPENSES:							
2. OPERATION & MAINTENANCE	151,281	0	\$151,281	(5,821)	145,460	0	145,460
3. DEPRECIATION (NET)	13,827	0	\$13,827	(1,027)	12,800	0	12,800
4. AMORTIZATION	0	2,250	\$2,250	(2,250)	0	0	0
5. TAXES OTHER THAN INCOME	20,352	2,110	\$22,462	(4,147)	18,315	1,524	19,839
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7. TOTAL OPERATING EXPENSES	<u>\$185,460</u>	<u>\$4,360</u>	<u>\$189,820</u>	<u>(\$13,245)</u>	<u>\$176,575</u>	<u>\$1,524</u>	<u>\$178,100</u>
8. OPERATING INCOME/(LOSS)	<u>\$4,653</u>		<u>\$47,168</u>		<u>\$5,911</u>		<u>\$38,262</u>
9. WATER RATE BASE	<u>\$471,211</u>		<u>\$471,211</u>		<u>\$383,388</u>		<u>\$383,388</u>
10. OVERALL RATE OF RETURN	<u>0.99%</u>		<u>10.01%</u>		<u>1.54%</u>		<u>9.98%</u>

**PARK WATER COMPANY
TEST YEAR ENDING DECEMBER 31, 1999
ADJUSTMENTS TO OPERATING INCOME**

**SCHEDULE NO. 3-B
DOCKET NO. 991627-WU
PAGE 1 OF 2**

WATER

OPERATING REVENUES

1. To reclassify service availability revenue to CIAC.	(\$7,735)
2. To include backhoe rental income.	\$108
3. To reflect staff calculated test year revenue.	<u>(\$46,875)</u>
	<u>(\$54,502)</u>

OPERATION AND MAINTENANCE EXPENSES

1. Purchased Power	
To reflect additional expense for new high service pumps.	\$917
To annualize purchased power expense per AE #12.	<u>244</u>
Subtotal	<u>\$1,161</u>
2. Fuel for Power Production	
To reclassify propane fuel from Account # 618.	<u>\$46</u>
3. Chemicals	
To reclassify generator propane fuel to Account #616.	(\$46)
To reclassify chemical test kit to Account #620.	<u>(55)</u>
Subtotal	<u>(\$101)</u>
4. Materials and Supplies	
To reclassify utility plant to Acct. #343 per AE #13.	(\$2,017)
To reclassify a chemical test kit from Account #618.	<u>55</u>
Subtotal	<u>(\$1,962)</u>
5. Contractual Services - Testing	
To reflect required water testing costs.	<u>\$2,464</u>
6. Insurance Expenses	
To disallow non-utility automobile insurance per AE #6.	(\$1,085)
To include additional workers compensation premium per AE #6.	\$1,262
To reflect worker's comp reclassification of utility operator.	\$693
To annualize cost of insurance per AE #6 and AD #3.	\$1,906
To reflect non-used and useful plant liability insurance adjustment.	<u>(\$2,148)</u>
Subtotal	<u>\$628</u>
7. Regulatory Commission Expense	
To reclassify rate case expense from Account #407.	\$2,250
To include rate case expense amortized over 4 years.	<u>\$555</u>
Subtotal	<u>\$2,805</u>

(Operation and Maintenance Expenses continued on Page 2)

**PARK WATER COMPANY
 TEST YEAR ENDING DECEMBER 31, 1999
 ADJUSTMENTS TO OPERATING INCOME**

**SCHEDULE NO. 3-B
 DOCKET NO. 991627-WU
 PAGE 2 OF 2**

OPERATION AND MAINTENANCE EXPENSES (continued)

8. Miscellaneous Expenses

To reclassify utility plant to Acct. No. 304 per AE #2.	(\$639)
To reclassify utility plant to Acct. No. 311 per AE #2.	(\$1,442)
To reclassify utility plant to Acct. No. 341 per AE #7.	(\$2,663)
To disallow non-utility auto repair expense per AE #7.	(\$831)
To amortize \$3,196 of computer programs over 5 years AE #9.	(\$2,557)
To disallow two charitable contributions per AE #9 & AE #14.	(\$352)
To correct a misclassification per AE #9.	(\$310)
To reclassify utility plant to Acct. No. 334 per AE #10.	(\$858)
To disallow non-utility telephone expense per AE #8.	(\$956)
To reflect utility billing software maintenance agreement.	\$406
To reclassify utility plant to Acct. No. 335 per AE #10.	(\$795)
To disallow non-utility lawn and grounds expense per AE #11.	(\$1,450)
To annualize cost of new lawn care contract.	<u>\$1,585</u>
Subtotal	<u>(\$10,862)</u>

TOTAL OPERATION & MAINTENANCE ADJUSTMENTS (\$5,821)

DEPRECIATION EXPENSE

1. To reflect test year depreciation calculated per 25-30.140, F.A.C.	\$10,550
2. To reflect non-used and useful test year depreciaton.	(\$8,580)
3. To reflect test year CIAC amortization.	<u>(\$2,997)</u>
Total	<u>(\$1,027)</u>

AMORTIZATION

1. To reclassify rate case expense to Account #665.	<u>(\$2,250)</u>
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TAXES OTHER THAN INCOME

1. To adjust regulatory assessment fees on test year revenue.	(\$2,096)
2. To remove Polk County utility tax listed as seperate line item.	(\$228)
3. To reflect tangible taxes on non-used and useful plant.	<u>(1,823)</u>
Total	<u>(\$4,147)</u>

PARK WATER COMPANY TEST YEAR ENDING DECEMBER 31, 1999 ANALYSIS OF WATER OPERATION AND MAINTENANCE EXPENSE		SCHEDULE NO. 3-C DOCKET NO. 991627-WU		
	TOTAL PER AUDIT	STAFF PER ADJUST.		TOTAL PER PER STAFF
(601) SALARIES AND WAGES - EMPLOYEES	\$31,220	\$0		\$31,220
(603) SALARIES AND WAGES - OFFICERS	47,000	0		47,000
(604) EMPLOYEE PENSIONS AND BENEFITS	0	0		0
(610) PURCHASED WATER	0	0		0
(615) PURCHASED POWER	7,740	1,161	[1]	8,901
(616) FUEL FOR POWER PRODUCTION	0	46	[2]	46
(618) CHEMICALS	1,769	(101)	[3]	1,668
(620) MATERIALS AND SUPPLIES	3,451	(1,962)	[4]	1,489
(630) CONTRACTUAL SERVICES - BILLING	0	0		0
(631) CONTRACTUAL SERVICES - PROFESSIONAL	0	0		0
(635) CONTRACTUAL SERVICES - TESTING	0	2,464	[5]	2,464
(636) CONTRACTUAL SERVICES - OTHER	713	0		713
(640) RENTS	0	0		0
(650) TRANSPORTATION EXPENSE	3,820	0		3,820
(655) INSURANCE EXPENSE	8,787	628	[6]	9,415
(665) REGULATORY COMMISSION EXPENSE	3,355	2,805	[7]	6,160
(670) BAD DEBT EXPENSE	0	0		0
(675) MISCELLANEOUS EXPENSES	<u>43,426</u>	<u>(10,862)</u>	[8]	<u>32,564</u>
	<u>\$151,281</u>	<u>(\$5,821)</u>		<u>\$145,460</u>