

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for increase) DOCKET NO. 960408-WU
in plant capacity charges in) ORDER NO. PSC-96-1001-FOF-WU
Marion County by Ocala Oaks) ISSUED: August 5, 1996
Utilities, Inc.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING INCREASED PLANT CAPACITY CHARGES

BY THE COMMISSION:

Ocala Oaks Utilities, Inc. (Ocala Oaks or utility) is a Class B utility providing water in Marion County. According to its December 31, 1994 annual report, the utility was serving approximately 1,112 customers. During the twelve months ended December 31, 1994, the utility recorded operating revenues of \$274,415. Its recorded operating income was \$9,885.

On April 2, 1996, the utility filed an application for authority to increase its plant capacity charges for water service pursuant to Section 367.101, Florida Statutes. The filing fee was paid on April 2, 1996, which was designated the official filing date for this proceeding pursuant to Section 367.083, Florida Statutes. The utility's present service availability plant capacity fee of \$200.00 per equivalent residential connection (ERC) was established in Docket No. 820046-W, Order No. 12134, issued June 13, 1983. The utility has requested approval of a \$430.00 plant capacity charge per ERC. By Order No. PSC-96-0780-FOF-WU, issued June 17, 1996, we suspended Ocala Oaks' proposed changes in service availability charges.

In the utility's last rate case, Docket No. 881098-WU, the utility's level of contribution-in-aid-of-construction (CIAC) at test year ended December 31, 1987 was 58%. The utility has undergone steady plant expansion and customer growth since its last rate case. The utility's growth is primarily the result of the addition of the Tanglewood Water Plant in 1992 and the purchase of

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Belleview Hills Estates Water System in 1994. As a result of the utility's investment in plant in service, its level of CIAC has decreased to 53% as of November 30, 1995. The utility has requested an increase in its plant capacity charge to offset the acquisition, improvement and construction costs incurred and also to achieve a 75% CIAC level at design capacity.

The utility's existing plant has the capacity to serve approximately 1,689 ERCs at design capacity. The utility reported in its application that it is currently serving 1,276 ERCs. At the time of application, the utility did not have any proposed plant expansions. The utility will reach its design capacity after the remaining 413 ERCs have been utilized. Based upon an expected growth rate of 85 ERCs per year, the utility expects to reach its design capacity in 5 years. As stated previously, the utility desires to achieve a 75% CIAC level at design capacity.

Rule 25-30.580, Florida Administrative Code, establishes the guidelines for service availability policies. Subsection (1) (a) of the rule provides that the maximum amount of CIAC, net of amortization, should not exceed 75% of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at the designed capacity.

The utility's current plant capacity charge is \$200 per ERC. The utility is requesting a plant capacity charge of \$430 per ERC. This requested plant capacity charge was designed to achieve the 75% maximum contribution level specified in Rule 25-30.580(1)(a), Florida Administrative Code. If the charge were to remain unchanged, the utility's level of CIAC would be 63% at design capacity. A plant capacity charge of \$430 would bring the utility to a 74.67% level of CIAC at design capacity which is consistent with Rule 25-30.580(1)(a), Florida Administrative Code. Therefore, we find it appropriate to approve the proposed plant capacity charge of \$430. The attached schedule illustrates the basis for our calculation.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the application of Ocala Oaks Utilities, Inc., for a change in plant capacity charges is approved as set forth in the body of this Order. It is further

ORDERED that Ocala Oaks Utilities, Inc., shall charge the service availability charges set forth in the body of this Order. It is further

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ORDERED that the utility shall submit revised tariff pages reflecting the charges approved herein within thirty days of the date of this Order. It is further

ORDERED that if this Order becomes final, the service availability charges approved herein shall be effective for connections made on or after the stamped approval date on the revised tariff pages pursuant to Rule 25-30.475, Florida Administrative Code. It is further

ORDERED that the tariff pages will be approved upon expiration of the protest period and upon our Staff's verification that they accurately reflect our decisions herein. It is further

ORDERED that if a protest is filed within 21 days of issuance of this Order, this tariff shall remain in effect with any increase held subject to refund pending resolution of the protest. It is further

ORDERED that this docket will be closed upon the expiration of the protest period if no timely protest is filed.

By ORDER of the Florida Public Service Commission, this 5th day of August, 1996.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay J. [Signature]
Chief, Bureau of Records

(S E A L)

BLR

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 Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 26, 1996.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

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

If this Order becomes final 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 date this Order becomes final, 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.

OCALA OAKS UTILITIES, INC.
DOCKET NO.: 960408-WU
TEST YEAR ENDED: NOVEMBER 30, 1995

WATER SERVICE AVAILABILITY ANALYSIS

SCHEDULE NO. 1

GROSS BOOK VALUE	\$1,293,264
LAND	\$96,802
DEPRECIABLE ASSETS	\$1,196,462
ACCUMULATED DEPRECIATION TO DATE	\$384,241
ACCUMULATED DEPRECIATION AT DESIGN CAPACITY	\$533,799
NET PLANT AT DESIGN CAPACITY	\$759,465
TRANSMISSION & DISTRIBUTION/COLLECTION LINES	\$587,002
MINIMUM LEVEL OF C.I.A.C.	45.39%
C.I.A.C. TO DATE	\$676,187
ACCUMULATED AMORTIZATION OF C.I.A.C. TO DATE	\$190,848
NET C.I.A.C. TO DATE	\$485,339
LEVEL OF C.I.A.C. TO DATE	53.39%
ACCUMULATED AMORTIZATION OF C.I.A.C. AT DESIGN CAPACITY	\$275,371
FUTURE CUSTOMERS (ERC) TO BE CONNECTED	413
COMPOSITE DEPRECIATION RATE	2.50%
COMPOSITE C.I.A.C. AMORTIZATION RATE	2.50%
NUMBER OF YEARS TO DESIGN CAPACITY	5
EXISTING CHARGE PER ERC	\$200
LEVEL OF C.I.A.C. AT DESIGN CAPACITY	62.96%
NET C.I.A.C. AT DESIGN CAPACITY	478,167
REQUESTED CHARGE PER ERC	\$430
LEVEL OF C.I.A.C. AT DESIGN CAPACITY	74.67%
NET C.I.A.C. AT DESIGN CAPACITY	567,121
MINIMUM CHARGE PER ERC	\$0
LEVEL OF C.I.A.C. AT DESIGN CAPACITY	45.39%
NET C.I.A.C. AT DESIGN CAPACITY	400,816
MAXIMUM CHARGE PER ERC	\$436
LEVEL OF C.I.A.C. AT DESIGN CAPACITY	75.00%
NET C.I.A.C. AT DESIGN CAPACITY	569,599