

# Merritt Island Utility Company

May 20, 2019

Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

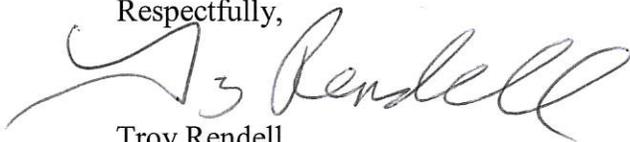
**Re:** Docket No. 20190116-SU - Staff Assisted Rate Case Application and Request for Interim Rate Increase by Merritt Island Utility Company in Brevard County

Dear Commission Clerk:

Please find attached revised schedules to be included in the above referenced docket. Subsequent to filing, Merritt Island Utility Company discovered errors in the supporting schedules. The utility inadvertently included adjustments twice in its calculation. These revised schedules correct those errors.

If you have any questions, please do not hesitate to contact me at (727) 848-8292, ext. 245.

Respectfully,



Troy Rendell  
Vice President  
Investor Owned Utilities  
*// for Merritt Island Utility Company*

Merritt Island Utility Company  
 Schedule of Wastewater Rate Base  
 Test Year Ended 03/31/2019

Schedule No. 1-B  
 Docket No. 20190116-SU  
 \*\*\* REVISED \*\*\*

Description	Test Year Per Utility	Adjustments	Adjusted Test Year
1 Plant in Service	\$261,314	\$0	\$261,314
2 Land and Land Rights	30,479	0	30,479
3 Non-used and Useful Components	0	0	0
4 Accumulated Depreciation	-161,473	0	-161,473
5 CIAC	-23,500	0	-23,500
6 Amortization of CIAC	23,500	0	23,500
7 Acquisition Adjustment	-175	0	-175
8 Accum Amort - Acquis Adjust	40	0	40
9 Working Capital Allowance	<u>8,752</u>	<u>132</u>	<u>8,884</u>
10 <b>Rate Base</b>	<u>\$138,937</u>	<u>\$132</u>	<u>\$139,069</u>

Merritt Island Utility Company  
 Capital Structure  
 Test Year Ended 03/31/2019

Schedule No. 2  
 Docket No. 20190116-SU  
 \*\*\* REVISED \*\*\*

Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility</b>								
11 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
12 Short-term Debt	0	0	\$0	\$0	0	0.00%	0.00%	0.00%
13 Preferred Stock	0	0	\$0	\$0	0	0.00%	0.00%	0.00%
14 Common Equity	148,511	0	\$148,511	-\$9,442	139,069	100.00%	8.74%	8.74%
15 Customer Deposits	0	0	\$0	\$0	0	0.00%	2.00%	0.00%
16 Deferred Income Taxes	0	0	\$0	\$0	0	0.00%	0.00%	0.00%
20 <b>Total Capital</b>	<u>\$148,511</u>	<u>\$0</u>	<u>\$148,511</u>	<u>-\$9,442</u>	<u>\$139,069</u>	<u>100.00%</u>		<u>8.74%</u>
						<b>LOW</b>	<b>HIGH</b>	
					RETURN ON EQUITY	<u>7.74%</u>	<u>9.74%</u>	
					OVERALL RATE OF RETURN	<u>7.74%</u>	<u>9.74%</u>	

Merritt Island Utility Company  
Statement of Wastewater Operations  
Test Year Ended 03/31/2019

Revised Schedule No. 3-B  
Docket No. 20190116-SU  
\*\* REVISED \*\*

Description	Test Year Per Utility	Adjustments	Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$66,595</u>	<u>\$0</u>	<u>\$66,595</u>	<u>\$30,033</u> 45.10%	<u>\$96,628</u>
<b>Operating Expenses</b>					
2 Operation & Maintenance	\$70,018	\$1,054	\$71,073		\$71,073
3 Depreciation	6,274	0	6,274		6,274
4 Amortization - CIAC	0	0	0		0
5 Amortization - Aquis Adju	-25	0	-25		-25
6 Amortization Expense - Other (engineering/pond cleaning)	1,089	1,715	2,804		2,804
7 Taxes Other Than Income	2,997	0	2,997	1,351	4,348
8 Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
9 <b>Total Operating Expense</b>	<u>80,353</u>	<u>2,769</u>	<u>83,122</u>	<u>1,351</u>	<u>84,474</u>
10 <b>Operating Income</b>	<u>-\$13,758</u>	<u>-\$2,769</u>	<u>-\$16,527</u>	<u>\$28,681</u>	<u>\$12,155</u>
11 <b>Rate Base</b>	<u>\$139,069</u>		<u>\$139,069</u>		<u>\$139,069</u>
12 <b>Rate of Return</b>	<u>-9.89%</u>		<u>-11.88%</u>		<u>8.74%</u>

Merritt Island Utility Company  
 Adjustment to Operating Income  
 Test Year Ended 06/30/16

Schedule 3-B  
 Docket No. 20190116-SU  
 \*\*\* REVISED \*\*\*

Explanation	Water	Wastewater
<u>Operating Revenues</u>		
1	\$0	\$0
2	<u>\$0</u>	<u>\$0</u>
Total	<u>\$0</u>	<u>\$0</u>
<u>Operation and Maintenance Expense</u>		
1 Annualize 2019 index increase to USWSC contract	\$0	\$223
2 Annualize Deferred Engineering costs - Maps - Amendment		\$415
3 Annualize Pond Cleaning Required by FDEP		\$1,300
4 Annualize General Insurance amortization		\$382
5 Rate Case Expense Amortization	\$0	\$450
Total	<u>\$0</u>	<u>\$ 2,769.09</u>
<u>Depreciation Expense - Net</u>		
1	0	\$0
Amortization Expense - Other		
Total	<u>\$0</u>	<u>\$0</u>
<u>Taxes Other Than Income</u>		
4 To reflect appropriate RAFs test year revenues	<u>\$0</u>	<u>\$0</u>
Total	<u>\$0</u>	<u>\$0</u>
<b>Additional Pro Forma Adjustments</b>		
<u>Operation and Maintenance Expense</u>		
5 Bad Debt Expense on Revenue Increase (2%)	<u>\$0</u>	<u>\$0</u>
<u>TAXES OTHER THAN INCOME TAX</u>		
6 RAF on Revenue Adjustment @ 4.5%	<u>\$0</u>	<u>\$0</u>

**Merritt Island Utility Company**  
**O&M EXPENSES-WASTEWATER**  
**Test Year Ended 03/31/2019**

**Docket No. 20190116-SU**

**\*\* REVISED \*\***

ACCT NO.	ACCOUNT TITLE	UTILITY		ADJUSTED TEST YEAR
		ADJUSTED TEST YEAR	ADJUSTMENTS	
701	SALARIES AND WAGES - EMPLOYEES	\$0		\$0
703	SALARIES: OFFICERS, DIRECTORS, ETC.	5,000		5,000
704	EMPLOYEE PENSIONS AND BENEFITS	0		0
710	PURCHASED SEWAGE TREATMENT	0		0
711	SLUDGE REMOVAL EXPENSE	4,000		4,000
715	PURCHASED POWER	5,764		5,764
716	FUEL FOR POWER PRODUCTION	0		0
718	CHEMICALS	2,425		2,425
720	MATERIALS AND SUPPLIES	0		0
731	CONTRACTUAL SERVICES - ENGR.	1,200	0	1,200
732	CONTRACTUAL SERVICES - ACCT.	400		400
733	CONTRACTUAL SERVICES - LEGAL	366		366
734	CONTRACTUAL SERVICES - MGMT. FEES			0
735	CONTRACTUAL SERVICES - TESTING			0
736	CONTRACTUAL SERVICES - OTHER	46,123	223	46,346
741	RENTAL OF BUILDING/REAL PROPERTY			0
742	RENTAL OF EQUIPMENT			0
750	TRANSPORTATION EXPENSES			0
756	INSURANCE - VEHICLE			0
757	INSURANCE - GENERAL LIABILITY	1,146	382	1,528
758	INSURANCE - WORKMAN'S COMPENSATION			0
759	INSURANCE - OTHER			0
760	ADVERTISING EXPENSE			0
766	AMORT. OF RATE CASE EXPENSE			0
767	REGULATORY COMM. EXPENSES - OTHER		450	450
770	BAD DEBT EXPENSE			0
775	MISCELLANEOUS EXPENSES	<u>3,595</u>		<u>3,595</u>
	TOTAL OPERATION AND MAINTENANCE	<u>\$70,018</u>	<u>\$1,054</u>	<u>\$71,073</u>

WATER	TEST YEAR	UTILITY ADJUSTMENTS	UTILITY ADJUSTED		ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
			TEST YEAR	ADJUSTMENTS			
PERSONAL PROPERTY	\$0	\$0	\$0	\$0	\$0		\$0
PAYROLL	0	0	0	0	0		0
REGULATORY ASSESSMENT FEES	0	0	0	0	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
TOTAL	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Test Year RAF 0  
 Utility Adj Rev 0  
 Adjustment 0

WASTEWATER	TEST YEAR	UTILITY ADJUSTMENTS	UTILITY ADJUSTED		ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
			TEST YEAR	ADJUSTMENTS			
PERSONAL PROPERTY	\$0	\$0	\$0	\$0	\$0		\$0
PAYROLL	0	0	0	0	0		0
REGULATORY ASSESSMENT FEES	2,997	0	2,997	0	2,997	1,351	4,348
OTHER	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
TOTAL	<u>\$2,997</u>	<u>\$0</u>	<u>\$2,997</u>	<u>\$0</u>	<u>\$2,997</u>	<u>\$1,351</u>	<u>\$4,348</u>

Test Year RAF 2,997  
 Utility Adj Rev 2996.79705  
 Adjustment 0.00295

Merritt Island Utility Company  
 FACTORED ERCs & GALLONS - WASTEWATER  
 Test Year Ended 03/31/2019

<u>METER SIZE</u>	<u>ERC</u>	<u>NUMBER OF BILLS</u>	<u>FACTORED ERCs</u>	<u>GALLONS (000s)</u>
<b><u>RESIDENTIAL</u></b>				
ALL METER SIZES	1.0	1,693	1,693	4,745
<b><u>GENERAL SERVICE &amp; MULTI-FAMILY</u></b>				
5/8"x3/4"	1.0	0	0	0
1"	2.5	0	0	0
1-1/2"	5.0	0	0	0
2"	8.0	12	120	5,001
3" COMPOUND	16.0	0	0	0
4" COMPOUND	25.0	0	0	0
6" COMPOUND	50.0	0	0	0
8" COMPOUND	80.0	0	0	0
10" COMPOUND	115.0	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL GENERAL SERVICE</b>		<u>12</u>	<u>120</u>	<u>5,001</u>
<b>TOTAL WASTEWATER</b>		<u>1,705</u>	<u>1,813</u>	<u>9,746</u>

ACCT NO.	ACCOUNT TITLE	STAFF	EXPENSE		REVENUE	
		ADJUSTED O&M EXPENSES	ALLOCATION BFC	ALLOCATION GALLONAGE CHARGE	ALLOCATION \$ BFC	ALLOCATION \$ GALLONAGE CHARGE
701	SALARIES AND WAGES - EMPLOYEES	\$0	75.00%	25.00%	\$0	\$0
703	SALARIES - OFFICERS, DIRECTORS, ETC	\$5,000	75.00%	25.00%	3,750	1,250
704	EMPLOYEE PENSIONS AND BENEFITS	\$0	75.00%	25.00%	0	0
710	PURCHASED SEWAGE TREATMENT	\$0	0.00%	100.00%	0	0
711	SLUDGE REMOVAL EXPENSE	\$4,000	0.00%	100.00%	0	4,000
715	PURCHASED POWER	\$5,764	0.00%	100.00%	0	5,764
716	FUEL FOR POWER PRODUCTION	\$0	0.00%	100.00%	0	0
718	CHEMICALS	\$2,425	0.00%	100.00%	0	2,425
720	MATERIALS AND SUPPLIES	\$0	50.00%	50.00%	0	0
731	CONTRACTUAL SERVICES - ENGR.	\$1,200	50.00%	50.00%	600	600
732	CONTRACTUAL SERVICES - ACCT.	\$400	50.00%	50.00%	200	200
733	CONTRACTUAL SERVICES - LEGAL	\$366	50.00%	50.00%	183	183
734	CONTRACTUAL SERVICES - MGMT. FEES	\$0	50.00%	50.00%	0	0
735	CONTRACTUAL SERVICES - TESTING	\$0	50.00%	50.00%	0	0
736	CONTRACTUAL SERVICES - OTHER	\$46,346	50.00%	50.00%	23,173	23,173
741	RENTAL OF BUILDING/REAL PROPERTY	\$0	100.00%	0.00%	0	0
742	RENTAL OF EQUIPMENT	\$0	100.00%	0.00%	0	0
750	TRANSPORTATION EXPENSES	\$0	75.00%	25.00%	0	0
756	INSURANCE - VEHICLE	\$0	100.00%	0.00%	0	0
757	INSURANCE - GENERAL LIABILITY	\$1,528	100.00%	0.00%	1,528	0
758	INSURANCE - WORKMAN'S COMPENSATI	\$0	100.00%	0.00%	0	0
759	INSURANCE - OTHER	\$0	100.00%	0.00%	0	0
760	ADVERTISING EXPENSE	\$0	100.00%	0.00%	0	0
766	AMORT. OF RATE CASE EXPENSE	\$0	100.00%	0.00%	0	0
767	REGULATORY COMM. EXPENSES - OTHE	\$450	100.00%	0.00%	450	0
770	BAD DEBT EXPENSE	\$0	50.00%	50.00%	0	0
775	MISCELLANEOUS EXPENSES	\$3,595	50.00%	50.00%	1,798	1,798
	TOTAL OPERATION AND MAINTENANCE	<u>\$71,073</u>			<u>\$31,681</u>	<u>\$39,392</u>
	DEPRECIATION EXPENSE (NET OF CIAC)	<u>\$6,274</u>	50.00%	50.00%	<u>\$3,137</u>	<u>\$3,137</u>
	AMORTIZATION (OTHER)	<u>\$2,779</u>	50.00%	50.00%	<u>\$1,390</u>	<u>\$1,390</u>
	<u>TAXES OTHER THAN INCOME</u>					
	PERSONAL PROPERTY	\$0	100.00%	0.00%	\$0	\$0
	PAYROLL	\$0	50.00%	50.00%	0	0
	REGULATORY ASSESSMENT FEES	\$4,348	50.00%	50.00%	2,174	2,174
	OTHER	\$0	50.00%	50.00%	0	0
	TOTAL TAXES OTHER	<u>\$4,348</u>			<u>\$2,174</u>	<u>\$2,174</u>
	INCOME TAX EXPENSE	<u>\$0</u>	0.00%	100.00%	<u>\$0</u>	<u>\$0</u>
	NET OPERATING INCOME	<u>\$12,155</u>	0.00%	100.00%	<u>\$0</u>	<u>\$12,155</u>
	TOTAL WW REVENUE REQUIREMENT	<u>\$96,628</u>			<u>\$38,381</u>	<u>\$58,247</u>
	(MAKE SURE THIS TIES TO ACCT SCHED.)					
	LESS: MISC. SERVICE CHARGES	\$0	100.00%	0.00%	0	0
	PLUS: OTHER ADJUSTMENTS	\$0	0.00%	100.00%	0	0
	REVENUE REQ FROM SERVICE RATES	<u>\$96,628</u>			<u>\$38,381</u>	<u>\$58,247</u>
	FACTORED ERCs (or weighted bills)	<u>1,813</u>		BFC/ERC	<u>\$21.17</u>	
	TOTAL GALLONS			Factor		
	Residential	4,745		4,745		
	General Service	<u>5,001</u>	1.2	<u>6001.2</u>		
	Total Gallons	<u>9,746</u>		<u>10,746</u>		
	RESIDENTIAL GALLONAGE RATE					<u>\$5.42</u>
	GENERAL SERVICE GALLONAGE RATE					<u>\$6.50</u>

TOTAL WW REVENUE REQUIREMENT	<u>\$96,628</u>	60.00%	40.00%	<u>\$57,977</u>	<u>\$38,651</u>
(MAKE SURE THIS TIES TO ACCT SCHED.)					
LESS: MISC. SERVICE CHARGES	\$0	100.00%	0.00%	0	0
PLUS: OTHER ADJUSTMENTS	0	0.00%	100.00%	0	0
REVENUE REQ FROM SERVICE RATES	<u>\$96,628</u>			<u>\$57,977</u>	<u>\$38,651</u>
FACTORED ERCs (or weighted bills)	<u>1,813</u>		BFC/ERC	<u>\$31.98</u>	
TOTAL GALLONS			Factor		
Residential	4,745		4,745		
General Service	<u>5001</u>	1.2	<u>6001.2</u>		
Total Gallons	<u>9,746</u>		<u>10,746</u>		
RESIDENTIAL GALLONAGE RATE					<u>\$3.60</u>
GENERAL SERVICE GALLONAGE RATE					<u>\$4.32</u>