

FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Florida)	DOCKET NO. 890509-WU
Cities Water Company, Golden)	ORDER NO. 23964
Gate Division, for a Rate Increase)	ISSUED: 1/7/91
in Collier County.)	
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The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER

CORRECTIVE ORDER

BY THE COMMISSION:

CASE BACKGROUND

Florida Cities Water Company, Golden Gate division, (Golden Gate or utility) provides water and wastewater service to a community adjacent to the eastern edge of the City of Naples, Florida. The utility is a division of Florida Cities Water Company, a Class A utility.

The official date of filing for the instant rate increase application was October 23, 1989. Proposed Agency Action Order No. 22804 was issued on April 12, 1990, and was timely protested. An evidentiary hearing was held on July 18 and 19, 1990. By Order No. 23660, issued October 24, 1990, we set final rates and charges for the utility.

Tariff sheets reflecting the rates approved in Order No. 23660 and final rate's notice have been approved. The utility has not mailed the notice or implemented the rates because of a calculation error contained in the Order.

A Petition For Reconsideration was filed by the Office of Public Counsel on November 8, 1990. This Order addresses the correction to Order No. 23660 and not the Motion for Reconsideration.

DOCUMENT NUMBER-DATE

00168 JAN-7 1991

FPSC-RECORDS/REPORTING

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CORRECTION TO ORDER NO. 23660

Upon review of the revenue requirement approved in Order No. 23660, the utility discovered that the Commission made a mathematical error in calculating test year income tax expense. Instead of increasing income tax expense by \$13,748 to reflect the impact of operating expense adjustments, we reduced it by that amount. As a result, test year income tax expense was understated by twice the amount of the \$13,748 adjustment.

The error which we made did not involve any controversial accounting principles or procedures; it was purely mathematical. Therefore, we think that it is appropriate to correct Order No. 23660. Accordingly, we hereby increase the revenue requirement set forth in Order No. 23660 by \$46,161. This increase reflects a gross-up for income taxes and regulatory assessment fees. A revised schedule of net operating income (NOI) is attached to this Order as Schedule No. 3, with adjustments to NOI shown on Schedule No. 3-A.

As a result of the above correction, the rates approved in Order No. 23660 must necessarily be altered. We hereby approve the rates set forth in Schedule No. 4, attached to this Order. We find that these rates are fair, just, reasonable, and not unfairly discriminatory. These rates are designed to allow Golden Gate the opportunity to recover its operating expenses and earn a fair return on its investment.

The schedules attached to this Order are numbered to match the schedules for Order No. 23660 which are being corrected by this Order. The schedules attached to this Order are by reference incorporated herein.

The rates approved herein shall be effective for meter readings taken on or after thirty days from the stamped approval date on the corrected tariff sheets. The utility shall submit within thirty (30) days of this Order revised tariff sheets and a proposed customer notice. Our Staff will approve the revised tariff sheets and the customer notice upon verifying that the information contained therein is consistent with our decision.

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REFUND

By authority of Section 367.081(6), Florida Statutes, Golden Gate implemented the rates which we had approved in Order No. 22804. These rates were placed into effect subject to refund with interest. In Order No. 23660, we required the utility to refund a portion of the revenues it had collected by virtue of this rate implementation. Our decision was based on the \$1,183,966 revenue requirement set forth in Order No. 23660, which was lower than the \$1,201,168 annualized revenues resulting from the utility's implemented rates. However, because of the correction herein, the utility's approved revenue requirement is now higher than the annualized revenue requirement resulting from the utility-implemented rates. Therefore, no refund is necessary, and we hereby modify Order No. 23660 to reflect this correction.

It is, therefore,

ORDERED by the Florida Public Service Commission that Order No. 23660 is hereby corrected as set forth in the body of this Order. It is further

ORDERED that Florida Cities Water Company, Golden Gate Division, shall submit within thirty (30) days of this Order a proposed notice to its customers of the increased rates and charges and the reasons therefor. The proposed notice will be approved upon Staff's verification that it is consistent with our decision herein. It is further

ORDERED that Florida Cities Water Company, Golden Gate Division, shall submit within thirty (30) days of this Order revised tariff pages. The revised tariff pages will be approved upon Staff's verification that the pages are consistent with our decision herein. It is further

ORDERED that the rates approved herein shall be effective for meter readings taken on or after thirty (30) days from the stamped approval date on the corrected tariff sheets. It is further

ORDERED that Order No. 23660 is hereby affirmed in all other respects.

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By ORDER of the Florida Public Service Commission this 7th
day of JANUARY, 1991.



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.

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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FLORIDA CITIES WATER COMPANY
STATEMENT OF WATER OPERATIONS
TEST YEAR ENDED MARCH 31, 1991

CORRECTED
SCHEDULE NO. 3
DOCKET NO. 890509-WU

	(A)	(B)	(C)	(D)	(E)
DESCRIPTION	AVERAGE TEST YEAR PER UTILITY	ADJUSTMENTS TO THE TEST YEAR	ADJUSTED TEST YEAR	CONSTRUCTED ADJUSTMENTS	CONSTRUCTED TEST YEAR
1 UTILITY					
2 -----					
3 OPERATING REVENUES	\$ 734,788	\$ 0	\$ 734,788	\$ 560,047	\$ 1,294,835
4 OPERATING EXPENSES:					
5 OPERATION & MAINTENANCE	\$ 456,498	\$ 0	\$ 456,498	\$ 0	\$ 456,498
6 DEPRECIATION/AMORTIZATION	158,940	0	158,940	0	158,940
7 TAXES OTHER THAN INCOME	85,431	0	85,431	14,001	99,432
8 INCOME TAXES	(81,527)	0	(81,527)	205,476	123,949
9 -----					
10 TOTAL OPERATING EXPENSES	\$ 619,342	\$ 0	\$ 619,342	\$ 219,477	\$ 838,819
11 -----					
12 OPERATING INCOME	\$ 115,446	\$ 0	\$ 115,446	\$ 340,570	\$ 456,016
13 -----					
14 RATE OF RETURN	2.83%		2.83%		11.19%
15 -----					
16					
17 COMMISSION					
18 COMMISSION	\$ 734,788	\$ 0	\$ 734,788	\$ 495,339	\$ 1,230,127
19 OPERATING EXPENSES:					
20 OPERATION & MAINTENANCE	\$ 456,498	\$ (29,566)	\$ 426,932	\$ 0	\$ 426,932
21 DEPRECIATION/AMORTIZATION	158,940	(5,641)	153,299	0	153,299
22 TAXES OTHER THAN INCOME	85,431	12,672	98,103	22,290	120,393
23 INCOME TAXES	(81,527)	14,905	(66,622)	176,835	110,213
24 -----					
25 TOTAL OPERATING EXPENSES	\$ 619,342	\$ (7,630)	\$ 611,712	\$ 199,125	\$ 810,837
26 -----					
27 OPERATING INCOME	\$ 115,446	\$ 7,630	\$ 123,076	\$ 296,214	\$ 419,290
28 -----					
29 RATE OF RETURN	2.83%		3.18%		10.84%
30 -----					
31 CITIZENS					
32 -----					
33 OPERATING REVENUES	\$ 734,788	\$ 26,477	\$ 761,265	\$ 182,079	\$ 943,344
34 OPERATING EXPENSES:					
35 OPERATION & MAINTENANCE	\$ 456,498	\$ (32,948)	\$ 423,550	\$ 0	\$ 423,550
36 DEPRECIATION/AMORTIZATION	158,940	(35,176)	123,764	0	123,764
37 TAXES OTHER THAN INCOME	85,431	11,273	96,704	8,194	104,898
38 INCOME TAXES	(81,527)	22,373	(59,154)	65,433	6,279
39 -----					
40 TOTAL OPERATING EXPENSES	\$ 619,342	\$ (34,478)	\$ 584,864	\$ 73,627	\$ 658,491
41 -----					
42 OPERATING INCOME	\$ 115,446	\$ 60,955	\$ 176,401	\$ 108,452	\$ 284,853
43 -----					
44 RATE OF RETURN	2.83%		6.24%		10.07%
45 -----					

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FLORIDA CITIES WATER COMPANY
EXPLANATION OF THE ADJUSTMENTS TO
WATER OPERATING STATEMENT

CORRECTED
SCHEDULE 3-A
DOCKET NO. 890509-WU
PAGE 1 OF 3

ADJUSTMENT -----	(A) UTILITY -----	(B) COMMISSION -----	(C) CITIZENS -----
1 OPERATING REVENUES			
2 -----			
3 CORRECTIVE ADJUSTMENTS			
4 -----			
5 A. To show calculation of annualized			
6 test year revenues.	\$ 0	\$ 0	\$ 1,386
7			
8 B. To impute revenues for the 5%			
9 margin of reserve.	0	0	25,091
10			
11 NET ADJUSTMENT	\$ 0	\$ 0	\$ 26,477
12	-----	-----	-----
13			
14 OPERATION AND MAINTENANCE			
15 -----			
16 CORRECTIVE ADJUSTMENTS			
17 -----			
18 A. To adjust O&M expenses to staff's			
19 calculation. STIPULATION*	\$ 0	\$ 4,481	\$ 4,481
20			
21 B. To reduce chemical expense for bulk			
22 purchase. STIPULATION*	0	(4,571)	(4,571)
23			
24 C. To reduce salaries expense for incorrect			
25 projection methodology.	0	(13,883)	(13,883)
26			
27 D. To reduce pension and benefit expense for			
28 new operator to staff's calculation.	0	(2,858)	(2,858)
29			
30 E. To remove temporary help.	0	(10,557)	(10,557)
31			
32 PRO FORMA ADJUSTMENTS			
33 -----			
34 F. To adjust rate case expense.	0	(2,178)	(5,560)
35			
36 NET ADJUSTMENT	\$ 0	\$ (29,566)	\$ (32,948)
37	-----	-----	-----

38 * Utility did not provide calculations
39 to include Stipulations.

40

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FLORIDA CITIES WATER COMPANY
EXPLANATION OF THE ADJUSTMENTS TO
WATER OPERATING STATEMENT

CORRECTED
SCHEDULE 3-A
DOCKET NO. 890509-WU
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ADJUSTMENT -----	(A) UTILITY -----	(B) COMMISSION -----	(C) CITIZENS -----
1 DEPRECIATION			
2 -----			
3 CORRECTIVE ADJUSTMENTS			
4 -----			
5 A. To remove depreciation expense			
6 associated with AFUDC charged			
7 without an approved rate.	\$ 0	\$ (2,117)	\$ (2,117)
8			
9 B. To include amortization expense			
10 for imputation of CIAC.	0	(3,524)	(2,399)
11			
12 C. To remove non-used and useful.	0	0	(30,660)
13			
14 NET ADJUSTMENT	\$ 0	\$ (5,641)	\$ (35,176)
15 -----			
16			
17 TAXES OTHER THAN INCOME			
18 -----			
19 CORRECTIVE ADJUSTMENTS			
20 -----			
21 A. To include regulatory assessment			
22 fees related to correction in revenue.	\$ 0	\$ 0	\$ 35
23			
24 B. To remove payroll tax associated with			
25 staff's adjustment to salaries expense.	0	(910)	(910)
26			
27 C. To reduce property tax to reflect the			
28 amount paid by the utility.	0	(835)	(3,398)
29			
30 D. To increase regulatory assessment fees			
31 to 4.5%.	0	14,417	14,417
32			
33 E. Regulatory assessment fee on			
34 imputed revenue.	0	0	1,129
35			
36 NET ADJUSTMENT	\$ 0	\$ 12,672	\$ 11,273
37 -----			

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FLORIDA CITIES WATER COMPANY
 EXPLANATION OF THE ADJUSTMENTS TO
 WATER OPERATING STATEMENT

CORRECTED
 SCHEDULE 3-A
 DOCKET NO. 890509-WU
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ADJUSTMENT	(A) UTILITY	(B) COMMISSION	(C) CITIZENS
-----	-----	-----	-----
1 INCOME TAXES			
2 -----			
3 A. To include income tax associated with			
4 revenue figure and staff adjustments to			
5 expenses.	\$ 0	\$ 13,748	\$ 12,508
6			
7 B. To correct parent debt adjustment for			
8 changes in rate base and capital structure.	0	1,157	1,267
9			
10 C. State and Federal Income Tax on			
11 imputed revenue.	0	0	8,598
12	-----	-----	-----
13 NET ADJUSTMENT	\$ 0	\$ 14,905	\$ 22,373
14	-----	-----	-----
15			
16 OPERATING REVENUES			
17 -----			
18 A. To reflect recommended increase			
19 to allow a fair rate of return.	\$ 560,047	\$ 495,339	\$ 182,079
20	-----	-----	-----
21			
22 TAXES OTHER THAN INCOME			
23 -----			
24 A. To reflect regulatory assessment			
25 fees on revenue change.	\$ 14,001	\$ 22,290	\$ 8,194
26	-----	-----	-----
27			
28 INCOME TAXES			
29 -----			
30 A. To reflect income taxes on revenue			
31 change.	\$ 205,476	\$ 176,835	\$ 65,433
32	-----	-----	-----

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 DECEMBER 6, 1990

CORRECTED
 SCHEDULE NO. 4

RATE SCHEDULE

 Schedule of Initial, Current, Requested
 and Commission Approved Rates

Monthly Rates

Residential

Base Facility Charge:

Meter Size:

5/8"x3/4"

1"

1-1/2"

Gallonge Charge per 1,000 G.

	Initial -----	Current (PAA) -----	Utility Requested -----	Comm. Approved -----
	\$ 6.23	\$10.03	\$10.08	\$10.26
	15.59	25.08	25.20	25.68
	31.19	50.15	50.40	51.35
	\$ 1.44	\$ 2.81	\$ 3.15	\$ 2.88

General Service

Base Facility Charge:

Meter Size:

5/8"x3/4"

1"

1-1/2"

2"

3"

4"

6"

8"

Gallonge Charge per 1,000 G.

	\$ 6.23	\$ 10.03	\$ 10.08	\$ 10.26
	15.59	25.08	25.20	25.68
	31.19	50.15	50.40	51.35
	49.91	80.24	80.64	82.15
	99.82	175.53	151.20	179.72
	199.64	300.90	252.00	308.05
	399.29	626.88	504.00	641.87
	798.56	902.70	1,008.00	924.27
	\$ 1.44	\$ 2.81	\$ 3.15	\$ 2.88

Private Fire Protection Service

Base Facility Charge:

Line Size:

1-1/2"

2"

3"

4"

6"

8"

None	\$ 16.72	\$ 9.05	\$ 17.12
None	26.75	14.48	27.39
None	58.51	28.96	59.99
None	100.30	58.08	102.69
None	208.96	116.13	225.19
None	300.90	232.25	337.69

Note: Initial column shows the rates at the time case was filed.
 Current column shows rates implemented per PAA revenues set
 in Order No. 22804.