

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a staff-assisted)	DOCKET NO. 900598-WS
rate case in Broward County by)	ORDER NO. 24417
Parkland Utilities, Inc.)	ISSUED: 4/23/91
_____)	

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY
 GERALD L. GUNTER
 MICHAEL MCK. WILSON

FINAL ORDER GRANTING TEMPORARY
 RATES IN EVENT OF PROTEST

AND

NOTICE OF PROPOSED AGENCY ACTION
 ORDER APPROVING INCREASED RATES
 FOR WATER AND WASTEWATER SERVICE

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the actions discussed herein, other than the granting of temporary rates in event of protest, are preliminary in nature and will become final unless a person whose interests are substantially affected files a request for a formal proceeding in accordance with Rule 25-22.029, Florida Administrative Code.

CASE BACKGROUND

Parkland Utilities, Inc. (Parkland or utility) is a Class C utility located in Broward County. It provides water and wastewater to the planned unit development (PUD) known as Parkland Lakes. As of December 31, 1989, Parkland was providing water service to 450 connections and wastewater service to 446 connections. According to the 1989 Annual Report, Parkland had gross revenues of \$101,945 for the water system and \$108,627 for the wastewater system. The same report indicates that the utility's net operating loss for water and wastewater was \$60,997 and \$84,495, respectively.

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On June 28, 1990, the utility filed the instant application for a staff-assisted rate case. The application was accepted and the official filing date was established as August 27, 1990. Although the utility qualified for a staff-assisted rate case, it inadvertently or by choice, elected to file Minimum Filing Requirements (MFRs). In addition, because its rates did not include an allowance for purchased wastewater treatment, Parkland requested emergency interim rate relief. We granted Parkland's request for emergency temporary relief by Order No. 23543, issued October 1, 1990.

For the purpose of setting rates, we have selected a test year ending December 31, 1989. Our findings are set forth below.

QUALITY OF SERVICE

On the evening of January 9, 1991, the Commission staff conducted a customer meeting in Parkland's service area in order to obtain the customers' opinions on the quality of the utility's service and to ask questions. Nine of the utility's 896 water and wastewater customers attended the meeting.

The customers in attendance were interested in how the Commission sets rates, how the use of water for swimming pools affects wastewater rates, the effect of the new Atlantic Utilities (Atlantic) operating contract on rates, and why the utility interconnected with Broward County's wastewater treatment and disposal system. However, no quality of service testimony was offered.

Other means were also employed to determine customer satisfaction. Input was obtained from several utility customers during the service area inspection. None of the customers interviewed indicated problems with their service.

The Department of Environmental Regulation (DER) was contacted and the files of the Commission's Divisions of Consumer Affairs and Water and Sewer were also reviewed for any complaints. According to DER, Parkland was in compliance with its requirements, and no active complaints or orders were on file. Also, this Commission has no outstanding complaints or orders against this utility. In consideration of the foregoing, we find that Parkland's quality of service is satisfactory.

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RATE BASES

Our calculation of the utility's rate base is attached to this Order as Schedule No. 1W for water and Schedule No. 1WW for wastewater. Our adjustments are itemized on Schedule No. 1W/1WW(A). Those adjustments which are essentially mechanical in nature or which are reclassifications within the individual rate base component, are shown on the schedule without further explanation in the text of this Order. The major adjustments are discussed below.

Used and Useful Plant

A. Water Treatment Plant - The water treatment plant's nominal capacity is 720,000 gallons per day (GPD). The peak five day average of the test year (June 1 to June 4, 1989), which we considered to be the maximum daily flow, was 213,000 GPD. The average yearly growth (based on the period January 1, 1985 to December 31, 1989) is 69 equivalent residential connections (ERCs) per year. Although the margin reserve is normally computed by allowing one and a half years of growth, the result would exceed our maximum guidelines. The alternative is to allow 20 percent of the test year customers, or 87 ERCs (436 ERCs x .20). To serve an additional 87 ERCs, the utility will need about 42,500 GPD, which is its margin reserve. In addition, according to the utility, it is required to reserve 144,000 GPD for fire flow. Based on domestic needs, the margin reserve, and fire flow, along with the plant capacity, we find that the water plant is 55 percent used and useful.

B. Wastewater Treatment Plant - The capacity of the wastewater treatment plant is 100,000 GPD. Test year average flow was 155,000 GPD, excluding a margin reserve. Instead of adding capacity to that plant, the utility interconnected with Broward County's wastewater treatment and disposal system. However, under a contractual agreement, the utility is required to keep the existing plant on stand by until the end of 1992. Consequently, since the plant is required and since flows exceed capacity, the wastewater treatment plant is found to be 100 percent used and useful.

C. Water Distribution and Wastewater Collection Systems - The distribution and collection systems were constructed for the service area's planned capacity of 885 ERCs. The utility's systems served a test year average of 436 ERCs. Using the maximum allowed margin reserve, the utility needs capacity for an additional 87 ERCs. Thus, we find that the existing systems are 59 percent used and useful.

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Rate Base

Rate base has never been established for this utility. Consequently, plant and contributions-in-aid-of-construction (CIAC) additions were audited since inception. The recorded accumulated depreciation of plant-in-service balances at the beginning of the 1989 test year were accepted and depreciation was accumulated during the test year using the rates prescribed by Rule 25-30.140, Florida Administrative Code. The resultant composite depreciation rate was then used to accumulate test year amortization of CIAC.

Additionally, we imputed the CIAC and accumulated amortization related to the margin reserve connections included in the used and useful plant-in-service. Furthermore, because the plant-in-service and accumulated depreciation of plant in service were not broken down into primary accounts which would facilitate the computation of the nonused and useful amounts, we estimated primary balances of both the plant and related accumulated depreciation at the beginning of the test year and redistributed the recorded primary account balances to the estimated balances. The utility's books and records combined the treatment and distribution/collection system plant in one account, whereas used and useful plant is determined separately for the treatment facilities and distribution/collection systems.

A. Depreciable Plant-in-Service

During the test year, the utility replaced a water plant effluent meter. The cost of the new meter was incorrectly charged to operation and maintenance (O & M) expenses and no retirement entry was made for the meter which was retired. The appropriate adjustment is to increase plant in service by the average test year addition (\$1,142) and decrease plant by the estimated cost of the meter which was replaced (\$1,500), resulting in a net \$358 decrease to average test year water plant-in-service.

In 1988, the utility classified \$8,852 of contractual services to construction work in progress (CWIP) which was closed out to collection sewers - force in 1989. Consequently, the appropriate adjustment to remove the misclassified O & M expenses from plant is to decrease the average test year plant account by the average 1989 misclassified addition, which is \$4,426.

B. Land

Parkland owns the land on which the utility's facilities are located. The utility recorded \$45,000 and \$255,000, respectively,

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as land costs for the water and wastewater systems. Due to unsupported land costs recorded by the utility, we applied the Consumer Price Index method to calculate the appropriate land costs for the water and wastewater systems as is discussed below.

In 1973, the affiliated developer purchased 670 acres of property, which included the land ultimately utilized for utility purposes. The utility was organized and certificated in 1975 and it began providing service in 1980. Currently, Parkland has five acres of land devoted to utility use. The 1973 cost per acre as established by warranty deed documentary stamps was \$8,431, resulting in 1973 utility land costs of \$42,155 ($\$8,431 \times 5$ acres). The utility's books reflect total land costs of \$300,000.

Commission practice is to set land costs at the original cost when it is first devoted to public use. Rule 25-30.140(1)(m), Florida Administrative Code, defines original cost as "the original cost of such property to the person first devoting it to public use." "First devoted to public use" is interpreted to be when the land is first identified for utility purposes.

However, in instances where the utility land was previously purchased by an affiliate, thereby resulting in a less than arm's length transaction to the utility, and no appraisal was accomplished at the time it was designated as utility property, the Commission has applied the average yearly Consumer Price Index (CPI) to the land cost to the last entity acquiring the property in an arm's length transaction. This method was utilized in the following dockets: Orange-Osceola Utilities, Inc., Docket No. 850031-WS, Order No. 17366; Rolling Oaks Utilities, Inc., Docket No. 850941-WS, Order No. 17532; Marco Island Utilities, Docket No. 850151-WS, Order No. 18476.

Furthermore, in the Orange-Osceola and Marco Island proceedings, the Commission recognized that certain improvement costs were appropriate also. In the Orange-Osceola case, the Commission included interest, property taxes and improvements as land costs. However, in the case of Marco Island, the Commission did not include the improvement costs in its determination of the original cost of land as the improvement costs were not supported by specific documentation. In the latter proceeding, the improvement costs were found to be unquantifiable because they were included with the development costs of the land sold.

In the instant proceeding, a construction loan requisition form dated March 14, 1980, just six days before the utility was placed in service, shows all the land development costs incurred

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for the 108 acres of Phase I as of March 14, 1980. Following review of the loan requisition and discussion with the utility's counsel, we believe it appropriate to include certain costs and exclude others. Using 1979 as the date construction began, and terminating the application of the CPI at the time construction began, we believe that land costs of \$18,237 per acre and \$91,185 in total are appropriate, calculated by the CPI methodology discussed above.

We applied the same ratios of recorded water and wastewater land to total recorded utility land to total land costs of \$91,185. This resulted in estimated water land costs of \$13,678 and estimated wastewater land costs of \$77,507 and the resulting adjustments decreasing water land by \$31,322 and wastewater land by \$177,493.

The utility stated that it believed that the appropriate basis for inclusion of land in rate base is comparable land values at the time the land was placed in service. To support its recorded valuations, the utility provided the staff auditors with a list of lots sold in 1980 with the number of square feet and sales prices of each. With this information, an average 1980 market value per square foot was developed and applied to the number of square feet of land used for utility purposes. The result of this approach closely approximates the land costs recorded on the utility's books.

In summary, we decreased water system land by \$31,322 and wastewater system land by \$177,493, resulting in land costs of \$13,678 and \$77,507. To the water system land cost, a nonused and useful adjustment of \$6,155 ($.45 \times \$13,678$) was made, resulting in the inclusion of \$7,523.

In its most recent written communications, the utility states that while it still contends that the appropriate basis for inclusion of land in rate base is comparable land values at the time the land was placed in service, it states that it is willing to utilize, in place of that method, the CPI method.

C. Nonused and Useful Plant

The utility calculated net nonused and useful plant of \$82,200 for its water system and \$260,042 for its wastewater system. These calculations were based on unsegregated primary plant balances and application of nonused and useful percentages of 15.86 for water and 18.10 percent for wastewater.

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We have found that the water treatment plant is 55 percent used and useful, that the wastewater treatment plant is 100 percent used and useful and that the water transmission and distribution system and the wastewater collection system are 59 percent used and useful. Based on these determinations and the plant and accumulated depreciation balances, the net water plant which is nonused and useful is \$409,400 and the net wastewater plant which is nonused and useful is \$605,821. In consideration of the above, we find that the adjustments of \$327,200 and \$345,779 are appropriate.

D. Accumulated Depreciation of Plant-in-Service

To calculate its depreciation expense from 1984 through the end of 1989, the utility applied Accounting Principles Board 20, P.10, entitled "Change in Accounting Estimate" based on the 1984 Rule 25-10.32, Florida Administrative Code, estimated service lives. In 1984, when Rule 25-10.32, Florida Administrative Code, became effective and altered the depreciation rates of water and wastewater assets to the average estimated service lives of the assets, the utility calculated "the adjusted basis" (original cost less accumulated depreciation to date) of its recorded assets, calculated the number of years left under Rule 25-10.32, Florida Administrative Code, (the number of years prescribed by Rule 25-10.32, Florida Administrative Code, less the number of years it had been depreciated), and developed a depreciation rate by year for each primary account. The rates developed were then applied to the "adjusted basis" to arrive at the annual depreciation expense.

The rates prescribed by Rule 25-10.32, Florida Administrative Code, are based on average service lives and should have been applied to the original cost of the primary plant accounts to arrive at the annual depreciation expense. Also, because the 1984 revision in rates decreased the estimated service lives of utility assets, the utility's beginning test year accumulated depreciation and depreciation expense are understated.

However, this utility has never had depreciation rates set. In instances such as this, it is Commission practice (see First Revised Staff Advisory Bulletin (SAB) No. 17) for a company that is involved in a rate case before this Commission for the first time, to use the utility's booked reserve position as the starting point of the test year and test year depreciation expenses are calculated using guideline rates. Thus, we did not adjust the beginning 1989 test year accumulated depreciation; however, we did recalculate test year expense based on the rates prescribed by Rule 25-30.140, Florida Administrative Code. Using recalculated depreciation

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expense based on the rates prescribed by this rule and the original cost of the assets (adjusted and redistributed to primary plant accounts), the appropriate averaging adjustments and the retirement of the water effluent meter result in increasing adjustments of \$4,743 to accumulated depreciation, water, and \$6,057 to accumulated depreciation, wastewater.

E. Contributions-in-Aid-of-Construction

As previously stated, in computing the used and useful plant, we included 87 margin reserve connections. Currently, service availability charges for water are \$350 per connection and for wastewater are \$1,200 per connection. Consistent with Commission practice, we imputed the CIAC related to the margin reserve connections included in used and useful plant-in-service. The result is an adjustment of \$30,450, increasing water CIAC, and an adjustment of \$104,400, increasing wastewater CIAC.

The concurrent adjustment to accumulated amortization of CIAC, water, is \$1,261, and accumulated amortization of CIAC, wastewater, is \$3,925, both of which increase the balances as filed. Further, recalculation of test year amortization using the recalculated composite test year depreciation rates and the corresponding averaging adjustments, increases the water system accumulated amortization by a net \$5,215 and the wastewater accumulated amortization by a net \$5,088.

F. Nonused and Useful CIAC

During 1985 and 1986, developers contributed water transmission and distribution lines and wastewater collection lines. The utility failed to recognize the portion of nonused and useful contributed lines in its CIAC balances. Giving recognition to this, results in net nonused and useful water CIAC of \$166,119 (\$183,873 - \$17,754) and nonused and useful wastewater CIAC of \$324,911 (\$374,196 - \$49,285).

G. Working Capital Allowance

The working capital allowances were calculated using the one-eighth of O & M expenses method. The result is a water system allowance of \$14,803 and a wastewater system allowance of \$20,801.

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CAPITAL STRUCTURE

Parkland Utilities' capital structure is comprised solely of negative equity and "advances from associated company" (Narco Realty). Narco Realty, the parent company of Parkland Utilities, is responsible for obtaining debt from financial institutions. Narco Realty's mortgage notes for the test year ended December 31, 1989 were held by Allomon Corporation which was an affiliate through its five percent stock ownership in Narco Realty. The ownership interest was later terminated on March 23, 1989. Consequently, because the utility is fully funded by Narco Realty, Narco Realty's cost of capital is believed to be the appropriate cost of capital for the utility.

Employing the 1989 Narco Realty financial statements prepared by Touch Ross under a compilation and review engagement, we calculated the cost of debt and equity ratio using the average balances of the equity and mortgages payable and the year-end interest rates. The result is a weighted cost of debt of 7.85 percent and an equity ratio of .2397.

Order No. 23318, issued August 7, 1990, established the leverage formula to be used in calculating equity returns for water and wastewater utilities, which among other uses, may be used in instances where the utility does not present evidence on its rate of return on common equity. It is the standard practice of the Commission to utilize this formula in staff-assisted rate proceedings.

The leverage formula also sets the maximum rate on equity at 13.51 percent for utilities whose equity ratios are less than 40 percent. Narco Realty's equity ratio is .2397. Therefore, the result is an equity return of 13.51 percent and an overall cost of capital of 9.21 percent, which we determined to be this utility's authorized rate of return.

The cost of capital/rate of return calculation is shown on Schedule No. 2.

NET OPERATING INCOME

Attached as Schedule Nos. 3W and 3WW are our schedules of water and wastewater operating incomes. Our adjustments thereto are shown on Schedule No. 3W/3WW(B). The adjustments, essentially mechanical in nature, are shown on the schedule without further explanation in the text of this Order. The major adjustments are discussed below.

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Operating Revenues

Using the current water rates and the wastewater rates which were in effect prior to approval of emergency rate relief applied to test year customers and consumption, adjusted revenues are \$108,376 for water and \$114,626 for wastewater.

Operating and Maintenance Expenses

We audited 1989 recorded expenses and examined the basis and reasonableness of the utility's pro forma adjustments contained in its MFRs. As previously stated, during early 1989, the utility interconnected with Broward County for treatment of its wastewater and during late 1990, the utility terminated its operational contract with Sigma General and executed a more comprehensive contract with Atlantic Utilities to assume certain management and operational responsibilities for the water and wastewater systems. Therefore, audited expenses were examined for nonrecurring items and payroll costs were examined for reasonableness on a historical and prospective basis in conjunction with the Atlantic contract. Details of the calculations and adjustments made to each expense account follow and are also shown on Schedule No. 3W/3WW(B).

A. Water

The utility's operational contract with Sigma General was replaced with a more comprehensive contract with Atlantic. 1989 costs for Sigma General's services were \$48,454 per year. Atlantic's services are provided for \$77,500 per year, an overall increase of \$29,046, or \$14,523 per system. Although the utility did not include a pro forma adjustment for this increase in its MFRs, the contract was reviewed during our audit.

During the test year, the salaries and wages of six persons were allocated to the utility, resulting in combined water and wastewater system payroll costs of \$81,184. During 1991, while the Atlantic contract is in effect, the utility projects payroll costs of \$73,882.

In response to our concern regarding the projected payroll levels while under contract with Atlantic, the utility submitted a lengthy narrative including a list of the former duties and responsibilities of the utility construction and operations manager (operations manager), now assumed by the utility administrators and the utility director. The utility states that, Atlantic Utilities will not only perform the duties previously provided by Sigma General (operations, licensure and maintenance of the utility

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facilities), but it will also perform the billing, accounts receivable and accounts payable services. Furthermore, as part of restructuring the utility after contracting with Atlantic, it was decided to terminate the operations manager and spread his remaining responsibilities between the utility administrator's and the utility director's. In addition, two individual employees whose positions were redundant with the additional services provided by Atlantic were terminated. While some accounting functions were also undertaken by Atlantic, all corporate accounting and Commission accounting and reporting services remain the responsibility of in-house personnel.

In support of the projected payroll allocations, the utility also states that the administrative assistant, though her total time will be reduced from 33 percent to 25 percent due to decreased functions, will be assisted in her responsibilities by two additional employees. However, no portion of these individual's salaries have been assigned to the utility. It also states that the operations manager, who will no longer be needed for utility services, did have substantial responsibilities which are not covered by the agreement with Atlantic, and while the operations manager was charged only 30 percent to the utility during 1989, he actually did approximately 90 percent utility work. And that while Atlantic will eliminate some of his duties; the others will be absorbed by the utility administrator and the utility director. They have estimated that they will now spend approximately 50 percent of their time on utility matters as a result of correcting the allocation of their time and including the duties of the operations manager not undertaken by Atlantic Utilities.

Further, the utility states that a correct allocation would have had 90 percent of the operations manager's time charged to the utility, 33 percent of the utility administrator's, and 40 percent of the utility director's. However, because the utility was already in a loss position, its related party company did not see the point in assigning the appropriate amounts to the utility only to increase the amount of the loss.

In conclusion, the utility states that the appropriate recognition of utility salaries will include the contract with Atlantic, 25 percent of the administrative assistant's salary, and 50 percent of those of both the utility administrator and the utility director.

Because payroll costs have never been examined previously, we examined the reasonableness of the total salaries and the reasonableness of the time allocations with the Atlantic contract

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in mind. We also considered the list of utility duties which were formerly the responsibility of the operations manager and which have now been assumed by the utility administrator and the utility director. In particular, the list includes the responsibility of supervising and managing installation of lines and facilities and other related utility construction. Further explanation provided refers to five sites pending infrastructure improvements.

First, with only 450 water and wastewater customers, we believe that the level of the utility director's compensation (for utility related responsibilities) is excessive. His salary equates to an approximate hourly wage of \$41 per hour, whereas \$18 to \$25 per hour is generally considered reasonable for utility related management duties for medium-sized water and wastewater companies in Florida. The utility administrator's salary equates to about \$24 per hour, which we believe to be within reason in this instance. Consequently, we determined that the utility director's utility related compensation be limited to \$24 per hour.

Second, because the utility administrator's and the utility director's duties and responsibilities include construction-related activities (which should be capitalized), we allowed 25 percent rather than the 50 percent of the utility director's time.

In summary, following review of the Atlantic contract terms, conditions and responsibilities and examination of additional information supplied by the utility, we believe that consideration of 25 percent of the administrative assistance's time, 50 percent of the utility administrator's time and 25 percent of the utility director's time would constitute a liberal allowance for in-house personnel. In addition, we believe it appropriate to cap the utility director's hourly compensation at the level currently paid to the utility administrator.

Based on the foregoing, we find that the total payroll costs of \$43,531 or \$21,765 per system are appropriate. For water, this results in a reduction of \$18,816 to water system salaries and wages, part of which is for employees' compensation and part of which is for officers' compensation.

Also, a corresponding adjustment recognizing the increased cost of the contractual operations and management duties of Atlantic is believed appropriate. Consequently, we increased water system contractual services by \$14,523 $(\$77,500 - \$45,454)/2$.

In addition, during the 1989 test year, the operations manager received other compensation (or reimbursement) which was charged to

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water operations of \$6,702: beeper expenses (\$111), a car allowance of \$300 per month (\$1,800), gas expense (\$2,142), medical insurance premiums (\$933), cellular telephone (\$416), and lunch expenses (\$1,300), all which are considered nonrecurring as this individual is no longer employed by the utility.

Further, as discussed earlier, a \$2,284 effluent water meter was incorrectly charged to water operations. This has been removed from expenses and capitalized.

Rate case expenses of \$1,805 were included in test year contractual services. We reclassified these as deferred debits as they relate to this proceeding and will be examined along with the utility's requested pro forma rate case expense adjustment.

Also, test year water operating costs include \$2,195 in consulting fees which relate to the utility's application for increased wastewater service availability charges. Because the service availability charges proceeding addressed wastewater fees only, \$2,195 was reclassified as a wastewater operating expense, decreasing the water O & M expenses by a further \$2,195.

Regarding rate case expense, we decreased the utility's requested pro forma adjustment of \$2,106 to the approved allowance of \$1,000. As previously mentioned, because Parkland qualified for a staff-assisted rate case, but inadvertently or by choice, elected to file MFRs, we believe it appropriate to allow only those costs which would have been incurred without preparation of the MFRs. With this in mind, we reviewed the support for the rate case costs incurred to date. The costs that would have been incurred, had the utility not filed MFRs were calculated to be \$4,000 per system (including the \$900 filing fee) or \$1,000 per year over the statutory four-year recovery period. The result is the reduction of \$1,106 to the requested pro forma allowance of \$2,106.

Two other small adjustments were made reclassifying costs between water and wastewater operations, the net effect of which resulted in decreased water system expenses of \$125.

B. Wastewater

Using the same basis as discussed above under water O & M Expenses, we reduced wastewater payroll by \$18,816, increased contractual services by \$14,523, and removed the operations manager's employment related expenses, which are nonrecurring (\$5,272).

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Also, as with test year water O & M expenses, wastewater O & M expenses included rate case costs of \$1,805. We reclassified these as deferred debits as they relate to this proceeding.

Further, as previously discussed, the utility charged 50 percent of the consulting fees relating to wastewater service availability charges to each system. We reclassified the \$2,195 which was incorrectly charged to water to wastewater. Then, three-quarters of the total fees related to that proceeding (\$3,292) were deferred, resulting in a net adjustment decreasing wastewater O & M expenses by \$1,097.

On a pro forma basis, sludge removal costs were reduced to zero (\$3,557) and power costs reduced by (\$2,044) to recognize nonrecurring costs triggered by the interconnection with Broward County. Corresponding to the water O & M expense rate case expense adjustment, we reduced the requested wastewater pro forma adjustment of \$2,105, by \$1,105. Lastly, a net reclassification adjustment increases wastewater operating expenses by \$125.

As a result of our analysis, water system O & M expenses were reduced by \$18,510 from the requested \$136,930 to \$118,420. Wastewater system O & M expenses were reduced by \$19,049 from the requested \$185,455 to \$166,406.

Depreciation Expense

For each system, we calculated test year depreciation expense based on the rates prescribed by Rule 25-30.140, Florida Administrative Code and the (original cost) adjusted average test year primary plant balances. Our computations result in increased test year water system depreciation expense of \$12,487 and wastewater system depreciation of \$12,115. In addition, the utility's calculations of nonused and useful depreciation were based on nonused and useful water plant of 15.86 percent and wastewater plant of 18.10 percent and resulted in nonused and useful amounts of \$2,534 and \$8,771, for water and wastewater, respectively. We determined nonused and useful plant to be 45 percent for the water treatment plant and 41 percent for the distribution system and collection systems, or \$19,051 for water and \$24,350 for wastewater. In consideration of the foregoing, we find that the resulting adjustments (increasing nonused and useful depreciation) are \$16,517 for water and \$15,579 for wastewater.

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CIAC Amortization

For each system, CIAC amortization was recalculated based on the approved composite test year depreciation rates of 4.14 percent for water and 3.76 percent for wastewater. The result increases test year amortization by \$10,429 for water and \$10,175 for wastewater.

In addition to the above, in its MFRs the utility omitted consideration of the nonused and useful property CIAC. As a result, the nonused and useful amortization was also omitted. We calculated this to be \$4,782 for water and \$13,268 for wastewater.

Finally, consistent with its treatment of imputed CIAC on margin reserve connections included in the used and useful calculation, the associated amortization (imputed) is \$1,261 for water and \$3,925 for wastewater.

Taxes Other Than Income Taxes

Payroll taxes were recalculated on our approved allocations and payroll levels. The result is a reduction of \$462 each to water and wastewater system costs.

Tangible personal property taxes were decreased by \$378 and \$781, representing the proportionate share of discounts forfeited. In addition, based on our calculation of nonused and useful plant, the utility's nonused and useful adjustments were increased by \$2,948 for water and \$3,889 for wastewater.

Further, adjustments were made increasing regulatory assessment fees to 4.5 percent of adjusted revenue, which results in adjustments of \$1,693 for water and \$3,577 for wastewater. And finally, regulatory assessment fees were increased by \$1,390 and \$4,045 to allow 4.5 percent of the revenue increases.

Income Taxes

Income taxes were not requested.

Based on the results of the above, water operating expenses were decreased from the utility's requested \$165,847 to \$132,307, a reduction of \$33,540. Wastewater operating expenses were decreased from the utility's requested \$220,105 to \$192,107, a reduction of \$27,999.

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Revenue Requirement

Based upon the utility's books, filing, and our adjustments and allowances approved herein, we find that the appropriate annual water revenue requirement is \$139,260, resulting in an annual increase of \$30,884. The appropriate annual wastewater revenue requirement is \$204,770, resulting in an annual increase of \$90,144. These revenue requirements have been calculated to allow the utility to recover its operating expenses and give it an opportunity to earn a 9.21 percent return on its used and useful investment.

RATES AND RATE STRUCTURE

Rates

The utility currently charges its customers monthly rates based on the base facility/gallongage charge rate structure. This is the Commission's preferred method, and no change is necessary.

The rates set forth below, which we find to be fair, just and reasonable, are designed to allow the utility to meet the approved revenue requirements of \$139,260 for water and \$204,770 for wastewater.

The utility's current rates, the emergency wastewater rates, and our approved rates are presented for purposes of comparison. The increased water and wastewater rates shall be effective for meter readings on or after thirty days from the stamped approval date on the revised tariff sheets. The revised tariff sheets will not be approved until the protest period has expired and the proposed customer notice has been approved.

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WATER
MONTHLY RATES

RESIDENTIAL SERVICE

BASE FACILITY CHARGE

<u>Meter Size</u>	<u>Present Rates</u>	<u>Approved Rates</u>
5/8" x 3/4"	\$ 4.72	\$ 6.07
Full 3/4"	N/A	9.11
1"	11.80	15.16
1-1/2"	23.60	30.35
2"	37.76	48.52

GALLONAGE CHARGE PER 1,000 GALLONS (NO MAXIMUM)	\$ 1.40	\$ 1.80
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GENERAL SERVICE

BASE FACILITY CHARGE

<u>Meter Size</u>	<u>Present Rates</u>	<u>Approved Rates</u>
5/8" x 3/4"	\$ 4.72	\$ 6.07
Full 3/4"	N/A	9.11
1"	11.80	15.16
1-1/2"	23.60	30.35
2"	37.76	48.52
3"	75.52	97.12
4"	118.00	151.75
6"	236.00	303.50
8"	N/A	485.60

GALLONAGE CHARGE PER 1,000 GALLONS (NO MAXIMUM)	\$ 1.40	\$ 1.80
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FIRE PROTECTION

Charge per hydrant per year	\$ 80.00	\$ 102.00
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WASTEWATER
MONTHLY RATES

RESIDENTIAL

BASE FACILITY CHARGE

<u>Meter Size</u>	<u>Present Rates</u>	<u>Emergency Rates</u>	<u>Approved Rates</u>
All meter sizes	\$ 5.05	\$ 9.65	\$ 9.02

GALLONAGE CHARGE
PER 1,000 GALLONS
(MAXIMUM OF 10,000
GALLONS PER MONTH)

\$ 1.76*	\$ 3.36*	\$ 3.12
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* NO MAXIMUM

GENERAL SERVICE

BASE FACILITY CHARGE

<u>Meter Size</u>	<u>Present Rates</u>	<u>Emergency Rates</u>	<u>Approved Rates</u>
5/8" x 3/4"	\$ 5.05	\$ 9.65	\$ 9.02
Full 3/4"	N/A	N/A	13.53
1"	12.63	24.14	22.55
1-1/2"	25.25	48.27	45.10
2"	40.40	77.23	72.16
3"	80.80	N/A	144.32
4"	126.25	N/A	225.50
6"	252.50	N/A	451.00
8"	N/A	N/A	721.60

GALLONAGE CHARGE
PER 1,000 GALLONS
(NO MAXIMUM)

\$ 1.76	\$ 3.36	\$ 3.75
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Refund

As previously stated, by Order No. 23543, issued on October 1, 1990, we authorized emergency wastewater rates. These rates were implemented for November consumption. Because the final wastewater rates approved herein are less than the emergency rates in effect, we find that Parkland must make the required refund with interest calculated pursuant to Rule 25-30.360 (4), Florida Administrative

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Code. The refund should be made as a credit to each customer's bill concurrent with initiation of final rates, if the proposed agency action (PAA) order is not protested, or concurrent with the initiation of temporary rates if the PAA order is protested.

Recovery of Rate Case Expense

Section 367.0816, Florida Statutes, states in pertinent part:

The amount of rate case expense determined by the Commission pursuant to the provision of this chapter to be recovered through a public utility's rates shall be apportioned for recovery over a period of four years. At the conclusion of the recovery period, the rates of the public utility shall be reduced immediately by the amount of rate case expense previously included in rates.

In the section on Net Operating Income we found that the inclusion of annual allowances of \$1,000 for water and \$1,000 for wastewater relating to the filing fee and consulting fees relative to this proceeding were appropriate. Grossed up for regulatory assessment fees, this results in a total allowance of \$1,047 each in water and wastewater rates, the amounts by which the utility's revenue requirements should be reduced at the end of the four years. Based on the existing circumstances, the effect of this rate reduction for a water customer with a 5/8 inch x 3/4 inch meter is an approximate \$.05 reduction in the base facility charge and an approximate \$.01 reduction in the gallonage charge. The effect of this rate reduction for a wastewater customer with a 5/8 inch x 3/4 inch meter is an approximate \$.04 reduction in the base facility charge.

Therefore, the above revenue decreases should be implemented four years from the effective date of the final rates in this proceeding. The utility shall file revised tariff sheets reflecting the reductions no later than one month prior to the actual date of the required rate reduction. The utility shall also file a proposed customer letter setting forth the lower rates and the reason for the reduction. If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

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Miscellaneous Service Charges

The utility's current tariff does not contain a provision for miscellaneous service charges.

Second Revised SAB No. 13, issued on January 11, 1988, addresses miscellaneous service charges. It gives guidance for applicable rates where actual costs are not provided. We find it appropriate to require the utility to implement the miscellaneous service charges set forth below. They are designed to provide revenues to the utility for service other than the direct provision of potable water and wastewater collection and treatment.

<u>Type of Service</u>	<u>Water</u>	<u>Wastewater</u>
Initial Connection	\$15.00	\$ 15.00
Normal Reconnection	\$15.00	\$ 15.00
Violation Reconnection	\$15.00	Actual Cost
Premises Visit	\$10.00	\$ 10.00

When both water and wastewater services are provided, we believe that only a single charge is appropriate unless circumstances beyond the control of the utility require multiple actions.

Initial Connection - This charge is to be levied for service initiation at a location where service did not exist previously.

Normal Reconnection - This charge is to be levied for transfer of service to a new customer account at a previously served location, or reconnection of service subsequent to a customer requested disconnection.

Violation Reconnection - This charge is to be levied prior to reconnection of service for cause according to Rule 25-30.320 (2), Florida Administrative Code, including a delinquency in bill payment. (Actual cost is limited to direct labor and equipment rent for wastewater.)

Premises Visit Charge (in lieu of disconnection) - This charge is to be levied when a service representative visits a premises to discontinue service for nonpayment of a due and collectible bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

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The approved miscellaneous service charges will become effective for services rendered on or after the stamped approval date on the revised tariff pages.

Service Availability Charge

On March 31, 1989, Parkland filed an application with the Commission to amend its wastewater service availability charge (SAC). This application was processed and wastewater SACs were increased from \$500 per equivalent residential connection (ERC) to \$1,200 per ERC, for new connections on or after October 30, 1989.

Because the request for revised SACs was filed following the interconnection with Broward County's wastewater treatment system, circumstances which would alter the projections upon which the current SACs were based have not altered significantly and we find that revisions are unnecessary.

Temporary Rates in the Event of Protest

This order proposes an increase in water and wastewater rates. A timely protest could delay what may be a justified rate increase, pending a formal hearing and final order in this case, resulting in an unrecoverable loss of revenue to the utility.

Accordingly, in the event that a timely protest is filed by a substantially affected person other than the utility, we authorize the utility to collect the water and wastewater rates proposed herein, subject to refund, provided that it furnishes security for such a potential refund. The security should be in the form of a bond or letter of credit in the amount of \$75,000. Alternatively, the utility may establish an escrow account with an independent financial institution pursuant to a written agreement. If this alternative is chosen, all revenue collected under the rate increase will be subject to escrow. Any withdrawals of funds from this escrow account shall be subject to the prior approval of this Commission through the Director of Records and Reporting. The escrow account is established by the direction of this Commission for the purpose set forth above. Pursuant to Consentino v. Elson, 263 So.2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishment. Should any refund ultimately be required, it shall be paid with interest calculated pursuant to Rule 25-30.360 (4), Florida Administrative Code.

The utility shall also keep an accurate account, in detail, of all monies received due to said increases, specifying by whom and on whose behalf such amounts were paid. The utility shall also

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file a report, no later than the twentieth day of each month that the temporary rates are in effect, showing the amount of the revenues collected as a result of the temporary rates and the amount of revenues that would have been collected under the prior rates. For wastewater, the prior rates are the rates which were in effect prior to implementation of the emergency increase granted in this proceeding.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Parkland Utilities, Inc., for an increase in its water and wastewater rates in Broward County is approved as set forth in the body of this Order. It is further

ORDERED that all matters contained in the body of this Order and in the schedules attached hereto are by reference incorporated herein. It is further

ORDERED that each of the findings herein are approved in every respect. It is further

ORDERED that the provisions of this Order, other than the granting of temporary rates in the event of protest, are issued as proposed agency action, and shall become final unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director, Division of Records and Reporting, at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0850, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that Parkland Utilities, Inc., is authorized to charge the new rates and charges set forth in the body of this Order. It is further

ORDERED that the rates approved herein shall be effective for meter readings taken on or after thirty (30) days after the stamped approval date on the revised tariff pages. It is further

ORDERED that the miscellaneous service charges approved herein shall be effective for services rendered on or after the stamped approval date on the revised tariff pages. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Parkland Utilities, Inc., shall submit and have approved a proposed notice to its customers of the increased rates and charges and the reasons therefor. The notice will be

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approved upon staff's verification that it is consistent with our decision herein. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Parkland Utilities, Inc., shall submit and have approved revised tariff pages. The revised tariff pages will be approved upon staff's verification that the pages are consistent with our decision herein and that the protest period has expired. It is further

ORDERED that in the event of a protest by any substantially affected person other than the utility, Parkland Utilities, Inc., is authorized to collect the rates approved herein on a temporary basis, subject to refund in accordance with Rule 25-30.360, Florida Administrative Code, provided that Parkland Utilities, Inc., has provided satisfactory security for any potential refund and provided that it has submitted and staff has approved revised tariff pages and a proposed customer notice. It is further

ORDERED that, if a substantially affected party does not file a timely protest, and Parkland Utilities, Inc. has complied with all of the requirements herein, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 23rd day of APRIL, 1991.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

NRF

By: Kay Flynn
Chief, Bureau of Records

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, except for the granting of temporary rates in the event of protest, our actions herein are preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on May 14, 1991. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by

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filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

PARKLAND UTILITIES, INC.
 DOCKET NO. 900598-WS
 TEST YEAR ENDED DECEMBER 31, 1989
 RATE BASE - WATER
 SCHEDULE NO. 1W

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	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED UTILITY BALANCE	COMMISSION ADJUSTMENTS	ADJUSTED COMMISSION BALANCE
Utility Plant in Service	\$1,205,394	\$0	\$1,205,394 A	(\$358)	\$1,205,036
Utility Land and Land Rights	\$45,000	\$0	\$45,000 B	(\$31,322)	\$13,678
Less: Non-Used and Useful Plant	(\$82,200)	\$0	(\$82,200) C	(\$327,200)	(\$409,400)
Construction Work in Progress	\$7,677	\$0	\$7,677 D	(\$7,677)	\$0
Less: Accumulated Depreciation	(\$192,865)	\$0	(\$192,865) E	(\$4,743)	(\$197,608)
Less: CIAC	(\$767,848)	\$0	(\$767,848) F	(\$30,450)	(\$798,298)
Accumulated Amortization of CIAC	\$74,714	\$0	\$74,714 G	\$6,476	\$81,190
Non-Used and Useful CIAC	\$0	\$0	\$0 H	\$183,873	\$183,873
Less: Non-Used and Useful Accumulated Amortization of CIAC	\$0	\$0	\$0 I	(\$17,754)	(\$17,754)
Acquisition Adjustments	\$0	\$0	\$0	\$0	\$0
Accumulated Amortization of Acquisition Adjustments	\$0	\$0	\$0	\$0	\$0
Advances for Construction	\$0	\$0	\$0	\$0	\$0
Working Capital Allowance	\$16,853	\$263	\$17,116 J	(\$2,314)	\$14,803
TOTAL RATE BASE	\$306,725	\$263	\$306,988	(\$231,469)	\$75,519

PARKLAND UTILITIES, INC.
 DOCKET NO. 900598-WS
 TEST YEAR ENDED DECEMBER 31, 1989
 PLANT IN SERVICE - WATER
 SCHEDULE NO. 1W - 1

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ACCT. NO.	ACCOUNT TITLE	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS TO TEST YEAR	UTILITY ADJUSTED BALANCE	COMMISSION ADJUSTMENTS TO TEST YEAR	COMMISSION ADJUSTED BALANCE	NONUSED AND USEFUL PERCENT	NONUSED AND USEFUL AMOUNT
301	Organization	\$1,395		\$1,395		\$1,395	0.00%	\$0
303	Land and Land Rights	\$45,000		\$45,000	(\$31,322)	\$13,678	45.00%	(\$6,155)
304	Structures and Improvements	\$598,477		\$598,477	(\$531,477)	\$67,000	45.00%	(\$30,150)
305	Collecting Reservoirs	\$0		\$0		\$0	45.00%	\$0
306	Lake, River and Other Intakes	\$0		\$0		\$0	45.00%	\$0
307	Wells and Springs	\$1,575		\$1,575	\$34,677	\$36,252	45.00%	(\$16,313)
309	Supply Mains	\$0		\$0	\$10,000	\$10,000	45.00%	(\$4,500)
310	Power Generation Equipment	\$0		\$0		\$0	45.00%	\$0
311	Pumping Equipment	\$2,547		\$2,547		\$2,547	45.00%	(\$1,146)
320	Water Treatment Equipment	\$2,967		\$2,967	\$391,326	\$394,293	45.00%	(\$177,432)
330	Dist. Reservoirs and Standpipes	\$0		\$0		\$0	41.00%	\$0
331	Trans. and Distribution Mains	\$574,412		\$574,412		\$574,412	41.00%	(\$235,509)
333	Services	\$0		\$0	\$21,800	\$21,800	0.00%	\$0
334	Meter and Meter Installations	\$17,726		\$17,726	\$36,916	\$54,642	0.00%	\$0
335	Hydrants	\$0		\$0	\$36,400	\$36,400	41.00%	(\$14,924)
339	Other Plant and Misc. Equipment	\$0		\$0		\$0	41.00%	\$0
340	Office Furniture and Equipment	\$1,639		\$1,639		\$1,639	45.00%	(\$738)
341	Transportation Equipment	\$0		\$0		\$0	45.00%	\$0
343	Tools, Shop and Garage Equipment	\$4,656		\$4,656		\$4,656	45.00%	(\$2,095)
345	Power Operated Equipment	\$0		\$0		\$0	45.00%	\$0
348	Other Tangible Plant	\$0		\$0		\$0	45.00%	\$0
Total		\$1,250,394	\$0	\$1,250,394	(\$31,680)	\$1,218,714	n/a	(\$488,962)
Total per MFR A-5								(\$91,102)
Commission Adjustment								(\$397,860)

PARKLAND UTILITIES, INC.
DOCKET NO. 900598-WS
TEST YEAR ENDED DECEMBER 31, 1989
ACCUMULATED DEPRECIATION - WATER
SCHEDULE NO. 1W - 2

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ACCT. NO	ACCOUNT TITLE	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS TO TEST YEAR	UTILITY ADJUSTED BALANCE	COMMISSION ADJUSTMENTS TO TEST YEAR	COMMISSION ADJUSTED BALANCE	NONUSED AND USEFUL PERCENT	NONUSED AND USEFUL AMOUNT	
301	Organization	\$0		\$0	(\$17)	(\$17)	0.00%	\$0	
303	Land and Land Rights	\$0		\$0		\$0	45.00%	\$0	
304	Structures and Improvements	(\$131,235)		(\$131,235)	\$124,274	(\$6,961)	45.00%	\$3,132	
305	Collecting Reservoirs	\$0		\$0		\$0	45.00%	\$0	
306	Lake, River and Other Intakes	\$0		\$0		\$0	n/a	\$0	
307	Wells and Springs	(\$112)		(\$112)	(\$8,247)	(\$8,359)	45.00%	\$3,761	
309	Supply Mains	\$0		\$0	(\$2,348)	(\$2,348)	45.00%	\$1,057	
310	Power Generation Equipment	\$0		\$0		\$0	n/a	\$0	
311	Pumping Equipment	(\$516)		(\$516)	(\$8)	(\$524)	45.00%	\$236	
320	Water Treatment Equipment	(\$348)		(\$348)	(\$97,355)	(\$97,703)	45.00%	\$43,966	
330	Dist. Reservoirs and Standpipes	\$0		\$0		\$0	41.00%	\$0	
331	Trans. and Distribution Mains	(\$56,126)		(\$56,126)	\$522	(\$55,604)	41.00%	\$22,798	
333	Services	\$0		\$0	(\$5,096)	(\$5,096)	0.00%	\$0	
334	Meter and Meter Installations	(\$1,960)		(\$1,960)	(\$8,037)	(\$9,997)	0.00%	\$0	
335	Hydrants	\$0		\$0	(\$8,437)	(\$8,437)	41.00%	\$3,459	
339	Other Plant and Misc. Equipment	\$0		\$0		\$0	n/a	\$0	
340	Office Furniture and Equipment	(\$792)		(\$792)	(\$9)	(\$801)	45.00%	\$361	
341	Transportation Equipment	\$0		\$0		\$0	45.00%	\$0	
343	Tools, Shop and Garage Equipment	(\$1,776)		(\$1,776)	\$16	(\$1,760)	45.00%	\$792	
345	Power Operated Equipment	\$0		\$0		\$0	45.00%	\$0	
348	Other Tangible Plant	\$0		\$0		\$0	45.00%	\$0	
Total		(\$192,865)	\$0	(\$192,865)	(\$4,743)	(\$197,608)	n/a	\$79,562	
								Total per MFR A-9	\$8,902
								Commission Adjustment	\$70,660

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PARKLAND UTILITIES, INC.
 DOCKET NO. 900598-WS
 TEST YEAR ENDED DECEMBER 31, 1989
 DEPRECIATION EXPENSE - WATER
 SCHEDULE NO. 1W - 3

ACCT. NO.	ACCOUNT TITLE	AVERAGE PIS BALANCES PER COMMISSION	DEPRECIATION RATES PER RULE 25-30.140	UTILITY CALCULATED EXPENSE	COMMISSION ADJUSTMENTS TO TEST YEAR	COMMISSION CALCULATED EXPENSE	NONUSED AND USEFUL PERCENT	NONUSED AND USEFUL AMOUNT	
301	Organization	\$1,395	0.025	\$0	\$35	\$35	0.00%	\$0	
303	Land and Land Rights	\$13,678	n/a	\$0	\$0	\$0	45.00%	\$0	
304	Structures and Improvements	\$67,000	0.036	\$17,874	(\$15,462)	\$2,412	45.00%	(\$1,085)	
305	Collecting Reservoirs	\$0	0.025	\$0	\$0	\$0	45.00%	\$0	
306	Lake, River and Other Intakes	\$0	0.025	\$0	\$0	\$0	n/a	\$0	
307	Wells and Springs	\$36,252	0.037	\$56	\$1,285	\$1,341	45.00%	(\$604)	
309	Supply Mains	\$10,000	0.031	\$0	\$310	\$310	45.00%	(\$140)	
310	Power Generation Equipment	\$0	0.059	\$0	\$0	\$0	n/a	\$0	
311	Pumping Equipment	\$2,547	0.059	\$134	\$16	\$150	45.00%	(\$68)	
320	Water Treatment Equipment	\$394,293	0.059	\$174	\$23,089	\$23,263	45.00%	(\$10,468)	
330	Dist. Reservoirs and Standpipes	\$0	0.030	\$0	\$0	\$0	41.00%	\$0	
331	Trans. and Distribution Mains	\$574,412	0.026	\$15,978	(\$1,043)	\$14,935	41.00%	(\$6,123)	
333	Services	\$21,800	0.029	\$0	\$632	\$632	0.00%	\$0	
334	Meter and Meter Installations	\$54,642	0.059	\$498	\$2,726	\$3,224	0.00%	\$0	
335	Hydrants	\$36,400	0.025	\$0	\$910	\$910	41.00%	(\$373)	
339	Other Plant and Misc. Equipment	\$0	0.050	\$0	\$0	\$0	n/a	\$0	
340	Office Furniture and Equipment	\$1,639	0.067	\$91	\$19	\$110	45.00%	(\$49)	
341	Transportation Equipment	\$0	0.150	\$0	\$0	\$0	45.00%	\$0	
343	Tools, Shop and Garage Equipment	\$4,656	0.067	\$343	(\$31)	\$312	45.00%	(\$140)	
345	Power Operated Equipment	\$0	0.095	\$0	\$0	\$0	45.00%	\$0	
348	Other Tangible Plant	\$0	0.100	\$0	\$0	\$0	45.00%	\$0	
Total		\$1,218,714	n/a	\$35,148	\$12,486	\$47,634	n/a	(\$19,051)	
								Total per MFR B-10	(\$2,534)
								Commission Adjustment	(\$16,517)

PARKLAND UTILITIES, INC.
 DOCKET NO. 900598-WS
 TEST YEAR ENDED DECEMBER 31, 1989
 RATE BASE - WASTEWATER
 SCHEDULE NO. 1W

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 DOCKET NO. 900598-WS
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	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED UTILITY BALANCE	COMMISSION ADJUSTMENTS	ADJUSTED COMMISSION BALANCE
Utility Plant in Service	\$1,857,811	\$0	\$1,857,811 A	(\$4,426)	\$1,853,385
Utility Land and Land Rights	\$255,000	\$0	\$255,000 B	(\$177,493)	\$77,507
Less: Non-Used and Useful Plant	(\$260,042)	\$0	(\$260,042) C	(\$345,779)	(\$605,821)
Construction Work in Progress	\$0	\$0	\$0 D	\$0	\$0
Less: Accumulated Depreciation	(\$179,199)	\$0	(\$179,199) E	(\$6,057)	(\$185,256)
Less: CIAC	(\$1,402,319)	\$0	(\$1,402,319) F	(\$104,400)	(\$1,506,719)
Accumulated Amortization of CIAC	\$149,721	\$0	\$149,721 G	\$9,013	\$158,734
Non-Used and Useful CIAC	\$0	\$0	\$0 H	\$374,196	\$374,196
Less: Non-Used and Useful Accumulated Amortization of CIAC	\$0	\$0	\$0 I	(\$49,285)	(\$49,285)
Acquisition Adjustments	\$0	\$0	\$0	\$0	\$0
Accumulated Amortization of Acquisition Adjustments	\$0	\$0	\$0	\$0	\$0
Advances for Construction	\$0	\$0	\$0	\$0	\$0
Working Capital Allowance	\$19,138	\$4,044	\$23,182 J	(\$2,381)	\$20,801
TOTAL RATE BASE	\$440,110	\$4,044	\$444,154	(\$306,612)	\$137,542

PARKLAND UTILITIES, INC.
 DOCKET NO. 900598-WS
 TEST YEAR ENDED DECEMBER 31, 1989
 PLANT IN SERVICE - WASTEWATER
 SCHEDULE NO. 1W - 1

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 DOCKET NO. 900598-WS
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ACCOUNT TITLE	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS TO TEST YEAR	UTILITY ADJUSTED BALANCE	COMMISSION ADJUSTMENTS TO TEST YEAR	COMMISSION ADJUSTED BALANCE	NONUSED AND USEFUL PERCENT	NONUSED AND USEFUL AMOUNT
351 Organization	\$1,140		\$1,140		\$1,140	0.00%	\$0
353 Land and Land Rights	\$255,000		\$255,000	(\$177,493)	\$77,507	0.00%	\$0
354 Structures and Improvements	\$291,255		\$291,255	(\$226,255)	\$65,000	41.00%	(\$26,650)
360 Collection Sewers - Force	\$1,423,520		\$1,423,520	(\$489,426)	\$934,094	41.00%	(\$382,979)
361 Collection Sewers - Gravity	\$0		\$0	\$330,000	\$330,000	41.00%	(\$135,300)
362 Special Collecting Structures	\$140,868		\$140,868		\$140,868	41.00%	(\$57,756)
363 Services to Customers	\$0		\$0	\$102,500	\$102,500	0.00%	\$0
364 Flow Measuring Devices	\$0		\$0	\$10,000	\$10,000	41.00%	(\$4,100)
365 Flow Measuring Installations	\$0		\$0		\$0	41.00%	\$0
370 Receiving Wells	\$0		\$0	\$155,000	\$155,000	41.00%	(\$63,550)
380 Treatment and Disposal Plant	\$0		\$0	\$113,755	\$113,755	0.00%	\$0
381 Plant Sewers	\$0		\$0		\$0	0.00%	\$0
382 Outfall Sewer Lines	\$0		\$0		\$0	0.00%	\$0
389 Other Plant and Misc. Equipment	\$493		\$493		\$493	0.00%	\$0
390 Office Furniture and Equipment	\$0		\$0		\$0	0.00%	\$0
391 Transportation Equipment	\$0		\$0		\$0	0.00%	\$0
393 Tools, Shop and Garage Equipment	\$535		\$535		\$535	0.00%	\$0
395 Power Operated Equipment	\$0		\$0		\$0	0.00%	\$0
398 Other Tangible Plant	\$0		\$0		\$0	0.00%	\$0
Total	\$2,112,811	\$0	\$2,112,811	(\$181,919)	\$1,930,892	n/a	(\$670,334)
							Total per MFR A-6
							(\$283,154)
							Commission Adjustment
							(\$387,180)

PARKLAND UTILITIES, INC.
 DOCKET NO. 900598-WS
 TEST YEAR ENDED DECEMBER 31, 1989
 ACCUMULATED DEPRECIATION - WASTEWATER
 SCHEDULE NO. 1W - 2

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ACCOUNT TITLE	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS TO TEST YEAR	UTILITY ADJUSTED BALANCE	COMMISSION ADJUSTMENTS TO TEST YEAR	COMMISSION ADJUSTED BALANCE	UNUSED AND USEFUL PERCENT	UNUSED AND USEFUL AMOUNT
351 Organization	\$0		\$0	(\$14)	(\$14)	0.00%	\$0
353 Land and Land Rights	\$0		\$0		\$0	0.00%	\$0
354 Structures and Improvements	(\$51,230)		(\$51,230)	\$43,313	(\$7,918)	41.00%	\$3,246
360 Collection Sewers - Force	(\$98,658)		(\$98,658)	\$36,649	(\$62,009)	41.00%	\$25,424
361 Collection Sewers - Gravity	\$0		\$0	(\$38,185)	(\$38,185)	41.00%	\$15,656
362 Special Collecting Structures	(\$29,034)		(\$29,034)	\$2,011	(\$27,023)	41.00%	\$11,079
363 Services to Customers	\$0		\$0	(\$12,065)	(\$12,065)	0.00%	\$0
364 Flow Measuring Devices	\$0		\$0	(\$2,032)	(\$2,032)	41.00%	\$833
365 Flow Measuring Installations	\$0		\$0		\$0	41.00%	\$0
370 Receiving Wells	\$0		\$0	(\$20,183)	(\$20,183)	41.00%	\$8,275
380 Treatment and Disposal Plant	\$0		\$0	(\$15,552)	(\$15,552)	0.00%	\$0
381 Plant Sewers	\$0		\$0		\$0	0.00%	\$0
382 Outfall Sewer Lines	\$0		\$0		\$0	n/a	\$0
389 Other Plant and Misc. Equipment	(\$201)		(\$201)	\$0	(\$201)	0.00%	\$0
390 Office Furniture and Equipment	\$0		\$0		\$0	n/a	\$0
391 Transportation Equipment	\$0		\$0		\$0	n/a	\$0
393 Tools, Shop and Garage Equipment	(\$76)		(\$76)	\$1	(\$75)	0.00%	\$0
395 Power Operated Equipment	\$0		\$0		\$0	n/a	\$0
398 Other Tangible Plant	\$0		\$0		\$0	n/a	\$0
Total	(\$179,199)	\$0	(\$179,199)	(\$6,057)	(\$185,256)	n/a	\$64,513
							Total per MFR A-10
							\$23,112
							Commission Adjustment
							\$41,401

DOCKET NO. 900598-WS
 TEST YEAR ENDED DECEMBER 31, 1989
 DEPRECIATION EXPENSE - WASTEWATER
 SCHEDULE NO. 1W - 3

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ACCOUNT TITLE	AVERAGE PIS BALANCES PER COMMISSION	DEPRECIATION RATES PER RULE 25-30.140	UTILITY CALCULATED EXPENSE	COMMISSION ADJUSTMENTS TO TEST YEAR	COMMISSION CALCULATED EXPENSE	NONUSED AND USEFUL PERCENT	NONUSED AND USEFUL AMOUNT
351 Organization	\$1,140	0.025	\$0	\$29	\$29	0.00%	\$0
353 Land and Land Rights	\$77,507	n/a	\$0	\$0	\$0	0.00%	\$0
354 Structures and Improvements	\$65,000	0.037	\$9,436	(\$7,031)	\$2,405	41.00%	(\$986)
360 Collection Sewers - Force	\$934,094	0.037	\$40,633	(\$6,072)	\$34,561	41.00%	(\$14,170)
361 Collection Sewers - Gravity	\$330,000	0.025	\$0	\$8,250	\$8,250	41.00%	(\$3,383)
362 Special Collecting Structures	\$140,868	0.027	\$7,826	(\$4,023)	\$3,803	41.00%	(\$1,559)
363 Services to Customers	\$102,500	0.029	\$0	\$2,973	\$2,973	0.00%	\$0
364 Flow Measuring Devices	\$10,000	0.200	\$0	\$2,000	\$2,000	41.00%	(\$820)
365 Flow Measuring Installations	\$0	0.029	\$0	\$0	\$0	41.00%	\$0
370 Receiving Wells	\$155,000	0.054	\$0	\$8,370	\$8,370	41.00%	(\$3,432)
380 Treatment and Disposal Plant	\$113,755	0.067	\$0	\$7,622	\$7,622	0.00%	\$0
381 Plant Sewers	\$0	0.031	\$0	\$0	\$0	0.00%	\$0
382 Outfall Sewer Lines	\$0	0.033	\$0	\$0	\$0	n/a	\$0
389 Other Plant and Misc. Equipment	\$493	0.067	\$34	(\$1)	\$33	0.00%	\$0
390 Office Furniture and Equipment	\$0	0.067	\$0	\$0	\$0	n/a	\$0
391 Transportation Equipment	\$0	0.150	\$0	\$0	\$0	n/a	\$0
393 Tools, Shop and Garage Equipment	\$535	0.067	\$38	(\$2)	\$36	0.00%	\$0
395 Power Operated Equipment	\$0	0.095	\$0	\$0	\$0	n/a	\$0
398 Other Tangible Plant	\$0	0.100	\$0	\$0	\$0	n/a	\$0

Total	\$1,930,892	n/a	\$57,967	\$12,114	\$70,081	n/a	(\$24,350)
=====							
						Total per MFR B-11	(\$8,771)
						Commission Adjustment	(\$15,579)
=====							

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PARKLAND UTILITIES, INC.
DOCKET NO. 900598-WS
TEST YEAR ENDED DECEMBER 31, 1989
ADJUSTMENTS TO RATE BASE - WATER AND WASTEWATER
SCHEDULE NO. 1W/1W(A)

	Water	Wastewater
	-----	-----
A. Utility Plant in Service		
1. Capitalize water effluent meter incorrectly charged to materials and supplies (simple average balance of \$2,284 cost)	\$1,142	
2. Retire effluent meter at estimated original cost	(\$1,500)	
3. Reclassify contractual services and miscellaneous expenses incurred and charged to CWIP in 1988 and closed to plant in 1989 (simple average balance of \$8,852)		(\$4,426)
	-----	-----
	(\$358)	(\$4,426)
	-----	-----
B. Utility Land and Land Rights		
1. Adjust land to allow estimated original cost using CPI and certain improvements costs	(\$31,322)	(\$177,493)
	-----	-----
C. Nonused and Useful Plant		
1. Increase in nonused and useful land	(\$6,155)	\$0
2. Increase in nonused and useful depreciable plant	(\$391,705)	(\$387,180)
3. Increase in nonused and useful accumulated depreciation of plant in service	\$70,660	\$41,401
	-----	-----
	(\$327,200)	(\$345,779)
	-----	-----
D. Construction Work in Progress		
1. Reclassify contractual services incurred in 1988 to retained earnings	(\$4,040)	\$0
2. Remove balance for ratemaking purposes	(\$3,637)	\$0
	-----	-----
	(\$7,677)	\$0
	-----	-----
E. Accumulated Depreciation		
1. Adjust for test year depreciation expense, using rates prescribed by Rule 25-30.140, Florida Administrative Code	(\$12,486)	(\$12,115)
2. Averaging adjustment associated with E.1	\$6,243	\$6,058
3. Reflect retirement of effluent meter at estimated original cost (see A.2 above)	\$1,500	\$0
	-----	-----
	(\$4,743)	(\$6,057)
	-----	-----

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F. Contributions in Aid of Construction		
Imputation of margin of reserve		
connections included in used and		
useful plant in service		
(87 connections x \$350)	(\$30,450)	
(87 connections x \$1,200)		\$104,400
	-----	-----
G. Accumulated Amortization of CIAC		
1. Adjust to composite depreciation		
rates of 4.14 percent and 3.76 percent		
percent	\$10,430	\$10,174
2. Averaging adjustment associated	(\$5,215)	(\$5,086)
with G.1		
3. Imputed accumulated amortization		
associated with margin of reserve		
CIAC	\$1,261	\$3,925
	-----	-----
	\$6,476	\$9,013
	-----	-----
H. Nonused and Useful CIAC		
Reflect nonused and useful portion		
of donated lines	\$183,873	\$374,196
	-----	-----
I. Nonused and Useful Accumulated Amort.		
Reflect nonused and useful		
accumulated amortization of		
donated lines	(\$17,754)	(\$49,285)
	-----	-----
J. Working Capital Allowance		
Adjust to one-eighth of recommended		
operating and maintenance expenses	(\$2,426)	(\$2,570)
	-----	-----

PARKLAND UTILITIES, INC.
 DOCKET NO. 900598-W5
 TEST YEAR ENDED DECEMBER 31, 1989
 COST OF CAPITAL/RATE OF RETURN
 SCHEDULE NO. 2

	AVERAGE BALANCE PER ANNUAL REPORT	COMMISSION ADJUSTMENTS	(NARCO) BALANCE PER COMMISSION	WEIGHT	COST	AVERAGE WEIGHTED COST
Common Equity	\$903,190	(\$3,548,886)	(\$2,645,696)	0.2397	0.1351	0.0324
Long Term Debt	\$0	(\$8,391,958)	(\$8,391,958)	0.7603	0.0785	0.0597
Short Term Debt	\$0	\$0	\$0	0.0000	N/A	0.0000
Long Term Advances from Associated Companies	(\$2,169,162)	\$2,169,162	\$0	0.0000	N/A	0.0000
Short Term Advances from Associated Companies	(\$132,581)	\$132,581	\$0	0.0000	N/A	0.0000
Investment Tax Credits	\$0	\$0	\$0	0.0000	N/A	0.0000
Deferred Taxes	\$0	\$0	\$0	0.0000	N/A	0.0000
Customer Deposits	\$0	\$0	\$0	0.0000	N/A	0.0000
TOTAL CAPITAL	(\$1,398,553)	(\$9,639,101)	(\$11,037,654)	1.0000		0.0921

RANGE OF REASONABLENESS	LOW	HIGH
Equity	0.1251	0.1451
Overall Rate of Return	0.0897	0.0945

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PARKLAND UTILITIES, INC.
 DOCKET NO. 900598-WS
 TEST YEAR ENDED DECEMBER 31, 1989
 STATEMENT OF WATER OPERATIONS
 SCHEDULE NO. 3W

	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	REQUESTED ANNUAL REVENUE	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
	-----	-----	-----	-----	-----	-----	-----
OPERATING REVENUES	(\$101,945)	(\$63,902)	(\$165,847) A	\$57,471	(\$108,376)F	(\$30,884)	(\$139,260)
OPERATING EXPENSES							
O & M Expenses	\$134,824	\$2,106	\$136,930 B	(\$18,510)	\$118,420		\$118,420
Depreciation	\$35,148	(\$2,534)	\$32,614 C	(\$4,030)	\$28,584		\$28,584
CIAC Amortization	(\$21,329)	\$0	(\$21,329) D	(\$6,908)	(\$28,237)		(\$28,237)
Taxes Other Than Income Taxes	\$14,299	\$3,333	\$17,632 E	(\$5,481)	\$12,151 G	\$1,390	\$13,541
Income Taxes	\$0	\$0	\$0	\$0	\$0		\$0
TOTAL OPERATING EXPENSES	\$162,942	\$2,905	\$165,847	(\$34,930)	\$130,917	\$1,390	\$132,307
OPERATING (INCOME)/LOSS	\$60,997	(\$60,997)	\$0	\$22,541	\$22,541	(\$29,494)	(\$6,953)
RATE BASE	\$306,725		\$306,988		\$75,519		\$75,519
RATE OF RETURN	-0.1989		0.0000		-0.2985		0.0921

PARKLAND UTILITIES, INC.
DOCKET NO. 900598-WS
TEST YEAR ENDED DECEMBER 31, 1989
DETAIL OF O & M EXPENSES
WATER
SCHEDULE NO. 3W(A)

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	UTILITY REQUESTED TOTAL	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TOTAL
601 Salaries & Wages - Employees	\$25,477	(\$9,864)	\$15,613
603 Salaries & Wages - Officers, etc.	\$15,105	(\$8,952)	\$6,153
604 Employee Pensions & Benefits	\$0		\$0
610 Purchased Water	\$0		\$0
615 Purchased Power	\$11,667	(\$111)	\$11,556
616 Fuel for Power Purchased	\$478		\$478
618 Chemicals	\$15,419	\$1,996	\$17,415
620 Materials & Supplies	\$10,925	(\$4,280)	\$6,645
630 Contractual Services	\$40,791	\$10,523	\$51,314
640 Rents	\$373		\$373
650 Transportation Expense	\$3,501	(\$3,492)	\$9
655 Insurance Expense	\$4,164	(\$933)	\$3,231
665 Regulatory Commission Expense	\$2,106	(\$1,106)	\$1,000
670 Bad Debt Expense	\$0		\$0
675 Miscellaneous Expense	\$6,924	(\$2,291)	\$4,633
	\$136,930	(\$18,510)	\$118,420

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PARKLAND UTILITIES, INC.
 DOCKET NO. 900598-WS
 TEST YEAR ENDED DECEMBER 31, 1989
 STATEMENT OF WASTEWATER OPERATIONS
 SCHEDULE NO. 3W

	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	REQUESTED ANNUAL REVENUE	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
OPERATING REVENUES	(\$108,627)	(\$111,478)	(\$220,105) A	\$105,479	(\$114,626)G	(\$90,144)	(\$204,770)
OPERATING EXPENSES							
O & M Expenses	\$153,104	\$32,351	\$185,455 B	(\$19,049)	\$166,406		\$166,406
Depreciation	\$57,967	(\$8,771)	\$49,196 C	(\$3,464)	\$45,732		\$45,732
CIAC Amortization	(\$42,495)	\$0	(\$42,495) D	(\$832)	(\$43,327)		(\$43,327)
Taxes Other Than Income Taxes	\$24,546	\$3,403	\$27,949 E	(\$8,709)	\$19,240 H	\$4,056	\$23,297
Income Taxes	\$0	\$0	\$0 F	\$0	\$0		\$0
TOTAL OPERATING EXPENSES	\$193,122	\$26,983	\$220,105	(\$32,055)	\$188,050	\$4,056	\$192,107
OPERATING (INCOME)/LOSS	\$84,495	(\$84,495)	\$0	\$73,424	\$73,424	(\$86,087)	(\$12,663)
RATE BASE	\$440,110		\$444,154		\$137,542		\$137,542
RATE OF RETURN	-0.1920		0.0000		-0.5338		0.0921

PARKLAND UTILITIES, INC.
 DOCKET NO. 900598-WS
 TEST YEAR ENDED DECEMBER 31, 1989
 DETAIL OF O & M EXPENSES
 WASTEWATER
 SCHEDULE NO. 3W(A)

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	UTILITY REQUESTED TOTAL	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TOTAL
701 Salaries & Wages - Employees	\$25,477	(\$9,864)	\$15,613
703 Salaries & Wages - Officers, etc.	\$15,105	(\$8,952)	\$6,153
704 Employee Pensions & Benefits	\$0		\$0
710 Purchased Sewage Treatment	\$76,210		\$76,210
711 Sludge Removal Expense	\$3,557	(\$3,557)	\$0
715 Purchased Power	\$6,381	(\$2,044)	\$4,337
716 Fuel for Power Purchased	\$0		\$0
718 Chemicals	\$269		\$269
720 Materials & Supplies	\$3,786		\$3,786
730 Contractual Services	\$37,913	\$11,620	\$49,533
740 Rents	\$0		\$0
750 Transportation Expense	\$1,412	(\$1,350)	\$62
755 Insurance Expense	\$4,201	(\$971)	\$3,230
765 Regulatory Commission Expense	\$3,359	(\$1,105)	\$2,254
770 Bad Debt Expense	\$212		\$212
775 Miscellaneous Expense	\$7,573	(\$2,826)	\$4,747
	\$185,455	(\$19,049)	\$166,406

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PARKLAND UTILITIES, INC.
DOCKET NO. 900598-WS
TEST YEAR ENDED DECEMBER 31, 1989
ADJUSTMENTS TO NET OPERATING INCOME
- WATER AND WASTEWATER
SCHEDULE NO. 3W\3W(B)

	Water	Wastewater
	-----	-----
A. Operating Revenues		
Remove utility's requested increase	\$57,471	\$105,479
	-----	-----
B. Operating and Maintenance Expenses		
1. Reduce salaries and wages - employees to allow 25 percent of Sheri Hemerling's projected salary and 50 percent of John Jarvis' projected salary	(\$9,864)	(\$9,864)
2. Reduce salaries and wages - officers to allow 25 percent of Ron Nunes' salary capped at \$49,219 per year	(\$8,952)	(\$8,952)
3. Pro forma adjustment to decrease sludge removal cost to zero. Costs incurred in test year primarily were to "moth ball" wastewater treatment plant		(\$3,557)
4. Pro forma adjustment to remove B. Kouchel's beeper expenses (Contact Gabriel), which were incorrectly recorded as purchased power expense - water	(\$111)	
5. Pro forma adjustment to decrease power costs as a result of "moth balling" wastewater treatment plant. Used eleven month of data to estimate projected annual power cost (\$6,381 - [\$3,975.68/11 x 12])		(\$2,044)
6. Reclassify hydrated lime, which was incorrectly classified as materials and supplies	\$2,078	
7. Reclassify materials and supplies which were incorrectly classified as chemicals	(\$82)	
8. Capitalize water effluent meter which was incorrectly classified as materials and supplies in test year	(\$2,284)	
9. Reclassify materials and supplies which were incorrectly classified as chemicals	\$82	
10. Reclassify hydrated lime which was incorrectly classified as materials and supplies	(\$2,078)	
11. Pro forma adjustment to remove cost of contractual services provided by Sigma General (replaced by Atlantic Utilities)	(\$24,227)	(\$24,227)
12. Pro forma adjustment to recognize cost of Atlantic Utilities contractual fees (\$6,458.33/month)	\$38,750	\$38,750

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13. Defer rate case costs included in 1989 test year contractual services	(\$1,805)	(\$1,805)
14. Reclassify consultants' fees for revised wastewater service availability from water to wastewater (charged 50/50)	(\$2,195)	\$2,195
15. Defer three-quarters of wastewater service availability consulting fees		(\$3,292)
16. Pro forma adjustment to recognize discontinued \$300 monthly car allowance given to B. Kouchel, who is no longer employed by the utility	(\$1,350)	(\$1,350)
17. Pro forma adjustment to recognize discontinued gas charges of B. Kouchell, who is no longer employed by the utility	(\$2,142)	
18. Reclassify telephone expense incorrectly classified as insurance expense		(\$38)
19. Pro forma adjustment to recognize worker's compensation premium reduction, discontinued medical insurance premium payment for B. Kouchel, and recognize portion of remaining employee's insurance premiums based on recommended payroll allocations	(\$933)	(\$933)
20. Reduce requested pro forma annual rate case expense allowance from \$2,105 and \$2,105 to \$775 per system	(\$1,331)	(\$1,330)
21. Pro forma adjustment to recognize one-quarter of filing fee for this rate case proceeding	\$225	\$225
22. Pro forma adjustment to recognize discontinued payment of B. Kouchel's cellular telephone (Bellsouth Mobility) and beeper expenses (Contact Gabriel) included in miscellaneous expenses	(\$416)	(\$1,239)
23. Disallow lunch expenses of B. Kouchel as no receipts and nonrecurring	(\$1,300)	(\$1,300)
24. Pro forma adjustment to recognize discontinued \$300 monthly car allowance given to B. Kouchel, who is no longer employed by the utility - recorded in miscellaneous expenses	(\$450)	(\$450)
25. Reclassify one-half of answering service costs to wastewater and one-half of general telephone costs to water (utility classified 100 percent of answering service costs to water operations and 100 percent of telephone costs to wastewater operations)	(\$163)	\$163
26. Reclassify telephone expense incorrectly classified as insurance expense (Misc)	\$38	
	-----	-----
	(\$18,510)	(\$19,048)
	-----	-----

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C. Depreciation

1. Adjust to rates per Rule 25-30.140 and adjusted average test year balances	\$12,487	\$12,115
2. Adjust nonused and useful from: water - \$2,534 per utility to \$19,051 per per recommendation	(\$16,517)	
wastewater - \$8,771 per utility to \$24,350 per recommendation		(\$15,579)
	-----	-----
	(\$4,030)	(\$3,464)
	-----	-----

D. CIAC Amortization

1. Adjust to recalculated amortization using composite depreciation rates of 4.14 percent/3.76 percent	(\$10,429)	(\$10,175)
2. Reduce by amortization associated with contributed nonused and useful property	\$4,782	\$13,268
3. Imputed amortization associated with margin of reserve included in used and useful plant calculations	(\$1,261)	(\$3,925)
	-----	-----
	(\$6,908)	(\$832)
	-----	-----

E. Taxes Other Than Income Taxes

1. Adjust payroll taxes, using recommended payroll allocations	(\$462)	(\$462)
2. Adjust tangible property taxes to reflect payment in November	(\$378)	(\$781)
3. Adjust nonused and useful property taxes to 40 percent and 35 percent of adjusted plant balances {[(\$488,962 / \$1,218,714) x \$9,063] - \$688}	(\$2,948)	
{[(\$670,334 / \$1,930,892) x \$18,741] - \$2,616}		(\$3,889)
4. Adjust regulatory assessment fees to 4.5 percent of adjusted revenue	(\$1,693)	(\$3,577)
	-----	-----
	(\$5,481)	(\$8,709)
	-----	-----

F. Operating Revenues

To reflect the revenue requirement recommended	\$30,884	\$90,144
	-----	-----

G. Taxes Other Than Income Taxes

To reflect regulatory assessment fees on the recommended revenue requirement	\$1,390	\$4,056
	-----	-----