

FLORIDA PUBLIC SERVICE COMMISSION
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Tallahassee, Florida 32399-0850

M E M O R A N D U M

MAY 9, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF WATER & WASTEWATER (AUSTIN, WALDEN)
DIVISION OF LEGAL SERVICES (REYES) *SA JAW* *W*

RE: DOCKET NO. 960408-WU - OCALA OAKS UTILITIES, INC. -
APPLICATION FOR INCREASE IN PLANT CAPACITY CHARGES IN
MARION COUNTY BY OCALA OAKS UTILITIES, INC.
COUNTY: MARION

AGENDA: 05/21/96 - REGULAR AGENDA - DECISIONS ON SUSPENSION OF
RATES - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: JUNE 1, 1996

SPECIAL INSTRUCTIONS: S:\PSC\WAW\WP\960408WU.RCM

CASE BACKGROUND

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.

DOCUMENT NUMBER-DATE

05213 MAY-96

FPSC-RECORDS/REPORTING

DOCKET NO. 960408-WU
DATE: MAY 9, 1996

DISCUSSION OF ISSUES

ISSUE 1: Should the Ocala Oaks Utilities, Inc. proposed tariffs to increase its service availability be suspended?

RECOMMENDATION: Yes, Ocala Oaks Utilities' proposed tariffs to increase its service availability charges should be suspended pending further investigation by staff. (AUSTIN)

STAFF ANALYSIS: Pursuant to Section 367.091(5), Florida Statutes, the rate schedules proposed by the utility shall become effective within sixty (60) days after filing, unless the Commission votes to withhold consent to implementation of the requested rates.

The utility has requested approval of a plant capacity charge of \$430 for its water system. The current charge is \$200 for water. The utility states that the basis for the requested increase is to offset the acquisition, improvement and construction costs incurred and to place them at a 75% contribution level at design capacity, which is in accordance with Rule 25-30.580, Florida Administrative Code.

Staff has reviewed the filing and has considered the proposed rates, the incremental CIAC thereby generated, and the information filed in support of the application. We believe it is reasonable and necessary to require further amplification and explanation of this data and to require production of corroborative information, if necessary. The utility had proposed several adjustments to its reported investment in water plant facilities. Our review of the utility's application will include further examination by staff's engineers and rate specialists. Therefore, staff recommends that the proposed tariff to increase service availability charges for Ocala Oaks Utilities, Inc. be suspended.