

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate) DOCKET NO. 911194-WS
increase in Collier County) ORDER NO. PSC-92-0336-FOF-WS
by FLORIDA CITIES WATER) ISSUED: May 12, 1992
COMPANY, Golden Gate Division)
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

ORDER SUSPENDING PROPOSED RATES AND GRANTING
INTERIM RATE INCREASE SUBJECT TO REFUND

BY THE COMMISSION:

CASE BACKGROUND

Florida Cities Water Company, Golden Gate Division, (Golden Gate or utility) provides water and wastewater service to a community adjacent to the eastern edge of Naples, Florida. As of August 31, 1991, Golden Gate served approximately 2,427 water customers (or 3,900 equivalent residential connections (ERCs)) and 1,838 wastewater customers (3,250 ERCs).

On January 31, 1992, the utility filed the instant request for interim and permanent rate increases. On February 26, 1992, the utility cured the deficiencies which we found in its original filing, so that date is the official date of filing for this proceeding. Pursuant to Section 367.081(8), Florida Administrative Code, the utility requested that we process this case using our proposed agency action (PAA) procedure. The utility's rate request is based on historical information for the twelve-month test year ending August 31, 1991.

SUSPENSION OF PROPOSED RATES

Pursuant to Section 367.081(6), Florida Statutes, the utility may implement its proposed rates within 60 days of filing, unless this Commission withholds consent to those rates. From our initial review of the filing, we note that the utility has made substantial additions to plant since we last audited its records and that its expenses have increased significantly. We think a detailed investigation will be necessary to fully analyze the plant

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additions and to review other test year investments and expenses. Upon consideration of the foregoing, we find it reasonable and necessary to require further explanation, amplification, and corroboration of the information in the utility's filing. Accordingly, we hereby withhold consent to the utility's implementation of its requested rates.

INTERIM RATES REQUEST

The utility's requested interim rates, as well as its final rates, are designed to generate the following annual revenues: \$1,354,399 for the water system, an increase of \$239,203 (21.4%); \$1,164,061 for the wastewater system, an increase of \$218,354 (23.1%).

We find it appropriate to increase Golden Gate's rates on an interim basis as is set forth below and in the schedules attached hereto, which are by reference incorporated herein.

Rate Base

Our calculation of rate base is depicted on Schedule No. 1-A for the water system and Schedule No. 1-B for the wastewater system. Adjustments appear on Schedule No. 1-C. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Construction Work In Progress

The utility included construction work in progress (CWIP) in its proposed rate bases: an average balance of \$15,325 for the water system and a negative average balance of \$22,504 for the wastewater system. We did not include CWIP in rate base in the last water system rate case which concluded in Order No. 23660 issued October 24, 1990, in Docket No. 890509-WU, as amended by Order No. 23964, issued January 7, 1991, or in its last wastewater system rate case which concluded in Order No. 20537, issued December 29, 1988, in Docket No. 871249-SU. Therefore, it is inappropriate to include CWIP in rate base in calculating interim rates, and we have removed the reported amounts.

Working Capital

The utility calculated working capital using the formula method (one-eighth of operation and maintenance expenses). In the utility's last water system rate case, we calculated working capital using the formula approach; however, in the utility's last wastewater system rate case, we calculated working capital using the balance sheet method. In rate cases for three other divisions of Florida Cities Water Company currently pending before this Commission, we have used the formula method to calculate working capital for interim purposes even though the balance sheet method was used in each of the previous rate cases, primarily because of errors in allocations and incomplete information. Therefore, for interim purposes, we think it is appropriate to calculate working capital for the Golden Gate systems using the formula method.

Since we have reduced test year operating expenses for both systems, as shown below, we must make corresponding adjustments to working capital. The working capital provisions which we shall allow for interim purposes are \$56,415 for the water system and \$52,971 for the wastewater system.

Interim Rate Base

In consideration of the foregoing, we find that the proper average rate bases by which to measure interim increases are \$3,675,676 for the water system and \$2,577,025 for the wastewater system.

Cost of Capital

Our calculation of cost of capital is depicted on Schedule No. 2-A for the water system and on Schedule No. 2-B for the wastewater system. Our adjustments are depicted on Schedules Nos. 2-C and 2-D. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on that schedule without further discussion in the body of this Order. The major adjustments are discussed below.

As mentioned above, the utility requested approval of the same revenues on a final and interim basis. It did not submit a separate revenue calculation for its interim revenue requirement. The utility's requested return on equity for interim and final rates was derived using the leverage formula contained in Order No. 24246, issued March 18, 1991. However, Golden Gate's requested

cost of capital for interim rates was not calculated in accordance with Section 367.082, Florida Statutes. According to Section 367.082, we must compare a utility's achieved rate of return during the most recent twelve-month period with its required rate of return. The required rate of return, according to Section 367.082, is calculated using the lower end of the range of the utility's last authorized return on equity.

Therefore, we have calculated the required rate of return for the water system using the 11.94% minimum of the range of the return on equity established in Order No. 23660, and we have calculated the required rate of return for the wastewater system using the 12.95% minimum of the range of the return on equity established in Order No 20537. We find that the utility's required rates of return for interim purposes are 10.26% for the water system and 10.67% for the wastewater system.

Net Operating Income

Our calculation of net operating income is depicted on Schedule No. 3-A for water and Schedule No. 3-B for wastewater. Our adjustments are itemized on Schedule No. 3-C. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Test Year Revenues

According to the schedules in its MFRs, the utility collected \$1,079,957 in water system revenues and \$899,674 in wastewater system revenues during the test year. The utility's billing analysis, however, indicates it collected \$1,118,514 in water system revenues and \$961,201 in wastewater system revenues for the same period. We think it is appropriate to use the figures from the billing analysis and have therefore adjusted the test year revenues figures in the MFRs schedules to agree with the billing analysis.

Operation and Maintenance Expense

The utility's requested revenue requirement includes a pro forma allowance for rate case expense associated with this case.

We think that such an allowance is inappropriate for interim purposes and have therefore reduced test year expenses by \$16,038 for each system. Also, since the amount reported in the MFRs for rate case expense from a prior water system rate case exceeds the amount allowed in that case, we have reduced water system unamortized rate case expense by \$2,425.

Schedules Nos. B-7 (water system) and B-8 (wastewater system) of the MFRs require that the utility provide an explanation for any operation and maintenance (O & M) expenses which increased by more than customer growth and inflation since the utility's last rate case. Several of Golden Gate's expenses increased by considerably more than this designated "benchmark." We have reviewed Golden Gate's explanations for these increases, and we consider several of its explanations inadequate, especially considering the fact that both the water and wastewater systems had rate cases not very long ago.

It is not appropriate to permit a utility to recover in interim rates expenses which have increased considerably without the utility's providing a reasonable explanation therefor. Here, for instance, Golden Gate explained that water system employee salaries increased by more than the benchmark because of Department of Environmental Regulation requirements, and we consider that explanation to be a sufficient showing for the increase. However, water system employee pensions and benefits expenses increased not only beyond the benchmark, but beyond the increase in employee salaries as well; yet, the explanation for the increase in pensions and benefits was merely that salaries had increased.

We reduced pensions and benefits expense to agree with the increase in salaries expense. We similarly reduced all increased expenses for which there appeared to be no reasonable explanation, a \$96,226 total reduction to water system O & M and a \$85,598 total reduction to wastewater system O & M.

Amortization

The utility included in amortization expense amortization for leasehold improvements and property losses: \$1,116 for the water system and \$45,698 for the wastewater system. In Golden Gate's most recent wastewater system rate case, we approved an extraordinary property loss of \$133,970 to be amortized over five years, an annual expense of \$26,794. Since this loss was allowed in the last rate case and the amortization period should end December 31, 1993, we think it appropriate to allow recovery of

\$26,794 in amortization for interim purposes. Although the reported expense for the wastewater system appears to relate to the extraordinary property loss, there is no explanation in the MFRs for the \$45,698 total or why it exceeds the amount approved for the property loss by \$18,904. Further, we did not approve any extraordinary losses for the water system in the prior rate case. From the MFRs, we cannot distinguish amounts attributable to property losses from amounts attributable to leasehold improvements because there is no explanation.

In consideration of the above, we have adjusted wastewater system amortization expense to agree with the amount allowed in the previous rate case and have reduced water system amortization expense by \$1,116.

Revenue Requirement

In order to give the utility the opportunity to recover the expenses discussed above and to earn a 10.26% return on average water system rate base and a 10.67% return on average wastewater system rate base, we shall allow the utility to collect interim rates designed to generate the following in annual revenues: \$1,230,669 for the water system, an increase of \$112,155 (10.03%), and \$1,058,480 for the wastewater system, an increase of \$97,279 (10.12%).

Interim Rates

The utility's current rates, proposed interim rates, proposed final rates, and our approved interim rates are shown below. The approved interim rates are designed to give the utility the opportunity to earn the interim revenue requirements determined above.

WATER

Residential, Multi-Residential, Commercial,
 Public Authorities and General Service

<u>Meter Size</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Interim Rates</u>	<u>Utility Proposed Final Rates</u>	<u>Commission Approved Interim Rates</u>
5/8" X 3/4"	\$ 10.44	\$ 12.68	\$ 13.92	\$ 11.51
1"	26.12	31.74	34.80	28.79
1-1/2"	52.23	63.46	69.60	57.58
2"	83.55	101.51	111.36	92.11
3"	182.79	222.09	222.72	201.51
4"	313.36	380.73	348.00	345.45
6"	652.85	793.21	696.00	719.70
8"	940.08	1,142.20	1,392.00	1,036.34
Gal. Charge (per 1,000 gallons)	\$ 2.93	\$ 3.56	\$ 3.41	\$ 3.23

Private Fire Service

<u>Line Size</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Interim Rates</u>	<u>Utility Proposed Final Rates</u>	<u>Commission Approved Interim Rates</u>
2"	\$ 27.86	\$ 33.85	\$ 37.15	\$ 30.71
4"	104.45	126.91	139.30	115.15
6"	217.62	264.41	290.22	239.90
8"	313.36	380.73	417.90	345.45

WASTEWATER

Monthly

Residential

<u>Meter Size</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Interim Rates</u>	<u>Utility Proposed Final Rates</u>	<u>Commission Approved Interim Rates</u>
<u>All Sizes</u>	\$14.99	\$18.16	\$19.86	\$16.51
Gal. Charge (Per 1,000 gallons) (Max. 6 M gallons)	\$ 2.85	\$ 3.45	\$ 3.23	\$ 3.14

General Service and All Other Classes

<u>Meter Size</u>	<u>Utility Present Rates</u>	<u>Utility Proposed Interim Rates</u>	<u>Utility Proposed Final Rates</u>	<u>Commission Approved Interim Rates</u>
5/8" X 3/4"	\$ 14.99	\$ 18.16	\$ 19.86	\$ 16.51
1"	37.33	45.22	49.65	41.11
1-1/2"	74.85	90.67	99.30	82.42
2"	119.21	144.40	158.88	131.27
3"	238.27	288.62	317.76	262.38
4"	446.67	541.05	496.50	481.87
6"	744.36	901.64	993.00	819.69
8"	1,339.76	1,622.85	1,986.00	1,475.34
Gal. Charge (per 1,000 gallons)	\$ 3.43	\$ 4.15	\$ 3.86	\$ 3.78

To implement the approved interim rates, the utility must submit tariff sheets revised consistent with our decision. Said tariff sheets shall be accompanied by a proposed customer notice which shows the approved interim increase and which explains the reasons and conditions therefor.

The approved interim rates cannot be implemented until the revised tariff sheets are stamped approved. The interim rates shall be effective for meters read on or after thirty days from the

stamped approval date on the revised tariff sheets. The revised tariff sheets will be approved upon our staff's verification that the tariffs are consistent with our decision herein, that the proposed notice to the customers of the approved interim increase is adequate, and that the security required below has been filed and accepted.

SECURITY FOR REFUND

Pursuant to Section 367.082(2)(a), Florida Statutes, the amount of interim rates granted herein which exceeds the utility's previously authorized rates shall be collected under guarantee, subject to refund with interest. We believe that a corporate undertaking in the amount of \$102,000 is sufficient to protect any potential refund of revenues collected under interim conditions. As described above, the utility must provide said security prior to its implementation of the interim rates approved herein. Furthermore, pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility shall provide us with a report by the 20th of each month indicating the monthly and total revenues collected subject to refund.

It is, therefore,

ORDERED by the Florida Public Service Commission that the rates and schedules proposed by Florida Cities Water Company, Golden Gate Division, are hereby suspended in accordance with Section 367.081(6), Florida Statutes. It is further

ORDERED that the request for an interim increase in water and wastewater rates by Florida Cities Water Company, Golden Gate Division, is hereby granted in part, as set forth in the body of this Order. It is further

ORDERED that the difference between the interim rates granted herein and Florida Cities Water Company, Golden Gate Division's previously authorized rates shall be collected subject to refund, with interest. It is further

ORDERED that Florida Cities Water Company, Golden Gate Division, shall provide a corporate undertaking in the amount of \$102,000 as guarantee for any potential refund of interim revenues. It is further

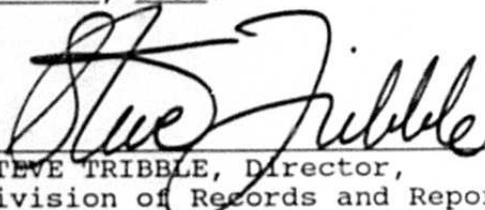
ORDERED that prior to its implementation of the interim rates

approved herein, Florida Cities Water Company, Golden Gate Division, shall file and have approved tariff pages revised in accordance with the provisions of this Order, a proposed customer notice, and the appropriate security for a refund. It is further

ORDERED that the interim rates approved herein shall become effective for meters read on or after thirty days from the stamped approval date on the revised tariff sheets. The tariff sheets will be stamped approved upon verification that they are consistent with our decision herein, that the proposed customer notice is adequate, and that the appropriate security has been provided. It is further

ORDERED that during the time that interim rates are in effect, Florida Cities Water Company, Golden Gate Division, shall pursuant to Rule 25-30.360(6), Florida Administrative Code, file a report by the twentieth (20th) day of each month indicating the monthly and total revenues collected subject to refund.

By ORDER of the Florida Public Service Commission this 12th day of May, 1992.



STEVE TRIBBLE, Director,
Division of Records and Reporting

(S E A L)

MJF

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.

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Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) 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. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

FLORIDA CITIES WATER COMPANY—GOLDEN GATE
 SCHEDULE OF WATER RATE BASE
 TEST YEAR ENDED AUGUST 31, 1991

SCHEDULE NO. 1-A
 DOCKET NO. 911194-WS

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 6,943,061	\$ 0	\$ 6,943,061	\$	\$ 6,943,061
2 LAND	136	0	136		136
3 NON-USED & USEFUL COMPONENTS	0	0	0		0
4 CONSTRUCTION WORK IN PROGRESS	28,306	(12,981)	15,325	(15,325)	0
5 ACCUMULATED DEPRECIATION	(1,027,864)	0	(1,027,864)		(1,027,864)
6 CIAC	(2,520,934)	0	(2,520,934)		(2,520,934)
7 AMORTIZATION OF CIAC	354,157	0	354,157		354,157
8 ADVANCES FOR CONSTRUCTION	(129,295)	0	(129,295)		(129,295)
9 WORKING CAPITAL ALLOWANCE	68,746	2,005	70,751	(14,336)	56,415
RATE BASE	\$ 3,716,313	(10,976)	\$ 3,705,337	(29,661)	\$ 3,675,676

FLORIDA CITIES WATER COMPANY—GOLDEN GATE			SCHEDULE NO. 1-B		
SCHEDULE OF WASTEWATER RATE BASE			DOCKET NO. 911194-WS		
TEST YEAR ENDED AUGUST 31,1991					
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 6,135,623	\$ 0	\$ 6,135,623	\$	6,135,623
2 LAND	180,896	0	180,896		180,896
3 NON-USED & USEFUL COMPONENTS	0	0	0		0
4 CONSTRUCTION WORK IN PROGRESS	5,802	(28,306)	(22,504)	22,504	0
5 ACCUMULATED DEPRECIATION	(1,027,152)	0	(1,027,152)		(1,027,152)
6 CIAC	(2,791,116)	0	(2,791,116)		(2,791,116)
7 AMORTIZATION OF CIAC	273,957	0	273,957		273,957
8 ADVANCES FOR CONSTRUCTION	(248,154)	0	(248,154)		(248,154)
9 WORKING CAPITAL ALLOWANCE	63,670	2,005	65,675	(12,705)	52,971
RATE BASE	\$ 2,593,526	\$ (26,301)	\$ 2,567,225	\$ 9,800	\$ 2,577,025

FLORIDA CITIES WATER COMPANY-GOLDEN GATE
 ADJUSTMENTS TO RATE BASE
 TEST YEAR ENDED AUGUST 31,1991

SCHEDULE NO. 1-C
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EXPLANATION	WATER	WASTEWATER
UTILITY PLANT IN SERVICE		
----- Adjustment to remove CWIP from ratebase.	\$ (15,325)	\$ 22,504
	=====	=====
WORKING CAPITAL		
----- Adjustment to reflect use of formula approach to compute working capital provision.	\$ (14,336)	\$ (12,705)
	=====	=====

FLORIDA CITIES WATER COMPANY - GOLDEN GATE
 CAPITAL STRUCTURE - WASTEWATER
 TEST YEAR ENDED AUGUST 31, 1991

SCHEDULE NO. 2-B
 DOCKET NO. 911194-WS

DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	UTILITY WEIGHTED COST	STAFF RECONC. ADJ. TO UTILITY EXHIBIT	BALANCE PER STAFF	WEIGHT	COST	WEIGHTED COST PER STAFF	
1 LONG TERM DEBT	\$ 23,124,375	40.12%	10.01%	4.02%	\$ (22,090,602)	\$ 1,033,773	40.12%	10.95%	4.39%	
2 SHORT TERM DEBT	0	0.00%	0.00%	0.00%	0	0	0.00%	0.00%	0.00%	
3 CUSTOMER DEPOSITS	0	0.00%	9.00%	0.00%	0	0	0.00%	0.00%	0.00%	
4 PREFERRED STOCK	4,500,000	7.81%	9.00%	0.70%	(4,298,828)	201,172	7.81%	9.00%	0.70%	
5 COMMON EQUITY	22,907,139	39.74%	12.74%	5.06%	(21,883,077)	1,024,062	39.74%	12.95%	5.15%	
6 INVESTMENT TAX CREDITS	2,132,581	3.70%	10.15%	0.38%	(2,037,244)	95,337	3.70%	11.68%	0.43%	
7 DEFERRED TAXES	4,981,109	8.64%	0.00%	0.00%	(4,758,429)	222,680	8.64%	0.00%	0.00%	
8 TOTAL CAPITAL	\$ 57,845,204	100.00%		10.16%	\$ (55,068,180)	\$ 2,577,024	100.00%		10.67%	
RANGE OF REASONABLENESS							LOW	HIGH		
							-----	-----		
RETURN ON EQUITY							12.95%	14.95%		
							-----	-----		
OVERALL RATE OF RETURN							10.67%	11.47%		
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FLORIDA CITIES WATER COMPANY - GOLDEN GATE
 ADJUSTMENTS TO CAPITAL STRUCTURE - WATER
 TEST YEAR ENDED AUGUST 31, 1991

SCHEDULE NO. 2-C
 DOCKET NO. 911194-WS

DESCRIPTION	SPECIFIC ADJUSTMENT (EXPLAIN)	SPECIFIC ADJUSTMENT (EXPLAIN)	PRO RATA RECONCILE	NET ADJUSTMENT
1 LONG TERM DEBT	\$ 0	\$ 0	(21,649,878)\$	(21,649,878)
2 SHORT TERM DEBT	0	0	0	0
3 CUSTOMER DEPOSITS	0	0	0	0
4 PREFERRED STOCK	0	0	(4,213,063)	(4,213,063)
5 COMMON EQUITY	0	0	(21,446,493)	(21,446,493)
6 INVESTMENT TAX CREDITS	0	0	(1,996,600)	(1,996,600)
7 DEFERRED INCOME TAXES	0	0	(4,663,495)	(4,663,495)
8 TOTAL CAPITAL	\$ 0	\$ 0	(53,969,528)\$	(53,969,528)
	=====	=====	=====	=====

FLORIDA CITIES WATER COMPANY - GOLDEN GATE
 ADJUSTMENTS TO CAPITAL STRUCTURE - WASTEWATER
 TEST YEAR ENDED AUGUST 31, 1991

SCHEDULE NO. 2-D
 DOCKET NO. 911194-WS

DESCRIPTION	SPECIFIC ADJUSTMENT (EXPLAIN)	SPECIFIC ADJUSTMENT (EXPLAIN)	PRO RATA RECONCILE	NET ADJUSTMENT
1 LONG TERM DEBT	\$ 0	\$ 0	(22,090,602)\$	(22,090,602)
2 SHORT TERM DEBT	0	0	0	0
3 CUSTOMER DEPOSITS	0	0	0	0
4 PREFERRED STOCK	0	0	(4,298,828)	(4,298,828)
5 COMMON EQUITY	0	0	(21,883,077)	(21,883,077)
6 INVESTMENT TAX CREDITS	0	0	(2,037,244)	(2,037,244)
7 DEFERRED INCOME TAXES	0	0	(4,758,429)	(4,758,429)
8 TOTAL CAPITAL	\$ 0	\$ 0	(55,068,180)\$	(55,068,180)
	=====	=====	=====	=====

FLORIDA CITIES WATER COMPANY - GOLDEN GATE
 STATEMENT OF WATER OPERATIONS
 TEST YEAR ENDED AUGUST 31, 1991

SCHEDULE NO. 3-A
 DOCKET NO. 911194-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	\$ 1,079,957	\$ 274,442	\$ 1,354,399	\$(235,885)	\$ 1,118,514	\$ 112,155	\$ 1,230,669
OPERATING EXPENSES						10.03%	
2 OPERATION AND MAINTENANCE	\$ 549,970	\$ 16,038	\$ 566,008	\$(114,689)	\$ 451,319	\$	\$ 451,319
3 DEPRECIATION	131,355	13,988	145,343	0	145,343		145,343
4 AMORTIZATION	1,116	0	1,116	(1,116)	0		0
5 TAXES OTHER THAN INCOME	134,793	12,350	147,143	(10,615)	136,528	5,047	141,575
6 INCOME TAXES	51,628	67,071	118,699	(43,516)	75,183	40,305	115,488
7 TOTAL OPERATING EXPENSES	\$ 868,862	\$ 109,447	\$ 978,309	\$(169,936)	\$ 808,373	\$ 45,352	\$ 853,725
8 OPERATING INCOME	\$ 211,095	\$ 164,995	\$ 376,090	\$(65,949)	\$ 310,141	\$ 66,803	\$ 376,944
9 RATE BASE	\$ 3,716,313	\$	\$ 3,705,337	\$	\$ 3,675,676	\$	\$ 3,675,676
RATE OF RETURN	5.68%		10.15%		8.44%		10.26%

FLORIDA CITIES WATER COMPANY - GOLDEN GATE
 STATEMENT OF WASTEWATER OPERATIONS
 TEST YEAR ENDED AUGUST 31, 1991

SCHEDULE NO. 3-B
 DOCKET NO. 911194-WS

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIRED
1 OPERATING REVENUES	\$ 899,674	\$ 264,387	\$ 1,164,061	\$(202,860)	\$ 961,201	\$ 97,279	1,058,480
<u>OPERATING EXPENSES</u>						10.12%	
2 OPERATION AND MAINTENANCE	\$ 509,362	\$ 16,038	\$ 525,400	\$(101,636)	\$ 423,764	\$	423,764
3 DEPRECIATION	157,567	(22,254)	135,313	0	135,313		135,313
4 AMORTIZATION	45,698	0	45,698	(18,904)	26,794		26,794
5 TAXES OTHER THAN INCOME	102,515	11,897	114,412	(9,129)	105,283	4,378	109,661
6 INCOME TAXES	8,749	73,916	82,665	(29,731)	52,934	34,959	87,893
7 TOTAL OPERATING EXPENSES	\$ 823,891	\$ 79,597	\$ 903,488	\$(159,400)	\$ 744,088	\$ 39,337	783,425
8 OPERATING INCOME	\$ 75,783	\$ 184,790	\$ 260,573	\$(43,460)	\$ 217,113	\$ 57,943	275,055
9 RATE BASE	\$ 2,593,526	\$	\$ 2,567,225	\$	\$ 2,577,025	\$	\$ 2,577,025
RATE OF RETURN	2.92%		10.15%		8.42%		10.67%

FLORIDA CITIES WATER COMPANY - GOLDEN GATE
 ADJUSTMENTS TO OPERATING STATEMENTS
 TEST YEAR ENDED AUGUST 31, 1991

SCHEDULE NO. 3-C
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 DOCKET NO. 911194-WS

EXPLANATION	WATER	WASTEWATER
OPERATING REVENUES		
----- 1) Adjustment to remove requested rate increase	\$ (235,885)	\$ (202,860)
	=====	=====
OPERATION AND MAINTENANCE		
----- 1) Adjustment to remove rate case expense	\$ (18,463)	\$ (16,038)
2) Benchmark adjustment to remove excess exp.	(96,226)	(85,598)
	-----	-----
	\$ (114,689)	\$ (101,636)
	=====	=====
AMORTIZATION		
----- Remove provision for leasehold Improv/Prop losses	\$ (1,116)	\$ (18,904)
	=====	=====
TAXES OTHER THAN INCOME TAXES		
----- Remove provision for added RAF taxes	\$ (10,615)	\$ (9,129)
	=====	=====
INCOME TAXES		
----- Remove provision for increased income taxes	\$ (43,516)	\$ (29,731)
	=====	=====
OPERATING REVENUES		
----- Additional revenues to achieve revenue requirement	\$ 112,155	\$ 97,279
	=====	=====
TAXES OTHER THAN INCOME TAXES		
----- Adjustment for RAF taxes	\$ 5,047	\$ 4,378
	=====	=====

FLORIDA CITIES WATER COMPANY - GOLDEN GATE
 ADJUSTMENTS TO OPERATING STATEMENTS
 TEST YEAR ENDED AUGUST 31, 1991

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EXPLANATION	WATER	WASTEWATER
INCOME TAXES		
----- Adjustment to reflect increased income	\$ 40,305 \$	34,959
	=====	=====
OTHER THAN INCOME TAXES		