

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a staff-) DOCKET NO. 921089-SU
assisted rate case in Lee County) ORDER NO. PSC-93-1189-FOF-SU
by Fountain Lakes Sewer) ISSUED: August 12, 1993
Corporation.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
THOMAS M. BEARD
SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

ORDER GRANTING TEMPORARY RATES
IN THE EVENT OF PROTEST

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING RATES AND CHARGES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein, except for the granting of temporary rates subject to refund, in the event of a protest, is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Fountain Lakes Sewer Corporation (Fountain Lakes or the utility) is a Class C wastewater utility located near Estero, Florida in Lee County. The utility is a wholly-owned subsidiary of Kraus-Anderson Incorporated, a large development corporation based in Minnesota. The service area covers approximately 380 acres and the development consists of a retirement community of single and multi-family residences. The utility served 1 general service, 146 residential and 355 multi-residential customers during the test year.

NOTICE OF AGENCY ACTION
03/25/1993

In 1985, Kraus-Anderson Incorporated (Kraus-Anderson or the parent) purchased the entire service territory. At that time, the only structure on the property was the Estero Woods Village Apartments, which was served by a 22,000 gallons per day (gpd) wastewater treatment plant. In November 1986, Kraus-Anderson was notified that it was exempt from this Commission's jurisdiction since tenants were not charged specific rates for wastewater service. Because of this exempt status, the utility was able to obtain construction permits from the Department of Environmental Regulation (DER) for its present 99,000 gpd plant. The former plant is no longer in service and all existing customers are served by the current plant.

The exemption letter directed the utility to advise the Commission should any change in operation alter its exempt status. Based upon its desire to charge for wastewater service, in May 1988, the utility filed an application with us for a certificate to operate its wastewater utility. By Order No. 20470, dated December 20, 1988, we granted the utility Certificate No. 442-S.

On October 21, 1992, Fountain Lakes applied for the instant staff-assisted rate case (SARC), and the appropriate filing fee has been paid. Our staff selected a historical test year ended September 30, 1992. During that period, the utility recorded operating revenues of \$112,606 and operating expenses of \$138,832, resulting in a test period operating loss of \$26,226.

Our staff audited the utility's records for compliance with Commission rules and orders and examined all components necessary for rate setting. The staff also conducted a field investigation of the utility's wastewater plant and service area. A review of the utility's operating expenses, maps, files and rate application was also performed to obtain information about the physical plant and operating costs.

The utility's service area is under the jurisdiction of the South Florida Water Management District. We have a memorandum of understanding with the Florida Water Management Districts, in which we recognize that a joint cooperative effort is necessary to implement an effective, statewide water conservation policy. We will discuss this topic in greater detail later in this order.

QUALITY OF SERVICE

A customer meeting was held on March 31, 1993, at the Fountain Lakes Association Clubhouse in Estero, Florida. Approximately 14 customers attended the meeting. No complaints were raised regarding the quality of service. We have also reviewed the Department of Environmental Regulation (DER) records, and it appears that the utility is in compliance with DER's rules and regulations. We therefore consider the utility's quality of service to be satisfactory.

RATE BASE

The appropriate average amount of test year rate base for Fountain Lakes is \$317,310. The appropriate components of the utility's rate base include amortizable assets, depreciable plant in service, land/nondepreciable assets, plant held for future use (PHFU), contributions in aid of construction (CIAC), accumulated amortization of amortizable assets, accumulated depreciation, accumulated amortization of CIAC, contributed taxes - CIAC, deferred income taxes, deferred tax asset - CIAC gross-up, deferred tax liability and working capital allowance. A discussion of each component follows.

Our calculation of the appropriate wastewater rate base for the purpose of this proceeding is depicted on Schedule No. 1 and our adjustments are itemized on Schedule No. 1-A. Those adjustments that are self-explanatory or essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Used and Useful

Due to infiltration problems during the test year, we find it appropriate to base our used and useful calculations on post test year flows. We applied the standard used and useful formulas to the specific parameters of the wastewater plant. We have determined that the utility's wastewater treatment facility is 75.2% used and useful and the wastewater collection system is 75% used and useful. A discussion of the used and useful components of the wastewater system follows.

Wastewater Treatment Plant

The wastewater treatment facility has a maximum capacity of 99,000 gallons per day (gpd). The average daily flow during April, 1993 was 70,627 gallons per day (GPD). An additional 3,828 gpd associated with margin reserve increases the total to 74,455 gpd. This figure is appropriate to use in computing the percentage of used and useful for the treatment plant. Application of the standard formula results in a used and useful percentage of 75.2%.

Wastewater Collection System

The capacity of the utility's collection system is 360 equivalent residential connections (ERCs), and the utility served an average of 256 ERCs during the test year. An additional 14 ERCs associated with margin reserve increases the total to 270 ERCs. This figure is appropriate to use in computing the percentage of used and useful for the collection system. Application of the standard formula results in a used and useful percentage of 75%.

Amortizable Assets

The utility recorded \$19,419 on its books at the beginning of the test period. The utility's recorded amount consisted of accounting fees of \$6,600, legal fees of \$9,542, engineering fees of \$2,377, and an original certificate filing fee of \$900. We find that these amounts are reasonable and we accept them. There were no additions to this account during the test year; therefore, no averaging adjustment was necessary.

Depreciable Plant in Service

The utility recorded \$718,058 at the beginning of the test period.

We have increased this balance by \$169,515 to reflect the value of the Estero Woods collection system that was never recorded on the utility's books. Although the original cost records are unavailable, we believe that this represents a reasonable estimate for the value of the collection system. We also removed \$3,769 associated with a fence that was retired from service. With those adjustments, the appropriate balance at the beginning of the test year is \$883,804.

The utility recorded \$2,100 in additions during the test period resulting in an end of the period balance of \$885,904. We reduced this amount by \$1,050 to reflect the test year averaging adjustment. The average test year balance, therefore, is \$884,854.

Land/Nondepreciable Assets

The utility recorded \$72,352 on its books in the land account. This amount is based on eight acres of land valued at its original cost of \$9,044 per acre. No adjustments were made to this account.

Plant Held for Future Use

As we mentioned above, used and useful adjustments were made to the utility's treatment plant and collection system plant accounts. The wastewater treatment facility is 75.2% used and useful, and the wastewater collection system is 75% used and useful. To determine the average amount of plant held for future use (PHFU), the nonused and useful percentages of 24.8% and 25% were applied to the corresponding average balances of plant in service and accumulated depreciation not offset by CIAC. These adjustments result in an average PHFU balance of \$141,016.

Contributions-in-Aid-of-Construction (CIAC)

The utility recorded \$339,203 on its books at the beginning of the test period. This entire amount reflects collections of cash CIAC.

As discussed previously, the utility purchased the Estero Woods development and collection system. Because we do not have documentation regarding the treatment of the collection system on the original owner's tax returns, we have imputed the entire value of the collection system as CIAC. Also, we added \$940 to reflect an unbilled connection. Therefore, the appropriate balance at the beginning of the test period is \$509,658.

The utility recorded \$14,100 in additions during the test period resulting in an end of the period balance of \$523,758. We reduced this amount by \$7,050 to reflect the test year averaging adjustment and increased that amount by \$13,043 to reflect an allowance for margin reserve. These adjustments reveal an average balance of \$529,751.

Accumulated Amortization of Amortizable Assets

The utility recorded \$1,578 on its books at the beginning of the test period, and test year additions of \$485, resulting in an end of the period balance of \$2,063. We reduced this amount by \$485 to remove test year amortization expense recorded by the utility, and increased the account balance by \$702 to record the appropriate test year amortization expense. The averaging adjustment of \$351 reduces the balance to \$1,929.

Accumulated Depreciation

The utility recorded \$73,411 on its books at the beginning of the test period. As discussed previously, we increased the utility's plant account balances to reflect the inclusion of the Estero Woods collection system. The related accumulated depreciation is \$45,416. We removed \$3,908 associated with the fence that was retired from service. Therefore, the appropriate balance at the beginning of the test period is \$114,919.

The utility recorded \$23,650 in test year depreciation expense. However, we find the appropriate calculation of test year depreciation expense, pursuant to commission practice, to be \$31,970. The averaging adjustment of \$15,985 leaves a balance of \$130,904.

Accumulated Amortization of CIAC

The utility had recorded \$36,635 at the beginning of the test period. As stated above, the entire value of the Estero Woods collection system was recorded as CIAC; the related accumulated amortization is \$45,416. Therefore, the appropriate balance at the beginning of the test period is \$82,051.

The utility recorded \$14,328 in test year amortization. However, we find the appropriate calculation of test year amortization of CIAC, based on commission practice to be \$17,030. The averaging adjustment of \$8,515 reduces the balance to \$90,567. We then increased this amount by \$471 to reflect amortization of margin reserve. The resulting balance is \$91,038.

Contributed Taxes - CIAC

The utility's 9/30/91 and 9/30/92 trial balances reflect contributed taxes of \$126,338 and \$47,376, respectively. The utility has Commission authority to gross-up its CIAC charges for the potential income tax effect of its approved CIAC collections.

Accordingly, when gross-up is collected, the cash is deposited into an interest-bearing escrow account, with an offsetting credit to Contributed Taxes - CIAC. At year end, the tax-on-tax effect included in gross-up collected is flowed through current year tax expense as a credit, and Contributed Taxes - CIAC is debited. Thus, the balance in the contributed tax account is net of the tax-on-tax effect. Also, at year end, the net contributed tax account is adjusted for refunds to customers or developers, after the Company receives a Commission Order establishing the amount of gross-up to be refunded. Finally, the adjusted contributed tax balance is amortized.

Consequently, because this account is adjusted annually (at 12/31/XX) and because the utility did not record the 12/31/91 year end adjusting entries prepared by its C.P.A. firm, the test year beginning/ending data (09/30/91 and 09/30/92) is substantially incorrect. Furthermore, correct 09/30/91 - 09/30/92 data is unavailable. For these reasons we will use the 12/31/91-12/31/92 amounts as surrogates, but we reserve the option to thoroughly review the utility's accounting entries for CIAC gross-up, as recorded and reflected in this Order.

We have made an adjustment of \$21,122 to the utility's 9/30/91 trial balance in order to increase this account to the adjusted 12/31/91 balance. We have also made an increase of \$4,179 to reflect the unrecorded 1992 activity and the 12/31/92 year-end adjusting entries. Finally, we have made an averaging adjustment of \$2,089 to decrease the balance to the appropriate amount. As a result of those adjustments, the utility's recorded balance of \$47,376 has been increased by \$23,212, resulting in an average balance of \$70,588.

Deferred Income Taxes

The utility's 09/30/91 and 09/30/92 trial balances reflect net deferred income taxes of \$0 and \$5,470, respectively. These balances reflect the (unadjusted) requirements of APB 11, the previous guideline for accounting for income taxes. However, because SFAS 109 was implemented with the 12/31/91 year-end adjusting entries, and because this account is adjusted at year-end, (as discussed in the Contributed Taxes - CIAC section of this Order), we used 12/31/91 - 12/31/92 balances as surrogates. Consequently, because SFAS 109 requires the "reclassification/restatement" of net deferred taxes to deferred tax assets and deferred tax liabilities, the appropriate amount is

zero, which requires an adjustment of \$5,470 to reduce the balance to its appropriate level.

Deferred Tax Asset - CIAC Gross-Up

The utility's 09/30/91 and 09/30/92 trial balances do not reflect deferred tax assets, as the utility was accounting for its income taxes under APB 11. As discussed in the Contributed Taxes - CIAC section of this Order, we used the 12/31/91 - 12/31/92 balances as surrogates. However, because SFAS 109 was implemented with the 12/31/91 year-end adjusting entries, and because this account is adjusted at year-end we used the 12/31/91 - 12/31/92 balances as surrogates. Consequently, because SFAS 109 requires the "reclassification/restatement" of net deferred taxes to deferred tax assets and deferred tax liabilities, the appropriate balances at 12/31/91 and 12/31/92 are both \$128,185. Therefore, an adjustment of \$128,185 is necessary. No averaging adjustment is necessary.

Deferred Tax Liability

The utility's 09/30/91 and 09/30/92 trial balances do not reflect deferred tax liabilities, as the utility was accounting for its income taxes under APB 11. However, because SFAS 109 was implemented with the 12/31/91 year-end adjusting entries, and because this account is adjusted at year-end we used 12/31/91 - 12/31/92 balances as surrogates. Consequently, because SFAS 109 requires the "reclassification/restatement" of net deferred taxes to deferred tax assets and deferred tax liabilities, the appropriate balances at 12/31/91 and 12/31/92 are \$13,253 and \$18,777, respectively. Therefore, an adjustment of \$13,253 is necessary to reflect the correct 12/31/91 balance. Furthermore, an adjustment of \$5,524 is necessary to reflect the increase in this account as a result of unrecorded 1992 activity and the 12/31/92 year-end adjusting entries. Finally, an averaging adjustment of \$2,762 is required to reduce the account to its appropriate balance of \$16,015.

Working Capital Allowance

Consistent with our current practice, and our Rule 25-30.443, Florida Administrative Code (Form PSC/WAS 18), we used the one-eighth of operation and maintenance expense formula to calculate working capital allowance. Applying that formula, we arrived at a working capital allowance of \$11,664 (\$93,310/8).

Rate Base Summary

Based on the foregoing, we find that the appropriate average rate base balance is \$317,310.

COST OF CAPITAL

We find that the utility's appropriate rate of return on equity is 12.44%, the appropriate cost of debt is 8.00%, and the appropriate overall rate of return is 7.00%. The components in the utility's capital structure include equity, and long term debt. In instances when the approved rate base balance is less than the sum of the balance in the utility's capital structure, it is Commission policy to reduce each component in the capital structure by its weighted share of the excess capital. The pro rata adjustment is necessary in this instance. A discussion of each component of the utility's capital structure and the related pro rata adjustments follows.

Return on Equity

The utility's capital structure contained an average equity balance of (\$219,737) during the test period. We adjusted this balance to \$0, in conformity with our standard policy.

As we discussed in our leverage graph order (Order No. PSC-92-0686-FOF-WS, issued July 21, 1992), in order to discourage imprudent financial risk, the authorized return on common equity is capped at 12.44% for all water and wastewater utilities with equity ratios of less than 40%. For this utility the appropriate return on equity is 12.44%.

Cost of Debt

The utility maintained an average balance of \$716,728 in long term debt during the test period. This amount represents intercompany loans, with executed debt instruments at a stated interest rate of 8.00%. The pro rata adjustment results in a \$399,418 reduction to the debt balance.

Overall Rate of Return: As a result of the pro rata adjustment discussed above, we reconciled the capital structure to the average rate base balance at the end of the test period. Applying the 12.44% return on equity to the 0% of equity in the capital

structure results in a weighted cost of equity of 0%. When we applied the 8.00% cost of debt to the 100% of debt in the capital structure we reached a weighted cost of debt of 8.00%. Therefore, we find that the resulting appropriate overall rate of return is 8.00%.

The appropriate return on equity, the appropriate cost of debt and the appropriate overall rate of return are shown on Schedule No. 2.

NET OPERATING INCOME

We find that the appropriate test year revenue for Fountain Lakes is \$115,649. The utility recorded revenues of \$112,606 during the test period. A revenue check indicated that the appropriate amount of test period revenues is \$115,649. Therefore, we adjusted revenue by \$3,043 to reflect the annualization of a price index rate adjustment that occurred during the test year.

Test year revenue is shown on Schedule No. 3; the related adjustment is shown on Schedule No. 3-A.

Test Period Operating Expenses

The appropriate amount of test year operating expenses is \$113,098, and the appropriate amount of operating expenses for rate setting purposes is \$114,174. The components of the utility's operating expenses include operation and maintenance expenses, depreciation expense (net of CIAC amortization), amortization expense, taxes other than income taxes, and income taxes. A discussion of each component follows.

Operation and Maintenance (O&M) Expenses

Fountain Lakes charged \$122,520 to O&M expense during the test year. Explanations of the utility's recorded expenses that required adjustments follow.

1) Salaries and Wages - Employees - The utility recorded a total of \$30,000 for this expense during the test period. We increased this amount by \$13,500 to reflect a reclassification of its bookkeeper's salary from contractual services expense. An adjustment of \$21,192 was made to reclassify a portion of the recorded Salaries and Wages - Employees expense to Salaries and

Wages - Officers expense. In addition, we removed \$3,800 to reflect the disallowed portion of the bookkeeper's salary. Therefore, the appropriate balance in this account is \$18,508.

2) Salaries and Wages - Officers - The utility recorded \$0 for this expense during the test period. An addition of \$21,192 was made to reclassify the expense from the Salaries and Wages - Employees expense account. An adjustment of \$14,128 was made to reduce the officers' salaries to the appropriate amount. Therefore, the appropriate balance in this account is \$7,064.

3) Sludge Removal Expense - The utility recorded \$11,907 in this account during the test period. We have made an adjustment of \$124 to reflect test year expense that had been incurred but had not yet been recorded. Therefore, the appropriate balance in this account is \$12,031.

4) Purchased Power - The utility recorded \$7,347 in this account during the test period. A reduction of \$11 was made to reconcile the recorded balance to the invoices, and an additional reduction of \$41 was made to remove a nonutility expense. Therefore, the appropriate balance in this account is \$7,295.

5) Chemicals - The utility recorded \$4,801 in this account during the test period. A reduction of \$473 was made to reconcile the recorded balance to the invoices. No other adjustments were made. Therefore, the appropriate balance is \$4,328.

6) Materials and Supplies - The utility recorded \$375 in this account during the test period. We made a pro forma allowance of \$2,200 associated with converting to a monthly billing cycle, and therefore, the appropriate balance is \$2,575.

7) Contractual Services - The utility recorded \$60,852 in this account during the test period. We removed the following amounts: \$510 associated with expenses that are recovered in Salaries and Wages - Officers expense; \$1,837 associated with excess accounting fees charged by a related company; \$754 associated with out of period expenses; and \$5,300 associated with a non-utility repairs expense.

Fountain Lakes filed three CIAC gross-up reports (for the years 1989, 1990 and 1991) and a disposition of CIAC refund report during the test period. It incurred \$6,950 in expenses relating to these CIAC gross-up filing requirements; however, since a

substantial portion of this expense is associated with filing gross-up reports for prior years, we removed \$4,478 to reflect the appropriate expense on an annual basis.

We have made several other reductions to this account: \$13,500 was reclassified to Salaries and Wages - Employees expense; \$1,866 was reclassified to Regulatory Commission Expense; a \$150 adjustment was necessary to reconcile the books to the general ledger; and \$6,044 associated with the unamortized portion of extraordinary repairs expense was removed.

There were three adjustments that increased the balance in the account: \$450 was reclassified from the Miscellaneous expense account; \$1,000 to reflect the pro forma increase for percolation pond mowing; and \$147 to reflect a test year expense incurred but not recorded. These adjustments reduce the account balance by \$32,842; therefore, the appropriate balance is \$28,010.

8) Rents - The utility recorded \$3,000 in this account during the test year. We have increased this amount by \$3,804 to reflect a pro forma allowance for leasing the land associated with the additional percolation ponds. The appropriate balance is \$6,804.

9) Regulatory Commission Expense - Fountain Lakes recorded \$0 in this account, but we increased the balance by \$1,866 that was reclassified from the Contractual Services expense account. We also made two additions to this account: \$900 to reflect the filing fee in this proceeding; and \$11,843 to reflect additional actual and projected expenses. We decreased rate case expense by \$3,763 to reflect disallowance of the attorney's fees associated with the attorney's attendance at the customer meeting, and by \$1,326 to reflect disallowance of fees associated with the preparation of the staff-assisted rate case application. The four-year amortization of the remaining allowed expenses is \$2,380; therefore, the \$7,140 associated with the unamortized portion of this expense was removed from the account.

10) Bad Debt Expense - The utility recorded \$233 in this account during the test year. We reduced the balance to \$0 to conform with standard Commission policy.

11) Miscellaneous Expenses - Fountain Lakes recorded \$3,512 in this account during the test year. We reclassified \$450 to the Contractual Services expense account, and increased the balance by \$760 to reflect an appropriate allocation of computer expense from

a related company. No other adjustments were made. The appropriate balance is \$3,822.

Depreciation Expense (Net of Amortization of CIAC)

The utility recorded \$6,560 on its books during the test period. We removed this entire amount in order to reflect the appropriate amounts of depreciation expense and CIAC amortization. We applied the prescribed depreciation rates to the appropriate used and useful plant in service account balances for test year depreciation expense of \$24,423. We applied the composite depreciation rate to the appropriate CIAC account balance and offset depreciation expense by \$15,909. Therefore, the appropriate balance is \$8,514.

Amortization Expense

The utility recorded \$0 in this account at the end of the test year. We applied the composite depreciation rate to the appropriate balance in the amortizable assets account to reflect a test year amortization expense of \$702.

Taxes Other than Income

Fountain Lakes recorded \$10,629 in this account during the test year. We removed this entire amount in order to reflect the appropriate amounts of these taxes. We then increased the balance by \$5,204 to reflect the amount of regulatory assessment fees associated with the test year revenues. Additions of \$2,475 in payroll taxes associated with the appropriate salaries allowance and \$2,892 associated with used and useful property tax expense increase the appropriate balance to \$10,572.

Income Taxes

The utility recorded income tax credits of \$878 at the end of the test period. However, the utility has no equity; therefore income tax expense has been reduced to zero.

Increases in Operating Expenses for Rate Setting Purposes

Taxes Other Than Income Taxes

We increased this expense to \$1,076 to reflect the additional regulatory assessment fees associated with the appropriate revenue increase.

Operating Expenses Summary

The application of the appropriate adjustments to the utility's test year operating expenses results in appropriate operating expenses for rate setting purposes of \$114,174.

REVENUE REQUIREMENT

The appropriate revenue requirement for this utility is \$139,558. We find it appropriate, based on the foregoing, to grant Fountain Lakes an annual increase in revenue of \$23,909 (or 20.67%). This will allow the utility the opportunity to recover its operating expenses and earn a 8.00% return on its investment.

The revenue requirements and resulting annual increase are shown on Schedules Nos. 3 and 3-A.

RATES AND CHARGES

Fountain Lakes' current tariff is based on the base facility and gallonage charge rate structure. This is our preferred rate structure, because it is designed to provide for the equitable sharing by the ratepayers of both the fixed and variable costs of providing service. The base facility charge is based upon the concept of readiness to serve all customers connected to the system. This ensures that ratepayers pay their share of the variable costs of providing service (through the consumption or gallonage charge) and also pay their share of the fixed costs of providing service (through the base facility charge).

In addition, the base facility charge rate structure is an appropriate rate structure for Fountain Lakes for conservation purposes. We believe that excessive consumption will be discouraged through the implementation of the base facility and gallonage charge rate structure.

Approximately 54% (or \$75,228) of the revenue requirement is associated with the fixed costs of providing service and is

recovered through the base facility charge based on the number of factored ERCs and living units served during the test year. The remaining 46% (or \$64,331) of the revenue requirement is associated with the variable costs of providing service and is recovered through the consumption charge based on the number of factored gallons treated during the test year.

There is typically a rate differential between residential, multi-residential and general service gallonage charges. This differential reflects the smaller percentage of water that a residential customer returns to the wastewater system (due to lawn irrigation, etc.) versus the larger percentage of water that a multi-residential or general service customer returns to the system. Therefore, the gallonage charge for residential customers is typically lower than the gallonage charges for multi-residential and general service customers.

In this case, however, we find that there should be no gallonage charge rate differential. All 154 single-family residential customers of the utility have separate irrigation systems capable of drawing nonpotable water from a nearby groundwater source. The great majority of these customers (113 customers, or 73%) use this special irrigation arrangement, and only two customers own private irrigation wells. We encourage the use of nonpotable water for irrigation. The remaining 39 customers (25%) use potable water for irrigation.

Since the great majority of single-family residential customers use the nonpotable water irrigation system, the expected overall percentage of water returned to the wastewater system for residential customers is approximately the same as for the multi-residential and general service customers. Therefore, we do not find that a rate differential is necessary in this instance.

In addition, the lack of a rate differential will avoid discrimination within the residential customer class, as not all of the customers have the same water disposal patterns. This is consistent with our policy not to discriminate within a customer class.

We will require Fountain Lakes to convert from bi-monthly to monthly billing. This will reduce the lag time between the utility paying its bills and the receipt of revenues.

Fountain Lakes' existing rates and its new rates are shown below.

MONTHLY RATES - WASTEWATER

	<u>Current Rates</u>	<u>Commission's Approved Rates</u>
<u>Base Facility Charge:</u>		
Residential (all meter sizes)	\$ 11.47	\$ 12.66
Multi-Residential (per unit)	11.47	12.66
General Service (by meter sizes):		
<u>Meter Sizes</u>		
5/8" x 3/4"	\$ 11.47	\$ 12.66
3/4"	N/A	18.98
1"	28.70	31.64
1 1/2"	57.38	63.28
2"	91.82	101.25
3"	183.64	202.50
4"	286.36	316.40
6"	573.86	632.81
 <u>Consumption Charge Per 1,000 Gallons:</u>		
Residential (capped at 8,000 gallons)	\$ 2.19	\$ 3.34
Multi-Residential	2.64	3.34
General Service	2.64	3.34

Reuse of Treated Wastewater

We do not find it appropriate to require Fountain Lakes to take any action regarding reuse of treated wastewater. Water use in the utility's service area is under the jurisdiction of the South Florida Water Management District (SFWMD). The district has designated the region as a critical use area, thereby requiring that water conservation methods be implemented.

Currently, the utility disposes of its effluent in percolation ponds. The utility is in the process of obtaining construction permits from DER to expand its wastewater collection, treatment and disposal facilities in order to accommodate the addition of 290

single family and 83 multi-family units. Our staff was advised by the utility's engineering firm that the new permit is in the final stages of being issued, with the provision that the effluent will continue to be reused as "ground flow recharge" by allowing it to flow into percolation ponds and thereby return to the water table through the ground. DER confirmed that the percolation ponds remain a viable method of reuse in that area. Therefore, no additional action by the utility is necessary at this time.

Service Availability Charges

We find that it is not necessary to revise Fountain Lakes' service availability charge at this time. The utility is currently authorized to charge a service availability charge of \$940 per ERC. If the present charge is continued, the resulting contribution level will be approximately 75% when the utility reaches build-out. Therefore, we will not change the current charge.

Miscellaneous Service Charges

We find that it is necessary to revise Fountain Lakes' miscellaneous service charges at this time. The utility's current charges and our revisions are shown below:

	<u>Current Rates</u>	<u>Revised Rates</u>
Initial Connection	\$ 15.00	\$ 15.00
Normal Reconnection	15.00	15.00
Violation Reconnection	15.00	Actual Cost
Premises Visit (in lieu of disconnection)	10.00	10.00

The change to the violation reconnection charge to the actual cost more accurately reflects the costs associated with providing the service, and it places the burden of payment on the person who causes the cost to be incurred (the "cost causer"), rather than on Fountain Lakes' other ratepayers.

Recovery of Rate Case Expense

We find that the appropriate recovery period for rate case expense is four years. The appropriate annual revenue reduction at the end of that period is \$2,492. Section 367.0816, Florida Statutes, entitled "Recovery of Rate Case Expenses" states:

The amount of rate case expense determined by the Commission pursuant to the provisions of this chapter to be recovered through a public utilities rate shall be apportioned for recovery over a period of 4 years. At the conclusion of the recovery period, the rate of the public utility shall be reduced immediately by the amount of rate case expense previously included in rates.

The rate case expense incurred by Fountain Lakes for this case to date totals \$14,609. We have decreased that expense by \$3,763 to reflect disallowance of the attorney's fees associated with his attendance at the customer meeting, and by \$1,326 to reflect the disallowance of fees associated with the preparation of the staff-assisted rate case application. The four-year amortization of the remaining allowed expenses is \$2,380. The appropriate recovery period for this expense is four years, which allows the utility to recover \$2,380 per year through its rates. Once the annual Regulatory Commission Expense recovery is grossed up to reflect regulatory assessment fees, the annual recovery increases to \$2,492.

At the end of four years, Fountain Lakes' rates should be reduced by \$2,492 annually. Assuming no change in current revenues, expenses, capital structure and customer base, the effect of this rate reduction is a \$.21 reduction in the base facility charge for a 5/8" x 3/4" meter and a \$.06 reduction in the gallonage charge.

Fountain Lakes should file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. Fountain Lakes should 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 pass-through rate adjustment, separate data should 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.

The four year rate case expense reductions are shown on Schedule No. 4.

Temporary Rates in the Event of Protest

This Order proposes an increase in wastewater rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the utility. Therefore, in the event of a protest filed by a party other than the utility, we hereby authorize the utility to collect the rates approved herein, on a temporary basis, subject to the refund provisions discussed below.

Fountain Lakes shall be authorized to collect the temporary rates upon our Staff's approval of both the security for the potential refund and a copy of the proposed customer notice. The security shall be in the form of a bond or letter of credit in the amount of \$16,277. Alternatively, the utility may establish an escrow agreement with an independent financial institution.

If the utility chooses a bond as security, the bond shall contain wording to the effect that it will be terminated only under the following conditions:

- 1) The Commission approves the rate increase; or
- 2) If the Commission denies the increase, the utility shall refund the amount collected that is attributable to the increase.

If the utility chooses a letter of credit as security, it shall contain the following conditions:

- 1) The letter of credit is irrevocable for the period it is in effect.
- 2) The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions shall be part of the agreement:

- 1) No refunds in the escrow account may be withdrawn by the utility without the express approval of the Commission.
- 2) The escrow account shall be an interest bearing account.
- 3) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
- 4) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the utility.
- 5) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
- 6) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
- 7) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to Consentino v. Elson, 263 So.2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
- 8) The Director of Records and Reporting must be a signatory to the escrow agreement.

In no instance shall the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and shall be borne by, the utility. Irrespective of the form of security chosen by the utility, an account of all monies received as a result of the rate increase shall be maintained by the utility. This account must specify by whom and on whose behalf such monies were paid. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

The utility shall maintain a record of the amount of the security provided, and the amount of revenues that are subject to refund. After the increased rates are in effect, the utility shall file reports with the Division of Water and Wastewater no later

than 20 days after each monthly billing. These reports shall indicate the amount of revenue collected under the increased rates.

EFFECTIVE DATE

The rates shall be effective for meter readings taken 30 days on or after the stamped approval date on the revised tariff sheets. The miscellaneous service charges shall be effective for service rendered or connections made on or after the stamped approval date on the revised tariff sheets. Tariff sheets will not be approved until our Staff verifies that the tariff sheets are consistent with this Commission's decision, that the proper security for refund has been provided, and that the proposed customer notice is adequate.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the application of Fountain Lakes Sewer Corporation for an increase in its wastewater rates in Lee County is approved as set forth in the body of this Order. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

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

ORDERED that all of the provisions of this Order, except for the granting of temporary rates in the event of protest, subject to refund, 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 of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that Fountain Lakes Sewer Corporation is authorized to charge the new rates and charges 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 30 days after the stamped approval date on the revised tariff pages. It is further

ORDER NO. PSC-93-1189-FOF-SU
DOCKET NO. 921089-SU
PAGE 22

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

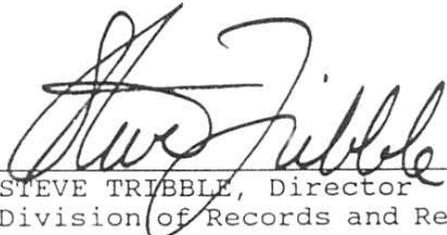
ORDERED that prior to its implementation of the rates and charges approved herein, Fountain Lakes Sewer Corporation shall submit and have approved a proposed notice to its customers of the increased rates and charges and the reasons therefor. The notice will be approved upon our Staff's verification that it is consistent with our decision herein. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Fountain Lakes Sewer Corporation shall submit and have approved revised tariff pages. The revised tariff pages will be approved upon our Staff's verification that they 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, Fountain Lakes Sewer Corporation 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 Fountain Lakes Sewer Corporation has furnished satisfactory security for any potential refund, and provided that it has submitted, and our Staff has approved, revised tariff pages and a proposed customer notice. It is further

ORDERED that this docket may be closed administratively if no timely protest is received from a substantially affected person by the expiration of the protest period.

By ORDER of the Florida Public Service Commission, this 12th
day of August, 1993.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)
MCB:bmi

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.

The action proposed herein is 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 September 2, 1993.

In the absence of such a petition, this order shall become effective on the day 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.

ORDER NO. PSC-93-1189-FOF-SU
DOCKET NO. 921089-SU
PAGE 24

If 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 wastewater 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.

FOUNTAIN LAKES SEWER CORPORATION
DOCKET NO. 921089-SU
TEST YEAR ENDED SEPTEMBER 30, 1992

SCHEDULE NO. 1
RATE BASE

Account Title =====	Balance per Utility =====	Commission Adjustments to Utility Balance =====		Balance per Commission =====
Amortizable Assets	\$19,419	\$0		\$19,419
Depreciable Plant in Service	720,158	164,696	A	884,854
Land/Nondepreciable Assets	72,352	0		72,352
Plant Held for Future Use	0	(141,016)	B	(141,016)
Contributions in Aid of Construction	(353,303)	(176,448)	C	(529,751)
Accum Amort of Amortizable Assets	(2,063)	135	D	(1,929)
Accumulated Depreciation	(97,061)	(33,843)	E	(130,904)
Accumulated Amortization of CIAC	50,963	40,075	F	91,038
Contributed Taxes - CIAC	(47,376)	(23,212)	G	(70,588)
Deferred Income Tax	5,470	(5,470)	H	0
Deferred Tax Asset - CIAC Gross-Up	0	128,185	I	128,185
Deferred Tax Liability	0	(16,015)	J	(16,015)
Working Capital Allowance	0	11,664	K	11,664
 RATE BASE	 ----- \$368,558 -----	 ----- (\$51,248) -----		 ----- \$317,310 -----

ORDER NO. PSC-93-1189-FOF-SU
DOCKET NO. 921089-SU
PAGE 26

FOUNTAIN LAKES SEWER CORPORATION
DOCKET NO. 921089-SU
TEST YEAR ENDED SEPTEMBER 30, 1992

SCHEDULE NO. 1A
ADJUSTMENTS TO
RATE BASE
PAGE 1 OF 3

A. DEPRECIABLE PLANT IN SERVICE:

1. Reflect Estero Woods collection system not recorded on the utility's books	169,515
2. Retire fence from service	(3,769)
3. Test year averaging adjustment	(1,050)

Subtotal	164,696

B. PLANT HELD FOR FUTURE USE (PHFU):

1. Average test year balance of PHFU	(163,658)
2. Accumulated depreciation associated with test year PHFU	22,642

Subtotal	(141,016)

C. CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC):

1. Reflect Estero Woods collection system not recorded on the utility's books	(169,515)
2. Unbilled connection charge	(940)
3. Test year averaging adjustment	7,050
4. Allowance for margin reserve	(13,043)

Subtotal	(176,448)

D. ACCUM AMORT OF AMORTIZABLE ASSETS:

1. Remove test year amortization expense recorded by the utility	485
2. Test year amortization expense	(702)
3. Test year averaging adjustment	351

Subtotal	135

FOUNTAIN LAKES SEWER CORPORATION
 DOCKET NO. 921089-SU
 TEST YEAR ENDED SEPTEMBER 30, 1992

SCHEDULE NO. 1A
 ADJUSTMENTS TO
 RATE BASE
 PAGE 2 OF 3

E. ACCUMULATED DEPRECIATION:

1. Additional accumulated depreciation associated with the Estero Woods collection system	(45,416)
2. Remove fence retired from service	3,908
3. Remove test year depreciation expense recorded by the utility	23,650
4. Test year depreciation expense	(31,970)
5. Test year averaging adjustment	15,985

Subtotal	(33,843)

F. ACCUMULATED AMORTIZATION OF CIAC:

1. Additional accumulated amortization associated with the Estero Woods collection system	45,416
2. Remove test year amortization recorded by the utility	(14,328)
3. Test year amortization	17,030
4. Test year averaging adjustment	(8,515)
3. Amortization of margin reserve	471

Subtotal	40,074

G. CONTRIBUTED TAXES - CIAC:

1. Reflect 12/31/91 adjusting entries not recorded by utility	(21,122)
2. Reflect 1992 activity	(4,179)
3. Test year averaging adjustment	2,089

Subtotal	(23,212)

FOUNTAIN LAKES SEWER CORPORATION
DOCKET NO. 921089-SU
TEST YEAR ENDED SEPTEMBER 30, 1992

SCHEDULE NO. 1A
ADJUSTMENTS TO
RATE BASE
PAGE 3 OF 3

H. DEFERRED INCOME TAXES:

1. Restate to deferred tax asset/liability
per SFAS 109 (5,470)

I. DEFERRED TAX ASSET - CIAC GROSS-UP:

1. Reflect 12/31/91 adjusting entries
not recorded by utility and restate
per SFAS 109 128,185

J. DEFERRED TAX LIABILITY :

1. Reflect 12/31/91 adjusting entries
not recorded by utility and restate
per SFAS 109 (13,253)
2. Reflect 1992 activity (5,524)
3. Test year averaging adjustment 2,762

Subtotal (16,015)

K. WORKING CAPITAL ALLOWANCE:

1. Working capital allowance based on
one-eighth of O&M expenses 11,664

TOTAL RATE BASE ADJUSTMENTS: (51,248)

=====

FOUNTAIN LAKES SEWER CORPORATION
 DOCKET NO. 921089-SU
 TEST YEAR ENDED SEPTEMBER 30, 1992

SCHEDULE NO. 2
 COST OF CAPITAL

Component	Average Balance Per Utility	Commission Adjustments to Utility Balance	Adjusted Balance	Pro Rata Adjustments	Balance per Commission	Percent of Total	Weighted Cost	Weighted Cost
=====	=====	=====	=====	=====	=====	=====	=====	=====
Equity	(\$219,737)	\$219,737	\$0	\$0	\$0	0.00%	12.44%	0.00%
Long Term Debt	\$716,728	0	716,728	(399,418)	317,310	100.00%	8.00%	8.00%
	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL	\$496,991	\$219,737	\$716,728	(\$399,418)	\$317,310	100.00%		8.00%
								=====

Zones of Reasonableness:

=====

	Low	High
	=====	=====
Equity	11.44%	13.44%
Rate of Return	8.00%	8.00%

FOUNTAIN LAKES SEWER CORPORATION
 DOCKET NO. 921089-SU
 TEST YEAR ENDED SEPTEMBER 30, 1992

SCHEDULE NO. 3
 OPERATING INCOME

	Balance Per Utility =====	Commission Adjustments to Utility Balance =====		Test Year Balance per Commission =====	Commission Adjustments for Increase =====		Balance per Commission =====
Operating Revenues	\$112,606	\$3,043	A	\$115,649	\$23,909	G	\$139,558
Operating Expenses:							

Operation and Maintenance	\$122,520	(\$29,210)	B	\$93,310	\$0		\$93,310
Depreciation	6,560	1,954	C	8,514	0		8,514
Amortization	0	702	D	702	0		702
Taxes Other Than Income	10,629	(57)	E	10,572	1,076	H	11,648
Income Taxes	(878)	878	F	0	0		0

Total Operating Expenses	\$138,832	(\$25,734)		\$113,098	\$1,076		\$114,174

Operating Income (Loss)	(\$26,226)	\$28,777		\$2,551	\$22,833		\$25,384

Rate Base	\$368,559			\$317,310			\$317,310

Rate of Return	-7.12%			0.80%			8.00%
=====							

FOUNTAIN LAKES SEWER CORPORATION
DOCKET NO. 921089-SU
TEST YEAR ENDED SEPTEMBER 30, 1992

SCHEDULE NO. 3A
ADJUSTMENTS TO
OPERATING INCOME
PAGE 1 OF 4

A. OPERATING REVENUES:

1. To reflect the appropriate level of
test year revenues 3,043

B. OPERATION AND MAINTENANCE EXPENSES:

1. Salaries and Wages Expense - Employees:
1. To reclassify from contractual services
expense (accounting) 13,500
2. To reclassify from salaries - employees to
salaries - officers (21,192)
3. Remove disallowed portion of salaries related
to accounting services (3,800)

Subtotal (11,492)

2. Salaries and Wages Expense - Officers:
1. Reclassified from salaries - employees 21,192
2. Remove excess officer's expense (14,128)

Subtotal 7,064

3. Sludge Removal Expense
1. Test year expense incurred but not recorded 124

4. Purchased Power Expense:
1. Reconciliation of books to invoices (11)
2. Remove nonutility expense (Christmas display) (41)

Subtotal (52)

5. Chemicals Expense:
1. Remove unsupported expense (473)

6. Materials and Supplies Expense:
1. Pro forma allowance for conversion to
monthly billing 2,200

FOUNTAIN LAKES SEWER CORPORATION
DOCKET NO. 921089-SU
TEST YEAR ENDED SEPTEMBER 30, 1992

SCHEDULE NO. 3A
ADJUSTMENTS TO
OPERATING INCOME
PAGE 2 OF 4

7. Contractual Services Expense:	
1. Reclassified to salaries - employees	(13,500)
2. Remove expenses recovered in salaries - officers	(510)
3. Remove excess portion of annualized expense relating to CIAC gross-up	(4,478)
4. Reclassified to regulatory commission expense	(1,866)
5. Remove excess allocation of accounting fees from related company	(1,837)
6. Remove out of period expense	(650)
7. Reclassified from miscellaneous expense to contractual services expense	450
8. Pro forma increase for pond mowing expense	1,000
9. Remove out of period testing expense	(53)
10. Remove out of period repairs expense	(51)
11. Test year expense incurred but not recorded	147
12. Reflect balance per general ledger	(150)
13. Remove unamortized portion of extraordinary repairs expense	(5,044)
14. Remove nonutility repairs expense	(5,300)

Subtotal	(32,842)
8. Rents Expense:	
1. Pro forma allowance for land lease payments (percolation ponds)	3,804
9. Regulatory Commission Expense:	
1. Reclassified from contractual services expense to regulatory commission expense	1,866
2. Filing fee in the instant case	900
3. Additional actual and projected expenses	11,843
4. Disallowed portion of rate case expense	(5,089)
5. Remove unamortized portion of regulatory commission expense	(7,140)

Subtotal	2,380
10. Bad Debt Expense	
1. Disallow expense in conformity with Commission policy	(233)

FOUNTAIN LAKES SEWER CORPORATION
DOCKET NO. 921089-SU
TEST YEAR ENDED SEPTEMBER 30, 1992

SCHEDULE NO. 3A
ADJUSTMENTS TO
OPERATING INCOME
PAGE 3 OF 4

11. Miscellaneous Expense:

1. Reclassified from miscellaneous expense to contractual services expense	(450)
2. Allowance for computer use	760

Subtotal	310

TOTAL O & M ADJUSTMENTS: (29,210)
=====

C. DEPRECIATION EXPENSE (NET OF CIAC AMORTIZATION):

1. Remove test year depreciation expense per utility	(6,560)
2. Used and useful test year depreciation expense as approved by the Commission	24,423
3. Used and useful test year CIAC amortization as approved by the Commission	(15,909)

Subtotal	1,954

D. AMORTIZATION EXPENSE:

1. Test year amortization expense	702
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E. TAXES OTHER THAN FEDERAL INCOME TAXES:

1. Remove test year amount per utility	(10,629)
2. Regulatory assessment fees based on Commission's approved balance of test year revenues	5,204
3. Payroll taxes associated with Commission's approved salaries and wages allowance	2,475
4. Used and useful property tax expense	2,892

Subtotal	(58)

ORDER NO. PSC-93-1189-FOF-SU
DOCKET NO. 921089-SU
PAGE 34

FOUNTAIN LAKES SEWER CORPORATION
DOCKET NO. 921089-SU
TEST YEAR ENDED SEPTEMBER 30, 1992

SCHEDULE NO. 3A
ADJUSTMENTS TO
OPERATING INCOME
PAGE 4 OF 4

F. INCOME TAXES:

1. Commission's approved adjustment 878

G. OPERATING REVENUES:

1. Commission's approved revenue increase 23,909

H. TAXES OTHER THAN INCOME TAXES:

1. To reflect increase in regulatory assessment
fees associated with Commission's approved
revenue increase 1,076

FOUNTAIN LAKES SEWER CORPORATION
 DOCKET NO. 921089-SU
 TEST YEAR ENDED SEPTEMBER 30, 1992

SCHEDULE NO. 38
 DETAIL OF OPERATION AND
 MAINTENANCE EXPENSES

---- Account ----- No. Description === =====	Balance per Utility =====	Commission Adjustments =====		Balance per Commission =====
701 Salaries and Wages - Employees	\$30,000	(\$11,492)	1	\$18,508
703 Salaries and Wages - Officers	0	7,064	2	7,064
704 Employee Pensions and Benefits	0	0		0
710 Purchased Sewage Treatment	0	0		0
711 Sludge Removal Expense	11,907	124	3	12,031
715 Purchased Power	7,347	(52)	4	7,295
716 Fuel for Power Production	0	0		0
718 Chemicals	4,801	(473)	5	4,328
720 Materials and Supplies	375	2,200	6	2,575
730 Contractual Services	60,852	(32,842)	7	28,010
740 Rents	3,000	3,804	8	6,804
750 Transportation Expenses	0	0		0
755 Insurance Expense	494	0		494
765 Regulatory Commission Expense	0	2,380	9	2,380
770 Bad Debt Expense	233	(233)	10	0
775 Miscellaneous Expenses	3,512	310	11	3,822
	-----	-----		-----
TOTAL OPERATION AND MAINTENANCE EXPENSES	\$122,520	(\$29,210)		\$93,310
	=====	=====		=====

FOUNTAIN LAKES SEWER CORPORATION
 DOCKET NO. 921089-SU
 TEST YEAR ENDED SEPTEMBER 30, 1992

SCHEDULE 4
 RATE REDUCTION AFTER
 RECOVERY OF RATE CASE EXPENSE

MONTHLY RATES - WASTEWATER

	APPROVED RATES	RATE DECREASE
	-----	-----
RESIDENTIAL SERVICE		

Base Facility Charge:		

Meter Sizes: 5/8" x 3/4"	\$ 12.66	\$ 0.21
MULTI-RESIDENTIAL SERVICE		

Per Living Unit:	\$ 12.66	\$ 0.21
GENERAL SERVICE		

Meter Sizes: 5/8" x 3/4"	\$ 12.66	\$ 0.21
3/4"	18.98	0.31
1"	31.64	0.52
1 1/2"	63.28	1.04
2"	101.25	1.67
3"	202.50	3.34
4"	316.40	5.21
6"	632.81	10.44
Gallonge Charge per 1,000 Gallons:		

Residential Service (capped at 8,000 gallons)	\$ 3.34	\$ 0.06
Multi-Residential Service	3.34	0.06
General Service	3.34	0.06