

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for an) DOCKET NO. 910477-SU
increase in wastewater rates) ORDER NO. PSC-92-0731-FOF-SU
for South Ft. Myers system in) ISSUED: 07/28/92
Lee County by FLORIDA CITIES)
WATER COMPANY)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON
BETTY EASLEY

ORDER DENYING REQUEST FOR ORAL ARGUMENT, GRANTING IN PART
AND DENYING IN PART MOTION FOR RECONSIDERATION, AND
GRANTING MOTION FOR EXTENSION TO FILE RATE CASE EXPENSE REPORT

BY THE COMMISSION:

BACKGROUND

Florida Cities Water Company's South Ft. Myers wastewater system (FCWC or utility) is a class A size utility which, as of December 31, 1990, provided wastewater service to 4,837 customers in Ft. Myers, Florida.

On August 14, 1991, FCWC completed the minimum filing requirements (MFRs) for a general rate increase, and that date was established as the official date of filing for this case. The approved test year for this proceeding is the projected twelve-months ending December 31, 1991. FCWC requested final rates designed to generate annual wastewater revenues of \$2,895,803, or an increase of \$592,480 (25.72%).

By Order No. 25182, issued October 9, 1991, we suspended FCWC's proposed rates and granted FCWC, subject to refund, an interim wastewater rate increase designed to generate \$2,652,715 in revenues, an increase of \$412,165 (18.4%).

An administrative hearing addressing FCWC's rate request was held at the Airport Ramada in Fort Myers, Florida, on January 15th and 16th, 1992. By Order No. PSC-92-0266-FOF-SU, issued April 28, 1992, we granted FCWC a rate increase, but not the amount level it requested. On May 13, 1992, FCWC filed a Motion for Reconsideration of Order No. PSC-92-0266-FOF-SU and a request for oral argument. On May 20, 1992, the Office of Public Counsel (OPC)

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PSC-RECORDS REPORTING

filed its response to FCWC's motion. On May 21, 1992, FCWC filed a motion for additional time to file the rate case expense report required by the aforementioned order. This Order disposes of the request for oral argument and the above motions.

ORAL ARGUMENT

In accordance with Rule 25-22.058, Florida Administrative Code, FCWC filed a request that it be granted oral argument on its Motion for Reconsideration. FCWC asserts that oral argument would aid the Commission in comprehending and evaluating its motion "because of the technical nature of the four points raised"

We do not believe that FCWC's Motion for Reconsideration requires oral argument. As set forth below, we have granted the utility's motion with respect to its primary issue of concern: and FCWC's motion contains sufficient argument for us to render a fair and complete evaluation of the merits of the other issues raised without oral argument.

Therefore, the utility's request for oral argument is hereby denied.

MOTION FOR RECONSIDERATION

As set forth below, we grant in part and deny in part FCWC's motion. Consequently, the schedules attached to Order No. PSC-92-0266-FOF-SU need to be revised. Accordingly, revised schedules are attached to this Order and are by reference incorporated herein. Our revised calculation of the appropriate rate base is depicted on Schedule No. 1-A, and our adjustments are itemized on Schedule No. 1-B. Our calculation of the appropriate cost of capital is depicted on Schedule No. 2-A, and our adjustments are itemized on Schedule No. 2-B. Our calculation of net operating income is depicted on Schedule No. 3-A, and our adjustments are itemized on Schedule No. 3-B. 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.

In its motion, FCWC asks that we reconsider four aspects of our decision in Order No. PSC-92-0266-FOF-SU. Below, we address each of FCWC's issues separately.

Collection System Pumping Stations

In its motion, FCWC argues that we made a mistake of fact and law by applying a 49% used and useful treatment plant adjustment to seventy-two pumping stations in accounts under the System Pumping Plant category, NARUC Accounts Nos. 353.2, 354.2, 370, and 371. FCWC asserts that the pumping stations in question are not master pumping stations which are functionally part of the treatment plant, but rather are part of the collection system, which the Commission found to be 100% used and useful. The subject accounts, therefore, should be 100% used and useful.

In its response, OPC asserts that, although it did not propose any adjustments to collection system used and useful, to the extent any pumping system plant accounts are associated with the treatment plant, rather than the collection system, the 49% used and useful adjustment should apply.

Upon careful review of the record, we believe that the utility is correct in that the accounts in question do not contain plant for any master lift station(s), but contain instead, several lift stations which are part of the collection system. Therefore, we grant FCWC's motion with respect to this issue, and we find NARUC Accounts Nos. 353.2, 354.2, 370, and 371 to be 100% used and useful. The impact of this adjustment and corresponding fall-out adjustments is reflected on the attached schedules.

Used and Useful for Account 354.3

In its motion, FCWC states that we made a mistake of fact and law by applying the collection system used and useful percentage to NARUC Account No. 354.3, Treatment and Disposal Plant, Structures and Improvements. FCWC argues we made a mistake of fact because the structures in question were in place prior to the 1985 treatment plant expansion and, thus, have no relationship to the capacity of the plant itself. FCWC argues we made a mistake of law because no such used and useful adjustment was made to this account in its previous rate case, and the Commission gave no explanation for this incongruity.

In its response, OPC asserts that to the extent the structures and improvements in Account No. 354.3 are associated with treatment plant, those structures and improvements should be deemed 49% used and useful.

As reflected in its MFRs, FCWC maintains accounts for structures and improvements in four separate categories: Collection Plant, System Pumping Plant, Treatment & Disposal Plant, and General Plant. The subaccount at issue here, Account No. 354.3, falls under the Treatment and Disposal Plant Category. In Order No. PSC-92-0266-FOF-SU, we applied the 49% treatment plant used and useful percentage to all subaccounts under this category with the exception of Accounts Nos. 353.2 and 353.3, Land & Land Rights, and Account No. 381, which had a zero balance.

We believe that our application of the 49% used and useful adjustment to Account No. 354.3 was consistent with our application of the adjustment to the other accounts in the same category. Notably, we made no adjustments to similar subaccounts under the: Collection Plant (Account 354.1), System Pumping Plant (Account 354.2), and General Plant (Account 354.5 categories.)

Further, Rule 25-30.115(1), Florida Administrative Code, requires regulated utilities to keep their accounting records in accordance with the NARUC Uniform Systems of Accounts (USOA). According to the NARUC USOA, Account No. 354

shall include the cost in place of structures and improvements used in connection with sewage collection, pumping, treatment and disposal, and general plant operations (See Accounting Instruction 25).

NARUC USOA, Class A Sewer, p. 98. In the foregoing description, we find support for our adjustment to Account No. 354.3 as part of the treatment plant.

In addition, upon a careful review of the record, we can find nothing which supports FCWC's assertion that the structures in Account No. 354.3 are not capacity related because they existed prior to the 1985 plant expansion. Indeed, some of the testimony of Mr. Griggs indicates the opposite. He testified that the computer housed in the plant operations building--which is the sort of structure included in the subject account under the NARUC description--once worked as it was designed to from the "original construction" of the plant.

Finally, we cannot agree that we made a mistake of law by adjusting the subject account for used and useful in the instant rate case but not in the previous one. The utility's enjoyment of

a small windfall return as a result of our apparent oversight in the prior case does not equate to a mistake of law in this case.

In consideration of the above, FCWC's motion is denied with respect to this issue.

Used and Useful Accumulated Depreciation

FCWC contends that we erred in Order No. PSC-92-0266-FOF-SU by finding the record lacking in evidence which supported the accumulated depreciation figures in the MFRs. In its motion, FCWC asserts that the record contains ample evidence to support the allocation method it used in the MFRs to assign accumulated depreciation between the used and useful and non-used and useful plant categories.

In its response, OPC contends that our conclusion that the utility failed to meet its burden of proof concerning the amount of non-used and useful accumulated depreciation was proper. OPC asserts that the utility presented unreliable and conflicting information. Specifically, OPC makes the following points: Although this issue was raised two months before the hearing, utility witness Harrison testified that the depreciation reserve had not been analyzed for the years in question; Mr. Harrison reported that a bookkeeping error may have occurred in calculating the depreciation reserve; Mr. Harrison admitted that incorrect depreciation rates may have been used in 1985 and 1986; and Mr. Harrison admitted that certain data seemed inconsistent and that limited information was available. OPC argues that FCWC is not claiming oversight, error, or misapprehension of fact or law, but is re-arguing its position and disagreeing with the Commission's conclusion.

We agree with OPC's arguments. As we have often stated, the purpose of a motion for reconsideration is to bring to the attention of the Commission some point which it overlooked or failed to consider when it rendered its decision in the first instance, such as a mistake of law or fact. Diamond Cab Company of Miami v. King, 146 So.2d 889 (Fla. 1962). In this instance, the utility's motion does not show oversight, error, or misapprehension of fact or law.

We denied the utility's proposed adjustment to accumulated depreciation because information to support that position was

inconsistent or incomplete. We concluded that the depreciation reserve should be allocated between used and non-useful categories uniformly. FCWC knew early on in this proceeding that this issue would be contested, and it failed to substantiate its position that a greater percentage of the depreciation reserve should be considered non-used and useful. Even the utility's attempt to support its position in late-filed Exhibit No. 17 failed, as the exhibit did not show the non-used and useful component, nor did it resolve questions raised at the hearing concerning the disproportionate distribution of the depreciation reserve. After carefully weighing the evidence presented at the hearing and the late-filed exhibit, we were not persuaded by the utility's arguments.

In consideration of the above, FCWC's motion is denied with respect to this issue.

Retroactive application of Section 367.0815, Florida Statutes

Section 367.0815, Florida Statutes (1991), dictates that we apportion rate case expense between the utility and its customers to the extent that the approved rate increase is less than what the utility requested. "However," Section 367.0815 states, "no such apportionment shall be allowed if it will cause the utility's return on equity to drop below its authorized range."

We issued Order No. PSC-92-0266-FOF-SU on April 28, 1992. That Order reflects our vote at the April 7, 1992, Agenda Conference, where we decided to reduce FCWC's rate case expense in accordance with Section 367.0815. However, by Chapter 92-181, section 2, the Legislature repealed Section 367.0815. Without the Governor's signature, the repealing act became law on April 9, 1992.

In its motion, FCWC argues,

The right or remedy created by Section 367.0815 was entirety (sic) statutory and does not involve issues of impairment of obligation of contracts or vested rights. Accordingly, the repealing statute should be given a retrospective operation. When the statute was repealed, the right or remedy created by the statute fell with it. Yaffee v. International Co., 80 So.2d 910 (Fla. 1985); 49 Fla. Jur.2d, section 210 (pp. 248-249).

(Emphasis in original.) Therefore, FCWC concludes, the amount of rate case expense which we disallowed pursuant to the repealed statute should be reinstated.

In its response, OPC argues that Section 367.0815 was in effect throughout the entire rate case proceeding, including at the time of the Commission's vote, and, therefore, it would be inappropriate for the Commission not to apply Section 367.0815.

We believe that FCWC's argument is flawed. As stated earlier in this Order, the purpose of a motion for reconsideration is to bring to the attention of the Commission some point which it overlooked or failed to consider when it rendered its decision in the first instance. FCWC does not argue that we made a mistake which we must now go back and correct; rather, it argues that we should "update" its case by applying the repeal of Section 367.0815 retroactively. Therefore, we do not think that a motion for reconsideration is appropriate. We did not make a mistake of law by applying Section 367.0815 to this case, as it was the law in effect at the time of our decision.

In consideration of the above, FCWC's motion is denied with regard to this issue.

REVENUE REQUIREMENT

In its MFRs, FCWC requested a revenue increase of \$592,480 (25.72%). In Order No. PSC-92-0266-FOF-SU, we approved a revenue requirement of \$2,557,734. As we have granted FCWC's Motion for Reconsideration in part, the revenue requirement previously approved must be revised. The utility's approved revenue requirement is now \$2,672,720, an increase of \$346,091 (14.32%).

RATES AND CHARGES

Monthly Service Rates

We have calculated new rates designed to allow the utility to achieve the revised revenue requirement approved herein. We find that these new rates are fair, just, and reasonable, and are not unduly discriminatory. The utility's existing rates, the approved interim rates, the utility's requested final rates, the rates we approved in Order No. PSC-92-0266-FOF-SU, and the rates which we hereby approve are set forth below for comparison. As was the case

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in Order No. PSC-92-0266-FOF-SU, we have designed the new rates using the base facility charge (BFC) rate structure.

FLORIDA CITIES WATER COMPANY
SOUTH FT. MYERS WASTEWATER DIVISION

SCHEDULE OF RATES

WASTEWATER

RESIDENTIAL

<u>Meter Size</u>	<u>Utility Present Rates</u>	<u>Commission Approved Interim Rates</u>	<u>Utility Proposed Final Rates</u>	<u>Commission Prior Order Rates</u>	<u>Commission Approved Final Rates</u>
All Sizes	\$12.61	\$15.00	\$13.32	\$13.06	\$14.09
Gallonge Charge	\$ 2.12	\$ 2.52	\$ 2.92	\$ 2.25	\$ 2.40
Maximum Gallons	6M	6M	6M	6M	6M
Minimum Bill	\$12.61	\$15.00	\$13.32	\$13.06	\$14.09
Maximum Bill	\$25.33	\$30.12	\$30.84	\$26.56	\$28.49

FLORIDA CITIES WATER COMPANY
SOUTH FT. MYERS WASTEWATER DIVISION

SCHEDULE OF RATES

GENERAL SERVICE

(INCLUDES COMMERCIAL, MULTI-FAMILY AND PUBLIC AUTHORITY)

<u>Meter Size</u>	<u>Utility Present Rates</u>	<u>Commission Approved Interim Rates</u>	<u>Utility Proposed Final Rates</u>	<u>Commission Prior Order Rates</u>	<u>Commission Approved Final Rates</u>
5/8"X3/4"	\$ 12.61	\$ 15.00	\$ 13.32	\$ 13.06	\$ 14.09
1"	\$ 30.60	\$ 36.40	\$ 33.30	\$ 32.65	\$ 35.23
1-1/2"	\$ 60.59	\$ 72.07	\$ 66.60	\$ 65.30	\$ 70.45
2"	\$ 96.57	\$114.86	\$106.56	\$104.48	\$112.72
3"	\$192.54	\$229.01	\$213.12	\$208.96	\$225.44
4"	\$300.49	\$357.40	\$333.00	\$326.50	\$352.25
6"	\$600.37	\$714.08	\$666.00	\$653.00	\$704.50
Gallagege Charge (No Maximum)	\$ 2.55	\$ 3.03	\$ 3.51	\$ 2.70	\$ 2.88

RECLAIMED WATER (WASTEWATER) RATES
(NEW CLASS OF SERVICE)

<u>Meter Size</u>	<u>Utility Present Rates</u>	<u>Commission Approved Interim Rates</u>	<u>Utility Proposed Final Rates</u>	<u>Commission Prior Order Rates</u>	<u>Commission Approved Final Rates</u>
All Sizes	-	-	No Charge	No Charge	No Charge
Gallagege Charge per 1,000 Gallons	-	-	\$.13	\$.13	\$.13

The rates which we have approved herein shall be effective for meter readings taken on or after thirty (30) days from the stamped approval date on the revised tariff sheets. The utility shall submit revised tariff sheets reflecting the approved rates along with a proposed customer notice listing the new rates and explaining the reasons therefor. The revised tariff sheets will be approved upon our staff's verification that the tariff sheets are consistent with our decision herein and that the proposed customer notice is adequate.

Four Year Statutory Rate Reduction

Section 367.0816, Florida Statutes, states,

The amount of rate case expense determined by the commission . . . to be recovered through . . . rate[s] shall be apportioned for recovery over a period of 4 years. At the conclusion of the recovery period, the rate[s] . . . shall be reduced immediately by the amount of rate case expense previously included in rates.

In Order No. PSC-92-0266-FOF-SU, we established the appropriate amount of the rate reduction. However, since the revenue requirement and rates have been revised as a result of our action above, the four-year rate reduction must also be revised. Accordingly, we have amortized the amount of allowed rate case expense over four years and then adjusted the revenue requirement for regulatory assessment fees. By our calculations, at the end of the four-year recovery period, the utility's rates should be reduced to reflect a \$15,713 reduction in revenues. The rates at the end of this period are shown on Schedule No. 4, which is attached hereto and by reference incorporated herein.

The utility shall file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. The utility shall also file a proposed customer notice setting forth the lower rates and the reason for the reduction. If the utility files this reduction in conjunction with a price index or a pass-through rate adjustment, separate data shall be filed for each rate change.

REFUND OF EXCESS INTERIM RATES

By Order No. 25182, issued on October 9, 1991, the utility's proposed rates were suspended and interim rates were approved. Based on the projected test year billing determinants, the interim rates authorized will produce annual revenues of \$2,765,572, which include \$11,024 in miscellaneous service charge revenues and \$63,483 in guaranteed revenue charges, for a total of \$74,507 in other revenues. Our revised final revenue requirement, \$2,672,720, includes \$11,024 in miscellaneous service charge revenues, \$63,483 in guaranteed revenue charges, as well as \$36,781 in reclaimed water revenues, for a total of \$111,288 in other revenues.

The reclaimed water revenues were not billed or collected during the period that interim rates were in effect, but we accounted for the utility's collecting the \$36,781 in reclaimed water revenues when calculating final rates. Therefore, the utility cannot rebill its customers under the final rates, compare this total to the amount billed under the interim rates, and refund the difference because the \$36,781 in reclaimed water revenues would not be properly accounted for.

As indicated in Order No. PSC-92-0266-FOF-SU, we think this problem may be solved one of two ways: (1) the utility may apply a percentage factor of 3.45%, plus interest, to the interim revenues collected by customer, and refund this amount; or (2) in making its computer comparison calculation, the utility may apply a percentage increase factor of 1.44% to the approved final rates and refund the difference plus interest. Either method is acceptable. We emphasize that the 1.44% figure should be used only for the refund calculation. The refund shall be made with interest and in conformity with Rule 25-30.360, Florida Administrative Code.

RATE CASE EXPENSE REPORT

On May 21, 1992, FCWC filed a motion requesting additional time to file a rate case expense report required by Order No. PSC-92-0266-FOF-SU. Pursuant to the Order, the rate case expense report was to be filed on June 29, 1992. In order to have the report reflect updated expenses, FCWC asks that it be allowed to file the report 30 days after the issuance of this Order on reconsideration.

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We think that FCWC's request is reasonable and, therefore, grant it.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the Motion for Reconsideration filed by Florida Cities Water Company, South Fort Myers, is hereby granted in part and denied in part as set forth in the body of this Order. It is further

ORDERED that the request for oral argument filed by Florida Cities Water Company, South Fort Myers, is hereby denied. It is further

ORDERED that all that is contained in the schedules attached hereto are by reference incorporated herein. It is further

ORDERED that Florida Cities Water Company, South Ft. Myers, is authorized to charge the new rates as 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 prior to its implementation of the rates approved herein, Florida Cities Water Company, South Ft. Myers, shall submit and have approved a proposed notice to its customers showing the increased rates and charges and explaining the reasons therefor. The notice will be 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 approved herein, Florida Cities Water Company, South Ft. Myers, 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. It is further

ORDERED that Florida Cities Water Company, South Ft. Myers, shall refund with interest, as set forth in the body of this Order, the excess interim rates it has collected. It is further

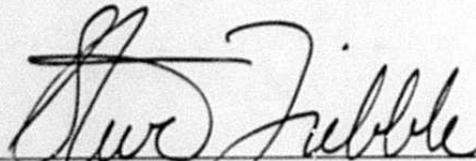
ORDERED that request of Florida Cities Water Company, South Ft. Myers, to submit the rate case expense report required by Order

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No. PSC-92-0266-FOF-SU thirty days from the date of this Order is hereby granted. It is further

ORDERED that the docket may be closed upon our staff's verification that the utility has completed the required refunds and upon the utility's filing and staff's approval of revised tariff sheets.

By ORDER of the Florida Public Service Commission this 28th day of July, 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.

Any party adversely affected by the Commission's final action in this matter may request 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 Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

FCWC - SOUTH FT. MYERS DIVISION
 SCHEDULE OF WASTEWATER RATE BASE
 DECEMBER 31, 1991

SCHEDULE NO. 1-A
 910477-SU

COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 24,064,370	\$ 0	\$ 24,064,370	\$	\$ 24,064,370
2 LAND	6,327	0	6,327		6,327
3 NON-USED & USEFUL COMPONENTS	(5,829,068)	0	(5,829,068)	(712,661)	(6,541,729)
4 ACCUMULATED DEPRECIATION	(3,080,191)	0	(3,080,191)	(435,006)	(3,515,197)
5 ACQUISITION ADJUSTMENT - NET	1,638	0	1,638	(1,638)	0
6 CIAC	(10,027,870)	0	(10,027,870)	425,220	(9,602,650)
7 AMORTIZATION OF CIAC	2,267,252	0	2,267,252	(77,032)	2,190,220
8 DEBIT DEFERRED INCOME TAXES	0	0	0		0
9 ADVANCES FOR CONSTRUCTION	(10,374)	0	(10,374)		(10,374)
10 WORKING CAPITAL ALLOWANCE	162,594	0	162,594	929	163,523
RATE BASE	\$ 7,554,678	\$ 0	\$ 7,554,678	(800,188)	\$ 6,754,490

FCWC - SOUTH FT. MYERS DIVISION
 ADJUSTMENTS TO RATE BASE
 DECEMBER 31, 1991

SCHEDULE NO. 1-B
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EXPLANATION	WASTEWATER
1. UTILITY PLANT IN SERVICE	

	\$ 0
	=====
2. NON-USED AND USEFUL COMPONENTS	

A. Used and useful adjustment for treatment plant facilities	\$ (712,661)
	=====
3. ACCUMULATED DEPRECIATION	

A. Used and useful adjustment for treatment plant facilities	\$ (435,006)
	=====
4. ACQUISITION ADJUSTMENT	

A. Adjustment to remove unapproved acquisition adjustment	\$ (1,638)
	=====
5. CIAC	

A. Adjustment to eliminate prepaid ERCs	772,350
B. Adjustment to offset margin reserve with prepaid ERCs	(347,130)

	\$ 425,220
	=====
6. ACCUMULATED AMORTIZATION OF CIAC	

A. Adj. to eliminate acc. amort. of CIAC on prepaid ERCs	(174,429)
B. Adj. to restore acc. amort. of CIAC related with prepaid ERCs	78,396
C. Adjustment to reflect utility understatement per audit	19,000

	\$ (77,032)
	=====
7. WORKING CAPITAL	

A. Adjustment to reflect changes in O & M expenses	929

	\$ 929
	=====

FCWG - SOUTH FT. MYERS DIVISION
 CAPITAL STRUCTURE
 DECEMBER 31, 1991

SCHEDULE NO. 2-A
 910477-SU

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DESCRIPTION	ADJUSTED TEST YEAR PER UTILITY	WEIGHT	COST	UTILITY WEIGHTED COST	COMMISSION RECONC. ADJ. TO UTILITY EXHIBIT	BALANCE PER COMMISSION	WEIGHT	COST	WEIGHTED COST PER COMMISSION	
1 LONG TERM DEBT	\$ 3,673,160	51.77%	10.05%	5.20%	\$ (592,283)	\$ 3,080,877	45.61%	9.47%	4.32%	
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%	8.00%	0.00%	0	0	0.00%	0.00%	0.00%	
4 PREFERRED STOCK	525,110	7.40%	9.00%	0.67%	456,525	981,635	14.53%	9.00%	1.31%	
5 COMMON EQUITY	2,590,426	36.51%	13.11%	4.79%	(659,985)	1,930,441	28.58%	13.11%	3.75%	
6 INVESTMENT TAX CREDITS	245,113	3.45%	11.04%	0.38%	(16,007)	229,106	3.39%	10.57%	0.36%	
7 DEFERRED TAXES	61,089	0.86%	0.00%	0.00%	471,342	532,431	7.88%	0.00%	0.00%	
8 TOTAL CAPITAL	<u>\$ 7,094,898</u>	<u>100.00%</u>		<u>11.04%</u>	<u>\$ (340,408)</u>	<u>\$ 6,754,490</u>	<u>100.00%</u>		<u>9.73%</u>	
RANGE OF REASONABLENESS							LOW	HIGH		
RETURN ON EQUITY							12.11%	14.11%		
OVERALL RATE OF RETURN							9.45%	10.02%		

FCWC – SOUTH FT. MYERS DIVISION
ADJUSTMENTS TO CAPITAL STRUCTURE
DECEMBER 31, 1991

SCHEDULE NO. 2-B
910477-SU

DESCRIPTION	SPECIFIC ADJUSTMENT (EXPLAIN) 1	SPECIFIC ADJUSTMENT (EXPLAIN) 2	PRO RATA RECONCILE 3	NET ADJUSTMENT 4
1 LONG TERM DEBT	\$ 27,804,465	\$ (3,231,000)	\$(25,165,748)	(592,283)
2 SHORT TERM DEBT	0	0	0	0
3 CUSTOMER DEPOSITS	0	0	0	0
4 PREFERRED STOCK	3,974,890	4,500,000	(8,018,365)	456,525
5 COMMON EQUITY	19,608,574	(4,500,000)	(15,768,559)	(659,985)
6 INVESTMENT TAX CREDITS	1,855,417	0	(1,871,424)	(16,007)
7 DEFERRED INCOME TAXES	4,402,571	417,867	(4,349,096)	471,342
8 TOTAL CAPITAL	<u>\$ 57,645,917</u>	<u>\$ (2,813,133)</u>	<u>\$(55,173,192)</u>	<u>(340,408)</u>

NOTE 1 – Adjustments in Column 1 relate to reconciliation to total capital structure per MFRs.
NOTE 2 – Adjustments in Column 2 relate to adjustments made by financial section(AFAD).

FCWC - SOUTH FT. MYERS DIVISION
 STATEMENT OF WASTEWATER OPERATIONS
 DECEMBER 31, 1991

SCHEDULE NO. 3-A
 910477-SU

ORDER NO. PSC-92-0731-FOF-SU
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DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT	ADJ FOR STATUTORY RC EXPENSE	REVENUE REQUIRED
1 OPERATING REVENUES	\$ 2,303,323	\$ 592,480	\$ 2,895,803	\$(557,801)	\$ 2,338,002	\$ 348,091	\$ 2,684,093	\$(11,373)	2,672,720
OPERATING EXPENSES									14.32%
2 OPERATION AND MAINTENANCE	\$ 1,300,754	\$ 0	\$ 1,300,754	\$ 7,433	\$ 1,308,187	\$	\$ 1,308,187	\$(10,683)	1,297,504
3 DEPRECIATION	273,565	0	273,565	(14,134)	259,431		259,431		259,431
4 AMORTIZATION	1,167	0	1,167	0	1,167		1,167		1,167
5 TAXES OTHER THAN INCOME	267,571	26,662	294,233	(54,373)	239,860	15,574	255,434	(691)	254,743
6 INCOME TAXES	(20,871)	212,917	192,046	(113,940)	78,106	124,374	202,480		202,480
7 TOTAL OPERATING EXPENSES	\$ 1,822,186	\$ 239,579	\$ 2,061,765	\$(175,014)	\$ 1,886,751	\$ 139,948	\$ 2,026,699	\$(11,373)	2,015,325
8 OPERATING INCOME	\$ 481,137	\$ 352,901	\$ 834,038	\$(382,787)	\$ 451,251	\$ 208,144	\$ 657,395	\$ 0	657,395
9 RATE BASE	\$ 7,554,678		\$ 7,554,678		\$ 6,754,490		\$ 6,754,490		6,754,490
RATE OF RETURN	6.37%		11.04%		6.88%		9.73%		8.73%

FCWC - SOUTH FT. MYERS DIVISION ADJUSTMENTS TO OPERATING STATEMENTS DECEMBER 31, 1991	SCHEDULE NO. 3-B PAGE 1 OF 1 910477-SU
EXPLANATION	WASTEWATER
1. OPERATING REVENUES	
A. Adjustment to remove requested rate increase	(592,480)
B. Adjustment for miscellaneous revenue	11,024
C. Adjustment for error in billing analysis	(389)
D. Adjustment for rate indexing	24,044
	\$ (557,801)
2. OPERATING AND MAINTENANCE EXPENSE	
A. Increase rate case expense	9,439
B. Decrease regulatory commission expense	(2,006)
	\$ 7,433
3. DEPRECIATION EXPENSE	
A. Used and useful adjustment	(33,269)
B. Adjustment for amortization of prepaid CIAC	34,756
C. Adj. for amort. of prepaid CIAC used as offset to margin reserve	(15,621)
	\$ (14,134)
4. TAXES OTHER THAN INCOME TAXES	
A. Remove provision for added RAF taxes	(25,101)
B. Adjust property taxes for non used and useful	(29,272)
	\$ (54,373)
5. INCOME TAXES	
A. Remove provision for increased income taxes	\$ (113,940)
6. OPERATING REVENUES	
A. Additional revenues to achieve revenue requirement	\$ 346,091
7. TAXES OTHER THAN INCOME TAXES	
A. Adjustment for RAF taxes	\$ 15,574
8. INCOME TAXES	
A. Adjustment to reflect increased income	\$ 124,374
9. ADJ FOR STATUTORY RATE CASE EXPENSE	
A. Revenue adjustment	16,405
B. Adjustment for reduced expense	(16,135)
C. Adj. for taxes and regulatory assessment fees	(270)
	\$ 0

SCHEDULE NO. 4

Rate Schedule

Schedule of Commission Approved
Final Rates and Rate Decrease in Four Years

Wastewater

(Monthly Rates)

RESIDENTIAL

<u>Meter</u> <u>Size</u>	Commission Approved <u>Rates</u>	Rate <u>Decrease</u>
All Sizes	\$ 14.09	\$.09
Gallonge Charge	\$ 2.40	\$.01

GENERAL SERVICE

<u>Meter</u> <u>Size</u>	Commission Approved <u>Rates</u>	Rate <u>Decrease</u>
5/8" x 3/4"	\$ 14.09	\$.09
1"	35.23	.21
1-1/2"	70.45	.43
2"	112.72	.69
3"	225.44	1.38
4"	352.25	2.15
6"	704.50	4.30
Gallonge Charge	\$ 2.88	\$.02