

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Crownwood of)	DOCKET NO. 881324-WS
Ocala Utility Company, Inc., for)	ORDER NO. 21554
staff assisted rate case in Marion)	ISSUED: 7-17-89
County)	
_____)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, CHAIRMAN
 THOMAS M. BEARD
 JOHN T. HERNDON

FINAL ORDER SETTING TEMPORARY RATES
IN THE EVENT OF PROTEST

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER SETTING RATES AND CHARGES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission of its intent to grant increased water and sewer rates and charges pursuant to Section 367.081, Florida Statutes, to Utilities, Inc. of Florida (Crownwood of Ocala and Golden Hills), a utility subject to this Commission's jurisdiction, providing service to the public in Marion County. The actions discussed herein, pertaining to approval of increased final rates and revised service availability and miscellaneous service charges, are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a hearing pursuant to Florida Administrative Code Rule 25-22.029. By this Order, the Commission also authorizes temporary rates in the event that a person other than this utility files a protest of the Proposed Agency Action.

CASE BACKGROUND

Utilities, Inc., of Florida, owns twenty-six water or sewer utilities in Florida. On October 10, 1988, Utilities, Inc. of Florida, ("utility"), applied for a staff-assisted rate case for one of its subsidiaries, Crownwood of Ocala, located in Marion County. A review of this application indicated that Golden Hills, ("Golden Hills System"), also a subsidiary of

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Utilities, Inc. of Florida, provides water to Crownwood of Ocala. Therefore, the water rate case was expanded to include the Golden Hills System. Crownwood of Ocala, ("Crownwood System"), provides wastewater service to only its water customers.

The Crownwood System was granted original Certificate Nos. 349-W and 305-S by Order No. 10584, issued February 8, 1982. By Order No. 19445, issued June 6, 1988, said certificates were transferred from Crownwood of Ocala, Inc. to Utilities, Inc. of Florida. The Crownwood System has had no prior rate case and rate base has not been established.

By Order No. 12130, issued June 10, 1983, the Golden Hills System was granted Certificate No. 410-W under the grandfather provisions of Chapter 367, Florida Statutes. Order No. 14586, issued July 19, 1985, transferred Golden Hills to Utilities, Inc. of Florida. The rate base at the time of transfer (June 30, 1985) was established at \$108,070.

QUALITY OF SERVICE

On May 4, 1989, a customer meeting was held in the service area to allow the utility's customers to testify to the quality of service provided by Crownwood's water and wastewater systems and Golden Hills' water system and ask questions on other issues. Approximately thirty-five customers attended the meeting and fourteen testified. The primary concern of the customers who testified about quality of service was the hardness of the water and the residue it leaves in fixtures and containers. Another concern was over poor water pressure. There was no testimony concerning the wastewater system.

The question of whether the water is safe to drink appeared to be the central theme of the hard water complaints. A review of the most recent chemical analysis results (June 1988 for primary and secondary drinking water standards, and April 1986 for synthetic and volatile organic compounds) indicates that the water served to the Golden Hills/Crownwood customers meets applicable drinking water standards. While the customers may prefer softer water, the water provided is properly disinfected and meets all the standards of safe potable water. Another customer testified about the health benefits of having hard vs. soft water.

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Customers residing in the development known as the Forest of Golden Hills complained of low water pressure. One customer testified that when residing in the Forest development, her water pressure was poor, whereas after moving to Golden Hills, the pressure was adequate. Our staff engineer reviewed the "as-built" plans of the distribution system. It appears that all mains are adequately sized and networked to provide sufficient distribution with proper pressure.

The Forest development is adjacent to the water plant and is fed by looping 6-inch and 4-inch mains which are more than adequate for this development. Thus low pressure may be caused by the plumbing construction in individual houses in Forest Hills. Further, the service area has well groomed and irrigated landscaping. During spring and summer, instantaneous demand on the water plant could be intense and taxing. The topographical variations of elevation within the service area could also prove burdensome to the system while under peak instantaneous demand. Irrigation restrictions during heavy use months may help alleviate pressure problems in the Forest development.

The subject utility systems have no citations or corrective orders pending by the Department of Environmental Regulation. Customer complaints are tracked and processed in a timely manner. No customers complained about the quality of service of Crownwood's wastewater system. The water provided by the Crownwood/Golden Hill's systems meets all requirements for safe drinking water. Adequate per capita flow capacity is supplied by the water distribution systems. Accordingly, we find the quality of service provided by Crownwood's water and wastewater systems and Golden Hills' water system to be satisfactory.

RATE BASE

Using a thirteen month average test year ending June 30, 1988, we find that the appropriate rate base is \$161,910 for the water system and \$72,094 for the wastewater system. Our calculation for the water system is displayed on Schedule No. 1 and adjustments are shown on Schedule No. 1A. Our calculation

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for the wastewater system is displayed on Schedule No. 2 and adjustments are show on Schedule No. 2A. Further detail is given below.

Used and Useful

Water treatment plant and distribution system

A design capacity of 850 gallons per minute (gpm) is directed by standard engineering practice to serve the customer population with potable water and fire flows. The total capacity of the two usable wells is 790 gpm. In the last rate proceeding, the water plant was considered 100% used and useful. Customer growth has occurred since that proceeding, with no increase in water production. Further, the ability to meet instantaneous customer demand has become more critical. The third well obtained after the last rate case (when the Crownwood development was annexed) is no longer connected to the system because of bacterial contamination. However, it could still be used as a limited source of fire-flow during an emergency.

The used and useful percentage of the water distribution system was calculated by formula resulting in a 61.2% used and useful level. We have applied this percentage to account number 331 (transmission and distribution mains) and account number 335 (hydrants). Our calculations are set forth on Attachment A. All other distribution assets are constructed as customer growth dictates and should be considered 100% used and useful.

Based on the above discussion, we find that the water treatment plant is 100% used and useful, and the water distribution system 61.2% used and useful for account numbers 331 and 335, and 100% used and useful for all other distribution accounts.

Wastewater treatment plant and collection system

The used and useful percentage of the wastewater plant in service was calculated by formula resulting in a 64.1% used and useful level. We have applied this percentage to all wastewater treatment plant accounts. Our calculations are set forth on Attachment B.

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The existing vacancies within the Crownwood development are scattered among the occupied units. No less of a collection system could serve the existing customers. The useful percentage of wastewater collection system was also calculated by formula. Because the formula indicates a 95% used and useful, we find it appropriate to consider all collection system accounts 100% used and useful. Our calculations are set forth on Attachment C.

Based on the above discussion, we find that the wastewater treatment plant is 61.4% used and useful and the wastewater distribution system is 100% used and useful.

As there is a margin reserve included in this used and useful analysis, we have imputed contributions-in-aid-of-construction ("CIAC") to cover the growth associated with the margin reserve. One years accumulated amortization is undivided in the rate base calculations.

Land

The land on which the water plant is located is owned by the utility and its original cost is \$16,594. The wastewater plant site is also owned by the utility and has an original cost of \$10,800. The original cost of land per system is \$16,594 for the Golden Hills & Crownwood water system and \$10,080 for the Crownwood wastewater system.

Plant in service

The well at the Crownwood water plant site is no longer in use. It may be used for fireflow and therefore should remain on the books as plant in service.

Working capital allowance

We prefer to use the balance sheet method of calculating a working capital allowance. That method nets current assets and deferred debits with current liabilities and deferred credits.

However, as the Crownwood System and the Golden Hills System are a small portion of a larger utility, we do not believe it is appropriate, from a cost benefit analysis, to allocate a balance sheet working capital allowance. Instead, a one-eighth of Operation and Maintenance Expense formula

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approach has been used to approximate the working capital needs of the Crownwood/Golden Hills systems. This simple formula should give reliable results, with a reduced level of expense, than would an allocation of a large company balance sheet. Using the one-eighth of Operation and Maintenance Expense formula, working capital is \$4,056 for the water system, and \$1,374 for the wastewater system.

Rate base

Based on our previously discussed determinations and adjustments, we find the thirteen month average test year rate base is \$161,910 for the water system and \$72,094 for the wastewater system.

COST OF CAPITAL

Return on equity

In Order No. 19718, issued July 26, 1988, we established the leverage formula to be used in calculating returns on equity for water and sewer utilities. We have used the capital structure of Utilities, Inc., of Florida, the parent company of the Crownwood and the Golden Hills systems, to determine appropriate return on equity. Using the formula approved in Order No. 19718, the utility's allowable return on equity is 12.69%, as shown on Schedule No. 3.

Overall rate of return

The utility's year-end capital structure is composed of long term, debt, deferred taxes, common equity, investment tax credits, and customer deposits. The capital structure of Utilities, Inc. of Florida was used and allocated to the Crownwood and Golden Hills Systems. The cost of the long term debt is 6.79% based on actual interest paid during the test period. The customer deposits have an 8% standard cost rate, the deferred taxes have no cost and the cost of the investment tax credits is the weighted overall cost of capital without the tax credits. Based on these components, the weighted cost of capital is 10.81%. Accordingly, we find 10.81% to be the appropriate rate of return. The calculation is shown on Schedule No. 3.

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NET OPERATING INCOME

Operating revenues

The booked revenues are \$61,381 for water and \$4,298 for wastewater. These amounts have been adjusted to equal a billing analysis performed by the utility and adjusted for unmetered consumption during the test period. The impact of these adjustments is an increase in water revenues of \$2,173 and an increase in wastewater revenues of \$2,867. Therefore, we find test year revenues of \$63,554 for water, and and \$7,165 for wastewater systems to be appropriate. Revenues are shown on Schedule No. 4 for the water system and Schedule No. 5 for the wastewater system.

Operation and maintenance expenses

We find that the appropriate amounts for operation and maintenance expenses are \$32,446 for the water system and \$10,995 for the wastewater system. Amounts shown as the balance per utility are allocated expenses of the total Utilities, Inc. of Florida. Operation and maintenance expenses are detailed on Schedule No. 6 for the water system and Schedule No. 7 for the wastewater system. The totals are shown on Schedule Nos. 4 and 5, for the respective water and wastewater operating statements.

As previously stated, Utilities, Inc. of Florida owns and operates many utility systems in Florida. The operation and maintenance expenses for Utilities, Inc., of Florida are booked to include expenses for all of its Florida systems, except for the Miles Grant System. Actual expenses could not be identified for the Crownwood and Golden Hills Systems. We have allocated operation and maintenance expense for the Crownwood and Golden Hills Systems based on the percentage of equivalent residential connections ("ERCs"), the total Florida systems of Utilities, Inc., of Florida. Each expense account was reviewed to determine those expenses that are common to a water or wastewater system. All allocations have been reviewed for reasonableness and proper account. Further adjustments have been made for purchased power, chemicals and testing expenses.

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REVENUE REQUIREMENT

In order to allow the utility the opportunity to earn a 10.81% overall rate of return, we find the proper revenue requirement to be \$71,198 for the water system and \$26,716 for the wastewater system. Our calculation of the revenue requirement is as follows:

	<u>Water</u>	<u>Sewer</u>
Adjusted Rate Base	\$161,910	\$72,094
Rate of Return	<u>.1081</u>	<u>.1081</u>
Net Operating Income	\$ 17,502	\$ 7,793
Operation & Maintenance Expenses	32,446	10,995
Depreciation Expense	10,100	2,788
Taxes Other Than Income Taxes	3,355	1,244
Income Taxes	<u>7,795</u>	<u>3,499</u>
Revenue Requirement	<u>\$ 71,198</u>	<u>\$26,319</u>

Since the water revenue requirement is \$71,198, and test year revenue is \$63,554, we find the appropriate amount of revenue increase on an annual basis to be \$7,644. Since the sewer revenue requirement is \$26,319, and test year revenue is \$7,165, we find the appropriate amount of revenue increase on an annual basis to be \$19,154.

RATES AND CHARGES

The Crownwood and Golden Hills Systems currently use the base facility/gallongage charge rate structure. We find it appropriate to maintain this structure because it includes a fixed charge to each customer based on that customer's share of fixed operating costs, and a charge for the cost of water actually used.

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Rates have been calculated based on test year ERCs and gallonage consumption as determined by the utility's billing analysis as adjusted to estimate the metered consumption for the test period. We find the following rates, designed to allow the utility the opportunity to recover its operating expenses and earn a 10.81% return on its investment, to be fair and reasonable. Schedules of the Crownwood/Golden Hills Systems' present rates, and the rates approved herein are as follows:

CURRENT RATES
WATER
RESIDENTIAL AND GENERAL SERVICE
GOLDEN HILLS SUBDIVISION
Bi-Monthly

<u>Meter Size</u>	<u>Present Rate</u>
5/8" x 3/4"	\$ 7.39
1"	18.46
1 1/2"	36.92
2"	59.08
3"	118.15
4"	184.61
Gallonage Charge (Per 1,000 Gallons)	\$.79

CROWNWOOD OF Ocala
Monthly

<u>Meter Size</u>	<u>Present</u>
All Sizes, base facility charge	\$ 4.28
Gallonage Charge (Per 1,000 Gallons)	\$.90

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WASTEWATER
RESIDENTIAL AND GENERAL SERVICE
CROWNWOOD OF OCALA
Monthly

<u>Meter Size</u>	<u>Present Rate</u>
All Sizes, base facility charge	\$ 4.84
Gallonge Charge (Per 1,000 Gallons, 10,000 Gallon Maximum)	\$ 1.02

MULTI-RESIDENTIAL
CROWNWOOD OF OCALA
Monthly

<u>Meter Size</u> <u>Rate</u>	<u>Present</u>
All Sizes, base facility Charge	\$ 4.84
Gallonge Charge (Per 1,000 Gallons, No Maximum)	\$ 1.02

APPROVED RATES

WATER

RESIDENTIAL

GOLDEN HILLS AND CROWNWOOD OF OCALA

Bi-Monthly

<u>Meter Size</u>	<u>Approved</u> <u>Rate</u>
5/8" x 3/4"	\$ 5.74
1"	14.34
1 1/2"	28.69
2"	45.90
3"	86.06
4"	143.44
Gallonge Charge (Per 1,000 Gallons)	\$ 1.13

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GENERAL SERVICE & MULTI-RESIDENTIAL
GOLDEN HILLS AND CROWNWOOD OF OCALA

Bi-Monthly

<u>Meter Size</u>	<u>Approved Rate</u>
5/8" x 3/4"	\$ 5.74
1"	14.34
1 1/2"	28.69
2"	45.90
3"	86.06
4"	143.44
Gallage Charge (Per 1,000 Gallons)	\$ 1.13

WASTEWATER

RESIDENTIAL

CROWNWOOD OF OCALA

Bi-Monthly

<u>Meter Size</u>	<u>Approved Rate</u>
5/8" x 3/4"	\$ 39.37
1"	98.43
1 1/2"	196.87
2"	314.99
3"	590.61
4"	984.35
Gallage Charge (Per 1,000 Gallons, 20,000 Gallon Maximum)	\$ 3.24

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GENERAL SERVICE AND MULTI-RESIDENTIAL

CROWNWOOD OF OCALA

Bi-Monthly

<u>Meter Size</u>	<u>Approved Rate</u>
5/8" x 3/4"	\$ 39.37
1"	98.43
1 1/2"	196.87
2"	314.99
3"	590.61
4"	984.35
 Gallage Charge (Per 1,000 Gallons, No Maximum)	 \$ 3.24

The approved rates shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets. The revised tariff sheets will be approved upon our Staff's verification that the tariffs are consistent with the our decision and that the proposed customer notice is adequate.

SERVICE AVAILABILITY CHARGES

The existing service availability charge (titled Meter Installation and Tap Fees) for water is \$300 for a 3/4 inch or 5/8 inch water meter for the Golden Hills System. This charge was approved when the utility was owned by Ms. Dorothy Lee and subsequently affirmed in Order No. 14586 when Utilities, Inc. of Florida purchased the system. That order requires that all rates and charges in effect prior to the transfer remain in effect. There is no subsequent order which changes the service availability charges.

In July of 1987, Utilities, Inc. of Florida increased the charge for Golden Hills customers to \$350 to consolidate the service availability policy with those of all systems of Utilities, Inc. of Florida. It is the utility's belief that the consolidation of the charge was administratively approved by Commission staff. In fact, the utility received a copy, from the Commission, of its approved tariff. This copy, as does the Commission's official copy, contains only the Orange

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and Seminole County service availability charges. The only mention of the Golden Hills System is the monthly service charges.

No charge for the Crownwood System (water and wastewater) has been approved. There is no evidence that the utility has ever collected a charge for the Crownwood System (water and wastewater).

Based on the guidelines set forth in Chapter 25-30.580, Florida Administrative Code, we find that the water service availability charge should be between \$325 and \$475. The utility has been charging Golden Hills customers \$350 for water. As this amount will ensure that the Golden Hills System is within the range stated in the rule, we find it appropriate to continue the \$350 charge for future water customers. This level will result in a 62% level of CIAC at the design capacity of the water system.

The wastewater system has never had a CIAC charge. Based upon the guidelines in the rule, the sewer charge should be between \$450 and \$950. We find it appropriate to approve the minimum, \$450, charge. This charge will ensure that new customers pay their proportionate share of the plant. With this charge, the CIAC level will be 36% at build-out of the system.

The revised charges should become effective for connections made on or after the stamped approval date on the revised tariff sheets. The revised sheets will be approved upon our staff's verification that the tariffs are consistent with our decision.

MISCELLANEOUS SERVICE CHARGES

Presently the Golden Hills/Crownwood Systems do not have miscellaneous service charges. Based on our analysis of the labor and materials required for these services, the following miscellaneous service charges have been determined to be

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reasonable and consistent with Commission policy as stated in Rule 25-30.345, Florida Administrative Code:

	<u>Water</u>	<u>Sewer</u>
Initial Connection	\$15.00	\$15.00
Normal Connection	\$15.00	\$15.00
Violation Reconnection	\$15.00	Actual Cost
Premises Visit Charge	\$10.00	\$10.00

A definition of each charge is provided for clarification:

Initial Connection - This charge would be levied for service initiation at a location where service did not exist previously.

Normal Reconnection - This charge would be levied for transfer of service to a new customer at a previously served location, or reconnection of service subsequent to a customer requested disconnection.

Violation Reconnection - This charge would be levied prior to reconnection of an existing customer after disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment.

Premises Visit Charge (In Lieu of disconnection) - This charge would be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

These miscellaneous service charges shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets. The revised tariff sheets will be approved upon our staff's verification that the tariffs are consistent with the our decision.

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TEMPORARY RATES

The utility should be authorized to collect the approved water and wastewater rates for its Crownwood and Golden Hills Systems, subject to refund, should a protest be filed by anyone other than the utility, with the requirement that the utility post a bond, letter of credit in the amount of \$20,500, or escrow agreement prior to the implementation of the rates. This order will propose a prospective increase in water and wastewater rates. A timely protest could delay what may otherwise be a justifiable rate increase resulting in a loss of revenue. The utility is authorized to implement these rates only after providing security for a refund, and after our staff's approval of the revised tariff sheets. Should a refund be required, the refund will be with interest pursuant to Rule 25-30.360, Florida Administrative Code.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Utilities, Inc. of Florida (Crownwood of Ocala and Golden Hills), for a staff-assisted rate case is granted as set out in the body of this order. It is further

ORDERED that the provisions of this order, issued as proposed agency action, shall become final unless an appropriate petition, in the form prescribed by Florida Administrative Code Rule 25-22.036, is received by the Director, Division of Records and Reporting at his office, located at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on August 7, 1989. It is further

ORDERED that each of the specific findings herein are approved in every respect. It is further

ORDERED that all matters contained herein or attached hereto, whether in the form of discourse or schedules are, by this reference, specifically incorporated herein. It is further

ORDERED that, if this order becomes final, the rates and charges approved herein shall not become effective until revised tariff sheets have been filed with and approved by this Commission. It is further

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ORDERED that, in the event this order becomes final, the utility shall implement the rates and charges set forth and approved herein after the effective date of this order, and that such rates and charges shall be effective for service rendered on or after the stamped approval date of the new tariff sheets. It is further

ORDERED that, in the event this order becomes final, the utility shall notify each affected customer of the increased rates and approved miscellaneous service charges and service availability charges and explain the reasons for such increased rates and approved charges. The form of this notice shall be submitted to this Commission for prior approval. It is further

ORDERED that after August 8, 1989, this Commission shall issue either a notice of further proceedings or an order acknowledging that the provisions of this order have become final. It is further

ORDERED that in the event a substantially affected person, other than the utility, protests this proposed agency action, the utility may implement the rates herein approved under the terms and conditions set forth in the body of this order. This portion of this order is not issued as proposed agency action. It is further

ORDERED that in the event that this order becomes final, Docket No. 881324-WS shall be closed.

By ORDER of the Florida Public Service Commission,
this 17th day of July, 1989.

STEVE TRIBBLE, Director
Division of Records & Reporting

(S E A L)

DAS

by: Kay Flynn
Chief, Bureau of Records

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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.

As identified in the body of this order, our action setting rates and charges 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 August 7, 1989. In the absence of such a petition, this order shall become effective August 8, 1989, as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

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 the relevant portion of this order becomes final and effective on August 8, 1989, 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 sewer 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.

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Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer 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 after the issuance 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.

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SCHEDULE NO. 1

CROWNWOOD & GOLDEN HILLS
WATER RATE BASE
TEST YEAR ENDED 6/30/88

SCHEDULE NO. 1
DOCKET NO. 881324-WS

	TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	COMMISSION ADJUSTMENT FOR INCREASE	BALANCE PER COMMISSION
UTILITY PLANT IN SERVICE	\$424,190	\$17,281	\$441,471	\$0	\$441,471
LAND/NON-DEPRECIABLE	12,127	4,467	16,594	0	16,594
PLANT HELD FOR FUTURE USE	0	(47,694)	(47,694)	0	(47,694)
ACCUMULATED DEPRECIATION	(138,037)	(51,922)	(189,959)	0	(189,959)
CIAC	(87,039)	508	(86,531)	0	(86,531)
AMORTIZATION OF CIAC	0	23,973	23,973	0	23,973
WORKING CAPITAL	4,059	(4)	4,056	0	4,056
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RATE BASE	\$215,300	(\$53,391)	\$161,910	\$0	\$161,910
	=====	=====	=====	=====	=====

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CROWNWOOD & GOLDEN HILLS
ADJUSTMENTS TO WATER RATE BASE
TEST YEAR ENDED 6/30/88

SCHEDULE NO. 1A
DOCKET NO. 881324-WS

Utility Plant In Service:

Adjust to thirteen months average	(\$85,414)
Add Crownwood system at a thirteen months average	78,567
General Plant Allocation: Water Plant	23,657
Transportation	3,922
Computers	1,016
Reclassify to land account	(4,467)

Total Utility Plant In Service Adjustment

\$17,281
=====

Land / Non-Depreciable Assets:

Reclassify from utility plant in service	\$4,467
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=====

Plant Held For Future Use:

Disallow as non-used and useful 38.8%
of water distribution system

Utility Plant In Service	(\$84,441)
Accumulated Depreciation	36,747

Total Plant Held For Future Use Adjustment

(\$47,694)
=====

Accumulated Depreciation:

Adjust to thirteen months average staff calculation	(\$43,581)
General Plant Allocation: Mainframe computers	(61)
Mini computers	(454)
Transportation	(2,286)
Water plant	(5,540)

Total Accumulated Depreciation Adjustment

(\$51,922)
=====

Contributions In Aid Of Construction (CIAC):

\$508

=====

Accumulated Amortization of CIAC:

\$23,973

=====

Working Capital:

Adjust to 1/8 of O & M Expense

(\$4)

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SCHEDULE NO. 2

CROWNWOOD & GOLDEN HILLS
SEWER RATE BASE
TEST YEAR ENDED 6/30/88

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	YEAR END PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	COMMISSION ADJUSTMENT FOR INCREASE	BALANCE PER COMMISSION
	-----	-----	-----	-----	-----
UTILITY PLANT IN SERVICE	\$107,243	(\$1,598)	\$105,645	\$0	\$105,645
LAND/NON-DEPRECIABLE	10,800	0	10,800	0	10,800
PLANT HELD FOR FUTURE USE	0	(17,136)	(17,136)	0	(17,136)
ACCUMULATED DEPRECIATION	(23,047)	(3,330)	(26,377)	0	(26,377)
CIAC	0	(2,250)	(2,250)	0	(2,250)
AMORTIZATION OF CIAC	0	38	38	0	38
WORKING CAPITAL	1,323	52	1,374	0	1,374
	-----	-----	-----	-----	-----
RATE BASE	\$96,319	(\$24,225)	\$72,094	\$0	\$72,094
	=====	=====	=====	=====	=====

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CROWNWOOD & GOLDEN HILLS
ADJUSTMENTS TO SEWER RATE BASE
TEST YEAR ENDED 6/30/88

SCHEDULE NO. 2A
DOCKET NO. 881324-WS

Utility Plant In Service:		
Adjust to thirteen months average staff calculation		(\$3,279)
General Plant Allocation:	General Office	434
	General Office	148
	Transportation	873
	Main frame computers	66
	Mini computers	160

Total Utility Plant In Service Adjustment		(\$1,598)
		=====
Plant Held For Future Use:		
Disallow as non-used and useful 35.9%		
of sewer treatment system		
	Utility Plant In Service	(\$22,699)
	Accumulated Depreciation	5,563

Total Plant Held For Future Use Adjustment		(\$17,136)
		=====
Accumulated Depreciation:		
Adjust to thirteen months average staff calculation		(\$2,430)
General Plant Allocation:	Mainframe computers	(7)
	Mini computers	(53)
	Transportation	(509)
	Water plant	(331)

Total Accumulated Depreciation Adjustment		(\$3,330)
		=====
Contributions In Aid Of Construction:		
Impute CIAC on margin reserve		(\$2,250)
		=====
Accumulated Amortization of CIAC:		
Impute 1/2 years amortization expense		\$38
		=====
Working Capital:		
Adjust to 1/8 of O & M Expense		\$52
		=====

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SCHEDULE NO. 3

CROWNWOOD & GOLDEN HILLS
COST OF CAPITAL
TEST YEAR ENDED 6/30/88

SCHEDULE NO. 3
DOCKET NO. 881324-WS

	YEAR END PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	PERCENT OF TOTAL	COST	WEIGHTED COST
	-----	-----	-----	-----	-----	-----
LONG TERM DEBT	\$496,668	(\$439,113)	\$57,555	24.60%	6.79%	1.67%
DEFERRED TAXES	42,219	(\$37,327)	\$4,892	2.09%	0.00%	0.00%
COMMON EQUITY	1,323,865	(\$1,170,452)	\$153,413	65.56%	12.69%	8.32%
ACCUMULATED ITC'S	146,469	(\$129,496)	\$16,973	7.25%	10.81%	0.78%
CUSTOMER DEPOSITS	1,170	0	\$1,170	0.50%	8.00%	0.04%
	-----	-----	-----	-----	-----	-----
TOTALS	\$2,010,391	(\$1,776,387)	\$234,004	100%		10.81%
	=====	=====	=====	=====		=====

SCHEDULED NO. 4

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PAGE 24CROWNWOOD & GOLDEN HILLS
WATER OPERATING STATEMENT
TEST YEAR ENDED 6/30/88SCHEDULE NO. 4
DOCKET NO. 881324-WS

	ALLOCATED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	COMMISSION ADJUSTMENT FOR INCREASE	BALANCE PER COMMISSION
OPERATING REVENUE	\$61,381	\$2,173	\$63,554	\$7,644	\$71,198
OPERATING EXPENSES:					
OPERATION & MAINTENANCE	\$32,475	(\$29)	\$32,446	\$0	\$32,446
DEPRECIATION	4,962	5,138	10,100	0	10,100
AMORTIZATION	0	0	0	0	0
TAXES OTHER THAN INCOME	3,110	54	3,164	191	3,355
INCOME TAXES	2,845	0	2,845	4,950	7,795
TOTAL OPERATING EXPENSES	\$43,392	\$5,163	\$48,555	\$5,141	\$53,696
NET OPERATING INCOME	\$17,989	(\$2,990)	\$14,999	\$2,503	\$17,502
RATE BASE	\$215,300		\$161,910		\$161,910
RATE OF RETURN	8.36%		9.26%		10.81%

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CROWNWOOD & GOLDEN HILLS
ADJUSTMENTS TO WATER OPERATING STATEMENT
TEST YEAR ENDED 6/30/88

SCHEDULE NO. 4A
DOCKET NO. 881324-WS

COMMISSION ADJUSTMENTS:

Operating Revenues:

Adjust Crownwood revenues to billing analysis and impute gallons for unmetered customers	\$2,294
Adjust Golden Hills revenues to billing analysis	(121)

Total Revenue Adjustment

\$2,173
=====

Operation and Maintenance Expenses:

Adjust purchased power per engineer	\$207
Adjust chemicals per engineer	(656)
Allow additional water testing expense	420

Total O & M Expense Adjustment

(\$29)
=====

Depreciation Expense:

Adjust to Commission depreciation rule	\$5,682
Disallow non-used and useful depreciation expense	(2,211)
Allocate general plant depreciation expense	1,667

Total Depreciation Expense Adjustment

\$5,138
=====

Taxes Other Than Income:

Adjust for regulatory assessment fees	\$54
---------------------------------------	------

ADJUSTMENTS FOR INCREASE:

Operating Revenues:

Adjust for revenue requirement	\$7,644
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Taxes Other Than Income:

Adjust for regulatory assessment fees	\$191
---------------------------------------	-------

Income Taxes:

Adjust for increase income taxes	\$4,950
----------------------------------	---------

SCHEDULE NO. 5

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CROWNWOOD & GOLDEN HILLS
SEWER OPERATING STATEMENT
TEST YEAR ENDED 6/30/88

SCHEDULE NO. 5
DOCKET NO. 881324-WS

	ALLOCATED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	COMMISSION ADJUSTMENT FOR INCREASE	BALANCE PER COMMISSION
OPERATING REVENUE	\$4,298	\$2,867	\$7,165	\$19,154	\$26,319
OPERATING EXPENSES:					
OPERATION & MAINTENANCE	\$10,583	\$412	\$10,995	\$0	\$10,995
DEPRECIATION	1,559	1,229	2,788	0	2,788
AMORTIZATION	0	0	0	0	0
TAXES OTHER THAN INCOME	693	72	765	479	1,244
INCOME TAXES	633	0	633	2,866	3,499
TOTAL OPERATING EXPENSES	\$13,468	\$1,713	\$15,181	\$3,345	\$18,526
NET OPERATING INCOME	(\$9,170)	\$1,154	(\$8,016)	\$15,809	\$7,793
RATE BASE	\$96,319		\$72,094		\$72,094
RATE OF RETURN	-9.52%		-11.12%		10.81%

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CROWNWOOD & GOLDEN HILLS
ADJUSTMENTS TO SEWER OPERATING STATEMENT
TEST YEAR ENDED 6/30/88

SCHEDULE NO. 5A
DOCKET NO. 881324-WS

COMMISSION ADJUSTMENTS:

Operating Revenues:

Adjust to billing analysis and impute gallons
for unmetered consumption

\$2,867
=====

Operation and Maintenance Expenses:

Adjust purchased power per engineer
Adjust chemicals per engineer
Allow additional water testing expense

(\$400)
(46)
858

Total O & M Expense Adjustment

\$412
=====

Depreciation Expense:

Adjust to Commission depreciation rule
Disallow non-used and useful depreciation expense
Allocate general plant depreciation expense
Impute 1/2 year CIAC amortization

\$1,807
(838)
298
(38)

Total Depreciation Expense Adjustment

\$1,229
=====

Taxes Other Than Income:

Adjust for regulatory assessment fees

\$72
=====

ADJUSTMENTS FOR INCREASE:

Operating Revenues:

Adjust for revenue requirement

\$19,154
=====

Taxes Other Than Income:

Adjust for regulatory assessment fees

\$479
=====

Income Taxes:

Adjust for increase income taxes

\$2,866
=====

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CROWNWOOD & GOLDEN HILLS
 WATER OPERATION & MAINTENANCE EXPENSES
 TEST YEAR ENDED 6/30/88

SCHEDULE NO. 6
 DOCKET NO. 881324-WS

ACCOUNT NUMBER	ACCOUNT	BALANCE PER UTILITY	COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION
601	SAL. & WAGES - EMPLOYEES	\$11,645		\$11,645
604	EMPLOYEE PEN. & BENEFITS	1,819		1,819
615	PURCHASED POWER	3,118	207	3,325
618	CHEMICALS	1,016	(656)	360
620	MATERIALS & SUPPLIES	1,220		1,220
631	CONT. SERVICES - ENG.	15		15
633	CONT. SERVICES - LEGAL	556		556
635	CONT. SERVICES - OTHER	7,989		7,989
642	RENTALS	752		752
650	TRANSPORTATION EXPENSE	1,014		1,014
659	INSURANCE - OTHER	791		791
666	REG. COMM. EXP. - AMORT.	45		45
675	MISCELLANEOUS EXPENSE	2,495	420	2,915
		<u>\$32,475</u>	<u>(\$29)</u>	<u>\$32,446</u>

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CROWNWOOD & GOLDEN HILLS
 SEWER OPERATION & MAINTENANCE EXPENSES
 TEST YEAR ENDED 6/30/88

SCHEDULE NO. 7
 DOCKET NO. 881324-WS

ACCOUNT NUMBER	ACCOUNT	BALANCE PER UTILITY	COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION
701	SAL. & WAGES - EMPLOYEES	\$2,592		\$2,592
704	EMPLOYEE PEN. & BENEFITS	405		405
715	PURCHASED POWER	3,210	(400)	2,810
718	CHEMICALS	226	(46)	180
720	MATERIALS & SUPPLIES	272		272
731	CONT. SERVICES - ENG.	3		3
733	CONT. SERVICES - LEGAL	124		124
735	CONT. SERVICES - OTHER	1,778		1,778
742	RENTALS	168		168
750	TRANSPORTATION EXPENSE	1,014		1,014
759	INSURANCE - OTHER	226		226
766	REG. COMM. EXP. - AMORT.	10		10
775	MISCELLANEOUS EXPENSE	555	858	1,413
		<u>\$10,583</u>	<u>\$412</u>	<u>\$10,995</u>

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ATTACHMENT A.

DOCKET NO. : 881324-SU

DATE: 02/01/89

UTILITY NAME: UTILITIES INC. OF FLORIDA

WATER DISTRIBUTION PLANT USED AND USEFUL CALCULATION

$$\% \text{ USED AND USEFUL} = \frac{(2 + 3)}{1} = 61.24\%$$

- (1) Capacity of present distribution system - - - - - 547 ERC's
- (2) Average number of connections to the system for the year - - - - - 296 ERC's
- (3) Margin Reserve (not to exceed 20% of present ERC's):
 - (a) Average yearly customer growth in ERC's for most recent 5 years - - - - - 26
 - (b) Construction time for additional capacity (in months) - - - - - 18

$$\text{Margin Reserve} = 3a \times \frac{3b}{12 \text{ mths}} = 39 \text{ ERC's}$$

R.T. DAVIS

Engineer assigned

ATTACHMENT "E"
 SHEET 2 OF 3


 signature

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ATTACHMENT B

DOCKET NO. : 881324-WS

DATE: 02/01/89

UTILITY NAME: UTILITIES INC. OF FLORIDA

WASTEWATER TREATMENT PLANT USED AND USEFUL CALCULATION

$$\% \text{ USED AND USEFUL} = \frac{(2 + 3 - 4)}{1} = 64.13 \%$$

- (1) Capacity of plant ----- 40,000 GPD
- (2) Average Daily Flow ----- 21,600 GPD
- (3) Margin Reserve (not to exceed 20% of present ERC's):

- (a) Average number of customers in ERC's ----- 40
- (b) Average yearly customer growth in
ERC's for most recent 5 years ----- 5
- (c) Construction time for additional
capacity (in months) ----- 18

$$\text{Margin Reserve} = \frac{3c}{12 \text{ mths}} \times \frac{2}{3a} = 4,050 \text{ GPD}$$

- (4) Excessive Infiltration ----- 0 GPD
- (a) Total amount ----- 1,900 GPD ----- 8.80 % of Avg. Daily Flow
- (b) Reasonable amount ----- 2,281 GPD ----- 10.50 % of Avg. Daily Flow

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 signature
 Engineer assigned

ATTACHMENT "B"
 SHEET 1 OF 3

