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October 9, 1996

**HAND DELIVERY**

Ms Blanca S Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

RE: Docket No. ~~951593~~-WS  
Application of Palm Coast Utility Corporation  
for an Increase in Service Availability Charges  
in Flagler County, Florida

Dear Ms Bayo

Enclosed for filing, on behalf of Palm Coast Utility Corporation, are an original and fifteen copies of Addendum No 1 to Suggestion of Errors in Staff Recommendation, in reference to the above case

Please acknowledge receipt of the foregoing by stamping the enclosed extra copy of this letter and returning same to my attention

Very truly yours,

B. Kenneth Gatlin

- ACK
- AFA
- APP
- CAF
- CEL
- ...
- BKG/met
- Enclosures
- cc Troy Rendell, Div. of Water and Wastewater
- 1 Al Washington, Div. of Water and Wastewater
- 5

RECEIVED 10-17-96

Washington  
BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

10808 OCT-9 96

FPSC-RECORDS/REPORTING

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application of Palm Coast )  
Utility Corporation for an Increase )  
in Service Availability Charges in )  
Flagler County, Florida )

Docket No. 951593-WS

Filed: October 9, 1966

ADDENDUM NO. 1 TOSUGGESTION OF ERRORS IN STAFF RECOMMENDATION

Palm Coast Utility Corporation (PCUC) hereby submits Addendum No. 1 to its Suggestion of Error in the September 26, 1966 Staff Recommendation for a Proposed Agency Action.

1. Upon further review, the following mathematical errors in the schedules attached to the Recommendation were found.

2. Mathematical Error No. 3. In Recommendation Schedule Nos. 2-A&B, the amount shown for "Gross Book Value", instead of including the cost of land, is net of the cost of land.

The gross book cost value in Recommendation Schedule 2-A is understated by \$504,632. The correct amount, from Recommendation Schedule No. 1-A, is \$61,881,952. The gross book cost value in Schedule 2-B is understated by \$627,977. The correct amount, from Recommendation Schedule 1-B, is \$59,005,467.

3. Mathematical Error No. 4. In Recommendation Schedule No. 2-A, the "Future Customers (ERC) To Be Connected and the "Number of Years to Design Capacity" are incorrect.

In Recommendation Schedule No. 2-A, Staff used the Applicant's determination of "Future Customers (ERC) to Be Connected" and "Number of Years to Design Capacity." Those amounts were based on the Applicant's projected addition of 1,000,000 GPD capacity to the treatment plant, along with the projected cost of that addition. [See page 2 of the Application.] The gross value book value used by staff does not include the projected cost of this addition. Therefore, "Future Customers (ERC) to Be Connected" and "Number of Years to Design Capacity" should reflect the lower capacity of the existing plant only. The correct number of future customers to be connected is 2,145. The correct number of years to design capacity is 2.58.

4. When the above corrections are made, in addition to removing prepayments from the calculation, the maximum allowable service availability charge per ERC is \$7,691.22 for water and \$1398.21 for wastewater, assuming all other staff assumptions are correct.

DOCUMENT NUMBER-DATE

10808 OCT-96

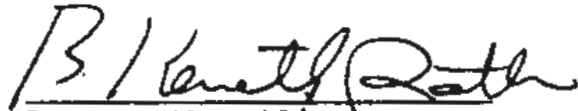
FPSC-RECORDS/REPORTING

5. PCUC will continue to determine if there are other errors in the Staff Recommendation and report them as they are found.

6. Failure to correct the errors identified will a) deny PCUC access to CIAC which it is entitled to collect, b) will place PCUC in jeopardy of having to refund \$34 million already prepaid, c) jeopardize PCUC's ability to finance future capital improvements, and d) endanger the future financial viability of the utility. In addition, it will unduly discriminate against existing customers that have paid the proper charges by allowing future customers to connect without paying their allocated cost of the system, and burden all customers with rate increases necessary to recover the cost of capital necessary to replace the refunded CIAC amounts and the lack of CIAC resources in the future.

Based on the foregoing, Palm Coast Utility Corporation requests that this Addendum No.1 to Suggestion of Errors in Staff Recommendation be considered by the Commission, that the errors be corrected, and the total requested SAC be approved.

Respectfully submitted, this  
9th day of October, 1996



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Attorneys for Palm Coast Utility  
Corporation

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re Application of PALM COAST UTILITY )  
CORPORATION for an increase in Service )  
Availability Charges in Flagler County, )  
Florida )

Docket No. 951593-WS

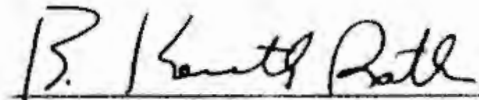
Filed October 9, 1996

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by via fax to Mr Raj Agarwal, Esquire, Division of Legal Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, on this 9th day of October, 1996

DATED this 9th day of October, 1996

Respectfully submitted,



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PALM COAST UTILITY CORPORATION