

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION
CLERK

DATE: September 6, 2012

TO: Office of Commission Clerk (Cole)

FROM: Division of Accounting and Finance (VanEsselstine, Fletcher, Springer, Maurey)
Division of Engineering (Ballinger, McRoy)
Office of the General Counsel (Lawson)

Bo *MW* *ALM*
JSC *m* *12*

RE: Docket No. 120152-WS – Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, Inc.

AGENDA: 09/18/12 – Regular Agenda – Decision on Suspension of Rates and on Interim Rates – Participation is at the Discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Graham

CRITICAL DATES: 60-Day Suspension Date Waived Through 09/19/12

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\AFD\WP\120152.RCM.DOC

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Case Background

Pluris Wedgefield, Inc. (Pluris or Utility) is a Class B utility providing service to approximately 1,598 water and 1,567 wastewater customers in Orange County. For the year ended December 31, 2011, the Utility reported operating revenues of \$1,717,005 and net operating income of \$31,189. The Utility's last rate case was in 2008 for water and 1998 for wastewater.¹ On September 8, 2009, Pluris was transferred from Wedgefield Utilities, Inc. to Pluris Wedgefield, LLC.² The Utility became Pluris Wedgefield, Inc. by Order No. PSC-09-0739-FOF-WS issued November 9, 2009.³

On July 19, 2012, Pluris filed its application for the rate increase at issue in the instant docket. As of the date of this recommendation, there are deficiencies in the Minimum Filing Requirements (MFRs). The Utility requested that the application be processed using the Proposed Agency Action (PAA) procedure and requested interim rates. The test year established for interim and final rates is the simple average period ended December 31, 2011.

The Utility requested interim rates designed to generate annual revenues of \$1,358,772 for water and \$907,479 for wastewater. This represents an annual revenue increase of \$373,326 (37.88 percent) for water and \$175,920 (7.76 percent) for wastewater. Pluris requested final rates designed to generate annual revenues of \$1,379,982 for water and \$913,888 for wastewater. This represents a revenue increase of \$394,536 (40.04 percent) for water and \$182,329 (18.50 percent) for wastewater.

The 60-day statutory deadline for the Commission to suspend the Utility's requested final rates and address its interim request is September 18, 2012. By letter dated July 23, 2012, the Utility extended this 60-day deadline through September 19, 2012. This recommendation addresses the suspension of the Utility's requested final rates and its requested interim rates. The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes (F.S.).

¹ See Order Nos. PSC-08-0827-PAA-WS, issued December 22, 2008, in Docket No. 070694-WS, In re: Application for increase in water and wastewater rates in Orange County by Wedgefield Utilities, Inc.; and PSC-98-1092-FOF-WS, issued August 12, 1998, in Docket No. 960235-WS, In re: Application for transfer of Certificates Nos. 404-W and 341-S in Orange County from Econ Utilities Corporation to Wedgefield Utilities, Inc.

² See Order No. PSC-09-0610-FOF-W8, issued September 8, 2009, in Docket No. 090232-WS, In re: Joint application for authority to transfer assets and Certificate Nos. 404-W and 341-S in Orange County from Wedgefield Utilities, Inc. to Pluris Wedgefield, LLC.

³ See Order No. PSC-09-0739-FOF-WS, issued November 9, 2009, in Docket No. 090418-WS, In re: Application for name change on Certificate Nos. 404-W and 341-S in Orange County from Pluris Wedgefield, LLC to Pluris Wedgefield, Inc.

Discussion of Issues

Issue 1: Should the Utility's proposed final water and wastewater rates be suspended?

Recommendation: Yes. Pluris' proposed final water and wastewater rates should be suspended. (VanEsselstine, Fletcher)

Staff Analysis: Section 367.081(6), F.S., provides that the Commission may, for good cause, withhold consent to the implementation of the requested rates within 60 days after the date the rate request is filed. Further, Section 367.081(8), F.S., permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months from the official date of filing if: (1) the Commission has not acted upon the requested rate increase; or (2) if the Commission's PAA action is protested by a party other than the Utility.

Staff has reviewed the filing and has considered the information filed in support of the rate application and the proposed final rates. Staff believes further investigation of this information is necessary, including on-site investigations by staff accountants and engineers. To date, staff has initiated an audit of the Utility's books and records. This audit is tentatively due on September 28, 2012. In addition, staff sent its first data request on August 31, 2012. The Utility's response to this data request is due on October 1, 2012. Further, staff believes additional requests will be necessary to process this case. Based on the foregoing, staff recommends suspension of the Utility's proposed rate increase.

Issue 2: Should any interim revenue increases be approved?

Recommendation: Yes, Pluris should be authorized to collect annual water and wastewater revenues as indicated below:

	<u>Adjusted Test Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Water	\$987,755	\$362,443	\$1,350,198	36.69%
Wastewater	\$732,003	\$175,476	\$907,479	23.97%

(VanEsselstine, Fletcher, McRoy)

Staff Analysis: On July 19, 2012, Pluris filed rate base, cost of capital, and operating statements to support its requested revenue increase. Pursuant to Section 367.082(1), F.S., in order to establish a prima facie entitlement for interim relief, the Utility shall demonstrate that it is earning outside the range of reasonableness on its rate of return. Pursuant to Section 367.081(2)(a), F.S., in a proceeding for an interim increase in rates, the Commission shall authorize, within 60 days of the filing for such relief, the collection of rates sufficient to earn the minimum of the range of rate of return. Based on the Utility's filing and the recommended adjustments below, staff believes that the Utility has demonstrated a prima facie entitlement in accordance with Section 367.082(1), F.S.

Pursuant to Section 367.082(5)(b)1, F.S., the achieved rate of return for interim purposes must be calculated by applying appropriate adjustments consistent with those made in a utility's most recent rate proceeding. Staff reviewed Pluris' interim request, Order No. PSC-08-0827-PAA-WS, in which the Commission last established water rates, and Order No. PSC-98-1092-FOF-WS, in which the Commission last established wastewater rates. In addition, staff reviewed Order No. PSC-09-0610-FOF-WS related to the transfer of the Utility from Wedgefield Utilities, Inc. to Pluris Wedgefield, LLC.⁴ Consistent with Commission practice, an approved return on equity (ROE) does not survive a transfer.⁵ Accordingly, staff recommends the appropriate ROE for interim purposes should be based on the Commission-approved leverage formula currently in effect.⁶

Staff has reviewed Pluris' interim request and recommends the adjustments that are discussed below. Staff has attached accounting schedules to illustrate staff's recommended rate base, capital structure, and test year operating income amounts. Rate base for water and wastewater, respectively, are labeled as Schedule Nos. 1-A and 1-B, with adjustments shown on

⁴ See Order No. PSC-09-0610-FOF-WS, issued September 8, 2009, in Docket No. 090232-WS, In re: Joint application for authority to transfer assets and Certificate Nos. 404-Wand 341-8 in Orange County from Wedgefield Utilities, Inc. to Pluris Wedgefield, LLC.

⁵ See Order No. PSC-10-0656-FOF-WU, issued November 1, 2010, in Docket No. 100400-WU, In re: Investigation of rates of O&S Water Company, Inc. in Osceola County for possible overearnings, p. 2.

⁶ See Order Nos. PSC-12-0339-PAA-WS, issued June 28, 2012, and PSC-12-0372-CO-WS, issued July 20, 2012, in Docket No. 120006-WS, In re: Water and Wastewater Industry Annual Reestablishment of Authorized Range of Return on Common Equity for Water and Wastewater Utilities Pursuant to Section 367.081(4)(f), Florida Statutes.

Schedule No. 1-C, capital structure is labeled as Schedule No. 2, and operating income for water and wastewater, respectively, are labeled as Schedule Nos. 3-A and 3-B, with the adjustments shown on Schedule No. 3-C.

RATE BASE

Pluris filed a year-end water and wastewater interim rate base for the calendar year ended December 31, 2011. Based on an analysis of the MFRs, staff discovered that the Utility made a calculation error in reconciling its requested water and wastewater rate bases. Pursuant to Rule 25-30.433(4), Florida Administrative Code (F.A.C.), for Class B utilities, rate base is to be calculated using the simple beginning and end-of-the year average. In order to properly reflect the simple average balances for water, plant-in-service, accumulated depreciation, CIAC, and accumulated amortization of CIAC, staff recommends the following adjustments:

Table 2-1

Adjustments Required to Simple Average Water Balances	
Plant-in-Service	\$189,969
Accumulated Depreciation	(\$14,234)
CIAC	(\$1,029)
Accumulated Amort. of CIAC	(\$764)

Further, staff recommends that to properly reflect the simple average balances for wastewater, plant-in-service, accumulated depreciation, and accumulated amortization of CIAC should be adjusted as follows:

Table 2-2

Adjustments Required to Simple Average Wastewater Balances	
Plant-in-Service	\$189,856
Accumulated Depreciation	(\$26,659)
Accumulated Amort. of CIAC	(\$40,079)

USED AND USEFUL PLANT

The Utility included a used and useful (U&U) adjustment to its interim rate base. Staff reviewed the prior rate cases and the filings in the instant docket to review the consistency in methodology. The U&U percentage for the Water Treatment Plant (WTP) and storage should be considered 100 percent U&U. The U&U percentage for the Wastewater Treatment Plant (WWTP) should be considered 72.1 percent U&U. The distribution system should be considered 85.1 percent U&U. Staff believes the Utility's U&U rate base adjustments are appropriate and in accordance with Section 367.082, F.S. Based on the above, staff recommends that Pluris' interim water rate base should be \$4,464,130, and wastewater rate base should be \$1,200,475.

COST OF CAPITAL

Based on an analysis of the MFRs, staff discovered that the Utility made a calculation error in reconciling its long-term debt and customer deposits necessary for determining the appropriate total capital structure. Pursuant to Rule 25-30.433(4), F.A.C., the method that should be used to calculate the cost of capital for Class B utilities is the simple beginning and end-of-year average. As such, staff has made adjustments to decrease long-term debt by \$252,432 and increase customer deposits by \$1,032. Based on the current leverage formula and an equity ratio of 40.67 percent, the indicated ROE is 11.07 percent with a range of 10.07 percent to 12.07 percent. Based on the above and using the minimum ROE of 10.07 percent, staff recommends an interim weighted average cost of capital of 7.96 percent. Staff's recommended capital structure is shown on Schedule No. 2.

NET OPERATING INCOME

Pursuant to Section 367.082(5)(b)1, F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with adjustments made in the Utility's most recent rate proceeding and annualized for any rate changes. To obtain the appropriate amount of interim test year operating revenues, staff removed the requested interim revenue increase of \$373,326 for water and \$175,920 for wastewater. When annualizing the rates in effect as of December 31, 2011, staff calculated annualized service revenues of \$947,723 for water and \$732,003 for wastewater. Therefore, test year revenues should be increased by \$2,309 for water and \$444 for wastewater.

REVENUE REQUIREMENT

Staff calculated the interim revenue requirement using the actual operating expenses for the year ended December 31, 2011 and a 7.96 percent overall rate of return on an average rate base. However, this resulted in a revenue requirement for the wastewater system that is greater than that requested by the Utility. The Commission practice is to limit the recommended interim revenue requirement to the amount requested.⁷ Staff believes the appropriate interim revenue requirement should be \$1,350,198 for water and \$907,479 for wastewater. This represents an interim increase in revenues of \$362,443 (or 36.69 percent) for water and \$175,476 (or 23.97 percent) for wastewater. This increase will allow the Utility the opportunity to recover its water operating expenses and earn a 7.96 percent return on its water rate base and a 7.59 percent return on its wastewater rate base.

⁷ See Order Nos. PSC-10-707-FOF-WS, issued November 29, 2010, in Docket No. 100330-WS, In re: Application for increase in water/wastewater rates in Alachua, Brevard, DeSoto, Hardee, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.; PSC-05-0287-PAA-SU, issued March 17, 2005, in Docket No. 040972-SU, In re: Application for rate increase in Pinellas County by Ranch Mobile WWTP, Inc.; and PSC-96-1187-FOF-WU, issued September 23, 1996, in Docket No. 960444-WU, In re: Application for rate increase and for increase in service availability charges in Lake County by Lake Utility Services, Inc.

Issue 3: What are the appropriate interim water and wastewater rates?

Recommendation: The appropriate rates are shown on Schedule No. 4-A for water and Schedule No. 4-B for wastewater. The water and wastewater service revenues for Pluris in effect as of December 31, 2011, should be increased by 38.24 percent for water and 23.97 percent for wastewater to generate the recommended revenue increase for the interim period. The approved rates should be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1)(a), F.A.C. The rates should not be implemented until staff verifies that the tariff sheets are consistent with the Commission's decision, the proposed customer notice is adequate, and the required security has been filed. The Utility should provide proof of the date notice was given within 10 days after the date of notice. (VanEsselstine, Fletcher)

Staff Analysis: Staff recommends that interim water and wastewater service rates for Pluris be designed to allow the Utility the opportunity to generate annual operating revenues of \$1,350,198 for water operations and \$907,479 for wastewater operations. Before removal of miscellaneous revenues, this would result in an increase of \$362,443 or 36.69 percent for water. To determine the appropriate percentage increase to apply to the service rates, miscellaneous service revenues should be removed from the test year revenues. The calculation is as follows:

Table 3-1

	<u>Water</u>	<u>Wastewater</u>
1 Total Test Year Revenues	\$987,755	\$732,003
2 Less: Miscellaneous Revenues	<u>40,032</u>	<u>0</u>
3 Test Year Revenues from Service Rates	\$947,723	\$732,003
4 Revenue Increase	<u>\$362,443</u>	<u>\$175,476</u>
5 % Service Rate Increase (Line 4/Line 3)	<u>38.24%</u>	<u>23.97%</u>

The interim rate increases of 38.24 percent for water⁸ and 23.97 percent for wastewater should be applied as an across-the-board increase to the service rates in effect as of December 31, 2011. The approved rates should be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. The rates should not be implemented until staff verifies that the tariff sheets are consistent with the Commission's decision, the proposed customer notice is adequate, and the required security has been filed. The Utility should provide proof of the date notice was given within 10 days after the date of notice.

The Utility's test year, proposed interim and final rates, as well as staff's recommended interim rates are shown on Schedule No. 4-A for water and Schedule No. 4-B for wastewater.

⁸ In calculating its requested interim rates, Pluris applied a percentage less than staff's recommended 38.24 percent.

Issue 4: What is the appropriate security to guarantee the interim increase?

Recommendation: The Utility should be required to open an escrow account or file a surety bond or letter of credit to guarantee any potential refund of revenues collected under interim conditions. If the security provided is an escrow account, the Utility should deposit 26.84 percent of water revenues and 19.34 percent of wastewater revenues into the escrow account each month. Otherwise, the surety bond or letter of credit should be in the amount of \$313,923. Pursuant to Rule 25-30.360(6), F.A.C., the Utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and in accordance with Rule 25-30.360, F.A.C. (Springer, VanEsselstine, Fletcher)

Staff Analysis: Pursuant to Section 367.082, F.S., revenues collected under interim rates should be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the Commission. As recommended in Issue 2, the recommended total annual interim increase is \$537,919. In accordance with Rule 25-30.360, F.A.C., staff has calculated the potential refund of revenues and interest collected under interim conditions to be \$313,923. This amount is based on an estimated seven months of revenue being collected from staff's recommended interim rates over the Utility's current authorized rates shown on Schedule No. 4.

The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff reviewed Pluris' 2007, 2008 and 2009 financial statements to determine the financial condition of the Utility. Pluris has inadequate liquidity, profitability, ownership equity, and interest coverage to guarantee any potential refund. Based on this analysis, staff recommends that Pluris be required to secure a surety bond, letter of credit, or escrow agreement to guarantee any potential refunds of water revenues. This brief financial analysis is only appropriate for deciding if the Utility can support a corporate undertaking in the amount proposed and should not be considered a finding regarding staff's position on other issues in this proceeding.

If the security provided is an escrow account, said account should be established between the Utility and an independent financial institution or the Division of Treasury for the Florida Department of Financial Services pursuant to a written escrow agreement. The Commission should be a party to the written escrow agreement and a signatory to the escrow account. The written escrow agreement should state the following: the account is established at the direction of the Commission for the purpose set forth above; no withdrawals of funds shall occur without the prior approval of the Commission through the Commission Clerk, Office of Commission Clerk; the account shall be interest bearing; information concerning that escrow account shall be available from the institution to the Commission or its representative at all times; the amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt; and, pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla 3d DCA 1972), escrow accounts are not subject to garnishments.

If the security provided is an escrow account, the Utility should deposit 26.84 percent of water revenues and 19.34 percent of wastewater revenues into the escrow account each month. The escrow agreement should also state that if a refund to the customers is required, all interest

earned on the escrow account should be distributed to the customers, and if a refund to the customers is not required, the interest earned on the escrow account should revert to the Utility.

If the security provided is a surety bond or a letter of credit, said instrument should be in the amount of \$313,923. If the Utility chooses a surety bond as security, the surety bond should state that it will be released or terminated only upon subsequent order of the Commission. If the Utility chooses to provide a letter of credit as security, the letter of credit should state that it is irrevocable for the period it is in effect and that it will be in effect until a final Commission order is rendered releasing the funds to the Utility or requiring a refund.

Regardless of the type of security provided, the Utility should keep an accurate and detailed account of all monies it receives. Pursuant to Rule 25-30.360(6), F.A.C., the Utility should provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

In no instance should maintenance and administrative costs associated with any refund be borne by the customers. Such costs are the responsibility of, and should be borne by, the Utility.

Docket No. 120152-WS
Date: September 6, 2012

Issue 5: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's final action on the Utility's application for increase in rates and charges. (Lawson, VanEsselstine, Fletcher)

Staff Analysis: This docket should remain open pending the Commission's final action on the Utility's application for increase in rates and charges.

Pluris Wedgefield, Inc. Schedule of Water Rate Base Test Year Ended 12/31/11			Schedule No. 1-A Docket No. 120152-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$7,386,857	\$0	\$7,386,857	\$189,969	\$7,576,826
2 Land and Land Rights	5,407	0	5,407	0	5,407
3 Non-used and Useful Components	0	(93,228)	(93,228)	0	(93,228)
4 Accumulated Depreciation	(2,250,019)	0	(2,250,019)	(14,234)	(2,264,253)
5 CIAC	(1,411,363)	0	(1,411,363)	(1,029)	(1,412,392)
6 Amortization of CIAC	579,912	0	579,912	(764)	579,149
7 Working Capital Allowance	<u>72,755</u>	<u>(135)</u>	<u>72,620</u>	<u>0</u>	<u>72,620</u>
8 Rate Base	<u>\$4,383,549</u>	<u>(\$93,363)</u>	<u>\$4,290,186</u>	<u>\$173,944</u>	<u>\$4,464,130</u>

Pluris Wedgefield, Inc.		Schedule No. 1-B			
Schedule of Wastewater Rate Base		Docket No. 120152-WS			
Test Year Ended 12/31/11					
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$7,843,119	\$0	\$7,843,119	\$189,856	\$8,032,975
2 Land and Land Rights	96,500	0	96,500	0	96,500
3 Non-used and Useful Components	0	(261,107)	(261,107)	0	(261,107)
4 Accumulated Depreciation	(4,401,148)	0	(4,401,148)	(26,659)	(4,427,807)
5 CIAC	(3,997,722)	0	(3,997,722)	0	(3,997,722)
6 Amortization of CIAC	1,723,879	0	1,723,879	(40,079)	1,683,800
7 Working Capital Allowance	<u>74,230</u>	<u>(394)</u>	<u>73,836</u>	<u>0</u>	<u>73,836</u>
8 Rate Base	<u>\$1,338,858</u>	<u>(\$261,501)</u>	<u>\$1,077,357</u>	<u>\$123,118</u>	<u>\$1,200,475</u>

Pluris Wedgefield, Inc. Adjustments to Rate Base Test Year Ended 12/31/11		Schedule No. 1-C Docket No. 120152-WS	
Explanation	Water	Wastewater	
<u>Plant In Service</u> To reflect appropriate average plant in service.	<u>\$189,969</u>	<u>\$189,856</u>	
<u>Accumulated Depreciation</u> To reflect appropriate average accum. Depr.	<u>(\$14,234)</u>	<u>(\$26,659)</u>	
<u>CIAC</u> To reflect appropriate average CIAC.	<u>(\$1,029)</u>	<u>\$0</u>	
<u>Accumulated Amortization of CIAC</u> To reflect appropriate average accum. amort. of CIAC.	<u>(\$764)</u>	<u>(\$40,079)</u>	

Pluris Wedgefield, Inc. Capital Structure-Simple Average Test Year Ended 12/31/11							Schedule No. 2 Docket No. 120152-WS		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
Per Utility									
1 Long-term Debt	\$4,218,721	\$0	\$4,218,721	(\$974,763)	\$3,243,958	60.44%	6.51%	3.93%	
2 Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%	
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
4 Common Equity	2,736,042	0	2,736,042	(632,228)	2,103,814	39.20%	11.16%	4.37%	
5 Customer Deposits	19,771	0	19,771	0	19,771	0.37%	6.00%	0.02%	
6 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%	
7 Total Capital	<u>\$6,974,534</u>	<u>\$0</u>	<u>\$6,974,534</u>	<u>(\$1,606,991)</u>	<u>\$5,367,543</u>	<u>100.00%</u>		<u>8.33%</u>	
Per Staff									
8 Long-term Debt	\$4,218,721	(\$252,432)	\$3,966,290	(\$626,414)	\$3,339,875	58.96%	6.51%	3.84%	
9 Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%	
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
11 Common Equity	2,736,042	0	2,736,042	(432,115)	2,303,927	40.67%	10.07%	4.10%	
12 Customer Deposits	19,771	1,032	20,803		20,803	0.37%	6.00%	0.02%	
13 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%	
14 Total Capital	<u>\$6,974,534</u>	<u>(\$251,400)</u>	<u>\$6,723,134</u>	<u>(\$1,058,530)</u>	<u>\$5,664,605</u>	<u>100.00%</u>		<u>7.96%</u>	
						<u>LOW</u>	<u>HIGH</u>		
RETURN ON EQUITY						<u>10.07%</u>	<u>12.07%</u>		
OVERALL RATE OF RETURN						<u>7.96%</u>	<u>8.77%</u>		

Pluris Wedgefield, Inc. Statement of Water Operations Test Year Ended 12/31/11						Schedule No. 3-A Docket No. 120152-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$985,446</u>	<u>\$373,326</u>	<u>\$1,358,772</u>	<u>(\$371,017)</u>	<u>\$987,755</u>	<u>\$362,443</u> 36.69%	<u>\$1,350,198</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$582,041</u>	<u>(\$1,077)</u>	<u>\$580,964</u>	<u>\$0</u>	<u>\$580,964</u>		<u>\$580,964</u>
3 Depreciation	<u>194,204</u>	<u>(4,425)</u>	<u>189,779</u>	<u>0</u>	<u>189,779</u>		<u>189,779</u>
4 Taxes Other Than Income	<u>46,499</u>	<u>67,746</u>	<u>114,245</u>	<u>(16,696)</u>	<u>97,549</u>	<u>16,310</u>	<u>113,859</u>
5 Income Taxes	<u>3,734</u>	<u>113,107</u>	<u>116,841</u>	<u>(136,736)</u>	<u>(19,895)</u>	<u>130,250</u>	<u>110,355</u>
6 Total Operating Expense	<u>826,478</u>	<u>175,351</u>	<u>1,001,829</u>	<u>(153,431)</u>	<u>848,398</u>	<u>146,560</u>	<u>994,957</u>
7 Operating Income	<u>\$158,968</u>	<u>\$197,975</u>	<u>\$356,943</u>	<u>(\$217,586)</u>	<u>\$139,357</u>	<u>\$215,883</u>	<u>\$355,240</u>
8 Rate Base	<u>\$4,383,549</u>		<u>\$4,290,186</u>		<u>\$4,464,130</u>		<u>\$4,464,130</u>
9 Rate of Return	<u>3.63%</u>		<u>8.32%</u>		<u>3.12%</u>		<u>7.96%</u>

Pluris Wedgefield, Inc. Statement of Wastewater Operations Test Year Ended 12/31/11						Schedule No. 3-B Docket No. 120152-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 Operating Revenues:	<u>\$731,559</u>	<u>\$175,920</u>	<u>\$907,479</u>	<u>(\$175,476)</u>	<u>\$732,003</u>	<u>\$175,476</u> 23.97%	<u>\$907,479</u>
Operating Expenses							
2 Operation & Maintenance	<u>\$593,839</u>	<u>(\$3,148)</u>	<u>\$590,691</u>	<u>\$0</u>	<u>\$590,691</u>		<u>\$590,691</u>
3 Depreciation	<u>122,448</u>	<u>(15,985)</u>	<u>106,463</u>	<u>0</u>	<u>106,463</u>		<u>106,463</u>
4 Taxes Other Than Income	<u>143,052</u>	<u>(50,767)</u>	<u>92,285</u>	<u>(7,896)</u>	<u>84,389</u>	<u>7,896</u>	<u>92,285</u>
5 Income Taxes	<u>-</u>	<u>28,403</u>	<u>28,403</u>	<u>(64,483)</u>	<u>(36,080)</u>	<u>63,060</u>	<u>26,980</u>
6 Total Operating Expense	<u>859,339</u>	<u>(41,497)</u>	<u>817,842</u>	<u>(72,380)</u>	<u>745,462</u>	<u>70,957</u>	<u>816,419</u>
7 Operating Income	<u>(\$127,780)</u>	<u>\$217,417</u>	<u>\$89,637</u>	<u>(\$103,096)</u>	<u>(\$13,459)</u>	<u>\$104,519</u>	<u>\$91,060</u>
8 Rate Base	<u>\$1,338,858</u>		<u>\$1,077,357</u>		<u>\$1,200,475</u>		<u>\$1,200,475</u>
9 Rate of Return	<u>-9.54%</u>		<u>8.32%</u>		<u>-1.12%</u>		<u>7.59%</u>

Pluris Wedgefield, Inc. Adjustment to Operating Income Test Year Ended 12/31/11		Schedule No. 3-C Docket No. 120152-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested interim revenue increase.	(\$373,326)	(\$175,920)	
2 To reflect the appropriate amount of annualized revenues.	<u>2,309</u>	<u>444</u>	
Total	<u>(\$371,017)</u>	<u>(\$175,476)</u>	
<u>Taxes Other Than Income</u>			
RAFs on revenue adjustments above.	<u>(\$16,696)</u>	<u>(\$7,896)</u>	

Pluris Wedgefield, Inc.		Schedule No. 4-A		
Water Monthly Service Rates		Docket No. 120152-WS		
Test Year Ended 12/31/11				
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential, Irrigation, and General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$23.39	\$32.28	\$42.39	\$32.34
3/4"	\$35.09	\$48.42	\$63.59	\$48.51
1"	\$58.49	\$80.72	\$105.98	\$80.86
1-1/2"	\$116.97	\$161.42	\$211.95	\$161.70
2"	\$187.14	\$258.25	\$339.12	\$258.71
3"	\$374.29	\$516.52	\$678.24	\$517.43
4"	\$584.83	\$807.07	\$1,059.75	\$808.49
6"	\$1,169.65	\$1,614.12	\$2,119.50	\$1,616.97
 <u>Residential Gallonage Charge</u>				
0-5,000 Gallons	\$4.04	\$5.58	\$3.49	\$5.59
5,001-10,000 Gallons	\$5.05	\$6.97	\$6.98	\$6.98
10,001+ Gallons	\$8.09	\$11.16	\$10.47	\$11.18
 <u>General and Irrigation Gallonage Charge</u>				
Gallonage Charge, per 1,000 Gallons	\$5.02	\$6.93	\$5.04	\$6.94
 <u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$35.51	\$49.02	\$52.86	\$49.11
5,000 Gallons	\$43.59	\$60.18	\$59.84	\$60.29
10,000 Gallons	\$68.84	\$95.03	\$94.74	\$95.19
 Average Usage of 5,420	 \$45.71	 \$63.11	 \$62.77	 \$63.22

Pluris Wedgefield, Inc.		Schedule No. 4-B		
Wastewater Monthly Service Rates		Docket No. 120152-WS		
Test Year Ended 12/31/11				
	Rates Prior to Filing	Utility Requested Interim	Utility Requested Final	Staff Recomm. Interim
<u>Residential</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$21.07	\$26.13	\$29.68	\$26.12
3/4"	\$21.07	\$26.13	\$44.52	\$26.12
1"	\$21.07	\$26.13	\$74.20	\$26.12
1-1/2"	\$21.07	\$26.13	\$148.40	\$26.12
2"	\$21.07	\$26.13	\$237.44	\$26.12
Gallage Charge - Per 1,000 gallons (10,000 gallon cap)				
	\$3.82	\$4.74	\$4.07	\$4.74
<u>General Service</u>				
Base Facility Charge by Meter Size:				
5/8" x 3/4"	\$21.07	\$26.13	\$29.68	\$26.12
3/4"	\$31.64	\$39.23	\$44.52	\$39.22
1"	\$52.74	\$65.40	\$74.20	\$65.38
1-1/2"	\$105.44	\$130.75	\$148.40	\$130.72
2"	\$168.73	\$209.23	\$237.44	\$209.18
3"	\$337.44	\$418.43	\$445.20	\$418.33
4"	\$528.09	\$654.83	\$742.00	\$654.68
6"	\$843.60	\$1,046.06	\$1,484.00	\$1,045.83
Gallage Charge, per 1,000 Gallons				
	\$4.56	\$5.69	\$4.78	\$5.65
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>				
3,000 Gallons	\$32.53	\$40.35	\$41.89	\$40.34
5,000 Gallons	\$40.17	\$49.83	\$50.03	\$49.82
10,000 Gallons	\$59.27	\$73.53	\$70.38	\$73.52
Average Usage of 5,420	\$41.77	\$51.82	\$51.74	\$51.81