

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: October 20, 2016

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Accounting and Finance (Norris, Frank, Wolmers)
Division of Economics (Bruce, Friedrich, Hudson, Johnson)
Division of Engineering (P. Buys, Ellis, Graves, Knoblauch, Lee, Matthews)
Office of the General Counsel (Trierweiler, Janjic, Taylor)

Handwritten initials and signatures in blue ink:
GAW, CKB, ALM, CAT, DF, AM, TW, TS, etc.

RE: Docket No. 160101-WS – Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.

AGENDA: 11/01/16 – Regular Agenda – For Issues 1-4, Decision on Suspension of Rates and Interim Rates – Participation is at the discretion of the Commission. For Issue 5 – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brisé

CRITICAL DATES: 10/30/16 (60-Day Suspension Date Waived by Company to 11/1/16)
1/8/2017 (Petition for Waiver deemed approved if not granted within 90 days of receipt)

SPECIAL INSTRUCTIONS: None

Case Background

Utilities, Inc. of Florida (UIF or Utility) is a Class A utility providing water and wastewater service to 27 systems in the following counties: Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole. As the result of a recent corporate reorganization and name change, UIF is the sole surviving corporation that owns and operates the water and

wastewater systems that are the subject of this rate case application. UIF is a wholly-owned subsidiary of Utilities, Inc. (UI).

In 2015, the Utility recorded total company operating revenues of \$13,336,372 and \$15,094,296 for water and wastewater, respectively. UIF reported net operating income for 2015 of \$1,682,158 for water and \$3,222,388 for wastewater. In 2015, UIF had 34,022 and 32,524 respective water and wastewater customers for its combined systems. The following table reflects the rate proceeding in which rates were last established for UIF's systems.

Last Proceedings Establishing Rates for UIF Systems

Former Utility Name	Order	Issuance Date
Lake Placid Utilities, Inc.	PSC-14-0335-PAA-WS	June 30, 2014
Cypress Lakes Utilities, Inc.	PSC-14-0283-PAA-WS	May 30, 2014
Lake Utility Services, Inc.	PSC-11-0514-PAA-WS	November 3, 2011
Utilities, Inc. of Pennbrooke	PSC-12-0667-PAA-WS	December 26, 2012
Utilities, Inc. of Eagle Ridge	PSC-11-0587-PAA-SU	December 21, 2011
Labrador Utilities, Inc.	PSC-15-0208-PAA-WS	May 26, 2015
Mid-County Services, Inc.	PSC-12-0389-PAA-SU	July 27, 2012
Tierra Verde Utilities, Inc.	PSC-09-0372-PAA-SU	May 27, 2009
Utilities, Inc. of Longwood	PSC-10-0407-PAA-SU	June 21, 2010
Sanlando Utilities Corporation	PSC-15-0233-PAA-WS	June 3, 2015
Utilities Inc., of Florida (Marion and Seminole Counties)	PSC-16-0296-PAA-WS	June 27, 2016
Utilities Inc., of Florida (Orange, Pasco and Pinellas County)	PSC-14-0025-PAA-WS	January 10, 2014

On November 2, 2015, Cypress Lake Utilities, Inc. (Cypress Lakes), Utilities, Inc. of Eagle Ridge (Eagle Ridge), Utilities, Inc. of Florida (UIF-Marion, UIF-Pinellas, UIF-Orange, UIF-Pasco, and UIF-Seminole), Labrador Utilities, Inc. (Labrador), Lake Placid Utilities, Inc. (Lake Placid), Lake Utility Services, Inc. (LUSI), Utilities, Inc. of Longwood (Longwood), Mid-County Services, Inc. (Mid-County), Utilities, Inc. of Pennbrooke (Pennbrooke), Utilities Inc. of Sandalhaven (Sandalhaven), Sanlando Utilities Corporation (Sanlando), and Tierra Verde Utilities, Inc. (Tierra Verde) filed a joint application for acknowledgement of corporate reorganization and approval of name change. By Order No. PSC-16-0143-FOF-WS, issued April 12, 2016, the Commission acknowledged the corporate reorganization and name change of UI's 12 subsidiaries in Florida.¹

¹ Order No. PSC-16-0143-FOF-WS, issued April 12, 2016, in Docket No. 150235-WS, *In re: Joint application for acknowledgement of corporate reorganization and request for approval of name changes on water and/or wastewater certificates of Cypress Lakes Utilities, Inc. in Polk County; Utilities, Inc. of Eagle Ridge in Lee County; Utilities, Inc. of Florida in Marion, Orange, Pasco, Pinellas, and Seminole Counties; Labrador Utilities, Inc. in Pasco County; Lake Placid Utilities, Inc. in Highlands County; Lake Utility Services, Inc. in Lake County; Utilities, Inc. of Longwood in Seminole County; Mid-County Services, Inc. in Pinellas County; Utilities, Inc. of Pennbrooke in Lake County; Utilities, Inc. of Sandalhaven in Charlotte County; Sanlando Utilities Corporation in Seminole County; and Tierra Verde Utilities, Inc. in Pinellas County, to Utilities, Inc. of Florida.*

On December 30, 2015, the Utility requested a limited proceeding water rate increase for UIF-Marion, UIF-Pasco, and UIF-Seminole. As the request was filed prior to the Commission's recognition of UIF's corporate reorganization, the limited proceeding applied only to the former Utilities Inc., of Florida systems and did not include Longwood and Sanlando in Seminole County. Driving the limited proceeding were (1) galvanized service line replacement costs in Marion County, (2) the loss of irrigation customers, plant additions, and purchased water costs in Pasco County, and (3) interconnection plant addition costs in Seminole County. UIF requested to bifurcate its request for UIF-Pasco and ultimately, deferred its requested Phase I increase to be addressed in the instant docket. As a result of the bifurcation, rate increases for UIF-Marion and UIF-Seminole were addressed at the July 7, 2016 Commission Conference and UIF-Pasco was addressed at the October 11, 2016 Commission Conference. At the time of filing this recommendation, the Proposed Agency Action order for UIF-Pasco has not been issued.

On August 31, 2016, UIF filed an application for approval of interim and final water and wastewater rate increases. By letter dated September 29, 2016, staff advised the Utility that its Minimum Filing Requirements (MFRs) had several deficiencies. The deadline to correct those deficiencies is October 31, 2016. To date, the official date of filing has not been established for noticing purposes.

The Utility's application for increased final water and wastewater rates is based on the historical 12-month period ended December 31, 2015, with requested adjustments for pro forma projects. Additionally, the Utility requested a single, consolidated rate structure. In approving interim rates pursuant to Section 367.082, Florida Statutes (F.S.), it has been Commission practice to use the Utility's current rate structure at the time of the interim rate request. For purposes of this recommendation, the analysis for each rate structure will be referred to by the former utility name it belonged to prior to the corporate reorganization.

UIF requested interim rates designed to generate additional revenues of \$414,691 for water operations and \$803,024 for wastewater operations. The Utility requested annual interim revenue increases for Lake Placid, Tierra Verde, Sandalhaven, UIF-Marion, UIF-Pinellas, UIF-Seminole (Water). However, by letter dated October 18, 2016, the Utility formally withdrew its interim rate request for Sandalhaven due to reasons discussed further in staff's recommendation.²

UIF did not request interim rate relief for Cypress Lakes, LUSI, Labrador, Pennbrooke, Sanlando, Tierra Verde, Longwood, Eagle Ridge, Mid-County, UIF-Orange, and UIF-Seminole (Wastewater). However, as discussed later, staff conducted a review of all systems to identify any systems potentially earning above its maximum return on equity.

In setting final rates, the current rate structure of each system is also used for the collection of the final revenues. UIF requested final rates designed to generate additional revenues of \$2,721,001 for water operations and \$4,194,453 for wastewater operations.

The intervention of the Office of Public Counsel was acknowledged by Order No. PSC-16-0189-PCO-WS, issued May 10, 2016, in this docket.

² Document No. 08338-16

On October 10, 2016, the Utility filed a petition for variance of a specific provision from Rule 25-30.437(3), Florida Administrative Code (F.A.C.). The portion of the rule from which the Utility is requesting waiver addresses the requirement to provide additional detailed billing analyses for each rate change period in the test year. Pursuant to Section 120.542, F.S., notice of the petition for waiver was published in the Florida Administrative Register on October 11, 2016. No written comments to the notice were received at the time of filing. The time for filing written comments will expire on October 25, 2016. If any written response is filed by October 25, staff will notify the Commissioners immediately and request to modify its recommendation if appropriate. The 90-day statutory deadline for the Commission to address the Utility's request is January 8, 2017.

The original 60-day statutory deadline for the Commission to suspend the Utility's requested final rates and address its interim rate request was October 30, 2016. However, by letter dated September 26, 2016, the Utility agreed to extend the statutory time frame by which the Commission is required to address the suspension of UIF's final rates and its interim rate request. This recommendation addresses the suspension of the Utility's requested final rates, and requested interim rates, and the petition for variance of a specific provision from Rule 25-30.437(3), F.A.C. The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, F.S.

Discussion of Issues

Issue 1: Should the Utility's proposed final water and wastewater rates be suspended?

Recommendation: Yes. The Utility's proposed final water and wastewater rates should be suspended. (Norris)

Staff Analysis: Section 367.081(6), F.S., provides that the rates proposed by the Utility shall become effective within sixty days after filing unless the Commission votes to withhold consent of implementation of the requested rates. Further, the above referenced statute permits the proposed final rates to go into effect, under bond, escrow, or corporate undertaking eight months after filing unless final action has been taken by the Commission.

Staff has reviewed the filing and has considered the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. Staff believes that it is reasonable and necessary to require further amplification and explanation regarding this data, and to require production of additional and/or corroborative data. This further examination will include on-site inspections by staff accountants and engineers. To date, staff has initiated an audit of UIF's books and records, as well as an audit of UI, the Utility's parent, to examine allocated investment and operating expenses. This combined audit is tentatively due on November 30, 2016. In addition, staff sent its first set of discovery on October 20, 2016. Further, staff believes additional discovery requests will be necessary. Therefore, staff recommends suspension of the Utility's proposed rate increase to allow staff and any intervenors sufficient time to adequately and thoroughly examine the appropriateness of the Utility's request for final rate relief.

Issue 2: Should any interim revenue increase be approved?

Recommendation: Yes, the Utility should be authorized to collect annual water and wastewater revenues as indicated below.

Water Systems	Adjusted Test Year Revenues	Revenue Increase	% Increase	Revenue Requirement
Lake Placid	\$69,017	\$10,189	14.76%	\$79,206
UIF-Marion	\$161,079	80,785	50.15%	241,864
UIF-Pinellas	\$157,855	14,309	9.06%	172,164
UIF-Pasco	\$901,930	56,674	6.28%	958,604
UIF-Seminole	\$1,014,857	<u>186,352</u>	18.36%	<u>1,201,209</u>
Total		<u>\$348,309</u>		<u>\$2,653,047</u>

Wastewater Systems	Adjusted Test Year Revenues	Revenue Increase	% Increase	Revenue Requirement
Lake Placid	\$72,314	\$638	0.88%	\$72,952
Tierra Verde	\$992,530	69,084	6.96%	1,061,614
UIF-Marion	\$47,826	31,438	65.73%	79,264
UIF-Pasco	\$505,980	<u>108,280</u>	21.40%	<u>614,260</u>
Total		<u>\$209,440</u>		<u>\$1,828,090</u>

In addition, seven systems appear to be earning above their maximum return on equity (ROE). As such, revenues should be collected subject to refund with interest, as shown below.

System	Revenue Held Subject to Refund	Percentage
UIF-Seminole-Wastewater	(\$138,594)	(16.61%)
LUSI-Water	(143,546)	(2.63%)
Labrador-Wastewater	(134,838)	(20.87%)
Pennbrooke-Wastewater	(47,924)	(9.35%)
Longwood-Wastewater	(17,559)	(2.18%)
Eagle Ridge-Wastewater	(24,112)	(2.07%)
Cypress Lakes-Water	<u>(24,335)</u>	<u>(6.87%)</u>
Total	<u>(\$530,908)</u>	

(Norris, Hudson, Lee, Matthews)

Staff Analysis: Pursuant to Section 367.082(1), F.S., the Commission may authorize the collection of interim rates during any proceeding for a change of rates upon petition from any party or its own motion, and in order to establish a prima facie entitlement for interim relief, the Utility shall demonstrate that it is earning outside the range of reasonableness on its rate of

return. Pursuant to Section 367.081(2)(a), F.S., in a proceeding for an interim increase in rates, the Commission shall authorize, within 60 days of the filing for such relief, the collection of rates sufficient to earn the minimum of the range of rate of return.

UIF filed rate base, cost of capital, and operating statements to support its requested interim water and wastewater increases. As mentioned in the Case Background, staff conducted a review of the systems that did not request interim rates in order to identify any systems potentially earning above its maximum ROE. In order to review those systems that did not request an interim increase, staff used the Utility's supporting schedules in its MFRs.

Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those used in the Utility's most recent rate proceeding and annualizing any rate changes. Staff reviewed UIF's interim request, as well as all orders that addressed the Utility's most recent rate proceedings. Staff has attached accounting schedules for each applicable system to illustrate staff's recommended rate base, capital structure, and test year operating income amounts. The rate base schedules are labeled as Schedule Nos. 1-A, 1-B, and 1-C. The capital structure schedule is labeled Schedule No. 2. The operating income schedules are labeled as Schedule Nos. 3-A, 3-B, and 3-C. Staff's recommended adjustments are discussed below.

Interim Rate Base

In the last rate case for many of the systems, the Commission made certain adjustments related to the Phoenix Project, which is the parent company's accounting and billing software. In its filing, the Utility made adjustments to accumulated depreciation and depreciation expense consistent with the Commission's vote which increased the average service life to 10 years. Staff believes these adjustments are appropriate for interim purposes in the instant case. However, staff believes additional adjustments to rate base are necessary for interim purposes.

Used & Useful

Pursuant to Section 367.082, F.S., the method for the used and useful (U&U) calculation in a system's last rate case must be used for interim purposes. Staff reviewed the Utility's interim U&U calculations on a per system basis. The review is based on previous Commission decisions and available data of usage and capacity contained in UIF's MFR Schedules. Consistent with Commission practices, staff recommends no adjustments for all water treatment and distribution systems as they have been determined to be 100 percent U&U by prior rate case orders, and the MFR Schedules show no customer growth and change in capacity. For the same reason, staff recommends no adjustments for all wastewater collection systems.

Staff recommends the following U&U adjustments for wastewater treatment systems contained in the interim rate base. The Lake Placid wastewater treatment plant should be considered 28.5 percent U&U based on the prior rate case order, which is higher than the 20.8 percent based on usage and capacity contained in MFR Schedule F-6. Similarly, the UIF-Marion wastewater treatment plant should be considered 59 percent U&U based on the prior rate case order.

Based on the above calculations, staff recommends the adjustments indicated on the table below.

**Table 2-1
 Interim – Used & Useful Adjustments**

System	Rate Base	Depreciation Expense	Property Tax
Lake Placid-Wastewater	(\$24,425)	\$0	(\$757)
UIF-Marion-Wastewater	(\$5,634)	(\$2,082)	(\$141)

Working Capital Allowance

Although UIF, post-consolidation, is classified a Class A utility, working capital should be calculated for each system using the same basis from the respective prior rate cases. The Utility correctly followed this methodology in its MFRs. Pursuant to Rule 25-30.433(2), Florida Administrative Code (F.A.C.), interim working capital for the former Class B and C utilities was calculated using the formula method which is one-eighth of operation and maintenance (O&M) expenses and Class A utilities used the balance sheet approach.

Based on staff’s adjustments to water and wastewater O&M expenses discussed below, staff made corresponding adjustments to working capital for the systems using the formula method. Additionally, staff made an adjustment for the systems using the balance sheet approach. Consistent with Commission practice, one-half of the total rate case expense should be included in working capital.³ Although recent legislation has reversed this practice, these amounts were approved by the Commission in dockets prior to this legislation. Thus, these amounts are properly included in working capital. Staff adjusted the interim working capital of the systems using the balance sheet approach to reflect prior rate case expense. The following table shows all working capital adjustments made by staff.

**Table 2-2
 Interim – Working Capital Adjustments**

System	Increase/(Decrease) Adjustments
Lake Placid-Water	(\$5,073)
Lake Placid-Wastewater	(\$5,153)
Tierra Verde-Wastewater	\$135
UIF-Marion -Water	\$560
UIF-Marion -Wastewater	\$78
UIF-Pinellas -Water	\$12,046
UIF-Pasco -Water	\$73,468
UIF-Pasco -Wastewater	\$29,090
UIF-Seminole -Water	\$66,199

³ Order Nos. PSC-15-0233-PAA-WS, issued June 3, 2015, in Docket No. 140060-WS, *In re: Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation*; and PSC-09-0057-FOF-SU, issued January 27, 2009, in Docket No. 070293-SU, *In re: Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.*

Interim Cost of Capital

In its initial filing, the Utility requested separate interim overall cost of capital rates for each water and wastewater system based on each respective rate base. Pursuant to the provisions of the interim statute, an interim decrease should be calculated using the maximum ROE limit, and an interim increase should be calculated using the minimum ROE limit.

Staff's only recommended adjustments are to the consolidated capital structure shared by UIF-Marion, UIF-Orange, UIF-Pinellas, UIF-Pasco, and UIF-Seminole. As originally filed, the Utility's interim capital structure was not consolidated across all five counties, and UIF did not reflect any allocation of customer deposits, accumulated deferred income taxes, or investment tax credits (ITCs) associated with UIF-Seminole's wastewater system. As such, staff consolidated the aforementioned balances for the five county systems and increased customer deposits by \$8,038, ITCs by \$12,609, and ADITs by \$184,622 to account for UIF-Seminole's wastewater system. Additionally, the capital structure was reconciled to a rate base that did not include the rate base of UIF-Seminole's wastewater system.

Staff's final adjustment was to lower the Utility's cost rate of long-term debt from 6.70 percent to 6.66 percent in order to remain consistent with the Utility's most recent case that shared the same test year.⁴ The Utility's proposed and staff's recommended capital structure for each system is reflected on Schedule No. 2 for UIF-Marion, UIF-Orange, UIF-Pinellas, UIF-Pasco, and UIF-Seminole.

Interim Net Operating Income

Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with adjustments made in the Utility's most recent rate proceeding and annualized for any rate changes. Based on staff's review, several adjustments are necessary for interim purposes as reflected on the respective adjustments to operating income schedules.

Test Year Adjustments

The interim filing for UIF-Pasco made a test year adjustment to decrease incorrectly booked chemical expense of \$1,242 in its final rate increase. However, the Utility did not include this test year adjustment in its calculation of its interim rate increase. As such, staff decreased chemicals expense by \$1,242.

Adjustments Consistent with the Last Rate Case

Several adjustments to O&M expenses and taxes other than income (TOTI) are necessary for interim purposes in order to be consistent with the treatment in the Utility's last rate case.

First, staff reduced salaries and wages expense for UIF-Marion by \$9,037 for water and \$1,024 for wastewater to reflect benchmarking consistent with its last rate case. Staff used UIF-Marion's test year ratio of pensions and benefits to salaries and applied it to the previously mentioned salary adjustment in order to determine the corresponding adjustments for pensions and benefits expense. The resulting adjustment was a decrease of \$3,279 for water and \$371 for wastewater.

⁴ Order No. PSC-16-0296-PAA-WS, issued July 27, 2016, in Docket No. 150269-WS, *In re: Application for limited proceeding water rate increase in Marion, Pasco, and Seminole Counties, by Utilities, Inc. of Florida.*

A corresponding adjustment was also made to decrease TOTI by \$691 for water and \$78 for wastewater to reflect payroll taxes consistent with the salary adjustments.

Second, staff increased transportation expense for UIF-Seminole (water) by \$2,736 to reflect the 3-year average for transportation expense consistent with its last rate case.

Third, staff adjusted bad debt expense for several systems to reflect the 3-year average for bad debt expense consistent with the treatment in each system's last rate case. The resulting adjustments are reflected in the following table.

Table 2-3
Interim – 3-Year Averaging Adjustment to Bad Debt

System	Increase/(Decrease) Adjustments
UIF-Marion -Water	(\$361)
UIF-Marion -Wastewater	\$15
UIF-Pinellas -Water	(\$141)
UIF-Pasco -Water	\$2,043
UIF-Pasco -Wastewater	(\$2,362)
UIF-Seminole -Water	(\$9,523)

Amortization of Rate Case Expense

Staff recommends that for interim purposes, O&M expenses should be adjusted by the difference between Commission-approved annual amortization amount of rate case expense and the test year annual amortization. The Commission found in the Utilities, Inc., generic docket “that rate case expense associated with Docket No. 120161-WS shall be allocated to each UI Florida subsidiary based on the ratio of each subsidiary’s ERCs to UI’s total Florida ERCs as of December 31, 2013.”⁵ The Order specified that each subsidiary would be allowed to recover its allocated portion of rate case expense over four years, pursuant to Section 367.0816, F.S. Staff’s total amount of authorized rate case expense includes expense associated with Docket No. 120161-WS, and the resulting adjustments are reflected in the following table.

⁵ Order No. PSC-14-0521-FOF-WS, p.19, issued September. 30, 2014, in Docket 120161-WS, *In re: Analysis of Utilities, Inc. ’s financial accounting and customer service computer system.*

**Table 2-4
 Interim – Adjustments to Rate Case Expense**

System	Increase/(Decrease) Adjustments
Lake Placid-Water	(\$249)
Lake Placid-Wastewater	\$115
Tierra Verde-Wastewater	\$1,084
UIF-Marion -Water	\$235
UIF-Marion -Wastewater	\$33
UIF-Pinellas -Water	\$5,992
UIF-Pasco -Water	\$36,734
UIF-Pasco -Wastewater	\$14,545
UIF-Seminole -Water	(\$35,977)

Excessive Unaccounted Water

In Lake Placid’s last rate case, the Commission determined that the system had excessive unaccounted for water (EUW) of 1.9 percent. In its MFRs for the instant case, the figure was calculated at 3.1 percent. Following the same methodology used in the last rate case, staff recommends applying the updated EUW percentage from the MFRs to the actual water treatment expense for 2016. The resulting adjustment is a reduction of \$109 to water O&M expense for Lake Placid.

Inflow & Infiltration

In UIF-Pasco’s last rate case, the Commission determined that its Orangewood and Buena Vista systems had no excessive infiltration and inflow (I&I). In its MFRs submitted for the instant case, I&I was calculated at 15.89 percent. Following the same methodology used in the last rate case, staff recommends applying the updated I&I percentage from the MFRs to the actual wastewater treatment expense for 2016. Staff applied the I&I reduction to the proportionate expenses associated with the individual system. The resulting adjustment is a reduction of \$4,974 for UIF-Pasco (wastewater).

Earnings Analysis

In addition to the systems reflected in UIF’s interim request, staff also reviewed UIF’s other PSC-regulated systems to determine whether any of the systems were potentially earning above their maximum allowed ROE. Staff reviewed all orders that addressed the Utility’s most recent rate proceeding and made adjustments as discussed below. Based on this methodology, there appears to be seven systems reflecting potential overearnings that warrant additional review. Pursuant to Section 367.082(2)(b), F.S., in a proceeding for an interim decrease in rates, the Commission shall authorize the continued collection of the previously authorized rates; however, revenues collected under those rates that are sufficient to reduce the achieved rate of return to the maximum of the rate of return should be held subject to refund with interest.

As part of its U&U analysis, staff reviewed wastewater treatment systems not contained in the interim rate request for potential overearnings evaluation and recommends the following adjustments. Based on staff’s review, Labrador wastewater treatment plant should be considered 79.94 percent U&U based on the prior rate case order because MFR Schedule F-6 contains no

usage and capacity data for U&U calculations. As such, staff recommends a net non-U&U adjustment of \$302,751 to reduce rate base. Corresponding adjustments should also be made to reduce depreciation expense by \$14,899 and property taxes by \$2,173.

Staff also reviewed EUW and I&I for the systems not included in the interim rate request. In UIF-Seminole’s last rate case, the Commission determined that its Ravenna Park system was determined to have 33.0 percent excessive I&I. In its MFRs submitted for the instant case, I&I was calculated at 31.7 percent for this system. Following the same methodology used in the last rate case, staff recommends applying the updated I&I percentage from the MFRs to the actual wastewater treatment expense for 2016. Staff applied the I&I reduction to the proportionate expenses associated with the individual system. The resulting adjustment is a reduction of \$29,122 for UIF-Seminole.

Additionally staff made further adjustments to reflect the appropriate working capital, adjustments consistent with the last case, and the appropriate amortization of rate case expense. These adjustments are consistent with staff’s adjustments to the Utility’s interim request, as previously discussed, and are reflected in the following tables.

**Table 2-5
 Earnings Analysis – Working Capital Adjustments**

System	Increase/(Decrease) Adjustment
UIF-Seminole -Wastewater	\$35,160
Labrador-Wastewater	(\$84,050)
LUSI-Water	\$134,551
Pennbrooke-Wastewater	\$1,216
Longwood-Wastewater	\$48,223
Eagle Ridge-Wastewater	(\$112,824)
Cypress Lakes-Water	(\$820)

**Table 2-6
 Earnings Analysis – Additional Adjustments Consistent with Last Rate Case**

System	Methodology Description	Expense Account	Increase/(Decrease) Adjustments
UIF-Seminole -Wastewater	3-yr average	Transportation Expense	\$1,373
Labrador-Wastewater	Lease adjusted based on rate of return	Rental Expense	(\$15,618)

Table 2-7
Earnings Analysis – Benchmarking Adjustments to Salaries & Wages Additional

System	Salaries & Wages Expense- Employees/Officers	Pensions & Benefits Expense	Payroll Tax
Pennbrooke-Wastewater	\$1,166	\$403	\$89
Longwood-Wastewater	(\$18,950)	(\$5,392)	(\$1,450)

Table 2-8
Earnings Analysis – 3-Year Averaging Adjustment to Bad Debt

System	Increase/(Decrease) Adjustment
UIF-Seminole -Wastewater	\$86
LUSI-Water	\$5,245
Pennbrooke-Wastewater	\$2
Longwood-Wastewater	(\$1,534)
Eagle Ridge-Wastewater	(\$654)

Table 2-9
Earnings Analysis – Adjustments to Rate Case Expense

System	Increase/(Decrease) Adjustments
UIF-Seminole -Wastewater	(\$19,983)
LUSI-Water	\$67,275
Labrador-Wastewater	(\$5,836)
Pennbrooke-Wastewater	\$625
Longwood-Wastewater	\$899
Eagle Ridge-Wastewater	\$6,898
Cypress Lakes-Water	(\$2,972)

Revenue Requirement

Staff has recommended revenue requirements consistent with the calculations required by the interim statute and Commission practice. For those systems that appear to be underearning, the revenue requirements were determined using the minimum ROE limit. Consistent with the interim statute, for those systems that appear to be overearning, staff used the maximum ROE limit. Based on the above adjustments, staff’s recommended interim rate of return resulted in a revenue requirement that exceeded what UIF requested. In such circumstances, it has been Commission practice to limit the revenue requirement to the level requested by a utility.⁶

⁶ Order Nos. PSC-13-0673-FOF-WS, issued December 19, 2013, in Docket No. 130212-WS, *In re: Application for increase in water/wastewater rates in Polk County by Cypress Lakes Utilities, Inc.*; PSC-10-0018-PCO-WS, issued January 6, 2010, in Docket No. 090402-WS, *In re: Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation*; PSC-06-0675-PCO-SU, issued August 7, 2006, in Docket No. 060255-SU, *In re: Application for increase in wastewater rates in Pinellas County by Tierra Verde Utilities, Inc.*; PSC-05-0287-PAA-SU, issued March 17, 2005, in Docket No. 040972-SU, *In re: Application for rate increase in*

Consistent with Commission practice, staff limited the revenue requirements of Tierra Verde, UIF-Pinellas, and UIF-Pasco (both water and wastewater) to the level requested by the Utility.

Based upon recovery of actual operating expenses for the year ended December 31, 2015, staff recommends that the appropriate combined interim revenue requirements are \$2,653,047 and \$1,828,090, respectively for the Utility's water and wastewater systems. This results in interim increase in annual revenues of \$348,309 for the water systems and \$209,440 for the wastewater systems. For systems that appear to be earning above their maximum ROE, staff recommends that revenues totaling \$530,908 should be collected subject to refund with interest and each system should continue collecting current rates. The following tables show the revenue requirement and interim increase in annual revenues for each respective system.

**Table 2-10
 Interim Revenue Requirement – Water Systems**

Water Systems	Adjusted Test Year Revenues	Revenue Increase	% Increase	Revenue Requirement
Lake Placid	\$69,017	\$10,189	14.76%	\$79,206
UIF-Marion	\$161,079	80,785	50.15%	241,864
UIF-Pinellas	\$157,855	14,309	9.06%	172,164
UIF-Pasco	\$901,930	56,674	6.28%	958,604
UIF-Seminole	\$1,014,857	<u>186,352</u>	18.36%	<u>1,201,209</u>
Total		<u>\$348,309</u>		<u>\$2,653,047</u>

**Table 2-11
 Interim Revenue Requirement – Wastewater Systems**

Wastewater Systems	Adjusted Test Year Revenues	Revenue Increase	% Increase	Revenue Requirement
Lake Placid	\$72,314	\$638	0.88%	\$72,952
Tierra Verde	\$992,530	69,084	6.96%	1,061,614
UIF-Marion	\$47,826	31,438	65.73%	79,264
UIF-Pasco	\$505,980	<u>108,280</u>	21.40%	<u>614,260</u>
Total		<u>\$209,440</u>		<u>\$1,828,090</u>

Pinellas County by Ranch Mobile WWTP, Inc.; and PSC-95-0191-FOF-WS, issued February 9, 1995, in Docket No. 940917-WS, In re: Application for rate increase for increased water and wastewater rates in Seminole, Orange, and Pasco Counties by Utilities, Inc. of Florida.

Table 2-12
Earnings Analysis

System	Revenue Held Subject to Refund	Percentage
UIF-Seminole-Wastewater	(\$138,594)	(16.61%)
LUSI-Water	(143,546)	(2.63%)
Labrador-Wastewater	(134,838)	(20.87%)
Pennbrooke-Wastewater	(47,924)	(9.35%)
Longwood-Wastewater	(17,559)	(2.18%)
Eagle Ridge-Wastewater	(24,112)	(2.07%)
Cypress Lakes-Water	(24,335)	(6.87%)
Total	<u>(\$530,908)</u>	

Issue 3: What are the appropriate interim water and wastewater rates?

Recommendation: The service rates for UIF in effect as of December 31, 2015, should be increased as shown below to generate the recommended revenue increase for the interim period.

System	% Rate Increase
Lake Placid-Water	14.81%
Tierra Verde-Wastewater	6.96%
UIF-Marion -Water	50.88%
UIF-Marion -Wastewater	66.14%
UIF-Pinellas -Water	9.14%
UIF-Pasco -Water	6.38%
UIF-Pasco -Wastewater	21.49%
UIF-Seminole -Water	18.67%

The rates, as shown on Schedule Nos. 4-A and 4-B, should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, staff has approved the proposed customer notice, and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. (Bruce, Friedrich, Hudson, Johnson)

Staff Analysis: Staff recommends that interim service rates for UIF be designed to allow the Utility the opportunity to generate additional annual operating revenues as shown below. The test year revenues were adjusted to annualize the rate in effect at the end of the test year. To determine the appropriate increase to apply to the service rates, miscellaneous revenues should be removed from the adjusted test year revenues. The calculations are as follows:

**Table 3
 Percentage Increase Less Miscellaneous Revenues**

System	Adjusted Test Year Revenues	Miscellaneous Revenues	Revenues – Miscellaneous Revenue	Revenue Increase	% Rate Increase
Lake Placid-Water	\$69,017	\$231	\$68,786	\$10,189	14.81%
Lake Placid-Wastewater	\$72,314	\$210	\$72,104	\$638	.88%
Tierra Verde-Wastewater	\$992,530	\$0	\$992,530	\$69,084	6.96%
UIF-Marion -Water	\$161,079	\$2,295	\$158,784	\$80,785	50.88%
UIF-Marion -Wastewater	\$47,826	\$295	\$47,531	\$31,438	66.14%
UIF-Pinellas -Water	\$157,855	\$1,248	\$156,607	\$14,309	9.14%
UIF-Pasco -Water	\$901,930	\$14,317	\$887,613	\$56,674	6.38%
UIF-Pasco -Wastewater	\$505,980	\$2,166	\$503,814	\$108,280	21.49%
UIF-Seminole -Water	\$1,014,857	\$16,487	\$998,370	\$186,352	18.67%

Consistent with Commission practice for interim rates, the above percentage increases should be applied as an across-the-board increase to the service rates in effect as of December 31, 2015, in each respective county. Due to an increase of less than one percent, staff recommends that Lake Placid's wastewater rates remain the same for interim purposes. While staff has identified seven systems that may have exceeded their maximum allowed ROE, staff is not recommending a change in rates at this time. However, as mentioned in Issue 2, staff has recommended amounts to be held subject to refund for these systems. The rates, as shown on Schedule Nos. 4-A and 4-B, should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, staff has approved the proposed customer notice, and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 4: What is the appropriate security to guarantee the interim increase?

Recommendation: A cumulative corporate undertaking is acceptable contingent upon receipt of the written guarantee of the parent company, Utilities, Inc. (UI or company), and written confirmation that the cumulative outstanding guarantees on behalf of UI-owned utilities in other states will not exceed \$2 million (inclusive of all Florida utilities). UI should be required to file a corporate undertaking on behalf of its subsidiaries to guarantee any potential refunds of revenues collected under interim conditions. UI's guaranteed amount subject to refund should be \$759,084. Pursuant to Rule 25-30.360(6), F.A.C., the Utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and in accordance with Rule 25-30.360, F.A.C. (Frank, Norris, Wolmers)

Staff Analysis: Pursuant to Section 367.082, F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the Commission. As recommended in Issue 2, the total interim increase is \$557,749, with an additional \$530,908 being held subject to refund due to potential overearnings. In accordance with Rule 25-30.360, F.A.C., staff calculated the potential refund of revenues and interest collected under interim conditions to be \$726,848. This amount is based on an estimated eight months of revenue being collected from staff's recommended interim rates over the Utility's current authorized rates shown on Schedule No. 4.

Utilities, Inc. of Florida is a wholly-owned subsidiary of UI, which provides all investor capital to its subsidiaries. Based on the amount subject to refund, the incremental increase in UI's corporate undertaking is \$726,848. A corporate undertaking request for Pasco County, in Docket No. 150269-WS, for the amount of \$32,236 is still pending. Including this amount and the current corporate undertaking request of \$726,848 the total cumulative outstanding guarantee is \$759,084 subject to refund.

The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff reviewed UI's 2013, 2014, and 2015 financial statements to determine if the company can support a corporate undertaking on behalf of its subsidiary. In its 2013 financial statements, UI reported an insufficient working capital amount, an inadequate current ratio, and an inadequate interest coverage ratio. In 2014, UI reported insufficient working capital and an inadequate current ratio. However, the interest coverage ratio was adequate. In 2015, UI working capital, current ratio, and interest coverage ratio were adequate. In addition, UI reported adequate ownership equity and achieved adequate profitability over the 3-year review period.

Based on staff's review of the financial reports submitted by UI, staff believes UI has adequate resources to support a corporate undertaking in the amount requested. Based on this analysis, staff recommends that a cumulative corporate undertaking of \$759,084 is acceptable contingent upon receipt of the written guarantee of UI and written confirmation that the cumulative outstanding guarantees on behalf of UI-owned utilities in other states will not exceed \$2 million (inclusive of all Florida utilities).

The brief financial analysis above is only appropriate for deciding if UI can support a corporate undertaking in the amount proposed and should not be considered a finding regarding staff's position on other issues in this proceeding.

Pursuant to Rule 25-30.360(6), F.A.C., the Utility should provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

In no instance should maintenance and administrative costs associated with any refund be borne by the customers. Such costs are the responsibility of, and should be borne by, the Utility.

Issue 5: Should the Commission grant the Utility's Petition for Waiver or Variance of Schedule E-14, of Commission Form PSC/AFD 19-W (11/93), as incorporated by reference in Rule 25.30-437, F.A.C.?

Recommendation: Yes. The Commission should grant UIF's Petition for Waiver of the Rule. (Treirweiler)

Staff Analysis: Compliance with Schedule E-14, of Commission Form PSC/AFD 19-W (11/93), as incorporated by reference in Rule 25-30.437, F.A.C., would require the Utility to create billing analyses throughout the test year that capture the data for each class of service by meter size and reflect all rate changes throughout the test year. Each billing analysis must show the bills, gallons and rates. The goal is to provide the Commission with the data to create an annualized test year. Instead, the Utility provided the rates in effect for each system at the end of the test year period.

UIF asserts that its prior submission of annualized billing analyses from the test year obviates the requirement for the additional documents. UIF estimates that compliance would require an unnecessary creation of an additional 700-900 billing analyses. UIF asserts that it would require extensive time and it would incur inordinate costs to comply. UIF further asserts that it has already produced sufficient data required by staff to fully examine and evaluate UIF's proposed general rate increase. UIF's failure to provide separate billing analyses under Schedule E-14 that coincided with each period of rate change during the test year resulted in deficiency number 5(e)1, in the Commission's September 29, 2016 Deficiency Letter.

UIF is asserting that production of these additional documents would result in a substantial hardship as defined in Section 120.542(2), F.S. In the instant case, these detailed rate change billing analyses would not provide any additional useful data that would facilitate the Commission's review of UIF's rate request. The application of this specific MFR requirement would lead to an unreasonable, unfair, and unintended result. The purpose of this specific MFR requirement has already been achieved through the billing analysis schedules already filed by UIF in this docket.

UIF has been authorized by Office of Public Counsel to represent that: "OPC does not oppose UIF's request for rule waiver as to deficiency 5(e)1 identified on the September 29, 2016 MFR deficiency letter."

Section 120.542(2), F.S., authorizes the Commission to grant variances or waivers to the requirements of its rules where the person subject to the rules has demonstrated that the underlying purpose of the statute has been or will be achieved by other means, and strict application of the rules would cause the person substantial hardship or would violate principles of fairness. "Substantial hardship" as defined in this section may include a demonstrated economic, technological, legal, or other type of hardship to the person requesting the variance or waiver.

Section 367.081, F. S., provides that the Commission shall fix rates which are just, reasonable, compensatory and not unfairly discriminatory. The underlying purpose for gathering the information required by Rule 25-30.437, F.A.C., is to provide sufficient information for the

Commission to set appropriate rates for a utility. The Utility has provided the information in its MFRs that will permit the staff and parties to examine revenues for the test year period. The information the Utility is seeking to waive is not necessary for that determination. Therefore, the underlying purpose of the statute can still be met if the waiver is granted. Further, staff believes the Utility has sufficiently alleged hardship should it be required to comply with the rule.

Staff therefore recommends that the Commission grant the waiver of the rule. By granting this waiver, UIF will avoid incurring a substantial hardship without adversely impacting the Commission's ability to determine the annualized adjustment for the test year.

Issue 6: Should this docket be closed?

Recommendation: The docket should remain open pending the Commission's final action on the Utility's requested rate increase. (Trierweiler)

Staff Analysis: The docket should remain open pending the Commission's final action on the Utility's requested rate increase. With respect to Issue 5, a Consummating Order should be issued unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action portion of the order.

Lake Placid Schedule of Water Rate Base Test Year Ended 12/31/15			Schedule No. 1-A Docket No. 160101-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$531,442	(\$21,785)	\$509,657	\$0	\$509,657
2 Land and Land Rights	2,799	0	2,799	0	2,799
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(252,869)	20,013	(232,856)	0	(232,856)
5 CIAC	(235,199)	0	(235,199)	0	(235,199)
6 Accumulated Amortization of CIAC	92,146	0	92,146	0	92,146
7 CWIP	2	(2)	0	0	0
8 Working Capital Allowance	<u>0</u>	<u>10,582</u>	<u>10,582</u>	<u>(5,073)</u>	<u>5,509</u>
9 Rate Base	<u>\$138,321</u>	<u>\$8,808</u>	<u>\$147,129</u>	<u>(\$5,073)</u>	<u>\$142,056</u>

Lake Placid			Schedule No. 1-B		
Schedule of Wastewater Rate Base			Docket No. 160101-WS		
Test Year Ended 12/31/15					
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$804,592	\$21,785	\$826,377	\$0	\$826,377
2 Land and Land Rights	21,665	0	21,665	0	21,665
3 Non-used and Useful Components	0	(51,168)	(51,168)	(24,425)	(75,593)
4 Accumulated Depreciation	(526,988)	(16,778)	(543,766)	0	(543,766)
5 CIAC	(335,881)	0	(335,881)	0	(335,881)
6 Accumulated Amortization of CIAC	180,809	0	180,809	0	180,809
7 Working Capital Allowance	<u>0</u>	<u>11,154</u>	<u>11,154</u>	<u>(5,153)</u>	<u>6,001</u>
8 Rate Base	<u>\$144,197</u>	<u>(\$35,007)</u>	<u>\$109,190</u>	<u>(\$29,578)</u>	<u>\$79,612</u>

Lake Placid		Schedule No. 1-C	
Adjustments to Rate Base		Docket No. 160101-WS	
Test Year Ended 12/31/2015			
Explanation	Water	Wastewater	
Non-used and Useful			
To reflect net non-used and useful adjustment.	<u>\$0</u>	<u>(\$24,425)</u>	
Working Capital			
To reflect appropriate working capital.	<u>(\$5,073)</u>	<u>(\$5,153)</u>	

Lake Placid Capital Structure-13-Month Average Test Year Ended 12/31/15						Schedule No. 2 Docket No. 160101-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Utility								
1 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,882,857)	\$117,143	49.92%	6.70%	3.34%
2 Short-term Debt	9,315,385	0	9,315,385	(9,309,325)	6,060	2.58%	2.32%	0.06%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	170,208,617	0	170,208,617	(170,097,861)	110,756	47.20%	9.45%	4.46%
5 Customer Deposits	696	0	696	0	696	0.30%	6.00%	0.02%
6 Deferred Income Taxes	<u>(10,355)</u>	<u>0</u>	<u>(10,355)</u>	<u>10,355</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
7 Total Capital	<u>\$359,514,343</u>	<u>\$0</u>	<u>\$359,514,343</u>	<u>(\$359,279,688)</u>	<u>\$234,655</u>	<u>100.00%</u>		<u>7.88%</u>
Per Staff								
8 Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,889,368)	\$110,632	49.91%	6.66%	3.32%
9 Short-term Debt	9,315,385	0	9,315,385	(9,309,660)	5,725	2.58%	2.32%	0.06%
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11 Common Equity	170,208,617	0	170,208,617	(170,104,003)	104,614	47.19%	9.45%	4.46%
12 Customer Deposits	696	0	696	0	696	0.31%	6.00%	0.02%
13 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
14 Total Capital	<u>\$359,524,698</u>	<u>\$0</u>	<u>\$359,524,698</u>	<u>(\$359,303,030)</u>	<u>\$221,668</u>	<u>100.00%</u>		<u>7.86%</u>
						<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY						<u>9.45%</u>	<u>11.45%</u>	
OVERALL RATE OF RETURN						<u>7.86%</u>	<u>8.81%</u>	

Lake Placid								Schedule No. 3-A	
Statement of Water Operations								Docket No. 160101-WS	
Test Year Ended 12/31/15									
	Description	Test Year Per Utility	Utility Adjustments	Adjusted Test Year Per Utility	Staff Adjustments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement	
1	Operating Revenues:	<u>\$71,165</u>	<u>\$9,005</u>	<u>\$80,170</u>	<u>(\$11,153)</u>	<u>\$69,017</u>	<u>\$10,189</u> 14.76%	<u>\$79,206</u>	
	Operating Expenses								
2	Operation & Maintenance	\$45,039	(\$611)	\$44,428	(\$358)	\$44,070	\$0	\$44,070	
3	Depreciation	14,697	(3,107)	11,590	0	11,590	0	11,590	
4	Amortization	(217)	217	0	0	0	0	0	
5	Taxes Other Than Income	8,196	401	8,597	(502)	8,095	458	8,554	
6	Income Taxes	<u>(595)</u>	<u>4,556</u>	<u>3,961</u>	<u>(3,800)</u>	<u>161</u>	<u>3,661</u>	<u>3,822</u>	
7	Total Operating Expense	<u>67,120</u>	<u>1,456</u>	<u>68,576</u>	<u>(4,659)</u>	<u>63,917</u>	<u>4,120</u>	<u>68,036</u>	
8	Operating Income	<u>\$4,045</u>	<u>\$7,549</u>	<u>\$11,594</u>	<u>(\$6,494)</u>	<u>\$5,100</u>	<u>\$6,069</u>	<u>\$11,169</u>	
9	Rate Base	<u>\$138,321</u>		<u>\$147,129</u>		<u>\$142,056</u>		<u>\$142,056</u>	
10	Rate of Return	<u>2.92%</u>		<u>7.88%</u>		<u>3.59%</u>		<u>7.86%</u>	

Lake Placid Statement of Wastewater Operations Test Year Ended 12/31/15						Schedule No. 3-B Docket No. 160101-WS	
Description	Test Year 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>\$75,147</u>	<u>(\$636)</u>	<u>\$74,511</u>	<u>(\$2,197)</u>	<u>\$72,314</u>	<u>\$638</u> 0.88%	<u>\$72,952</u>
Operating Expenses							
2 Operation & Maintenance	\$47,400	\$491	\$47,891	\$115	\$48,006	\$0	\$48,006
3 Depreciation	14,786	(5,538)	9,248	0	9,248	0	9,248
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	7,984	140	8,124	(856)	7,268	29	7,296
6 Income Taxes	<u>2,037</u>	<u>316</u>	<u>2,353</u>	<u>(440)</u>	<u>1,913</u>	<u>229</u>	<u>2,142</u>
7 Total Operating Expense	<u>72,207</u>	<u>(4,591)</u>	<u>67,616</u>	<u>(1,182)</u>	<u>66,434</u>	<u>258</u>	<u>66,692</u>
8 Operating Income	<u>\$2,940</u>	<u>\$3,955</u>	<u>\$6,895</u>	<u>(\$1,015)</u>	<u>\$5,880</u>	<u>\$380</u>	<u>\$6,260</u>
9 Rate Base	<u>\$144,197</u>		<u>\$109,190</u>		<u>\$79,612</u>		<u>\$79,612</u>
10 Rate of Return	<u>2.04%</u>		<u>6.31%</u>		<u>7.39%</u>		<u>7.86%</u>

Lake Placid		Schedule No. 3-C	
Adjustments to Operating Income		Docket No. 160101-WS	
Test Year Ended 12/31/15			
Explanation	Water	Wastewater	
Operating Revenues			
1 Remove requested interim revenue increase.	(\$11,239)	(\$1,661)	
2 To reflect the appropriate amount of annualized revenues.	<u>86</u>	<u>(536)</u>	
Total	<u>(\$11,153)</u>	<u>(\$2,197)</u>	
Operation and Maintenance Expense			
1 To reflect appropriate rate case expense amortization.	(\$249)	\$115	
2 To reflect 3.1 percent EUW adjustment.	<u>(109)</u>	<u>0</u>	
Total	<u>(\$358)</u>	<u>\$115</u>	
Taxes Other Than Income			
1 To reflect RAFs on revenue adjustment.	(\$502)	(\$99)	
2 To remove property taxes on non-used and useful adjustment.	<u>0</u>	<u>(757)</u>	
Total	<u>(\$502)</u>	<u>(\$856)</u>	

Lake Placid Test Year Ended 12/31/15 Monthly Water Rates		Schedule No. 4-A Docket No. 160101-WS			
	Test Year Rates 12/31/15	Utility Current Rates	Utility Requested Interim	Utility Requested Final	Staff Recommended Interim
<u>Residential and General Service</u>					
Base Facility Charge by Meter Size					
5/8" X 3/4"	\$15.83	\$15.94	\$18.41	\$19.10	\$18.17
3/4"	\$22.75	\$23.92	\$27.62	\$28.66	\$27.26
1"	\$39.56	\$39.84	\$46.01	\$47.73	\$45.43
1-1/2"	\$79.12	\$79.68	\$92.02	\$95.46	\$90.85
2"	\$126.59	\$127.49	\$147.23	\$152.75	\$145.36
3"	\$253.19	\$254.98	\$294.47	\$305.49	\$290.72
4"	\$395.60	\$398.40	\$460.10	\$477.32	\$454.25
6"	\$791.20	\$796.80	\$920.20	\$954.65	\$908.50
Charge per 1,000 gallons - Residential and General Service	\$6.72	\$6.77	\$7.82	\$8.11	\$7.72
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>					
3,000 Gallons	\$35.99	\$36.25	\$41.87	\$43.43	\$41.33
5,000 Gallons	\$49.43	\$49.79	\$57.51	\$59.65	\$56.77
10,000 Gallons	\$83.03	\$83.64	\$96.61	\$100.20	\$95.37

Lake Placid Test Year Ended 12/31/15 Monthly Wastewater Rates		Schedule No. 4-B Docket No. 160101-WS			
	Test Year Rates 12/31/15	Utility Current Rates	Utility Requested Interim	Utility Requested Final	Staff Recommended Interim
<u>Residential Service</u>					
Base Facility Charge - All Meter Sizes	\$12.01	\$12.09	\$12.28	\$15.24	\$12.12
Charge per 1,000 Gallons- Residential 6,000 gallon cap	\$5.53	\$5.57	\$5.66	\$7.02	\$5.58
Flat Rate	\$21.88	\$22.03	\$22.38	\$27.77	\$22.07
<u>General Service</u>					
Base Facility Charge by Meter Size					
5/8" X 3/4"	\$12.01	\$12.09	\$12.28	\$15.24	\$12.12
3/4"	\$18.02	\$18.15	\$18.43	\$22.88	\$18.18
1"	\$30.03	\$30.24	\$30.71	\$38.11	\$30.30
1-1/2"	\$60.05	\$60.47	\$61.42	\$76.22	\$60.60
2"	\$96.09	\$96.76	\$98.28	\$121.96	\$96.96
3"	\$192.15	\$193.54	\$196.57	\$243.94	\$193.92
4"	\$300.29	\$302.40	\$307.14	\$381.14	\$303.00
6"	\$600.58	\$604.80	\$614.28	\$762.29	\$606.00
Charge per 1,000 gallons - General Service	\$6.63	\$6.68	\$6.78	\$8.42	\$6.69
<u>Bulk Service</u>					
Base Facility Charge - All Meter Sizes	\$403.01	\$405.84	\$412.20	\$511.52	\$406.56
Charge per 1,000 gallons - Bulk Service	\$5.31	\$5.35	\$5.43	\$6.74	\$5.40
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>					
3,000 Gallons	\$28.60	\$28.80	\$29.26	\$36.30	\$28.86
5,000 Gallons	\$39.66	\$39.94	\$40.58	\$50.34	\$40.02
10,000 Gallons	\$67.31	\$67.79	\$68.88	\$85.44	\$67.92

Tierra Verde		Schedule No. 1-A			
Schedule of Wastewater Rate Base		Docket No. 160101-WS			
Test Year Ended 12/31/15					
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$4,599,437	\$0	\$4,599,437	\$0	\$4,599,437
2 Land and Land Rights	727	0	727	0	727
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(3,329,766)	25,394	(3,304,372)	0	(3,304,372)
5 CIAC	(1,821,202)	0	(1,821,202)	0	(1,821,202)
6 Accumulated Amortization of CIAC	1,566,010	0	1,566,010	0	1,566,010
7 CWIP	18	(18)	0	0	0
8 Acquisition Adjustment	351,207	(351,207)	0	0	0
9 Accumulated Amort. of Acq. Adj.	(81,247)	81,247	0	0	0
10 Working Capital Allowance	<u>0</u>	<u>95,329</u>	<u>95,329</u>	<u>135</u>	<u>95,464</u>
11 Rate Base	<u>\$1,285,184</u>	<u>(\$149,255)</u>	<u>\$1,135,929</u>	<u>\$135</u>	<u>\$1,136,064</u>

Tierra Verde		Schedule No. 1-B
Adjustments to Rate Base		Docket No. 160101-WS
Test Year Ended 12/31/2015		
Explanation		Wastewater
Working Capital To reflect appropriate working capital.		<u>\$135</u>

Tierra Verde Capital Structure-13-Month Average Test Year Ended 12/31/15							Schedule No. 2 Docket No. 160101-WS			
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost		
Per Utility										
1	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,531,136)	\$468,864	41.28%	6.70%	2.77%	
2	Short-term Debt	17,100,000	0	17,100,000	(17,055,472)	44,528	3.92%	2.32%	0.09%	
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
4	Common Equity	191,433,000	0	191,433,000	(190,934,383)	498,617	43.90%	11.34%	4.98%	
5	Customer Deposits	0	0	0	0	0	0.00%	2.00%	0.00%	
6	Deferred Income Taxes	<u>123,919</u>	<u>0</u>	<u>123,919</u>	<u>0</u>	<u>123,919</u>	<u>10.91%</u>	0.00%	<u>0.00%</u>	
7	Total Capital	<u>\$388,656,919</u>	<u>\$0</u>	<u>\$388,656,919</u>	<u>(\$387,520,991)</u>	<u>\$1,135,928</u>	<u>100.00%</u>		<u>7.83%</u>	
Per Staff										
8	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,531,092)	\$468,908	41.27%	6.66%	2.75%	
9	Short-term Debt	17,100,000	0	17,100,000	(17,055,454)	44,546	3.92%	2.32%	0.09%	
10	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
11	Common Equity	191,433,000	0	191,433,000	(190,934,309)	498,691	43.90%	11.34%	4.98%	
12	Customer Deposits	0	0	0	0	0	0.00%	2.00%	0.00%	
13	Deferred Income Taxes	<u>123,919</u>	<u>0</u>	<u>123,919</u>	<u>0</u>	<u>123,919</u>	<u>10.91%</u>	0.00%	<u>0.00%</u>	
14	Total Capital	<u>\$388,656,919</u>	<u>\$0</u>	<u>\$388,656,919</u>	<u>(\$387,520,855)</u>	<u>\$1,136,064</u>	<u>100.00%</u>		<u>7.82%</u>	
						LOW	HIGH			
						RETURN ON EQUITY	<u>11.34%</u>	<u>13.34%</u>		
						OVERALL RATE OF RETURN	<u>7.82%</u>	<u>8.70%</u>		

Tierra Verde							Schedule No. 3-A	
Statement of Wastewater Operations							Docket No. 160101-WS	
Test Year Ended 12/31/15								
Description	Test Year Per Utility	Utility Adjustments	Adjusted Test Year Per Utility	Staff Adjustments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement	
1 Operating Revenues:	<u>\$983,657</u>	<u>\$77,957</u>	<u>\$1,061,614</u>	<u>(\$69,084)</u>	<u>\$992,530</u>	<u>\$69,084</u> 6.96%	<u>\$1,061,614</u>	
Operating Expenses								
2 Operation & Maintenance	\$762,629	\$0	\$762,629	\$1,084	\$763,713	\$0	\$763,713	
3 Depreciation	120,386	(4,292)	116,094	0	116,094	0	116,094	
4 Amortization	0	0	0	0	0	0	0	
5 Taxes Other Than Income	55,865	3,987	59,852	(3,109)	56,743	3,109	59,852	
6 Income Taxes	<u>(1,870)</u>	<u>35,967</u>	<u>34,097</u>	<u>(25,172)</u>	<u>8,925</u>	<u>24,826</u>	<u>33,751</u>	
7 Total Operating Expense	<u>937,010</u>	<u>35,662</u>	<u>972,672</u>	<u>(27,197)</u>	<u>945,475</u>	<u>27,935</u>	<u>973,410</u>	
8 Operating Income	<u>\$46,647</u>	<u>\$42,295</u>	<u>\$88,942</u>	<u>(\$41,887)</u>	<u>\$47,055</u>	<u>\$41,149</u>	<u>\$88,204</u>	
9 Rate Base	<u>\$1,285,184</u>		<u>\$1,135,929</u>		<u>\$1,136,064</u>		<u>\$1,136,064</u>	
10 Rate of Return	<u>3.63%</u>		<u>7.83%</u>		<u>4.14%</u>		<u>7.76%</u>	

Tierra Verde Adjustments to Operating Income Test Year Ended 12/31/15		Schedule No. 3-B Docket No. 160101-WS
Explanation	Wastewater	
Operating Revenues To reflect the appropriate amount of annualized revenues.	<u>(\$69,084)</u>	
Operation and Maintenance Expense To reflect appropriate rate case expense amortization.	<u>\$1,084</u>	
Taxes Other Than Income To reflect RAFs on revenue adjustment.	<u>(\$3,109)</u>	

Tierra Verde		Schedule No. 4-A			
Test Year Ended 12/31/15		Docket No. 160101-WS			
Bi-Monthly Wastewater Rates					
	Test Year Rates 12/31/15	Utility Current Rates	Utility Requested Interim	Utility Requested Final	Staff Recommended Interim
<u>Residential Service</u>					
Flat Rate (Bi-monthly)	\$96.91	\$97.29	\$103.65	\$107.82	\$104.06
<u>General Service</u>					
Base Facility Charge by Meter Size (Bi-monthly)					
5/8 x 3/4"	\$61.10	\$62.06	\$65.35	\$68.77	\$66.38
1"	\$154.52	\$155.13	\$165.27	\$171.93	\$165.95
1-1/2"	\$309.05	\$310.28	\$330.56	\$343.85	\$331.90
2"	\$494.48	\$496.44	\$528.90	\$550.16	\$531.04
3"	\$988.96	\$992.89	\$1,057.79	\$1,031.55	\$1,062.08
4"	\$1,545.22	\$1,551.36	\$1,652.77	\$1,719.25	\$1,659.50
6"	\$3,090.46	\$3,102.73	\$3,305.56	\$3,438.50	\$3,319.00
Charge per 1,000 Gallons - General Service	\$3.57	\$3.58	\$3.82	\$3.97	\$3.83
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>					
3,000 Gallons	\$96.91	\$97.29	\$103.65	\$107.82	\$104.06
5,000 Gallons	\$96.91	\$97.29	\$103.65	\$107.82	\$104.06
10,000 Gallons	\$96.91	\$97.29	\$103.65	\$107.82	\$104.06

UIF-Marion		Schedule No. 1-A				
Schedule of Water Rate Base		Docket No. 160101-WS				
Test Year Ended 12/31/15						
Description		Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1	Plant in Service	\$1,208,257	\$0	\$1,208,257	\$0	\$1,208,257
2	Land and Land Rights	17,211	0	17,211	0	17,211
3	Non-used and Useful Components	0	0	0	0	0
4	Accumulated Depreciation	(537,137)	8,087	(529,050)	0	(529,050)
5	CIAC	(184,713)	0	(184,713)	0	(184,713)
6	Accumulated Amortization of CIAC	120,763	0	120,763	0	120,763
7	CWIP	24,955	(24,955)	0	0	0
8	Acquisition Adjustment	5,529	(5,529)	0	0	0
9	Accumulated Amort. of Acq. Adj.	(2,178)	2,178	0	0	0
10	Working Capital Allowance	<u>0</u>	<u>15,778</u>	<u>15,778</u>	<u>560</u>	<u>16,338</u>
11	Rate Base	<u>\$652,687</u>	<u>(\$4,441)</u>	<u>\$648,246</u>	<u>\$560</u>	<u>\$648,806</u>

UIF-Marion			Schedule No. 1-B		
Schedule of Wastewater Rate Base			Docket No. 160101-WS		
Test Year Ended 12/31/15					
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$210,434	\$0	\$210,434	\$0	\$210,434
2 Land and Land Rights	10,725	0	10,725	0	10,725
3 Non-used and Useful Components	0	0	0	(5,634)	(5,634)
4 Accumulated Depreciation	(100,023)	1,126	(98,897)	0	(98,897)
5 CIAC	(7,200)	0	(7,200)	0	(7,200)
6 Accumulated Amortization of CIAC	1,858	0	1,858	0	1,858
7 CWIP	7	(7)	0	0	0
8 Working Capital Allowance	<u>0</u>	<u>2,196</u>	<u>2,196</u>	<u>78</u>	<u>2,274</u>
9 Rate Base	<u>\$115,801</u>	<u>\$3,315</u>	<u>\$119,116</u>	<u>(\$5,556)</u>	<u>\$113,560</u>

UIF-Marion		Schedule No. 1-C	
Adjustments to Rate Base		Docket No. 160101-WS	
Test Year Ended 12/31/2015			
Explanation	Water	Wastewater	
Non-used and Useful			
To reflect net non-used and useful adjustment.	<u>\$0</u>	<u>(\$5,634)</u>	
Working Capital			
To reflect appropriate working capital.	<u>\$560</u>	<u>\$78</u>	

UIF-Marion Capital Structure-13-Month Average Test Year Ended 12/31/15							Schedule No. 2 Docket No. 160101-WS		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,684,759)	\$315,241	41.08%	6.70%	2.75%
2	Short-term Debt	17,100,000	0	17,100,000	(17,070,061)	29,939	3.90%	2.32%	0.09%
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4	Common Equity	191,432,923	0	191,432,923	(191,097,677)	335,246	43.69%	9.38%	4.10%
5	Customer Deposits	3,411	0	3,411	0	3,411	0.44%	2.00%	0.01%
6	Tax Credits-Zero Cost	5,208	0	5,208	0	5,208	0.68%	0.00%	0.00%
7	Deferred Income Taxes	<u>78,317</u>	<u>0</u>	<u>78,317</u>	<u>0</u>	<u>78,317</u>	<u>10.21%</u>	0.00%	<u>0.00%</u>
8	Total Capital	<u>\$388,619,859</u>	<u>\$0</u>	<u>\$388,619,859</u>	<u>(\$387,852,497)</u>	<u>\$767,362</u>	<u>100.00%</u>		<u>6.95%</u>
Per Staff									
9	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$175,358,738)	\$4,641,262	40.85%	6.66%	2.72%
10	Short-term Debt	17,100,000	0	17,100,000	(16,659,080)	440,920	3.88%	2.32%	0.09%
11	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
12	Common Equity	191,432,923	0	191,432,923	(186,496,865)	4,936,058	43.44%	9.38%	4.08%
13	Customer Deposits	44,664	8,038	52,702	0	52,702	0.46%	2.00%	0.01%
14	Tax Credits-Zero Cost	67,839	12,609	80,448	0	80,448	0.71%	0.00%	0.00%
15	Deferred Income Taxes	<u>1,025,837</u>	<u>184,622</u>	<u>1,210,459</u>	<u>0</u>	<u>1,210,459</u>	<u>10.65%</u>	0.00%	<u>0.00%</u>
16	Total Capital	<u>\$389,671,263</u>	<u>\$205,269</u>	<u>\$389,876,532</u>	<u>(\$378,514,683)</u>	<u>\$11,361,849</u>	<u>100.00%</u>		<u>6.89%</u>
							LOW	HIGH	
							RETURN ON EQUITY	<u>9.38%</u>	<u>11.38%</u>
							OVERALL RATE OF RETURN	<u>6.89%</u>	<u>7.76%</u>

UIF-Marion Statement of Water Operations Test Year Ended 12/31/15						Schedule No. 3-A Docket No. 160101-WS	
Description	Test Year 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>\$159,194</u>	<u>\$96,813</u>	<u>\$256,007</u>	<u>(\$94,928)</u>	<u>\$161,079</u>	<u>\$80,785</u> 50.15%	<u>\$241,864</u>
Operating Expenses							
2 Operation & Maintenance	\$135,850	(\$16,713)	\$119,137	(\$12,442)	\$106,695	\$0	\$106,695
3 Depreciation	61,493	(2,862)	58,631	0	58,631	0	58,631
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	16,310	865	17,175	(4,963)	12,212	3,635	15,847
6 Income Taxes	<u>69</u>	<u>15,953</u>	<u>16,022</u>	<u>(29,097)</u>	<u>(13,075)</u>	<u>29,032</u>	<u>15,956</u>
7 Total Operating Expense	<u>213,722</u>	<u>(2,757)</u>	<u>210,965</u>	<u>(46,502)</u>	<u>164,463</u>	<u>32,667</u>	<u>197,130</u>
8 Operating Income	<u>(\$54,528)</u>	<u>\$99,570</u>	<u>\$45,042</u>	<u>(\$48,426)</u>	<u>(\$3,384)</u>	<u>\$48,119</u>	<u>\$44,735</u>
9 Rate Base	<u>\$652,687</u>		<u>\$648,246</u>		<u>\$648,806</u>		<u>\$648,806</u>
10 Rate of Return	<u>-8.35%</u>		<u>6.95%</u>		<u>-0.52%</u>		<u>6.89%</u>

UIF-Marion Statement of Wastewater Operations Test Year Ended 12/31/15						Schedule No. 3-B Docket No. 160101-WS	
Description	Test Year 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>\$47,187</u>	<u>\$36,523</u>	<u>\$83,710</u>	<u>(\$35,884)</u>	<u>\$47,826</u>	<u>\$31,438</u> 65.73%	<u>\$79,264</u>
Operating Expenses							
2 Operation & Maintenance	\$18,258	\$16,871	\$35,129	(\$1,347)	\$33,782	\$0	\$33,782
3 Depreciation	30,707	1,603	32,310	(2,082)	30,228	0	30,228
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	0	5,051	5,051	(1,834)	3,217	1,415	4,632
6 Income Taxes	<u>10</u>	<u>2,934</u>	<u>2,944</u>	<u>(11,449)</u>	<u>(8,505)</u>	<u>11,298</u>	<u>2,793</u>
7 Total Operating Expense	<u>48,975</u>	<u>26,459</u>	<u>75,434</u>	<u>(16,712)</u>	<u>58,722</u>	<u>12,712</u>	<u>71,434</u>
8 Operating Income	<u>(\$1,788)</u>	<u>\$10,064</u>	<u>\$8,276</u>	<u>(\$19,172)</u>	<u>(\$10,896)</u>	<u>\$18,725</u>	<u>\$7,830</u>
9 Rate Base	<u>\$115,801</u>		<u>\$119,116</u>		<u>\$113,560</u>		<u>\$113,560</u>
10 Rate of Return	<u>-1.54%</u>		<u>6.95%</u>		<u>-9.59%</u>		<u>6.89%</u>

UIF-Marion		Schedule No. 3-C	
Adjustments to Operating Income		Docket No. 160101-WS	
Test Year Ended 12/31/15			
Explanation	Water	Wastewater	
Operating Revenues			
Remove requested interim revenue increase.	<u>(\$94,928)</u>	<u>(\$35,884)</u>	
Operation and Maintenance Expense			
1 To reflect appropriate interim salary expense.	(\$9,037)	(\$1,024)	
2 To reflect appropriate interim pension and benefits expense.	(3,279)	(371)	
3 To reflect appropriate interim bad debt expense.	(361)	15	
4 To reflect appropriate rate case expense amortization.	<u>235</u>	<u>33</u>	
Total	<u>(\$12,442)</u>	<u>(\$1,347)</u>	
Depreciation Expense - Net			
To reflect net non-used and useful adjustment	<u>\$0</u>	<u>(\$2,082)</u>	
Taxes Other Than Income			
1 To reflect RAFs on revenue adjustment.	(\$4,272)	(\$1,615)	
2 To reflect salary adjustment.	(691)	(78)	
3 To remove property taxes on non-used and useful adjustment.	<u>0</u>	<u>(141)</u>	
Total	<u>(\$4,963)</u>	<u>(\$1,834)</u>	

UIF - Marion		Schedule No. 4-A			
Test Year Ended 12/31/15		Docket No. 160101-WS			
Monthly Water Rates					
	Test Year Rates 12/31/15	Utility Current Rates	Utility Requested Interim	Utility Requested Final	Staff Recommended Interim
<u>Residential and General Service</u>					
Base Facility Charge by Meter Size					
5/8"X 3/4"	\$3.70	\$4.80	\$5.91	\$6.40	\$5.58
1"	\$9.26	\$12.00	\$14.80	\$16.01	\$13.95
1-1/2"	\$18.52	\$24.00	\$29.59	\$32.02	\$27.90
2"	\$29.62	\$38.40	\$47.33	\$51.23	\$44.64
3"	\$59.24	\$76.80	\$94.66	\$102.47	\$89.28
4"	\$92.57	\$120.00	\$147.91	\$160.10	\$139.50
6"	\$185.13	\$240.00	\$295.81	\$320.21	\$279.00
Charge per 1,000 gallons - Residential and General Service	\$2.24	\$2.91	\$3.58	\$3.88	\$3.38
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>					
3,000 Gallons	\$10.42	\$13.53	\$16.65	\$18.04	\$15.72
5,000 Gallons	\$14.90	\$19.35	\$23.81	\$25.80	\$22.48
10,000 Gallons	\$26.10	\$33.90	\$41.71	\$45.20	\$39.38

UIF - Marion		Schedule No. 4-B			
Test Year Ended 12/31/15		Docket No. 160101-WS			
Monthly Wastewater Rates					
	Test Year Rates 12/31/15	Utility Current Rates	Utility Requested Interim	Utility Requested Final	Staff Recommended Interim
<u>Residential Service</u>					
Base Facility Charge - All Meter Sizes	\$26.12	\$26.37	\$45.84	\$47.27	\$43.40
Charge per 1,000 Gallons - Residential 10,000 gallon cap	\$2.79	\$2.82	\$4.90	\$5.05	\$4.64
<u>General Service</u>					
Base Facility Charge by Meter Size					
5/8"	\$26.12	\$26.37	\$45.84	\$47.27	\$43.40
1"	\$65.32	\$65.95	\$114.63	\$118.21	\$108.50
1-1/2"	\$130.63	\$131.88	\$229.25	\$236.39	\$217.00
2"	\$209.01	\$211.02	\$366.80	\$378.24	\$347.20
3"	\$418.02	\$422.03	\$733.61	\$756.46	\$694.40
4"	\$653.17	\$659.44	\$1,146.29	\$1,182.00	\$1,085.00
6"	\$1,306.34	\$1,318.88	\$2,292.57	\$2,364.00	\$2,170.00
Charge per 1,000 gallons - General Service	\$3.34	\$3.37	\$5.86	\$6.04	\$5.55
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>					
3,000 Gallons	\$34.49	\$34.83	\$60.54	\$62.42	\$57.32
5,000 Gallons	\$40.07	\$40.47	\$70.34	\$72.52	\$66.60
10,000 Gallons	\$54.02	\$54.57	\$94.84	\$97.77	\$89.80

UIF-Pinellas		Schedule No. 1-A				
Schedule of Water Rate Base		Docket No. 160101-WS				
Test Year Ended 12/31/15						
Description		Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1	Plant in Service	\$901,630	\$0	\$901,630	\$0	\$901,630
2	Land and Land Rights	6,207	0	6,207	0	6,207
3	Non-used and Useful Components	0	0	0	0	0
4	Accumulated Depreciation	(175,392)	6,338	(169,054)	0	(169,054)
5	CIAC	(157,394)	0	(157,394)	0	(157,394)
6	Accumulated Amortization of CIAC	106,775	0	106,775	0	106,775
7	CWIP	19,561	(19,561)	0	0	0
8	Acquisition Adjustment	95,378	(95,378)	0	0	0
9	Accumulated Amort. of Acq. Adj.	(25,082)	25,082	0	0	0
10	Working Capital Allowance	<u>0</u>	<u>16,289</u>	<u>16,289</u>	<u>12,046</u>	<u>28,335</u>
11	Rate Base	<u>\$771,683</u>	<u>(\$67,230)</u>	<u>\$704,453</u>	<u>\$12,046</u>	<u>\$716,499</u>

UIF-Pinellas		Schedule No. 1-B
Adjustments to Rate Base		Docket No. 160101-WS
Test Year Ended 12/31/15		
Explanation	Water	
Working Capital To reflect appropriate working capital.	<u>\$12,046</u>	

UIF-Pinellas Capital Structure-13-Month Average Test Year Ended 12/31/15							Schedule No. 2 Docket No. 160101-WS			
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost		
Per Utility										
1	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,701,329)	\$298,671	42.40%	6.70%	2.84%	
2	Short-term Debt	17,100,000	0	17,100,000	(17,071,635)	28,365	4.03%	2.32%	0.09%	
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
4	Common Equity	191,432,923	0	191,432,923	(191,115,299)	317,624	45.09%	9.38%	4.23%	
5	Customer Deposits	2,346	0	2,346	0	2,346	0.33%	2.00%	0.01%	
6	Tax Credits-Zero Cost	3,582	0	3,582	0	3,582	0.51%	0.00%	0.00%	
7	Deferred Income Taxes	<u>53,865</u>	<u>0</u>	<u>53,865</u>	<u>0</u>	<u>53,865</u>	<u>7.65%</u>	0.00%	<u>0.00%</u>	
8	Total Capital	<u>\$388,592,716</u>	<u>\$0</u>	<u>\$388,592,716</u>	<u>(\$387,888,263)</u>	<u>\$704,453</u>	<u>100.00%</u>		<u>7.17%</u>	
Per Staff										
9	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$175,358,738)	\$4,641,262	40.85%	6.66%	2.72%	
10	Short-term Debt	17,100,000	0	17,100,000	(16,659,080)	440,920	3.88%	2.32%	0.09%	
11	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
12	Common Equity	191,432,923	0	191,432,923	(186,496,865)	4,936,058	43.44%	9.38%	4.08%	
13	Customer Deposits	44,664	8,038	52,702	0	52,702	0.46%	2.00%	0.01%	
14	Tax Credits-Zero Cost	67,839	12,609	80,448	0	80,448	0.71%	0.00%	0.00%	
15	Deferred Income Taxes	<u>1,025,837</u>	<u>184,622</u>	<u>1,210,459</u>	<u>0</u>	<u>1,210,459</u>	<u>10.65%</u>	0.00%	<u>0.00%</u>	
16	Total Capital	<u>\$389,671,263</u>	<u>\$205,269</u>	<u>\$389,876,532</u>	<u>(\$378,514,683)</u>	<u>\$11,361,849</u>	<u>100.00%</u>		<u>6.89%</u>	
							LOW	HIGH		
RETURN ON EQUITY							<u>9.38%</u>	<u>11.38%</u>		
OVERALL RATE OF RETURN							<u>6.89%</u>	<u>7.76%</u>		

UIF-Pinellas Statement of Water Operations Test Year Ended 12/31/15						Schedule No. 3-A Docket No. 160101-WS	
Description	Test Year 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>\$155,393</u>	<u>\$16,771</u>	<u>\$172,164</u>	<u>(\$14,309)</u>	<u>\$157,855</u>	<u>\$14,309</u> 9.06%	<u>\$172,164</u>
Operating Expenses							
2 Operation & Maintenance	\$64,154	\$0	\$64,154	\$5,851	\$70,005	\$0	\$70,005
3 Depreciation	29,500	(866)	28,634	0	28,634	0	28,634
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	2,778	8,113	10,891	(644)	10,247	644	10,891
6 Income Taxes	<u>54</u>	<u>17,921</u>	<u>17,975</u>	<u>(7,151)</u>	<u>10,824</u>	<u>5,142</u>	<u>15,966</u>
7 Total Operating Expense	<u>96,486</u>	<u>25,168</u>	<u>121,654</u>	<u>(1,944)</u>	<u>119,710</u>	<u>5,786</u>	<u>125,496</u>
8 Operating Income	<u>\$58,907</u>	<u>(\$8,397)</u>	<u>\$50,510</u>	<u>(\$12,365)</u>	<u>\$38,145</u>	<u>\$8,523</u>	<u>\$46,668</u>
9 Rate Base	<u>\$771,683</u>		<u>\$704,453</u>		<u>\$716,499</u>		<u>\$716,499</u>
10 Rate of Return	<u>7.63%</u>		<u>7.17%</u>		<u>5.32%</u>		<u>6.51%</u>

UIF-Pinellas		Schedule No. 3-B
Adjustments to Operating Income		Docket No. 160101-WS
Test Year Ended 12/31/15		
Explanation	Water	
Operating Revenues		
1 Remove requested interim revenue increase.	(\$15,017)	
2 To reflect the appropriate amount of annualized revenues.	<u>708</u>	
Total	<u>(\$14,309)</u>	
Operation and Maintenance Expense		
1 To reflect appropriate interim bad debt expense.	(\$141)	
2 To reflect appropriate rate case expense amortization.	<u>5,992</u>	
Total	<u>\$5,851</u>	
Taxes Other Than Income		
To reflect RAFs on revenue adjustment.	<u>(\$644)</u>	

UIF - Pinellas		Schedule No. 4-A			
Test Year Ended 12/31/15		Docket No. 160101-WS			
Monthly Water Rates					
	Test Year Rates 12/31/15	Utility Current Rates	Utility Requested Interim	Utility Requested Final	Staff Recommended Interim
<u>Residential and General Service</u>					
Base Facility Charge by Meter Size					
5/8 x 3/4"	\$11.30	\$11.37	\$12.39	\$23.70	\$12.33
1"	\$28.25	\$28.41	\$30.97	\$59.21	\$30.83
1-1/2"	\$56.48	\$56.81	\$61.92	\$118.41	\$61.65
2"	\$90.38	\$90.90	\$99.09	\$189.46	\$98.64
3"	\$180.75	\$181.90	\$198.16	\$379.12	\$197.28
4"	\$282.43	\$284.07	\$309.64	\$592.07	\$308.25
6"	\$564.85	\$568.13	\$619.26	\$1,184.11	\$616.50
Charge per 1,000 Gallons - Residential Service	\$6.39	\$6.43	\$7.01	\$13.40	\$6.97
Charge per 1,000 Gallons - General Service	\$6.38	\$6.42	\$6.99	\$13.38	\$6.96
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>					
3,000 Gallons	\$30.47	\$30.66	\$33.42	\$63.90	\$33.24
5,000 Gallons	\$43.25	\$43.52	\$47.44	\$90.70	\$47.18
10,000 Gallons	\$75.20	\$75.67	\$82.49	\$157.70	\$82.03

UIF- Pasco		Schedule No. 1-A				
Schedule of Water Rate Base		Docket No. 160101-WS				
Test Year Ended 12/31/15						
Description		Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1	Plant in Service	\$4,388,952	\$296,301	\$4,685,253	\$0	\$4,685,253
2	Land and Land Rights	2,344	0	2,344	0	2,344
3	Non-used and Useful Components	0	0	0	0	0
4	Accumulated Depreciation	(1,598,286)	26,257	(1,572,029)	0	(1,572,029)
5	CIAC	(720,510)	(1,225)	(721,735)	0	(721,735)
6	Accumulated Amortization of CIAC	334,667	0	334,667	0	334,667
7	CWIP	130,454	(130,454)	0	0	0
8	Acquisition Adjustment	375,485	(375,485)	0	0	0
9	Accumulated Amort. of Acq. Adj.	(34,441)	34,441	0	0	0
10	Working Capital Allowance	<u>0</u>	<u>82,498</u>	<u>82,498</u>	<u>73,468</u>	<u>155,966</u>
11	Rate Base	<u>\$2,878,665</u>	<u>(\$67,667)</u>	<u>\$2,810,998</u>	<u>\$73,468</u>	<u>\$2,884,466</u>

UIF- Pasco		Schedule No. 1-B				
Schedule of Wastewater Rate Base		Docket No. 160101-WS				
Test Year Ended 12/31/15						
Description		Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1	Plant in Service	\$1,034,888	\$0	\$1,034,888	\$0	\$1,034,888
2	Land and Land Rights	7,734	0	7,734	0	7,734
3	Non-used and Useful Components	0	0	0	0	0
4	Accumulated Depreciation	423,771	18,350	442,121	0	442,121
5	CIAC	(633,772)	0	(633,772)	0	(633,772)
6	Accumulated Amortization of CIAC	396,078	0	396,078	0	396,078
7	CWIP	34	(34)	0	0	0
8	Acquisition Adjustment	78,938	(78,938)	0	0	0
9	Accumulated Amort. of Acq. Adj.	(7,255)	7,255	0	0	0
10	Working Capital Allowance	<u>0</u>	<u>35,799</u>	<u>35,799</u>	<u>29,090</u>	<u>64,889</u>
11	Rate Base	<u>\$1,300,416</u>	<u>(\$17,568)</u>	<u>\$1,282,848</u>	<u>\$29,090</u>	<u>\$1,311,938</u>

UIF-Pasco		Schedule No. 1-C	
Adjustments to Rate Base		Docket No. 160101-WS	
Test Year Ended 12/31/2015			
Explanation	Water	Wastewater	
Working Capital To reflect appropriate working capital.	<u>\$73,468</u>	<u>\$29,090</u>	

UIF-Pasco Capital Structure-13-Month Average Test Year Ended 12/31/15							Schedule No. 2 Docket No. 160101-WS		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$178,368,327)	\$1,631,673	39.86%	6.70%	2.67%
2	Short-term Debt	17,100,000	0	17,100,000	(16,945,039)	154,961	3.79%	2.32%	0.09%
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4	Common Equity	191,432,923	0	191,432,923	(189,697,707)	1,735,216	42.39%	9.38%	3.98%
5	Customer Deposits	22,434	0	22,434	0	22,434	0.55%	2.00%	0.01%
6	Tax Credits-Zero Cost	34,269	0	34,269	0	34,269	0.84%	0.00%	0.00%
7	Deferred Income Taxes	<u>515,292</u>	<u>0</u>	<u>515,292</u>	<u>0</u>	<u>515,292</u>	<u>12.59%</u>	0.00%	<u>0.00%</u>
8	Total Capital	<u>\$389,104,918</u>	<u>\$0</u>	<u>\$389,104,918</u>	<u>(\$385,011,073)</u>	<u>\$4,093,845</u>	<u>100.00%</u>		<u>6.74%</u>
Per Staff									
9	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$175,358,738)	\$4,641,262	40.85%	6.66%	2.72%
10	Short-term Debt	17,100,000	0	17,100,000	(16,659,080)	440,920	3.88%	2.32%	0.09%
11	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
12	Common Equity	191,432,923	0	191,432,923	(186,496,865)	4,936,058	43.44%	9.38%	4.08%
13	Customer Deposits	44,664	8,038	52,702	0	52,702	0.46%	2.00%	0.01%
14	Tax Credits-Zero Cost	67,839	12,609	80,448	0	80,448	0.71%	0.00%	0.00%
15	Deferred Income Taxes	<u>1,025,837</u>	<u>184,622</u>	<u>1,210,459</u>	<u>0</u>	<u>1,210,459</u>	<u>10.65%</u>	0.00%	<u>0.00%</u>
16	Total Capital	<u>\$389,671,263</u>	<u>\$205,269</u>	<u>\$389,876,532</u>	<u>(\$378,514,683)</u>	<u>\$11,361,849</u>	<u>100.00%</u>		<u>6.89%</u>
							LOW	HIGH	
RETURN ON EQUITY							<u>9.38%</u>	<u>11.38%</u>	
OVERALL RATE OF RETURN							<u>6.89%</u>	<u>7.76%</u>	

UIF-Pasco						Schedule No. 3-A	
Statement of Water Operations						Docket No. 160101-WS	
Test Year Ended 12/31/15							
Description	Test Year Per Utility	Utility Adjustments	Adjusted Test Year Per Utility	Staff Adjustments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$910,704</u>	<u>\$47,900</u>	<u>\$958,604</u>	<u>(\$56,674)</u>	<u>\$901,930</u>	<u>\$56,674</u> 6.28%	<u>\$958,604</u>
Operating Expenses							
2 Operation & Maintenance	\$595,947	(\$157,114)	\$438,833	\$37,535	\$476,368	\$0	\$476,368
3 Depreciation	195,706	(25,753)	169,953	0	169,953	0	169,953
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	148,471	(55,541)	92,930	(2,550)	90,380	2,550	92,930
6 Income Taxes	<u>360</u>	<u>67,015</u>	<u>67,375</u>	<u>(35,794)</u>	<u>31,581</u>	<u>20,367</u>	<u>51,947</u>
7 Total Operating Expense	<u>940,484</u>	<u>(171,393)</u>	<u>769,091</u>	<u>(809)</u>	<u>768,282</u>	<u>22,917</u>	<u>791,199</u>
8 Operating Income	<u>(\$29,780)</u>	<u>\$219,293</u>	<u>\$189,513</u>	<u>(\$55,865)</u>	<u>\$133,648</u>	<u>\$33,757</u>	<u>\$167,405</u>
9 Rate Base	<u>\$2,878,665</u>		<u>\$2,810,998</u>		<u>\$2,884,466</u>		<u>\$2,884,466</u>
10 Rate of Return	<u>-1.03%</u>		<u>6.74%</u>		<u>4.63%</u>		<u>5.80%</u>

UIF-Pasco Statement of Wastewater Operations Test Year Ended 12/31/15						Schedule No. 3-B Docket No. 160101-WS	
Description	Test Year 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>\$511,442</u>	<u>\$102,818</u>	<u>\$614,260</u>	<u>(\$108,280)</u>	<u>\$505,980</u>	<u>\$108,280</u> 21.40%	<u>\$614,260</u>
Operating Expenses							
2 Operation & Maintenance	\$236,929	\$157,114	\$394,043	\$7,209	\$401,252	\$0	\$401,252
3 Depreciation	25,819	24,366	50,185	0	50,185	0	50,185
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	0	48,041	48,041	(4,873)	43,168	4,873	48,041
6 Income Taxes	<u>156</u>	<u>(156)</u>	<u>0</u>	<u>(9,635)</u>	<u>(9,635)</u>	<u>38,912</u>	<u>29,277</u>
7 Total Operating Expense	<u>262,904</u>	<u>229,365</u>	<u>492,269</u>	<u>(7,299)</u>	<u>484,970</u>	<u>43,785</u>	<u>528,755</u>
8 Operating Income	<u>\$248,538</u>	<u>(\$126,547)</u>	<u>\$121,991</u>	<u>(\$100,981)</u>	<u>\$21,010</u>	<u>\$64,495</u>	<u>\$85,505</u>
9 Rate Base	<u>\$1,300,416</u>		<u>\$1,282,848</u>		<u>\$1,311,938</u>		<u>\$1,311,938</u>
10 Rate of Return	<u>19.11%</u>		<u>9.51%</u>		<u>1.60%</u>		<u>6.52%</u>

UIF-Pasco		Schedule No. 3-C	
Adjustments to Operating Income		Docket No. 160101-WS	
Test Year Ended 12/31/15			
Explanation	Water	Wastewater	
Operating Revenues			
1 Remove requested interim revenue increase.	(\$56,126)	(\$106,061)	
2 To reflect the appropriate amount of annualized revenues.	<u>(548)</u>	<u>(2,219)</u>	
Total	<u>(\$56,674)</u>	<u>(\$108,280)</u>	
Operation and Maintenance Expense			
1 To remove incorrectly booked charge to chemicals expense.	(\$1,242)	\$0	
2 To reflect appropriate interim bad debt expense.	2,043	(2,362)	
3 To reflect appropriate rate case expense amortization.	36,734	14,545	
4 To reflect 15.89 percent I&I adjustment.	<u>0</u>	<u>(4,974)</u>	
Total	<u>\$37,535</u>	<u>\$7,209</u>	
Taxes Other Than Income			
To reflect RAFs on revenue adjustment.	<u>(\$2,550)</u>	<u>(\$4,873)</u>	

UIF - Pasco		Schedule No. 4-A		
Test Year Ended 12/31/15		Docket No. 160101-WS		
Monthly Water Rates				
	Current Rates	Utility Requested Interim	Utility Requested Final	Staff Recommended Interim
<u>Residential and General Service - Orangewood</u>				
Base Facility Charge by Meter Size				
5/8"X 3/4"	\$11.81	\$12.56	\$16.21	\$12.56
3/4"	\$17.72	\$18.84	\$24.32	\$18.84
1"	\$29.53	\$31.40	\$40.52	\$31.40
1-1/2"	\$59.03	\$62.77	\$81.00	\$62.80
2"	\$94.45	\$100.43	\$129.60	\$100.48
3"	\$188.90	\$200.86	\$259.21	\$200.96
4"	\$295.17	\$313.85	\$405.03	\$314.00
6"	\$590.33	\$627.70	\$810.50	\$628.00
Charge per 1,000 gallons - Residential and General Service	\$5.45	\$5.79	\$7.48	\$5.80
<u>Residential and General Service - Summertree</u>				
Base Facility Charge by Meter Size				
5/8"X 3/4"	\$11.19	\$11.90	\$15.35	\$11.90
3/4"	\$16.78	\$17.84	\$23.03	\$17.85
1"	\$27.96	\$29.73	\$38.37	\$29.75
1-1/2"	\$55.91	\$59.45	\$76.72	\$59.50
2"	\$89.45	\$95.11	\$122.74	\$95.20
3"	\$178.91	\$190.24	\$245.50	\$190.40
4"	\$279.55	\$297.25	\$383.60	\$297.50
6"	\$549.02	\$583.77	\$753.37	\$595.00
Charge per 1,000 gallons - Residential and General Service	\$5.17	\$5.50	\$7.09	\$5.50
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison - Orangewood</u>				
3,000 Gallons	\$28.16	\$29.93	\$38.65	\$29.95
5,000 Gallons	\$39.06	\$41.51	\$53.61	\$41.55
10,000 Gallons	\$66.31	\$70.46	\$91.01	\$70.54
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison - Summertree</u>				
3,000 Gallons	\$26.70	\$28.40	\$36.62	\$28.40
5,000 Gallons	\$37.04	\$39.40	\$50.80	\$39.40
10,000 Gallons	\$62.89	\$66.90	\$86.25	\$66.90

UIF - Pasco			Schedule No. 4-B		
Test Year Ended 12/31/15			Docket No. 160101-WS		
Monthly Wastewater Rates					
	Test Year Rates 12/31/15	Current Rates	Utility Requested Interim	Utility Requested Final	Staff Recommended Interim
<u>Residential - Orangewood</u>					
Base Facility Charge - All Meter Sizes	\$9.68	\$9.72	\$11.71	\$12.65	\$11.76
Charge per 1,000 gallons - Residential 6,000 gallon cap	\$5.45	\$7.21	\$8.68	\$9.38	\$6.62
Flat Rate	\$24.21	\$24.32	\$29.28	\$31.64	\$29.41
<u>Residential - Summertree</u>					
Base Facility Charge - All Meter Sizes	\$12.57	\$12.63	\$15.20	\$16.43	\$15.27
Charge per 1,000 gallons - Residential 6,000 gallon cap	\$10.68	\$10.73	\$12.92	\$13.96	\$12.98
<u>General Service - Summertree</u>					
Base Facility Charge by Meter Size					
5/8"X 3/4"	\$12.57	\$12.63	\$15.20	\$16.43	\$15.27
3/4"	\$18.84	\$18.92	\$22.79	\$24.62	\$22.91
1"	\$31.40	\$31.54	\$37.98	\$41.04	\$38.18
1-1/2"	\$62.80	\$63.08	\$75.96	\$82.07	\$76.35
2"	\$100.47	\$100.92	\$121.52	\$131.31	\$122.16
3"	\$200.93	\$201.83	\$243.02	\$262.60	\$244.32
4"	\$313.97	\$315.38	\$379.75	\$410.34	\$381.75
6"	\$627.94	\$630.77	\$759.49	\$820.69	\$763.50
Charge per 1,000 gallons - General Service	\$14.16	\$14.22	\$17.13	\$18.50	\$17.20
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison - Orangewood</u>					
3,000 Gallons	\$26.03	\$31.35	\$37.75	\$40.79	\$31.62
5,000 Gallons	\$36.93	\$45.77	\$55.11	\$59.55	\$44.86
10,000 Gallons	\$64.18	\$81.82	\$98.51	\$106.45	\$77.96
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison - Summertree</u>					
3,000 Gallons	\$44.61	\$44.82	\$53.96	\$58.31	\$54.21
5,000 Gallons	\$65.97	\$66.28	\$79.80	\$86.23	\$80.17
10,000 Gallons	\$119.37	\$119.93	\$144.40	\$156.03	\$145.07

UIF-Seminole		Schedule No. 1-A				
Schedule of Water Rate Base		Docket No. 160101-WS				
Test Year Ended 12/31/15						
Description		Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1	Plant in Service	\$5,092,390	\$0	\$5,092,390	\$0	\$5,092,390
2	Land and Land Rights	(788)	0	(788)	0	(788)
3	Non-used and Useful Components	0	0	0	0	0
4	Accumulated Depreciation	(1,006,120)	39,958	(966,162)	0	(966,162)
5	CIAC	(1,088,263)	(115)	(1,088,378)	0	(1,088,378)
6	Accumulated Amortization of CIAC	1,010,698	0	1,010,698	0	1,010,698
7	CWIP	123,235	(123,235)	0	0	0
8	Acquisition Adjustment	(56,601)	56,601	0	0	0
9	Accumulated Amort. of Acq. Adj.	4,927	(4,927)	0	0	0
10	Advances for Construction	644	0	644	0	644
11	Working Capital Allowance	<u>0</u>	<u>77,955</u>	<u>77,955</u>	<u>66,199</u>	<u>144,154</u>
12	Rate Base	<u>\$4,080,122</u>	<u>\$46,237</u>	<u>\$4,126,359</u>	<u>\$66,199</u>	<u>\$4,192,558</u>

UIF-Seminole			Schedule No. 1-B		
Schedule of Wastewater Rate Base			Docket No. 160101-WS		
Test Year Ended 12/31/15					
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$2,257,726	\$0	\$2,257,726	\$0	\$2,257,726
2 Land and Land Rights	1,295	0	1,295	0	1,295
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(384,628)	21,729	(362,899)	0	(362,899)
5 CIAC	(1,043,254)	0	(1,043,254)	0	(1,043,254)
6 Accumulated Amortization of CIAC	633,143	0	633,143	0	633,143
7 CWIP	32	(32)	0	0	0
8 Working Capital Allowance	<u>0</u>	<u>42,392</u>	<u>42,392</u>	<u>35,160</u>	<u>77,552</u>
9 Rate Base	<u>\$1,464,314</u>	<u>\$64,089</u>	<u>\$1,528,403</u>	<u>\$35,160</u>	<u>\$1,563,563</u>

UIF-Seminole		Schedule No. 1-C	
Adjustments to Rate Base		Docket No. 160101-WS	
Test Year Ended 12/31/2015			
Explanation	Water	Wastewater	
Working Capital To reflect appropriate working capital.	<u>\$66,199</u>	<u>\$35,160</u>	

UIF-Seminole Capital Structure-13-Month Average Test Year Ended 12/31/15							Schedule No. 2 Docket No. 160101-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$178,262,860)	\$1,737,140	42.10%	6.70%	2.82%
2	Short-term Debt	17,100,000	0	17,100,000	(16,935,022)	164,978	4.00%	2.32%	0.09%
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4	Common Equity	191,432,923	0	191,432,923	(189,585,548)	1,847,375	44.77%	9.38%	4.20%
5	Customer Deposits	14,781	0	14,781	0	14,781	0.36%	2.00%	0.01%
6	Tax Credits-Zero Cost	22,579	0	22,579	0	22,579	0.55%	0.00%	0.00%
7	Deferred Income Taxes	<u>339,507</u>	<u>0</u>	<u>339,507</u>	<u>0</u>	<u>339,507</u>	<u>8.23%</u>	0.00%	<u>0.00%</u>
8	Total Capital	<u>\$388,909,790</u>	<u>\$0</u>	<u>\$388,909,790</u>	<u>(\$384,783,430)</u>	<u>\$4,126,360</u>	<u>100.00%</u>		<u>7.12%</u>
Per Staff									
9	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$175,358,738)	\$4,641,262	40.85%	6.66%	2.72%
10	Short-term Debt	17,100,000	0	17,100,000	(16,659,080)	440,920	3.88%	2.32%	0.09%
11	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
12	Common Equity	191,432,923	0	191,432,923	(186,496,865)	4,936,058	43.44%	9.38%	4.08%
13	Customer Deposits	44,664	8,038	52,702	0	52,702	0.46%	2.00%	0.01%
14	Tax Credits-Zero Cost	67,839	12,609	80,448	0	80,448	0.71%	0.00%	0.00%
15	Deferred Income Taxes	<u>1,025,837</u>	<u>184,622</u>	<u>1,210,459</u>	<u>0</u>	<u>1,210,459</u>	<u>10.65%</u>	0.00%	<u>0.00%</u>
16	Total Capital	<u>\$389,671,263</u>	<u>\$205,269</u>	<u>\$389,876,532</u>	<u>(\$378,514,683)</u>	<u>\$11,361,849</u>	<u>100.00%</u>		<u>6.89%</u>
							LOW	HIGH	
RETURN ON EQUITY							<u>9.38%</u>	<u>11.38%</u>	
OVERALL RATE OF RETURN							<u>6.89%</u>	<u>7.76%</u>	

UIF-Seminole								Schedule No. 3-A	
Statement of Water Operations								Docket No. 160101-WS	
Test Year Ended 12/31/15									
	Description	Test Year Per Utility	Utility Adjustments	Adjusted Test Year Per Utility	Staff Adjustments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement	
1	Operating Revenues:	<u>\$1,009,309</u>	<u>\$243,135</u>	<u>\$1,252,444</u>	<u>(\$237,587)</u>	<u>\$1,014,857</u>	<u>\$186,352</u> 18.36%	<u>\$1,201,209</u>	
	Operating Expenses								
2	Operation & Maintenance	\$793,180	(\$209,611)	\$583,569	(\$42,765)	\$540,804	\$0	\$540,804	
3	Depreciation	175,550	(35,731)	139,819	0	139,819	0	139,819	
4	Amortization	0	0	0	0	0	0	0	
5	Taxes Other Than Income	190,282	(59,574)	130,708	(10,691)	120,017	8,386	128,402	
6	Income Taxes	<u>91,067</u>	<u>13,481</u>	<u>104,548</u>	<u>(68,408)</u>	<u>36,140</u>	<u>66,969</u>	<u>103,109</u>	
7	Total Operating Expense	<u>1,250,079</u>	<u>(291,435)</u>	<u>958,644</u>	<u>(121,864)</u>	<u>836,780</u>	<u>75,355</u>	<u>912,134</u>	
8	Operating Income	<u>(\$240,770)</u>	<u>\$534,570</u>	<u>\$293,800</u>	<u>(\$115,723)</u>	<u>\$178,077</u>	<u>\$110,998</u>	<u>\$289,075</u>	
9	Rate Base	<u>\$4,080,122</u>		<u>\$4,126,359</u>		<u>\$4,192,558</u>		<u>\$4,192,558</u>	
10	Rate of Return	<u>-5.90%</u>		<u>7.12%</u>		<u>4.25%</u>		<u>6.89%</u>	

UIF-Seminole Statement of Wastewater Operations Test Year Ended 12/31/15						Schedule No. 3-B Docket No. 160101-WS	
Description	Test Year 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>\$837,784</u>	<u>\$0</u>	<u>\$837,784</u>	<u>(\$3,462)</u>	<u>\$834,322</u>	<u>(\$138,594)</u> -16.61%	<u>\$695,729</u>
Operating Expenses							
2 Operation & Maintenance	\$284,892	\$209,611	\$494,503	(\$47,646)	\$446,857	\$0	\$446,857
3 Depreciation	(19,882)	27,300	7,418	0	7,418	0	7,418
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	0	79,804	79,804	(156)	79,648	(6,237)	73,411
6 Income Taxes	<u>49,522</u>	<u>0</u>	<u>49,522</u>	<u>46,934</u>	<u>96,456</u>	<u>(49,806)</u>	<u>46,650</u>
7 Total Operating Expense	<u>314,532</u>	<u>316,715</u>	<u>631,247</u>	<u>(868)</u>	<u>630,379</u>	<u>(56,043)</u>	<u>574,336</u>
8 Operating Income	<u>\$523,252</u>	<u>(\$316,715)</u>	<u>\$206,537</u>	<u>(\$2,594)</u>	<u>\$203,944</u>	<u>(\$82,551)</u>	<u>\$121,392</u>
9 Rate Base	<u>\$1,464,314</u>		<u>\$1,528,403</u>		<u>\$1,563,563</u>		<u>\$1,563,563</u>
10 Rate of Return	<u>35.73%</u>		<u>13.51%</u>		<u>13.04%</u>		<u>7.76%</u>

UIF- Seminole Adjustments to Operating Income Test Year Ended 12/31/15		Schedule No. 3-C Docket No. 160101-WS	
	Explanation	Water	Wastewater
Operating Revenues			
1	Remove requested interim revenue increase.	(\$237,381)	\$0
2	To reflect the appropriate amount of annualized revenues.	<u>(206)</u>	<u>(3,462)</u>
	Total	<u>(\$237,587)</u>	<u>(\$3,462)</u>
Operation and Maintenance Expense			
1	To reflect appropriate interim transportation expense.	\$2,736	\$1,373
2	To reflect appropriate interim bad debt expense.	(9,523)	86
3	To reflect appropriate rate case expense amortization.	(35,977)	(19,983)
4	To reflect 31.70 percent I&I adjustment.	<u>0</u>	<u>(29,122)</u>
	Total	<u>(\$42,765)</u>	<u>(\$47,646)</u>
Taxes Other Than Income			
	To reflect RAFs on revenue adjustment.	<u>(\$10,691)</u>	<u>(\$156)</u>

UIF - Seminole		Schedule No. 4-A			
Test Year Ended 12/31/15		Docket No. 160101-WS			
Monthly Water Rates					
	Test Year Rates 12/31/15	Utility Current Rates	Utility Requested Interim	Utility Requested Final	Staff Recommended Interim
<u>Residential and General Service</u>					
Base Facility Charge by Meter Size					
5/8"X 3/4"	\$8.32	\$8.46	\$10.30	\$22.06	\$9.87
1"	\$20.79	\$21.15	\$25.73	\$55.15	\$24.68
1-1/2"	\$41.58	\$42.30	\$51.46	\$110.30	\$49.35
2"	\$66.52	\$67.68	\$82.33	\$176.48	\$78.96
3"	\$133.06	\$135.36	\$164.69	\$352.96	\$157.92
4"	\$207.89	\$211.50	\$257.31	\$551.50	\$246.75
6"	\$415.79	\$423.00	\$514.63	\$1,103.00	\$493.50
Charge per 1,000 gallons - Residential					
0-8,000 gallons	\$3.70	\$3.76	\$4.58	\$9.80	\$4.39
8,001-16,000 gallons	\$6.46	\$6.57	\$8.00	\$17.13	\$7.66
Over 16,000 gallons	\$8.31	\$8.45	\$10.29	\$22.03	\$9.86
Charge per 1,000 gallons - General Service					
	\$4.34	\$4.41	\$5.37	\$11.50	\$5.15
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>					
3,000 Gallons	\$19.42	\$19.74	\$24.04	\$51.46	\$23.04
5,000 Gallons	\$26.82	\$27.26	\$33.20	\$71.06	\$31.82
10,000 Gallons	\$50.84	\$51.68	\$62.94	\$134.72	\$60.32

LUSI			Schedule No. 1-A		
Schedule of Water Rate Base			Docket No. 160101-WS		
Test Year Ended 12/31/15					
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$49,554,823	(\$8,360,669)	\$41,194,154	\$0	\$41,194,154
2 Land and Land Rights	112,871	0	112,871	0	112,871
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(14,746,722)	2,128,734	(12,617,988)	0	(12,617,988)
5 CIAC	(20,668,539)	(27,554)	(20,696,093)	0	(20,696,093)
6 Accumulated Amortization of CIAC	7,706,536	(963,611)	6,742,925	0	6,742,925
7 CWIP	453,700	(453,700)	0	0	0
8 Advances for Construction	(38,400)	0	(38,400)	0	(38,400)
9 Working Capital Allowance	<u>0</u>	<u>370,572</u>	<u>370,572</u>	<u>134,551</u>	<u>505,123</u>
10 Rate Base	<u>\$22,374,269</u>	<u>(\$7,306,228)</u>	<u>\$15,068,041</u>	<u>\$134,551</u>	<u>\$15,202,592</u>

LUSI		Schedule No. 1-B
Adjustments to Rate Base		Docket No. 160101-WS
Test Year Ended 12/31/15		
Explanation		Water
Working Capital To reflect appropriate working capital.		<u>\$134,551</u>

LUSI Capital Structure-13-Month Average Test Year Ended 12/31/15							Schedule No. 2 Docket No. 160101-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$168,813,447)	\$9,438,839	41.82%	6.70%	2.80%
2	Short-term Debt	17,100,000	0	17,100,000	(16,037,603)	896,690	3.97%	2.32%	0.09%
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4	Common Equity	191,433,000	0	191,433,000	(179,536,573)	10,038,363	44.38%	10.40%	4.63%
5	Customer Deposits	100,776	0	100,776	0	100,776	0.38%	2.00%	0.01%
6	Deferred Income Taxes	<u>2,500,279</u>	<u>0</u>	<u>2,500,279</u>	<u>0</u>	<u>2,500,279</u>	<u>9.35%</u>	0.00%	<u>0.00%</u>
7	Total Capital	<u>\$391,134,055</u>	<u>\$0</u>	<u>\$391,134,055</u>	<u>(\$364,387,623)</u>	<u>\$22,974,947</u>	<u>100.00%</u>		<u>7.53%</u>
Per Staff									
8	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$170,561,161)	\$9,438,839	41.08%	6.66%	2.74%
9	Short-term Debt	17,100,000	0	17,100,000	(16,203,310)	896,690	3.90%	2.32%	0.09%
10	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11	Common Equity	191,433,000	0	191,433,000	(181,394,637)	10,038,363	43.69%	11.80%	5.16%
12	Customer Deposits	100,776	0	100,776	0	100,776	0.44%	2.00%	0.01%
13	Deferred Income Taxes	<u>2,500,279</u>	<u>0</u>	<u>2,500,279</u>	<u>0</u>	<u>2,500,279</u>	<u>10.88%</u>	0.00%	<u>0.00%</u>
14	Total Capital	<u>\$391,134,055</u>	<u>\$0</u>	<u>\$391,134,055</u>	<u>(\$368,159,108)</u>	<u>\$22,974,947</u>	<u>100.00%</u>		<u>7.99%</u>
							LOW	HIGH	
RETURN ON EQUITY							<u>9.37%</u>	<u>11.37%</u>	
OVERALL RATE OF RETURN							<u>6.93%</u>	<u>7.80%</u>	

LUSI						Schedule No. 3-A	
Statement of Water Operations						Docket No. 160101-WS	
Test Year Ended 12/31/15							
Description	Test Year Per Utility	Utility Adjustments	Adjusted Test Year Per Utility	Staff Adjustments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$5,463,208</u>	<u>\$21,404</u>	<u>\$5,484,612</u>	<u>(\$23,417)</u>	<u>\$5,461,195</u>	<u>(\$143,546)</u>	<u>\$5,317,649</u>
						-2.63%	
Operating Expenses							
2 Operation & Maintenance	\$2,104,172	(\$33,110)	\$2,071,062	\$72,520	\$2,143,582	\$0	\$2,143,582
3 Depreciation	991,893	(124,550)	867,343	0	867,343	0	867,343
4 Amortization	(1,545)	1,545	0	0	0	0	0
5 Taxes Other Than Income	628,707	(2,235)	626,472	(1,054)	625,418	(6,460)	618,959
6 Income Taxes	<u>379,671</u>	<u>77,804</u>	<u>457,475</u>	<u>67,007</u>	<u>524,482</u>	<u>(51,585)</u>	<u>472,897</u>
7 Total Operating Expense	<u>4,102,898</u>	<u>(80,546)</u>	<u>4,022,352</u>	<u>138,474</u>	<u>4,160,826</u>	<u>(58,045)</u>	<u>4,102,781</u>
8 Operating Income	<u>\$1,360,310</u>	<u>\$101,950</u>	<u>\$1,462,260</u>	<u>(\$161,891)</u>	<u>\$1,300,369</u>	<u>(\$85,501)</u>	<u>\$1,214,868</u>
9 Rate Base	<u>\$22,374,269</u>		<u>\$15,068,041</u>		<u>\$15,202,592</u>		<u>\$15,202,592</u>
10 Rate of Return	<u>6.08%</u>		<u>9.70%</u>		<u>8.55%</u>		<u>7.99%</u>

LUSI		Schedule No. 3-B
Adjustments to Operating Income		Docket No. 160101-WS
Test Year Ended 12/31/15		
Explanation	Water	
Operating Revenues		
To reflect the appropriate amount of annualized revenues.	<u>(\$23,417)</u>	
Operation and Maintenance Expense		
1 To reflect appropriate interim bad debt expense.	\$5,245	
2 To reflect appropriate rate case expense amortization.	<u>67,275</u>	
Total	<u>\$72,520</u>	
Taxes Other Than Income		
To remove RAFs on revenue adjustment.	<u>(\$1,054)</u>	

Labrador Schedule of Wastewater Rate Base Test Year Ended 12/31/15			Schedule No. 1-A Docket No. 160101-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$2,721,721	\$124,307	\$2,846,028	\$0	\$2,846,028
2 Land and Land Rights	0	0	0	0	0
3 Non-used and Useful Components	0	0	0	(302,751)	(302,751)
4 Accumulated Depreciation	(918,148)	(116,444)	(1,034,592)	0	(1,034,592)
5 CIAC	0	0	0	0	0
6 Accumulated Amortization of CIAC	0	0	0	0	0
7 CWIP	223	(223)	0	0	0
8 Working Capital Allowance	<u>0</u>	<u>109,937</u>	<u>109,937</u>	<u>(84,050)</u>	<u>25,887</u>
9 Rate Base	<u>\$1,803,796</u>	<u>\$117,577</u>	<u>\$1,921,373</u>	<u>(\$386,801)</u>	<u>\$1,534,572</u>

Labrador		Schedule No. 1-B
Adjustments to Rate Base		Docket No. 160101-WS
Test Year Ended 12/31/2015		
Explanation		Wastewater
Non-used and Useful		
To reflect net non-used and useful adjustment.		<u>(\$302,751)</u>
Working Capital		
To reflect appropriate working capital.		<u>(\$84,050)</u>

Labrador Capital Structure-13-Month Average Test Year Ended 12/31/15							Schedule No. 2 Docket No. 160101-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1	Long-term Debt	\$180,000,00	\$0	\$180,000,000	(\$178,803,271)	\$1,196,729	45.68%	6.70%	3.06%
2	Short-term Debt	17,100,000	0	17,100,000	(16,986,346)	113,654	4.34%	2.32%	0.10%
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4	Common Equity	191,433,000	0	191,433,000	(190,160,329)	1,272,671	48.57%	10.40%	5.05%
5	Customer Deposits	2,711	0	2,711	0	2,711	0.10%	2.00%	0.00%
6	Deferred Income Taxes	<u>34,308</u>	<u>0</u>	<u>34,308</u>	<u>0</u>	<u>34,308</u>	<u>1.31%</u>	0.00%	<u>0.00%</u>
7	Total Capital	<u>\$388,570,019</u>	<u>\$0</u>	<u>\$388,570,019</u>	<u>(\$385,949,946)</u>	<u>\$2,620,073</u>	<u>100.00%</u>		<u>8.21%</u>
Per Staff									
8	Long-term Debt	\$180,000,00	\$0	\$180,000,000	(\$178,993,655)	\$1,006,345	45.55%	6.66%	3.03%
9	Short-term Debt	17,100,000	0	17,100,000	(17,004,397)	95,603	4.33%	2.32%	0.10%
10	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11	Common Equity	191,433,000	0	191,433,000	(190,362,735)	1,070,265	48.45%	11.43%	5.54%
12	Customer Deposits	2,711	0	2,711	0	2,711	0.12%	2.00%	0.00%
13	Deferred Income Taxes	<u>34,308</u>	<u>0</u>	<u>34,308</u>	<u>0</u>	<u>34,308</u>	<u>1.55%</u>	0.00%	<u>0.00%</u>
14	Total Capital	<u>\$388,570,019</u>	<u>\$0</u>	<u>\$388,570,019</u>	<u>(\$386,360,787)</u>	<u>\$2,209,232</u>	<u>100.00%</u>		<u>8.67%</u>
							LOW	HIGH	
RETURN ON EQUITY							<u>9.43%</u>	<u>11.43%</u>	
OVERALL RATE OF RETURN							<u>7.70%</u>	<u>8.67%</u>	

Labrador Statement of Wastewater Operations Test Year Ended 12/31/15						Schedule No. 3-A Docket No. 160101-WS	
Description	Test Year 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>\$568,873</u>	<u>\$70,499</u>	<u>\$639,372</u>	<u>\$6,558</u>	<u>\$645,930</u>	<u>(\$134,838)</u> -20.87%	<u>\$511,092</u>
Operating Expenses							
2 Operation & Maintenance	\$226,666	\$1,883	\$228,549	(\$21,454)	\$207,095	\$0	\$207,095
3 Depreciation	144,529	(45,930)	98,599	(14,899)	83,700	0	83,700
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	43,432	437	43,869	(1,878)	41,991	(6,068)	35,923
6 Income Taxes	<u>8,638</u>	<u>57,793</u>	<u>66,431</u>	<u>33,293</u>	<u>99,724</u>	<u>(48,456)</u>	<u>51,267</u>
7 Total Operating Expense	<u>423,265</u>	<u>14,183</u>	<u>437,448</u>	<u>(4,939)</u>	<u>432,509</u>	<u>(54,524)</u>	<u>377,985</u>
8 Operating Income	<u>\$145,608</u>	<u>\$56,316</u>	<u>\$201,924</u>	<u>\$11,497</u>	<u>\$213,421</u>	<u>(\$80,314)</u>	<u>\$133,107</u>
9 Rate Base	<u>\$1,803,796</u>		<u>\$1,921,373</u>		<u>\$1,534,572</u>		<u>\$1,534,572</u>
10 Rate of Return	<u>8.07%</u>		<u>10.51%</u>		<u>13.91%</u>		<u>8.67%</u>

Labrador		Schedule No. 3-B
Adjustments to Operating Income		Docket No. 160101-WS
Test Year Ended 12/31/15		
Explanation	Wastewater	
Operating Revenues		
To reflect the appropriate amount of annualized revenues.	<u>\$6,558</u>	
Operation and Maintenance Expense		
1 To reflect appropriate interim land lease expense.	(\$15,618)	
2 To reflect appropriate rate case expense amortization.	<u>(5,836)</u>	
Total	<u>(\$21,454)</u>	
Depreciation Expense - Net		
To reflect non-used and useful adjustment.	<u>(\$14,899)</u>	
Taxes Other Than Income		
1 To reflect RAFs on revenue adjustment.	\$295	
2 To remove property tax on non-used and useful adjustment.	<u>(2,173)</u>	
Total	<u>(\$1,878)</u>	

Pennbrooke		Schedule No. 1-A			
Schedule of Wastewater Rate Base		Docket No. 160101-WS			
Test Year Ended 12/31/15					
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$2,899,088	\$201,715	\$3,100,803	\$0	\$3,100,803
2 Land and Land Rights	57,035	0	57,035	0	57,035
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(1,447,248)	(156,213)	(1,603,461)	0	(1,603,461)
5 CIAC	(1,216,759)	0	(1,216,759)	0	(1,216,759)
6 Accumulated Amortization of CIAC	934,536	0	934,536	0	934,536
7 Working Capital Allowance	<u>31,858</u>	<u>0</u>	<u>31,858</u>	<u>1,216</u>	<u>33,074</u>
8 Rate Base	<u>\$1,258,510</u>	<u>\$45,502</u>	<u>\$1,304,012</u>	<u>\$1,216</u>	<u>\$1,305,228</u>

Pennbrooke		Schedule No. 1-B
Adjustments to Rate Base		Docket No. 160101-WS
Test Year Ended 12/31/2015		
Explanation		Wastewater
Working Capital To reflect appropriate working capital.		<u>\$1,216</u>

Pennbrooke						Schedule No. 2				
Capital Structure-13-Month Average						Docket No. 160101-WS				
Test Year Ended 12/31/2015										
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost		
Per Utility										
1	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$178,988,370)	\$1,011,630	40.74%	6.70%	2.73%	
2	Short-term Debt	17,100,000	0	17,100,000	(17,003,925)	96,075	3.87%	2.32%	0.09%	
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
4	Common Equity	191,433,000	0	191,433,000	(190,357,173)	1,075,827	43.32%	10.40%	4.51%	
5	Customer Deposits	7,179	0	7,179	0	7,179	0.29%	2.00%	0.01%	
6	Deferred Income Taxes	<u>292,608</u>	<u>0</u>	<u>292,608</u>	<u>0</u>	<u>292,608</u>	<u>11.78%</u>	0.00%	<u>0.00%</u>	
7	Total Capital	<u>\$388,832,787</u>	<u>\$0</u>	<u>\$388,832,787</u>	<u>(\$386,349,468)</u>	<u>\$2,483,319</u>	<u>100.00%</u>		<u>7.33%</u>	
Per Staff										
8	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,253,003)	\$746,997	39.06%	6.66%	2.60%	
9	Short-term Debt	17,100,000	0	17,100,000	(17,029,035)	70,965	3.71%	2.32%	0.09%	
10	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
11	Common Equity	191,433,000	0	191,433,000	(190,638,556)	794,444	41.55%	11.37%	4.72%	
12	Customer Deposits	7,179	0	7,179	0	7,179	0.38%	2.00%	0.01%	
13	Deferred Income Taxes	<u>292,608</u>	<u>0</u>	<u>292,608</u>	<u>0</u>	<u>292,608</u>	<u>15.30%</u>	0.00%	<u>0.00%</u>	
14	Total Capital	<u>\$388,832,787</u>	<u>\$0</u>	<u>\$388,832,787</u>	<u>(\$386,920,594)</u>	<u>\$1,912,193</u>	<u>100.00%</u>		<u>7.42%</u>	
						LOW	HIGH			
						RETURN ON EQUITY	<u>9.37%</u>	<u>11.37%</u>		
						OVERALL RATE OF RETURN	<u>6.59%</u>	<u>7.42%</u>		

Pennbrooke Statement of Wastewater Operations Test Year Ended 12/31/2015						Schedule No. 3-A Docket No. 160101-WS	
Description	Test Year 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>\$514,411</u>	<u>\$3,710</u>	<u>\$518,121</u>	<u>(\$5,706)</u>	<u>\$512,415</u>	<u>(\$47,924)</u> -9.35%	<u>\$464,490</u>
Operating Expenses							
2 Operation & Maintenance	\$254,864	\$7,529	\$262,393	\$2,196	\$264,589	\$0	\$264,589
3 Depreciation	2,573	26,221	28,794	0	28,794	0	28,794
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	38,923	473	39,396	(168)	39,228	(2,157)	37,072
6 Income Taxes	<u>20,199</u>	<u>(20,199)</u>	<u>0</u>	<u>54,422</u>	<u>54,422</u>	<u>(17,222)</u>	<u>37,199</u>
7 Total Operating Expense	<u>316,559</u>	<u>14,024</u>	<u>330,583</u>	<u>56,450</u>	<u>387,033</u>	<u>(19,379)</u>	<u>367,654</u>
8 Operating Income	<u>\$197,852</u>	<u>(\$10,314)</u>	<u>\$187,538</u>	<u>(\$62,156)</u>	<u>\$125,382</u>	<u>(\$28,545)</u>	<u>\$96,837</u>
9 Rate Base	<u>\$1,258,510</u>		<u>\$1,304,012</u>		<u>\$1,305,228</u>		<u>\$1,305,228</u>
10 Rate of Return	<u>15.72%</u>		<u>14.38%</u>		<u>9.61%</u>		<u>7.42%</u>

Pennbrooke Adjustments to Rate Base Test Year Ended 12/31/2015		Schedule No. 3-B Docket No. 160101-WS
Explanation	Wastewater	
Operating Revenues		
To reflect the appropriate amount of annualized revenues.	<u>(\$5,706)</u>	
Operation and Maintenance Expense		
1 To reflect appropriate interim salary expense.	\$1,166	
2 To reflect appropriate interim pension and benefits expense.	403	
3 To reflect appropriate interim bad debt expense.	2	
4 To reflect appropriate rate case expense amortization.	<u>625</u>	
Total	<u>\$2,196</u>	
Taxes Other Than Income		
1 To reflect RAFs on revenue adjustment.	(\$257)	
2 To reflect salary adjustment.	<u>89</u>	
Total	<u>(\$168)</u>	

Longwood		Schedule No. 1-A				
Schedule of Wastewater Rate Base		Docket No. 160101-WS				
Test Year Ended 12/31/15						
Description		Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1	Plant in Service	\$4,241,539	\$0	\$4,241,539	\$0	\$4,241,539
2	Land and Land Rights	229,155	0	229,155	0	229,155
3	Non-used and Useful Components	0	0	0	0	0
4	Accumulated Depreciation	(2,332,580)	20,826	(2,311,754)	0	(2,311,754)
5	CIAC	(1,675,009)	0	(1,675,009)	(185)	(1,675,194)
6	Accumulated Amortization of CIAC	1,635,514	0	1,635,514	0	1,635,514
7	CWIP	15,656	(15,656)	0	0	0
8	Acquisition Adjustment	(369)	369	0	0	0
9	Accumulated Amort. of Acq. Adj.	37	(37)	0	0	0
10	Working Capital Allowance	<u>0</u>	<u>13</u>	<u>13</u>	<u>48,223</u>	<u>48,236</u>
11	Rate Base	<u>\$2,113,943</u>	<u>\$5,515</u>	<u>\$2,119,458</u>	<u>\$48,038</u>	<u>\$2,167,496</u>

Longwood Adjustments to Rate Base Test Year Ended 12/31/2015		Schedule No. 1-B Docket No. 160101-WS
Explanation	Wastewater	
CIAC To reflect reclassification of meter fee.		<u>(\$185)</u>
Working Capital To reflect appropriate working capital.		<u>\$48,223</u>

Longwood Capital Structure-13-Month Average Test Year Ended 12/31/2015							Schedule No. 2 Docket No. 160101-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,008,221)	\$991,779	36.76%	6.70%	2.46%
2	Short-term Debt	17,100,000	0	17,100,000	(17,005,810)	94,190	3.49%	2.32%	0.08%
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4	Common Equity	191,433,000	0	191,433,000	(190,378,284)	1,054,716	39.10%	11.16%	4.36%
5	Customer Deposits	10,986	0	10,986	0	10,986	0.41%	2.00%	0.01%
6	Deferred Income Taxes	<u>546,007</u>	<u>0</u>	<u>546,007</u>	<u>0</u>	<u>546,007</u>	<u>20.24%</u>	0.00%	<u>0.00%</u>
7	Total Capital	<u>\$389,089,993</u>	<u>\$0</u>	<u>\$389,089,993</u>	<u>(\$386,392,315)</u>	<u>\$2,697,678</u>	<u>100.00%</u>		<u>6.92%</u>
Per Staff									
8	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$179,253,798)	\$746,202	34.42%	6.66%	2.29%
9	Short-term Debt	17,100,000	0	17,100,000	(17,029,111)	70,889	3.27%	2.32%	0.08%
10	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11	Common Equity	191,433,000	0	191,433,000	(190,639,402)	793,598	36.61%	12.13%	4.44%
12	Customer Deposits	10,986	0	10,986	0	10,986	0.51%	2.00%	0.01%
13	Deferred Income Taxes	<u>546,007</u>	<u>0</u>	<u>546,007</u>	<u>0</u>	<u>546,007</u>	<u>25.19%</u>	0.00%	<u>0.00%</u>
14	Total Capital	<u>\$389,089,993</u>	<u>\$0</u>	<u>\$389,089,993</u>	<u>(\$386,922,311)</u>	<u>\$2,167,682</u>	<u>100.00%</u>		<u>6.82%</u>
							LOW	HIGH	
RETURN ON EQUITY							<u>10.13%</u>	<u>12.13%</u>	
OVERALL RATE OF RETURN							<u>6.09%</u>	<u>6.82%</u>	

Longwood Statement of Wastewater Operations Test Year Ended 12/31/2015						Schedule No. 3-A Docket No. 160101-WS	
Description	Test Year 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>\$796,462</u>	<u>\$12,351</u>	<u>\$808,813</u>	<u>(\$3,759)</u>	<u>\$805,054</u>	<u>(\$17,559)</u> -2.18%	<u>\$787,495</u>
Operating Expenses							
2 Operation & Maintenance	\$411,722	(\$854)	\$410,868	(\$24,977)	\$385,891	\$0	\$385,891
3 Depreciation	112,223	(3,520)	108,703	0	108,703	0	108,703
4 Amortization	(7)	7	0	0	0	0	0
5 Taxes Other Than Income	89,295	111	89,406	(1,619)	87,787	(790)	86,997
6 Income Taxes	<u>15,776</u>	<u>42,939</u>	<u>58,715</u>	<u>5,678</u>	<u>64,389</u>	<u>(6,310)</u>	<u>58,079</u>
7 Total Operating Expense	<u>629,009</u>	<u>38,683</u>	<u>667,692</u>	<u>(20,922)</u>	<u>646,770</u>	<u>(7,100)</u>	<u>639,670</u>
8 Operating Income	<u>\$167,453</u>	<u>(\$26,332)</u>	<u>\$141,121</u>	<u>\$17,162</u>	<u>\$158,283</u>	<u>(\$10,459)</u>	<u>\$147,825</u>
9 Rate Base	<u>\$2,113,943</u>		<u>\$2,119,458</u>		<u>\$2,167,681</u>		<u>\$2,167,681</u>
10 Rate of Return	<u>7.92%</u>		<u>6.66%</u>		<u>7.30%</u>		<u>6.82%</u>

Longwood Adjustments to Operating Income Test Year Ended 12/31/2015		Schedule No. 3-B Docket No. 160101-WS
Explanation	Wastewater	
Operating Revenues		
To reflect the appropriate amount of annualized revenues.	<u>(\$3,759)</u>	
Operation and Maintenance Expense		
1 To reflect appropriate interim salary expense.	(\$18,950)	
2 To reflect appropriate interim pension and benefits expense.	(5,392)	
3 To reflect appropriate interim bad debt expense.	(1,534)	
4 To reflect appropriate rate case expense amortization.	<u>899</u>	
Total	<u>(\$24,977)</u>	
Taxes Other Than Income		
1 To reflect RAFs on revenue adjustment.	(\$169)	
2 To reflect salary adjustment.	<u>(1,450)</u>	
Total	<u>(\$1,619)</u>	

Eagle Ridge Schedule of Wastewater Rate Base Test Year Ended 12/31/15			Schedule No. 1-A Docket No. 160101-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$7,386,629	\$0	\$7,386,629	\$0	\$7,386,629
2 Land and Land Rights	51,866	0	51,866	0	51,866
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(4,188,454)	\$30,522	(4,157,932)	0	(4,157,932)
5 CIAC	(3,810,352)	0	(3,810,352)	0	(3,810,352)
6 Accumulated Amortization of CIAC	3,071,805	0	3,071,805	0	3,071,805
7 CWIP	776	(\$776)	0	0	0
8 Working Capital Allowance	<u>192,625</u>	<u>0</u>	<u>192,625</u>	<u>(112,824)</u>	<u>79,801</u>
9 Rate Base	<u>\$2,704,895</u>	<u>\$29,746</u>	<u>\$2,734,641</u>	<u>(\$112,824)</u>	<u>\$2,621,817</u>

Eagle Ridge		Schedule No. 1-B
Adjustments to Rate Base		Docket No. 160101-WS
Test Year Ended 12/31/15		
Explanation		Wastewater
Working Capital To reflect appropriate working capital.		<u>(\$112,824)</u>

Eagle Ridge Capital Structure-13-Month Average Test Year Ended 12/31/2015							Schedule No. 2 Docket No. 160101-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$178,757,525)	\$1,242,475	39.56%	6.70%	2.65%
2	Short-term Debt	17,100,000	0	17,100,000	(16,982,001)	117,999	3.76%	2.32%	0.09%
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4	Common Equity	191,433,000	0	191,433,000	(190,111,680)	1,321,320	42.07%	10.40%	4.38%
5	Customer Deposits	3,413	0	3,413	0	3,413	0.11%	2.00%	0.00%
6	Deferred Income Taxes	<u>455,636</u>	<u>0</u>	<u>455,636</u>	<u>0</u>	<u>455,636</u>	<u>14.51%</u>	0.00%	<u>0.00%</u>
7	Total Capital	<u>\$388,992,049</u>	<u>\$0</u>	<u>\$388,992,049</u>	<u>(\$385,851,206)</u>	<u>\$3,140,843</u>	<u>100.00%</u>		<u>7.11%</u>
Per Staff									
8	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$178,998,030)	\$1,001,970	38.22%	6.66%	2.55%
9	Short-term Debt	17,100,000	0	17,100,000	(17,004,813)	95,187	3.63%	2.32%	0.08%
10	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11	Common Equity	191,433,000	0	191,433,000	(190,367,388)	1,065,612	40.64%	11.60%	4.71%
12	Customer Deposits	3,413	0	3,413	0	3,413	0.13%	2.00%	0.00%
13	Deferred Income Taxes	<u>455,636</u>	<u>0</u>	<u>455,636</u>	<u>0</u>	<u>455,636</u>	<u>17.38%</u>	0.00%	<u>0.00%</u>
14	Total Capital	<u>\$388,992,049</u>	<u>\$0</u>	<u>\$388,992,049</u>	<u>(\$386,370,231)</u>	<u>\$2,621,818</u>	<u>100.00%</u>		<u>7.35%</u>
							LOW	HIGH	
RETURN ON EQUITY							<u>9.60%</u>	<u>11.60%</u>	
OVERALL RATE OF RETURN							<u>6.53%</u>	<u>7.35%</u>	

Eagle Ridge Statement of Wastewater Operations Test Year Ended 12/31/2015						Schedule No. 3-A Docket No. 160101-WS	
Description	Test Year 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>\$1,163,170</u>	<u>\$6,061</u>	<u>\$1,169,231</u>	<u>(\$7,014)</u>	<u>\$1,162,217</u>	<u>(\$24,112)</u> -2.07%	<u>\$1,138,105</u>
Operating Expenses							
2 Operation & Maintenance	\$629,669	\$2,495	\$632,164	\$6,244	\$638,408	\$0	\$638,408
3 Depreciation	166,706	(5,159)	161,547	0	161,547	0	161,547
4 Amortization	0	0	0	0	0	0	0
5 Taxes Other Than Income	72,635	(282)	72,353	(316)	72,037	(1,085)	70,952
6 Income Taxes	<u>4,805</u>	<u>(4,805)</u>	<u>0</u>	<u>83,244</u>	<u>83,244</u>	<u>(8,665)</u>	<u>74,579</u>
7 Total Operating Expense	<u>873,815</u>	<u>(7,751)</u>	<u>866,064</u>	<u>89,173</u>	<u>955,237</u>	<u>(9,750)</u>	<u>945,486</u>
8 Operating Income	<u>\$289,355</u>	<u>(\$13,812)</u>	<u>\$303,167</u>	<u>(\$96,186)</u>	<u>\$206,981</u>	<u>(\$14,362)</u>	<u>\$192,619</u>
9 Rate Base	<u>\$2,704,895</u>		<u>\$2,734,641</u>		<u>\$2,621,817</u>		<u>\$2,621,817</u>
10 Rate of Return	<u>10.70%</u>		<u>11.09%</u>		<u>7.89%</u>		<u>7.35%</u>

Eagle Ridge Adjustments to Operating Income Test Year Ended 12/31/2015		Schedule No. 3-B Docket No. 160101-WS
Explanation	Wastewater	
Operating Revenues		
To reflect the appropriate amount of annualized revenues.	<u>(\$7,014)</u>	
Operation and Maintenance Expense		
1 To reflect appropriate interim bad debt expense.	(\$654)	
2 To reflect appropriate rate case expense amortization.	<u>6,898</u>	
Total	<u>\$6,244</u>	
Taxes Other Than Income		
To reflect RAFs on revenue adjustment.	<u>(\$316)</u>	

Cypress Lakes Schedule of Water Rate Base Test Year Ended 12/31/15			Schedule No. 1-A Docket No. 160101-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$2,250,651	(\$250,570)	\$2,000,081	\$0	\$2,000,081
2 Land and Land Rights	1,356	0	1,356	0	1,356
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(1,218,575)	(170,968)	(1,389,543)	0	(1,389,543)
5 CIAC	(578,164)	(1,351)	(579,515)	0	(579,515)
6 Accumulated Amortization of CIAC	217,870	0	217,870	0	217,870
7 CWIP	(7,911)	7,911	0	0	0
8 Working Capital Allowance	<u>0</u>	<u>27,509</u>	<u>27,509</u>	<u>(820)</u>	<u>26,689</u>
9 Rate Base	<u>\$665,227</u>	<u>(\$387,469)</u>	<u>\$277,758</u>	<u>(\$820)</u>	<u>\$276,938</u>

Cypress Lakes		Schedule No. 1-B
Adjustments to Rate Base		Docket No. 160101-WS
Test Year Ended 12/31/15		
Explanation		Water
Working Capital To reflect appropriate working capital.		<u>(\$820)</u>

Cypress Lakes Capital Structure-13-Month Average Test Year Ended 12/31/2015							Schedule No. 2 Docket No. 160101-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$178,911,002)	\$1,088,998	43.27%	6.70%	2.90%
2	Short-term Debt	17,100,000	0	17,100,000	(16,996,577)	103,423	4.11%	2.32%	0.10%
3	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4	Common Equity	191,433,000	0	191,433,000	(190,274,896)	1,158,104	46.01%	10.40%	4.79%
5	Customer Deposits	11,019	0	11,019	0	11,019	0.44%	0.00%	0.00%
6	Deferred Income Taxes	<u>155,302</u>	<u>0</u>	<u>155,302</u>	<u>0</u>	<u>155,302</u>	<u>6.17%</u>	0.00%	<u>0.00%</u>
7	Total Capital	<u>\$388,699,321</u>	<u>\$0</u>	<u>\$388,699,321</u>	<u>(\$386,182,475)</u>	<u>\$2,516,846</u>	<u>100.00%</u>		<u>7.78%</u>
Per Staff									
8	Long-term Debt	\$180,000,000	\$0	\$180,000,000	(\$178,944,671)	\$1,055,329	43.18%	6.66%	2.88%
9	Short-term Debt	17,100,000	0	17,100,000	(16,999,744)	100,256	4.10%	2.32%	0.10%
10	Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11	Common Equity	191,433,000	0	191,433,000	(190,310,640)	1,122,360	45.92%	11.45%	5.26%
12	Customer Deposits	11,019	0	11,019	0	11,019	0.45%	0.00%	0.00%
13	Deferred Income Taxes	<u>155,302</u>	<u>0</u>	<u>155,302</u>	<u>0</u>	<u>155,302</u>	<u>6.35%</u>	0.00%	<u>0.00%</u>
14	Total Capital	<u>\$388,699,321</u>	<u>\$0</u>	<u>\$388,699,321</u>	<u>(\$386,255,055)</u>	<u>\$2,444,266</u>	<u>100.00%</u>		<u>8.23%</u>
							LOW	HIGH	
RETURN ON EQUITY							<u>9.45%</u>	<u>11.45%</u>	
OVERALL RATE OF RETURN							<u>7.31%</u>	<u>8.23%</u>	

Cypress Lakes						Schedule No. 3-A	
Statement of Water Operations						Docket No. 160101-WS	
Test Year Ended 12/31/2015							
Description	Test Year Per Utility	Utility Adjustments	Adjusted Test Year Per Utility	Staff Adjustments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$355,789</u>	<u>\$2,241</u>	<u>\$358,030</u>	<u>(\$3,595)</u>	<u>\$354,435</u>	<u>(\$24,335)</u> -6.87%	<u>\$330,100</u>
Operating Expenses							
2 Operation & Maintenance	\$220,069	(\$3,588)	\$216,481	(\$2,972)	\$213,509	0	\$213,509
3 Depreciation	87,382	(28,214)	59,168	0	59,168	0	59,168
4 Amortization	(7,537)	7,537	0	0	0	0	0
5 Taxes Other Than Income	35,728	(8,620)	27,108	(162)	26,946	(1,095)	25,851
6 Income Taxes	<u>14,677</u>	<u>(14,677)</u>	<u>0</u>	<u>17,530</u>	<u>17,530</u>	<u>(8,745)</u>	<u>8,785</u>
7 Total Operating Expense	<u>350,319</u>	<u>(47,562)</u>	<u>302,757</u>	<u>14,396</u>	<u>317,153</u>	<u>(9,840)</u>	<u>307,313</u>
8 Operating Income	<u>\$5,470</u>	<u>\$49,803</u>	<u>\$55,273</u>	<u>(\$17,991)</u>	<u>\$37,282</u>	<u>(\$14,495)</u>	<u>\$22,787</u>
9 Rate Base	<u>\$665,227</u>		<u>\$277,758</u>		<u>\$276,938</u>		<u>\$276,938</u>
10 Rate of Return	<u>0.82%</u>		<u>19.90%</u>		<u>13.46%</u>		<u>8.23%</u>

Cypress Lakes		Schedule No. 3-B
Adjustments to Operating Income		Docket No. 160101-WS
Test Year Ended 12/31/2015		
Explanation	Water	
Operating Revenues		
To reflect the appropriate amount of annualized revenues.	<u>(\$3,595)</u>	
Operation and Maintenance Expense		
To reflect appropriate rate case expense amortization.	<u>(\$2,972)</u>	
Taxes Other Than Income		
To reflect RAFs on revenue adjustment.	<u>(\$162)</u>	