

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of	)	DOCKET NO. 900475-SU
Certificate No. 81-S From Mid-County	)	ORDER NO. 23643
Services, Inc. to Whiting Waterworks of	)	ISSUED: 10-22-90
Pinellas County, Inc. in Pinellas Co.	)	
	)	
	)	

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD  
 BETTY EASLEY  
 GERALD L. GUNTER  
 FRANK S. MESSERSMITH

NOTICE OF PROPOSED AGENCY ACTIONORDER ESTABLISHING RATE BASE FOR THE PURPOSE  
OF THIS TRANSFER

BY THE COMMISSION:

Notice is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

On May 14, 1990, this Commission received an application for the transfer of Certificate No. 81-S from Mid-County Services, Inc. (Mid-County or Utility) to Whiting Water Works of Pinellas County, Inc. (Whiting). Order No. 23381 was issued on August 21, 1990, granting the transfer prior to establishing rate base so that the sale could be consummated and improvements, required by the Department of Environmental Regulation (DER), could be made.

Rate Base

An audit of the Utility's books and records has been conducted to determine the rate base at the time of transfer. As a result of the audit, several adjustments have been made to the Utility's rate base.

Due to lack of documentation, plant-in-service has been reduced by \$1,813 to \$1,781,659. Further, the Utility's proposed

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09376 OCT 22 1990

FPSC-RECORDS/REPORTING

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rate base reflected accumulated depreciation using an accelerated rate. Depreciation for undocumented plant has been removed and accumulated depreciation has been recalculated using the rates from the last rate case. Therefore, accumulated depreciation is \$500,206.

Contributions-in-aid-of-construction (CIAC) has been increased to \$1,666,234, to reflect previously unrecorded CIAC and contributions made between the date of the proposed rate base schedule and the audit. Amortization of CIAC has been recalculated based on 2.5%, resulting in a balance of \$451,861.

Working capital allowance has been removed from rate base, since the rate base calculation in transfer cases is used purely to establish the net book value of the property being transferred. Therefore, we find that rate base for purposes of this transfer is \$84,455 as of June 30, 1990. Our calculation of rate based is shown on Schedule No. 1, with adjustments shown on Schedule No. 2.

An acquisition adjustment results when the purchase price of a utility differs from the rate base calculation. It is Commission policy that in the absence of extraordinary circumstances the purchase of a utility at a premium or discount shall not affect the rate base calculation. The circumstances in this exchange do not appear to be extraordinary, nor has Whiting requested an acquisition adjustment. Therefore, an acquisition adjustment is not included in rate base.

As stated above, the rate base calculation is used purely to establish the net book value of the property being transferred and does not include the normal ratemaking adjustments of working capital calculations and used and useful adjustments.

It is, therefore,

ORDERED by the Florida Public Service Commission that rate base, for the purpose of this transfer, is \$84,455. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition in the form provided by Rule 25-22.36, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date set forth in the

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"Notice of Further Proceedings or Judicial Review" attached hereto.  
It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission, 22nd day  
of OCTOBER, 1990.



STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

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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.

The action proposed herein 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

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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 November 12, 1990.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date 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 this order becomes final and effective 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 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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## SCHEDULE NO. 1

MID-COUNTY SERVICES INC.  
 TRANSFER TO WHITING WATER WORKS, INC. OF PINELLAS COUNTY  
 SCHEDULE OF SEWER RATE BASE  
 AS OF JUNE 30, 1990

Description	Balance Per Filing As Of 12/31/89	Staff Adjustments	Balance Per Staff
Utility Plant in Service	\$1,783,472	(\$1,813)(1)	\$1,781,659
Land	17,375	0	17,375
Accumulated Depreciation	(1,050,627)	550,421 (2)	(500,206)
Contributions-In-Aid-Of-Construction	(1,648,687)	(17,547)(3)	(1,666,234)
CIAC Amortization	982,523	(530,662)(4)	451,861
Working Capital	61,750	(61,750)(5)	0
TOTAL	\$145,806	(\$61,351)	\$84,455

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SCHEDULE NO. 2

MID-COUNTY SERVICES INC.  
 TRANSFER TO WHITING WATER WORKS, INC. OF PINELLAS COUNTY  
 RATE BASE ADJUSTMENTS  
 As of June 30, 1990

	SEWER
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1) Utility Plant in Service (UPIS)	
Remove unsupported plant.	(\$1,813)
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Total Adjustments of UPIS	(\$1,813)
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2) Accumulated Depreciation (Accum. Depr.)	
Recalculated depreciation at rate used in previous rate case, Dkt. 800634-WS and removed accumulated depreciation associated with unsupported plant.	\$550,421
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Total Adjustments of Accum. Deprec.	\$550,421
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3) Contributions in Aid of Construction (CIAC)	
Adjustment to include unrecorded CIAC collected prior to December 31, 1989.	(\$11,609)
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Adjustment to include CIAC collected between the date of the utility's proposed rate base schedule and June 30, 1990.	(5,938)
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Total Adjustments of CIAC	(\$17,547)
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4) Amortization of CIAC (Amor. of CIAC)	
Adjustment to reflect accumulated amortization of CIAC at the previously approved rate of 2.5%.	(\$530,662)
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Total Adjustments of Amor. of CIAC	(\$530,662)
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5) Working Capital Allowance	
Adjustment to remove the working capital allowance.	(\$61,750)
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Total Adjustments of Working Capital	(\$61,750)
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